



What is a digital estate?

12/10/2018 • 2 minutes to read • Contributors  

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Every modern company has some form of digital estate. Much like a physical estate, a digital estate is an abstract reference to a collection of tangible owned assets. In a digital estate, those assets are comprised of virtual machines (VMs), servers, applications, data, and so on. Essentially, a digital estate is the collection of IT assets that power business processes and supporting operations.

The importance of a digital estate is most obvious during planning and execution of digital transformation efforts. During transformation journeys, the digital estate is how Cloud Strategy teams map the business outcomes to release plans and technical efforts. That all starts with an inventory and measurement of the digital assets the organization owns today.

How can a digital estate be measured?

The measurement of a digital estate changes depending on the desired business outcomes.

- **Infrastructure migrations.** When an organization is inward facing and seeks to optimize cost, operational processes, agility, or other aspects of optimizing operations, the digital estate focuses on VMs, servers, and supporting workloads.
- **Application innovation.** For customer-obsessed transformations, the lens is a bit different. The focus should be placed in the applications, APIs, and transactional data that support the customers. VMs and network appliances are often of less focus.
- **Data-driven innovation.** In today's digitally driven market, it's difficult to launch a new product or service without a strong foundation in data. During cloud-enabled data innovation efforts, the focus is more on the silos of data across the organization.

Once an organization understands the most important form of transformation, digital estate planning becomes much easier to manage.

Tip

Each type of transformation could be measured with any of the three views. Further, it is common for companies to execute all three transformations in parallel. It is highly suggested that the leadership and Cloud Strategy team be firmly aligned regarding the transformation that is most important for business success. That understanding serves as the basis for common language and metrics across multiple initiatives.

How can a financial model be updated to reflect the digital estate?

An analysis of the digital estate drives cloud adoption activities. It also informs financial models by providing cloud costing models, which in turn drive return on investment (ROI).

To complete the digital estate analysis, perform the following steps:

1. [Determine analysis approach.](#)
2. [Collect current state inventory.](#)
3. [Rationalize the assets in the digital estate.](#)
4. [Align assets to cloud offerings to calculate pricing.](#)

Financial models and migration backlogs can be modified to reflect the rationalized and priced estate.

Next steps

Before digital estate planning can begin, you must determine what approach to use.

Approaches to digital estate planning