



# Modernising the app estate with Azure and Power Apps

A playbook for partners



# About this playbook

**Australia and New Zealand customers are looking to modernise their app estates, creating a significant opportunity for Microsoft partners.**

We know that 70% of customers in Australia and New Zealand are looking to retire or replace their app estate in the next two years—and they are looking to Microsoft and our partners for help.<sup>1</sup> They are grappling with when to migrate, when to modernise and when to start from scratch—while also facing a shortage in IT skills and talent.

It's why we created this playbook, to help you maximise this opportunity, and take a more consultative approach to helping customers reimagine their app estate and drive digital transformation.

The guidance in this playbook is supported by evidence from recent ANZ research conducted on Microsoft's behalf by Capitalis: The Next Gen Tech Estate.<sup>2</sup> We have also included examples of best practice from ANZ partners who are succeeding in the market right now with an app modernisation strategy incorporating Azure and Power Platform. Plus you'll find links to useful assets and go-to-market resources to help you at every step.

Please note that this playbook is intended as a starting point to guide your customer conversations on transforming their app estate, rather than a definitive guide to app migrations and low code.

<sup>1,2</sup> Microsoft and Capitalis, The Next Gen App Estate

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# The app modernisation opportunity

Organisations of all sizes are currently looking to modernise their app estates—recognising that with modern, cloud-based apps, they can innovate, unlock productivity, streamline processes, improve the customer and employee experience, save costs, and much more.

At the same time, many of these organisations are also struggling with knowing where, when and how to modernise. Most have thousands of bespoke apps, as well as deeply embedded mission-critical apps which are ageing and hindering digital transformation.

Also, while low-code platforms like Microsoft Power Platform present an opportunity for rapid and effective app modernisation, this isn't the best solution in all cases. Some apps and scenarios are better suited to 'fusion' development (Azure and Power Platform together) or to a 'code-first' development (full stack code).

Organisations are therefore looking to Microsoft, and to you as our partner, for guidance and the right strategic and technical advice. There is no 'one size fits all' solution when it comes to app modernisation, so a consultative approach is essential. Ultimately, customers are looking to you to deliver business value aligned to their unique goals and needs.

By combining your expertise with our platforms, together we can deliver the right customer outcomes.

## Market trends

**Customers' focus on app modernisation is being driven by significant trends and market factors.**

### Need for digital transformation

App modernisation is critical to digital transformation—a top priority in the current climate. Gartner research shows 94% of CEOs want to maintain or accelerate pandemic-driven digital transformation.<sup>3</sup> IDC research also indicates that by 2023, over 50% of all ICT spending will go towards digital transformation and innovation, growing at a compound annual rate of 17%.<sup>4</sup>



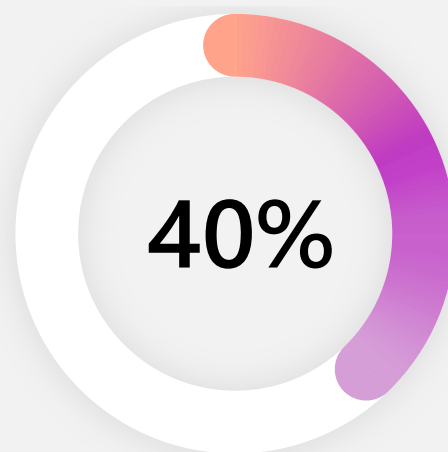
**94% of CEOs want to maintain or accelerate** pandemic-driven digital transformation.<sup>5</sup>

Yet for many organisations, digital transformation efforts are hampered by bespoke or mission-critical embedded apps which are rapidly ageing and don't support agility or innovation.

### Economic uncertainty

As the cost of living increases and geopolitical factors generate market instability, organisations are turning inward—focusing on operational efficiency and cost optimisation.

As dated app estates can be a key source of inefficiency and wasted spend, businesses across Australia and New Zealand are looking to either retire or replace 69% of their current app estate.<sup>6</sup> It's estimated 40% of this current estate will be replaced with more cost-effective software-as-a-service (SaaS) options in the next 1-2 years.<sup>7</sup>



**40% of current apps will be replaced** by more cost-effective SaaS options in the next 1-2 years.<sup>8</sup>

<sup>3, 5</sup> Gartner, [Top strategic technology trends eBook: 2023](#), <sup>4</sup> BusinessWire, [IDC FutureScape outlines the impact digital supremacy will have on enterprise transformation and the IT industry](#), <sup>6, 7, 8</sup> Microsoft and Capitalis, [The Next Gen App Estate](#)

## Continued demand for apps

Demand for apps continues to rise steeply, driven by the need for productivity and the agility to respond to opportunities in real time.

It's estimated that by 2023, over 500 million new digital apps and services will be developed and deployed—most of those targeted at industry specific digital transformation use cases.<sup>9</sup> Gartner suggests that by 2027, more than 50% of the global population will be daily active users of multiple 'super apps'.

# 500m

**Over 500 million new digital apps and services** will be developed and deployed, by 2023.<sup>11</sup>

According to McKinsey, 82% of businesses report that citizen developers will become more important over the next two years, using low code platforms to enable speed to market and reduce reliance on scarce developer resources.<sup>10</sup>

## Pressure on IT teams

Today's IT teams are often pulled in various directions, and are challenged by the need to maintain increasingly complex hybrid infrastructure. Modern apps also have faster release cycles than 10 years ago<sup>12</sup>, and there is constant pressure for apps to match innovation requirements and expectations. Given there is a predicted shortfall of four million developers in 2022<sup>13</sup>, IT teams need to find modern solutions that streamline workload and unlock efficiency.

## Ageing apps

Many applications have also simply reached the end of their life and are ready to be retired and replaced. Our Capitalis research revealed 26% of customers are currently in the process of retiring off-the-shelf and/or bespoke apps, and 37% plan to do so within the next 1-2 years.<sup>14</sup>

# 37%

**37% of customers plan to retire off-the-shelf and/or bespoke apps** in the next 1-2 years.<sup>15</sup>

<sup>9, 11</sup> BusinessWire, [IDC FutureScape outlines the impact digital supremacy will have on enterprise transformation and the IT industry](#) <sup>10</sup> Tech Republic, [Report: 60 percent of apps are built outside of IT and that's a good thing](#) <sup>12</sup> Gartner, [Application Modernization Should Be Business-Centric, Continuous and Multiplatform, 2018](#) <sup>13</sup> CloudBlogs, [Discover how Power Platform helps](#) <sup>14, 15</sup> Microsoft and Capitalis, [The Next Gen App Estate](#)

## Ongoing security risks

Cybersecurity is top of mind for your customers. A Gartner survey of CIOs reveals cybersecurity will once again be a top investment priority in the next 12 months, and 66% of respondents said they planned to increase their investment in security.<sup>16</sup> Modernising apps can deliver essential security protection—automating updates and reducing the risk associated with legacy apps which require manual updates and don't have security built in.



**66% of CIOs plan to increase their investment in security in the next 12 months.**<sup>17</sup>

<sup>16, 17</sup> Wall Street Journal, [Cybersecurity tops the CIO agenda](#)

# Growth opportunities for partners

**This strong demand for app modernisation presents several opportunities for your organisation to provide your customers with:**

## Strategic and technical expertise

Many of your customers are grappling with how, when and where to modernise their apps and will be looking to you for strategic and technical guidance. This presents an opportunity for you to supply a range of services along your customer's app modernisation journey.

## Skills to supplement internal shortfall

Australia will need 156,000 more digital technology workers by 2025, which represents one in four new jobs.<sup>18</sup> Yet, of 20 million software engineers worldwide, more than half are working outside the technology industry.<sup>19</sup> This means many organisations don't have enough developer resources and need to engage an external partner.

Now that up to 60% of apps are built outside of the IT department<sup>20</sup>, there is also increasing demand for partners to provide guidance on enabling and governing low-code/no-code solutions.

## Help consolidating vendors and applications

It's predicted that by 2023, over 500 million digital apps and services will be developed and deployed using cloud-native approaches.<sup>21</sup> As the number of apps increases rapidly, many organisations are finding themselves in a situation with too many vendors—and applications—and need to consolidate.

Our Capitalis research found 23% of organisations are taking steps to reduce their number of application vendors, and 21% are reducing their overall number of applications.<sup>22</sup> Partners who can help with this consolidation will be highly sought-after.

<sup>18</sup> RMIT, [New report reveals Australia's major digital skills gap](#) <sup>19</sup> McKinsey & Company, [Driving business outcomes through Developer Velocity, 2020](#)  
<sup>20</sup> Tech Republic, [Report: 60 percent of apps are built outside of IT and that's a good thing](#) <sup>21</sup> BusinessWire, [IDC FutureScape outlines the impact digital supremacy will have on enterprise transformation and the IT industry](#) <sup>22</sup> Microsoft and Capitalis, [The Next Gen App Estate](#)



## Best practice digital transformation

Organisations are also continuing to seek guidance from partners regarding their digital transformation initiatives. The vast majority (70%) of digital transformation initiatives still do not achieve their targeted outcomes<sup>24</sup>, and customers are looking to technology partners to guide them in best practice.



**Over 500 million digital apps** and services will be developed and deployed using cloud-native approaches, by 2023.<sup>23</sup>



**70% of digital transformation initiatives** don't achieve their targeted outcomes.<sup>25</sup>

Customer priorities	In progress	In 1–2 years
Increase usage of low-code/no-code solutions	31%	40%
Retire off the shelf and/or bespoke apps	26%	37%
Replace existing apps with SaaS	21%	40%
Reduce number of application vendors	23%	39%
Reduce overall number of applications	21%	39%

Source: Microsoft and Capitalis, The Next Gen App Estate

<sup>23, 25</sup> BusinessWire, [IDC FutureScape outlines the impact digital supremacy will have on enterprise transformation and the IT industry](#) <sup>24</sup> Tech Target, [Top 6 reasons why digital transformation failures happen](#)

# Benefits of app modernisation

**While each customer will have their own motivations, there are several key reasons why they are focused on modernising their app estate.**

## Digital transformation

Your customers can achieve their digitisation goals faster with the right app estate

## Competitive advantage in the market

Modernised apps can help an organisation unlock vital efficiencies and increase agility to improve customer relationships and respond to new business opportunities.

## Secure environment

A next gen app estate can more effectively meet data security and compliance requirements.

## Employee experience

Having more modern tools at their fingertips can deliver a superior experience for IT workers. A recent ADAPT survey showed 77% of businesses want to simplify their software development toolchains to improve development focus and the developer experience.<sup>26</sup>

## Reduced technical debt

Moving applications to the cloud eliminates the need for potentially costly infrastructure and maintenance for on-premise solutions.

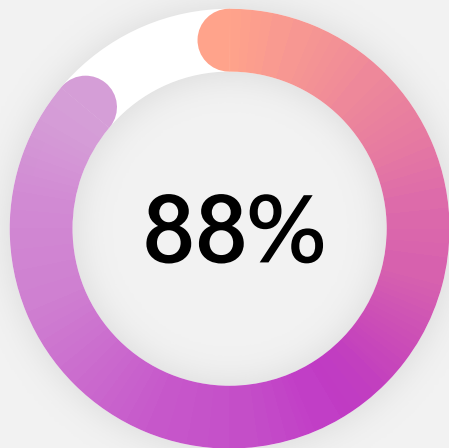
## Cost optimisation

Retiring legacy and modernising apps can also be more cost-efficient and reduce ongoing maintenance costs.

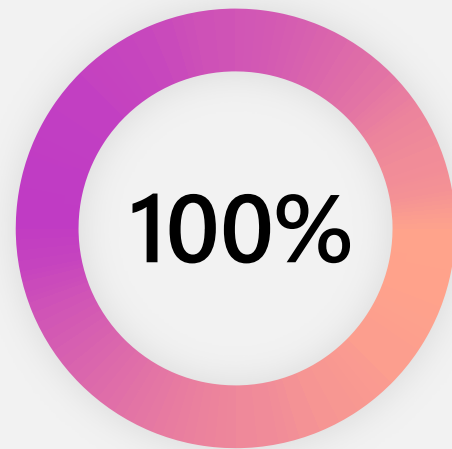
<sup>26</sup> ADAPT, Market Trend Report: Prioritise Application Modernisation for Resilient Growth

## Why modernise now?

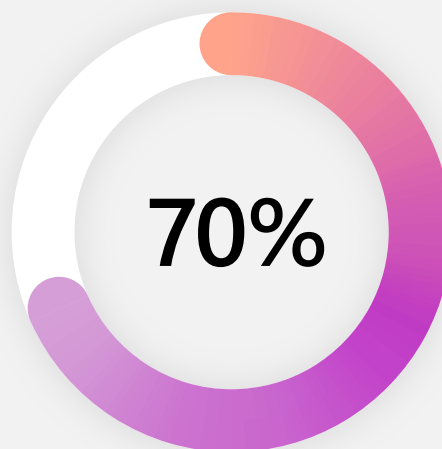
The accessibility and speed of low-code solutions like Power Apps is driving change:



**88% of organisations say** they plan to skill non-technical staff to build low-code/no-code solutions



**100% of business leaders say** they are either currently using low code or planning to in the near future.



**70% of new enterprise apps** will use low tech code by 2025

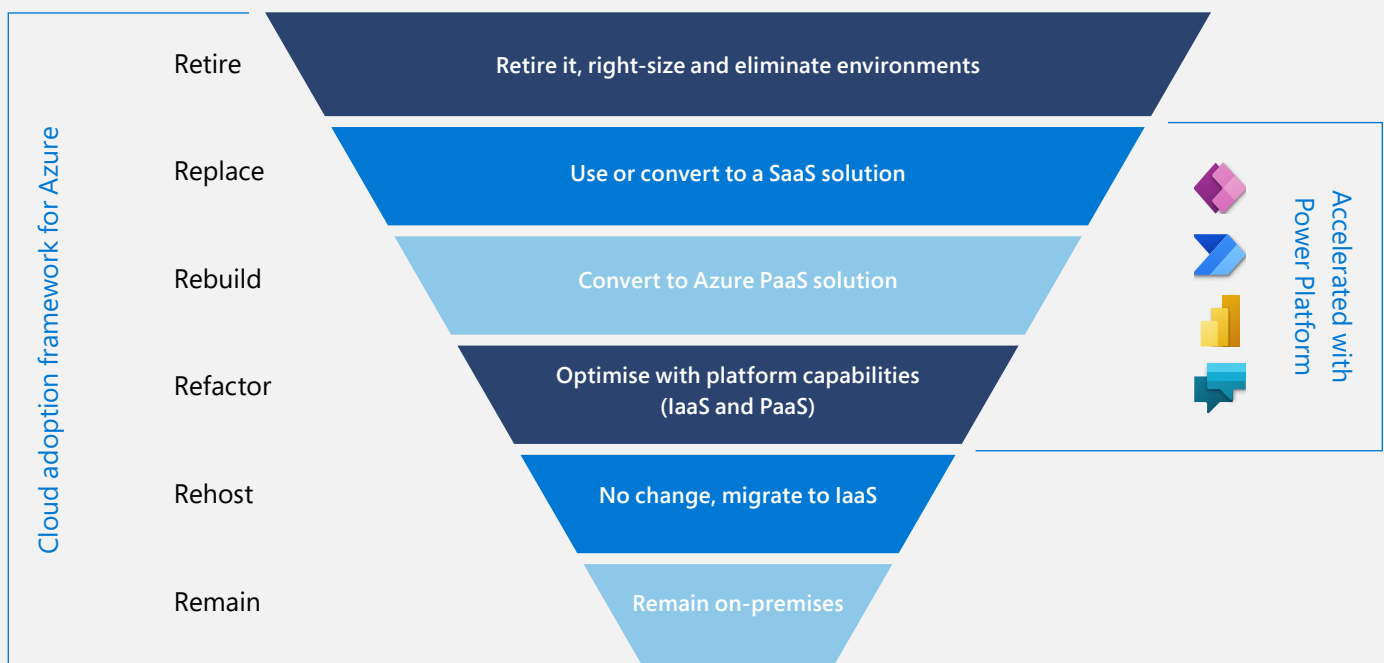
# Reimagining the app estate

When helping your customers modernise their app estate you cannot apply a 'one-size-fits-all' approach. Not every app needs to be modernised. Take the time to understand the apps your customer is using now, the organisation's overall goals, as well as their challenges, future needs, and level of technical sophistication.

You can still leverage your processes, frameworks, scalable IP and change management principles, but just don't expect the same result every time.

Establishing trust with your customers is key to arriving at the best outcome. It's critical that your customers feel connected to the experience and your approach, and trust in the expertise you offer.

## Customers have a range of modernisation paths for each app.



# Potential development paths

There are three key development paths through which you can help customers modernise their app estate.

	Low code development	Fusion Power App and Azure development	Code-first development
Definition	Leveraging low-code or no-code platforms like Power Apps to rapidly and cost-effectively develop apps for specific functions	A combination of low-code development through Power Apps with developer-led updates and customisations to meet complex app modernisation needs.	A pro-code development approach that leverages full stack code to meet complicated application functionalities.
Benefits	<p>Development can be done by non-technical resources.</p> <p>Ideal for front-end UX/UI projects.</p> <p>Rapid application development/quick prototype.</p> <p>Easy to use AI and intelligence built-in.</p>	<p>Can leverage a combination of non-technical and technical resources</p> <p>Cost-effective way to ensure customisation – building on a low-code solution.</p> <p>Potentially much faster than a code-first development.</p>	<p>Enables full customisation and can be built entirely to spec.</p> <p>Requires ongoing maintenance by specialist technical resources.</p>
Suitable for	1,000 – 100,000s users	1,000 – 100,000s users	100,000+ users
Ideal functions	<p>Apps that interact with Microsoft 365 services</p> <p>Employee onboarding applications</p> <p>Image processing tools</p> <p>Sales intake and expense approval applications</p>	<p>LoB applications</p> <p>Mobility across mobile/web devices enablement</p> <p>Tracking and reporting across frontline and office</p> <p>Scheduling and meeting process automation</p> <p>Safety and environment auditing</p> <p>Business process customisation automation</p>	<p>External facing website</p> <p>Backend applications</p> <p>Industry-specific applications</p> <p>Customer facing mobile applications</p>
Architecture	Monolithic	Monolithic/Microservices	Microservices
Latency	Seconds	Seconds	Milliseconds
Uses	Power Platform	Power Platform + GitHub, ALM, Azure API management, functions, etc.	Full stack ALM tools.
Database	Dataverse	Dataverse + Synapse, Cosmos DB, SQL DB, etc.	Azure Synapse, Cosmos DB, SQL DB, etc.

# Fusion development: Why Azure and Power Apps are better together

Fusion development allows a business to build better applications, faster, by bringing together professional developers with low-code developers.

Professional developers can enable their low code colleagues to build amazing Power Apps applications using pro-code tools and frameworks they're already familiar and comfortable with.

With a fusion development approach, your organisation can:

## Enable your customers to build and deploy quickly

As traditional code-first development is unable to support the growing demand, combining with Power Apps can accelerate developer velocity and close the demand gap. Empower and assist your customers to build apps rapidly, with easy pro-dev customisation, reusable components, and low-code development and deployment tools.

## Reduce your customer development costs

The average cost to develop an application is 74% less with Power Apps.<sup>29</sup> Your customer can benefit from lower development and maintenance costs while still meeting their requirements by using Azure and Power together – while you become their trusted app estate partner.

**“ Digital ‘fusion teams’ are distributed and multidisciplinary digital business teams that blend technology and other types of domain expertise.”<sup>28</sup>**

<sup>28</sup> Gartner study: Fusion Teams: A New Model for Digital Delivery

<sup>29</sup> BusinessWire, [IDC FutureScape outlines the impact digital supremacy will have on enterprise transformation and the IT industry](#)

### Pioneer innovation

The Microsoft Power Platform is the leader in the low code market, so it's in your favour to be an early adopter of Azure and Power Apps together. The AI and intelligence that's built-in to Power Apps is enhanced and enriched by Azure services.

### Grow your revenue

Over 800+ out-of-the-box data connectors and integration with Azure services makes it simple to integrate and extend Power Apps solutions. By selling Azure-based development services along with Power App development, you can boost your bottom line with ACR incentives.

**A recent Microsoft partner profitability study revealed that partners using Microsoft Power Apps are reporting:**

3–5x

**3–5 times services revenue** on Power Platform projects over licensing revenue.

≤\$500k

**\$50 – \$500,000 in services revenue** for enterprise engagements

20–80%

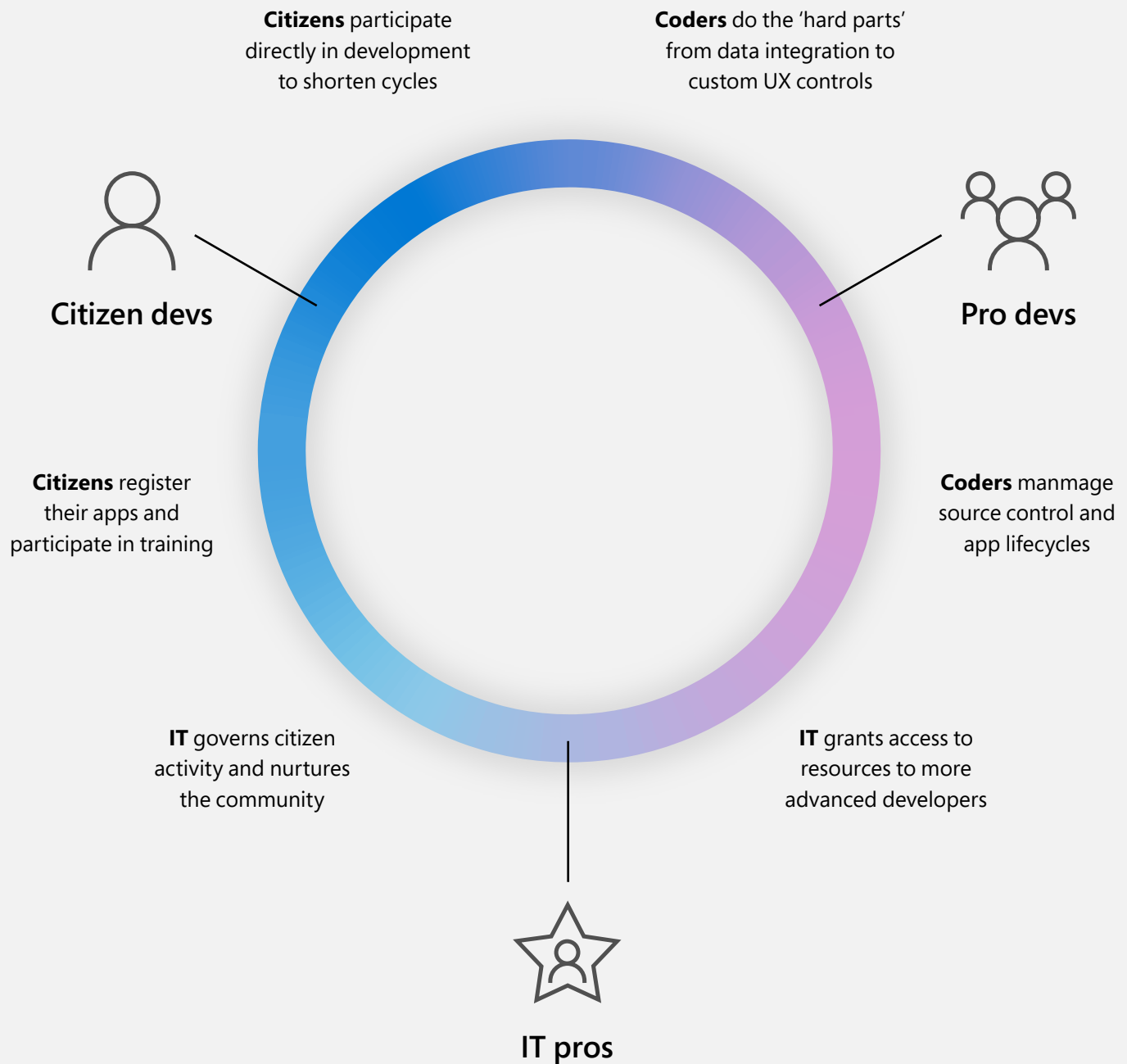
**20 – 80% growth** in licensing revenue

40–50%

**40 – 50% growth** in Power Automate services revenue



With fusion development,  
app modernisation becomes  
a team sport .



# Charting the path to modernisation

# Determining the best approach

So how do you help advise your customer on the best approach? Here are some areas to consider and key questions you can ask.

## Consideration area

### Technology strategy

#### To determine

Option most suited to the organisation's overall strategic direction/investment priorities.

#### Example questions to ask your customer

- Do you have a strategy for cloud native workloads?
- What is your strategy for cloud native or low code development?
- Do you have existing developer skills in house, or engage with a partner to develop applications?
- Do you intend to reduce development effort, or replace custom written software with off-the-shelf or low code solutions?

#### Why?

- Understanding the customer's approach to workload placement will help determine if this project can be developed in isolation or patterns created for reusability.
- Understanding if a customer prefers code-first or low code development will help direct the project scope. For example, customers with a code-first strategy may still choose to adopt low code in a fusion development model, allowing them to leverage existing Azure development.
- Understanding a customer's in-house skills will help guide the importance of the development and operations questions below.

**Consideration area**

## Data sources

**To determine**

- New data/existing data
- Security requirements
- Shape of data

**Example questions to ask your customer**

Does your application(s) interact with any existing data sources, or will it be stand-alone?

Does this solution sit on top of an existing solution (ERP, CRM, etc.)?

Are there any security and compliance requirements for data storage (PII data, PCI, etc.)?

Is the data record-based, or does it contain heavy use of images/video?

**Why?**

Applications that integrate with existing data sources may have specific requirements around security & access, so you will need to assess which connectors you can use out of the box versus what you may need to build in a fusion-dev manner. Stand alone is a perfect fit for Dataverse.

Applications that sit on top of Dynamics are a perfect fit for Power Platform, but applications built on top of a third party CRM or ERP will require additional planning.

Applications with highly sensitive data may require a fusion development-based approach to place data within Azure services rather than Dataverse.

**Consideration area**

## Development

**To determine**

- Time to market
- Existing practices

**Example questions to ask your customer**

Is there an existing application(s) or solution(s) in place that this is replacing, or is this a net-new build?

Do you have existing DevOps skilling/operational procedures in-house today?

Is there a strategic direction to bring more control over application creation/development in-house?

Is there an urgent business need (or tight-timeline) for solution delivery?

**Why?**

If the application is replacing an existing application, additional consideration around integration points will be required.

If the customer wants to use their existing DevOps patterns for low-code development, consider including the Power Platform ALM as part of the design.

Understanding if the customer is aiming to extend the application internally post-development is important.

Low-code approaches often have faster delivery times, so understanding their timeline is critical.

**Consideration area**

## User experience

**To determine**

- Internal/external
- Mobile/web
- Online/offline
- Real-time/CRUD

**Example questions to ask your customer**

Is the application(s) targeted at internal business users, or will public/external users need access to the app?

Do the users primarily interact with the application on a mobile device, or on a laptop/desktop computer?

Will users need access to the app when offline (no internet connection)? Will connectivity be intermittent or largely disconnected?

Is there a need for real-time data streaming within the app?

**Why?**

Power Apps are designed for internal business users. A pro-code approach (or Power Pages) would be required for external users.

Mobile App UX is vastly different to a desktop web-based experience. Consider if both are required.

Power Apps can provide basic offline capabilities, but for offline-first then pro-code would be required.

Power Apps are great for CRUD (Create, Read, Update, Delete) and user-initiated actions. For real-time data, a fusion dev or code-first approach would be simpler.

**Consideration area**

## Operations

**To determine**

- Governance model
- Solution ownership

**Example questions to ask your customer**

Is application support provided in-house or via partners?

Do you plan to create a team focused on Power App development practices or empower individual teams on an ad-hoc basis?

**Why?**

Day-2 operations are important to low-code based applications. Consider who will be maintaining access controls and bug fixes.

Partner engagement can be at both an individual application development level or at a strategic pattern level. Determining the customer's strategy will help define project scope.

# Capturing the opportunity

## Delivering more with the Microsoft ecosystem

Microsoft offers the most connected, comprehensive set of cloud solutions to help organisations meet the challenges of a rapidly changing world and seize on new opportunities to grow and thrive. Our solutions span six critical areas for every business: security, infrastructure, digital and application innovation, data and AI, business applications, and modern work. Many of these solutions are industry leaders on their own, but are even more powerful when combined.

Here are two examples of ANZ customers who have combined Azure and the Power Platform to achieve more for their business and their customers.

## Success story



**Blackmores** uses tools from Microsoft Power Platform and Azure services in a variety of ways, from no- and low-code solutions to more complex applications requiring professional development skills. One such example is Project Lucky, an app that helps their in-house scientists develop the best possible supplements for their consumers in the shortest timeframe.

"Our team treats Power Apps and Azure as one platform that we use to build our solutions... our ability to extend Microsoft Power Platform with Azure gives us the confidence to use it for complex projects like Project Lucky."

### **Tijn Tacke**

Head of Business Applications,  
Blackmores Group

[Read the full story >](#)

## Success story



**Priceline** used Microsoft Power Apps to build its Heart in Hand app, which provides transparency about sales at a consolidated, group, or individual store level. The Power Apps infrastructure made it possible to easily integrate with Azure Functions, Azure Table storage, Bing Maps, and existing web APIs.

"These integrations might take even a pro developer several days or weeks to complete, but with the Power Platform, the same functionality can be achieved with a few mouse clicks and some simple code placed in your app."

### **James Matson**

IT Retail Innovation Lead  
Priceline

[Read the full story >](#)

# Working together

**Don't quite have the expertise yet? Partnerships can make more possible.**

Combining your capability with another partner with a complementary skillset may expand the value you can deliver to customers through a more comprehensive end-to-end solution. We call this Partner-to-Partner (P2P).

Microsoft has thousands of partners with areas of specialty across the technology spectrum. Linking up to this network may represent a new opportunity for you to round out your app modernisation expertise or expand your customer offerings. The Power of Partnership Playbook, provides a comprehensive guide to helping you develop successful partnerships within the Microsoft ecosystem.

**[Read: Partner-to-Partner \(P2P\) guide](#)**



# Next steps

## Get started with these resources

Now you've seen what's possible, it's time to explore the ways you can bring the App Modernisation opportunity to life.

### Learn more about your opportunity

Read the Microsoft commissioned [Forrester Consulting Total Economic Impact™ \(TEI\) study](#) on the return on investment that can come with building, expanding, and scaling a Microsoft Business Applications practice.

### Build your Microsoft practice

**Get started:** Better understand best practices through the the [Low Code Application Development Microsoft Practice Development Playbook](#) and [Digital and Application Innovation Partner Playbook](#)

**Build technical capability:** Access skilling and readiness resources through our [ANZ Partner Skills Hub](#).

**Earn a specialisation:** show customers your expertise by gaining your [Low Code Development specialisation](#).

### Find out more about fusion development

- The [Fusion Development Learning Path](#) gets your team skilled and certified quickly.
- Download the [Fusion Development e-Book](#) for in-depth learning.

### Tools to get you started

- **Build a Centre of Excellence:** Explore the [Microsoft Power Platform Centre of Excellence \(CoE\) Starter Kit](#) to help you get started with developing a strategy for supporting the Power Platform, including templates and best practices.
- Explore best practice via the [Cloud Adoption Framework](#).
- Build your own [Azure + Power Platform Solution Assessment](#) with this guide for partners.

### Take advantage of resource and funding programs

- [Business Applications Partner Presales Offers](#) provide funding for pre-sales activities, including Solution Assessments.
- [Azure Migration and Modernisation Program](#) helps accelerate and simplify customer migration and modernisation projects.

