

Enterprise Architecture and Industry-wide Collaboration on Reference models

Is there Value in Industry Reference Models?



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"It takes a whole village to raise a child"

Folk saying (possibly North American native or African)

"It takes an Community to create services for an Industry value chain"

Reality of delivering efficient, re-usable services to businesses

Agenda



1. The Big Picture

- 1.1. The shift from internal efficiency to Business Network Transformation
- 1.2. The importance of Collaboration

2. Are there benefits?

- 2.1. Some perspectives on why collaboration is valuable

3. Some experiences with Community and Collaboration

- 3.1. Different communities for different purposes
- 3.2. Some early results

4. Conclusion

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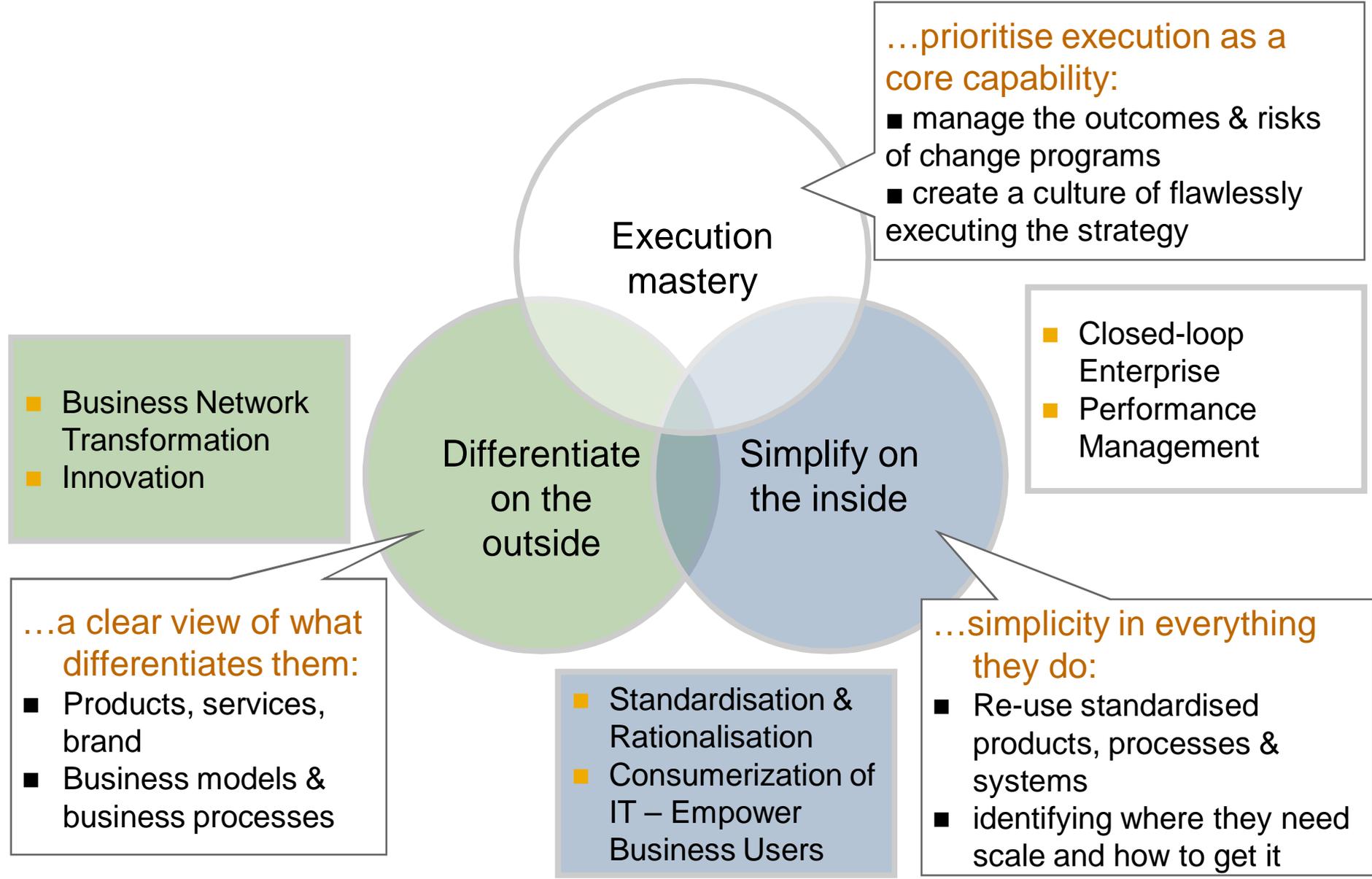
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Meeting today's challenges;
High performers will exhibit 3 core attributes...



The Context is changing

Growth & Innovation shifts our focus



From Operational Efficiency to Competitive Differentiation via Networks

Internal Systems of Record

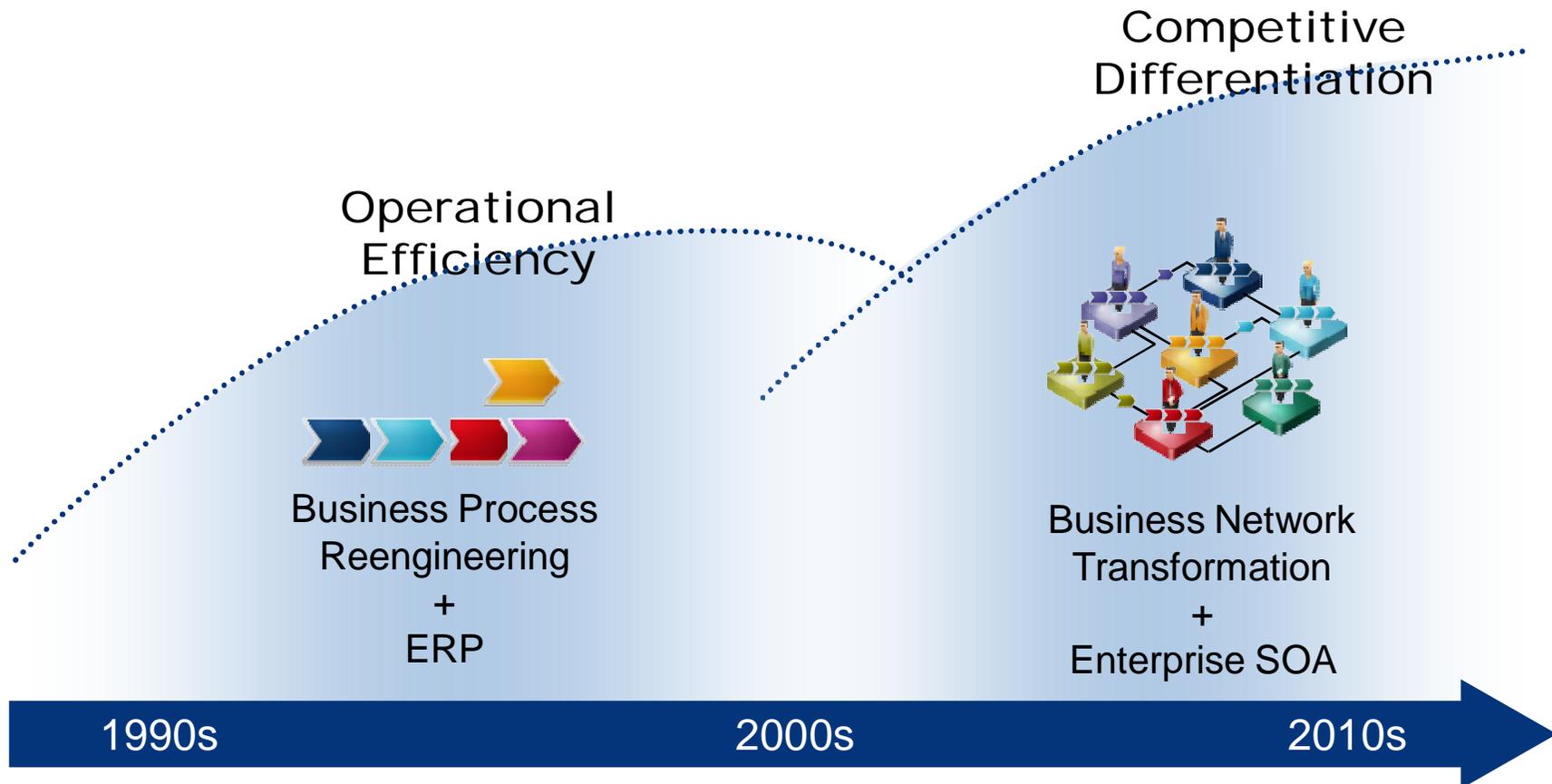
(traditional ERP & BI)

Integration a defining theme

Systems of Relationship

(CRM, SRM, SCM, Analytics)

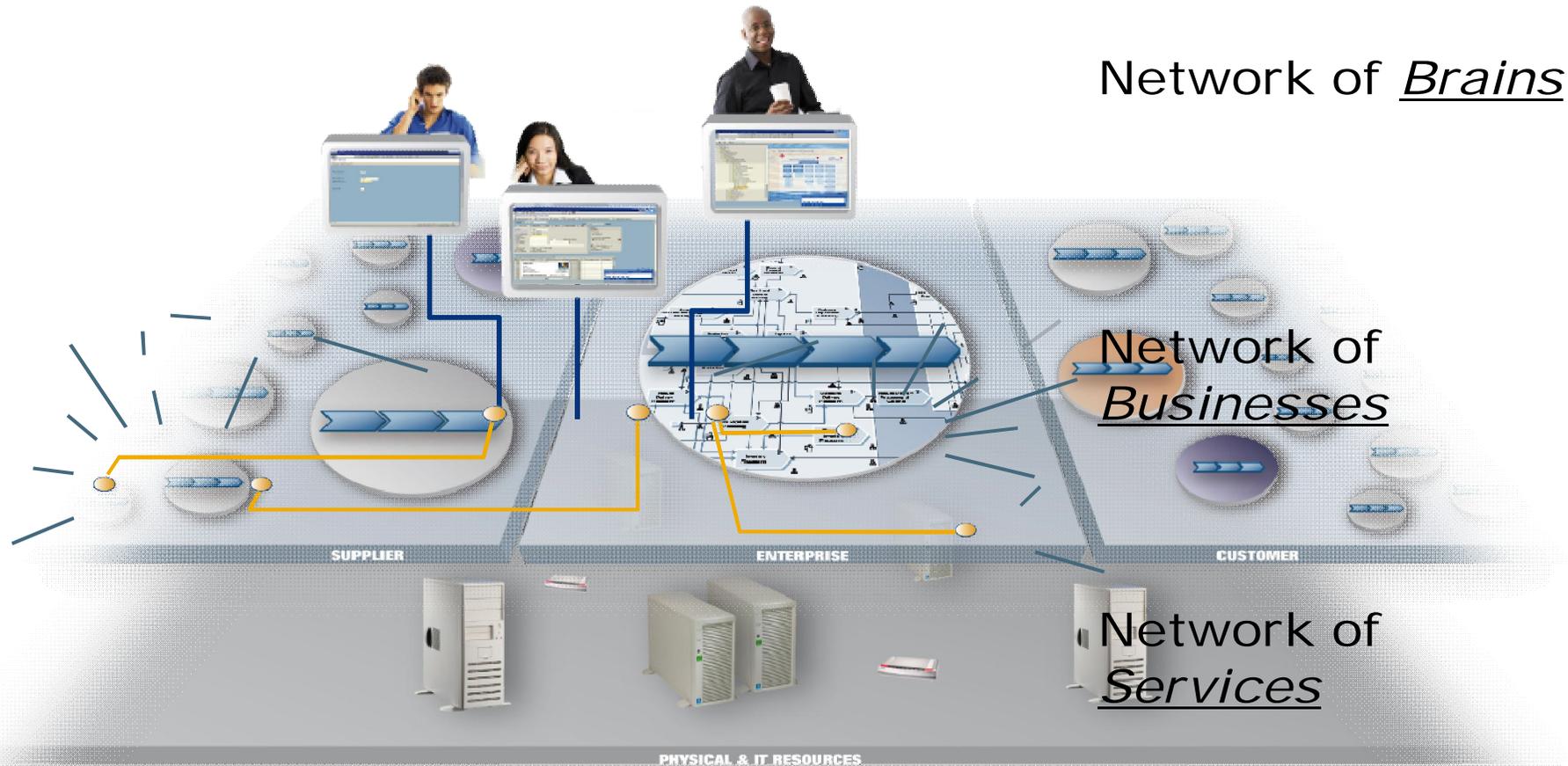
Innovation the defining theme



Business Network Transformation



The **Business Network** has become the primary source of innovation & differentiation



Across industries “network” is the mantra



Mahindra:

All of business involves some network or the other. Network sounds like a very technical phrase, but it's horribly simple, because you are **selling to either a network of customers or you're using a network of employees or you're collaborating with a network of suppliers**. So I cannot imagine life and business without some kind of networks.

Knudstorp:

Business networks has become extremely important to the LEGO group. We used to be a vertically integrated enterprise, but we are in fact a very small but global company. We are presumably one of the best known brands in the world. So, in order for us to actually achieve the global reach we wanted, we decided that we need to open up our business and invite partners in across the business landscape, in order to get access to the scale and entrepreneurship that we couldn't drive out of our own small organization.

Business Network Transformation

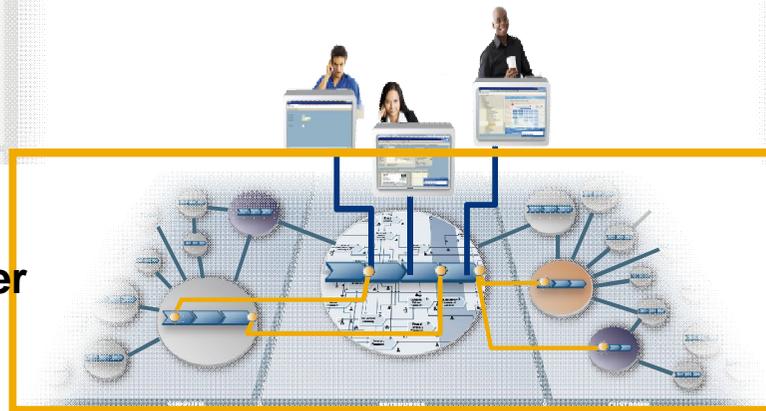
Changes how we tackle the tasks of IT



Business process platforms and shared services enable business network transformation and operational excellence at the same time

Innovate
on top of the
Core Businesses
Consolidate
on one Platform,
Shared Service Center
or Industry Hub

Leverage existing
Investments



Agile Process Composition
Faster Time to Process Change

Standardized Open Platform
Lower integration/
development costs for
end-to-end processes

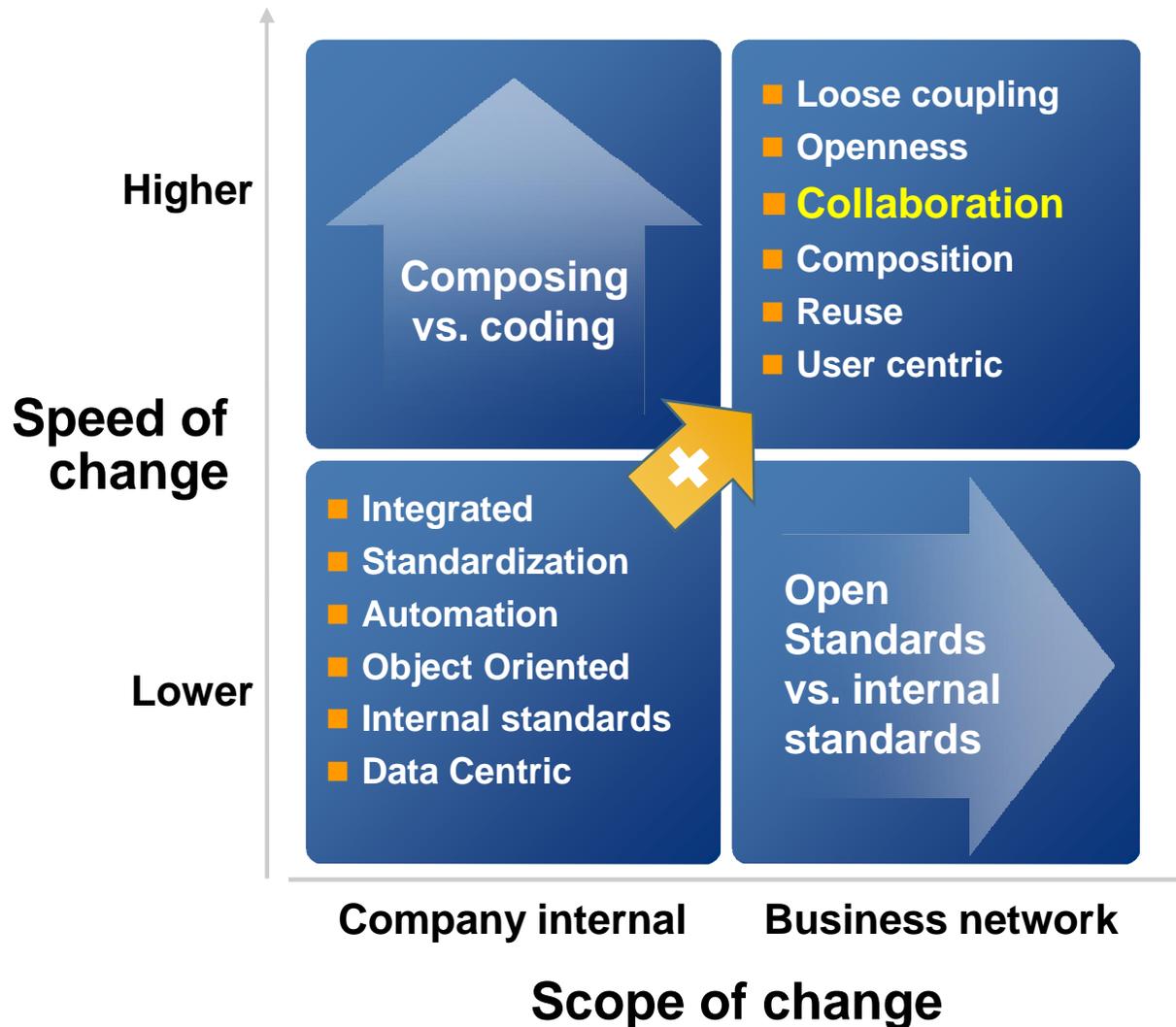
**Reuse Application Building
Blocks**
Lower implementation costs

Business Network Transformation requires IT to handle **increased speed of change and scope of change** at the same time with good governance

Business Network Transformation Requires an Evolution of Today's Architecture



Enhanced IT design principles enable increased speed and scope of change while increasing operational efficiency



Business Network Transformation

Collaboration and Coordination are vital



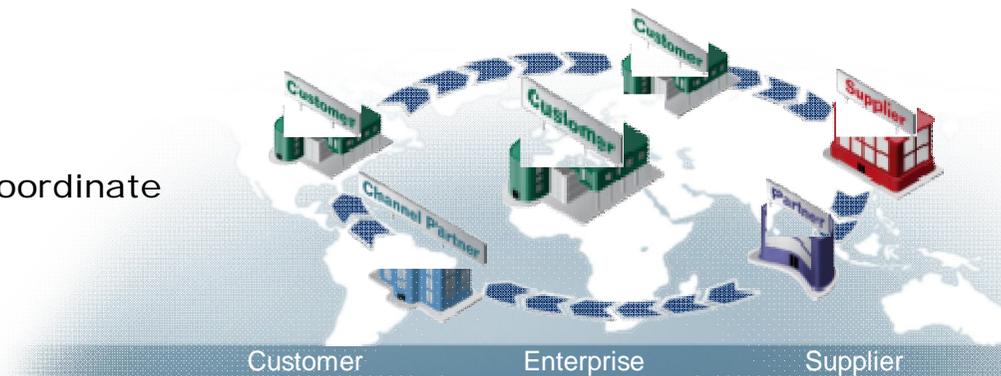
Collaborate



Collaborative networks (user-centric)

- Adaptive communities
- Proactive communication
- Share information & context
- Participation
- Actionable operational analytics

Coordinate



Coordinated networks (process-centric)

- Automation, efficiency, computing
- End-to-end process integration
- Efficiency, computing
- Share processes
- Process innovation

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Collaboration

The key to Business NetWork Transformation



Information Week survey:

more than nine of 10 business and IT executives believe that collaboration--the sharing of business information within and across corporate organizations--will increase sales opportunities, and about half say it will cut costs. Yet this drive for revenue is far different from fanciful dot-com dreams in which Web storefronts capture mountains of cash. **Collaboration is about creating a broadly connected world, from suppliers to producers to customers to the customers' customers, that can react more quickly to changes in supply and demand.**

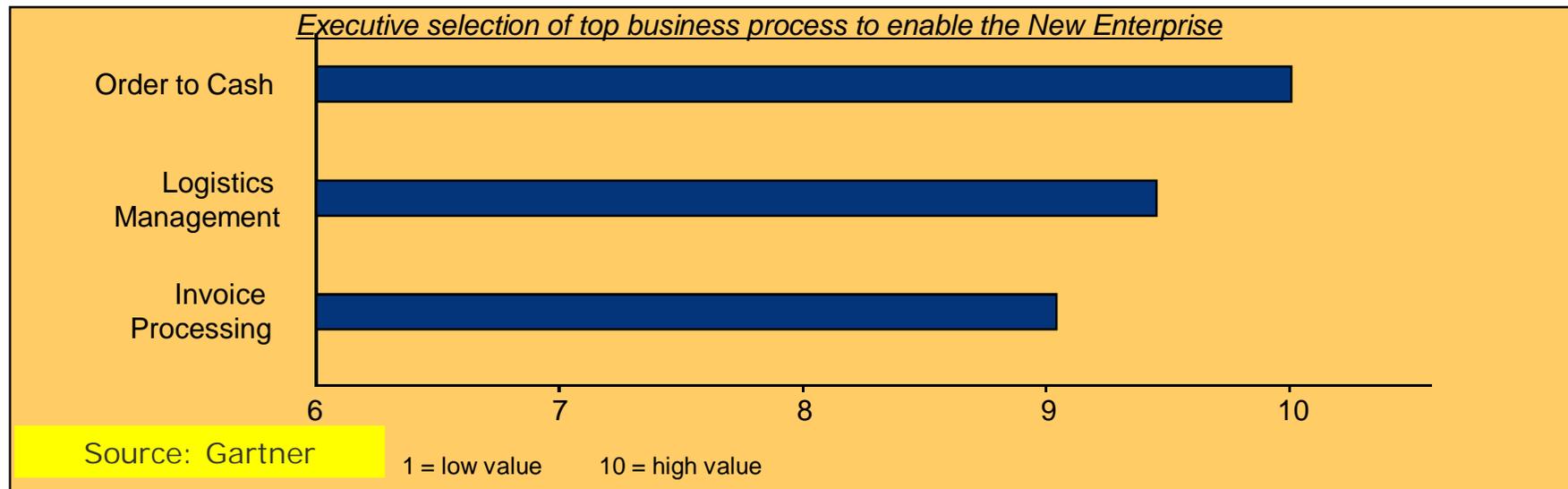
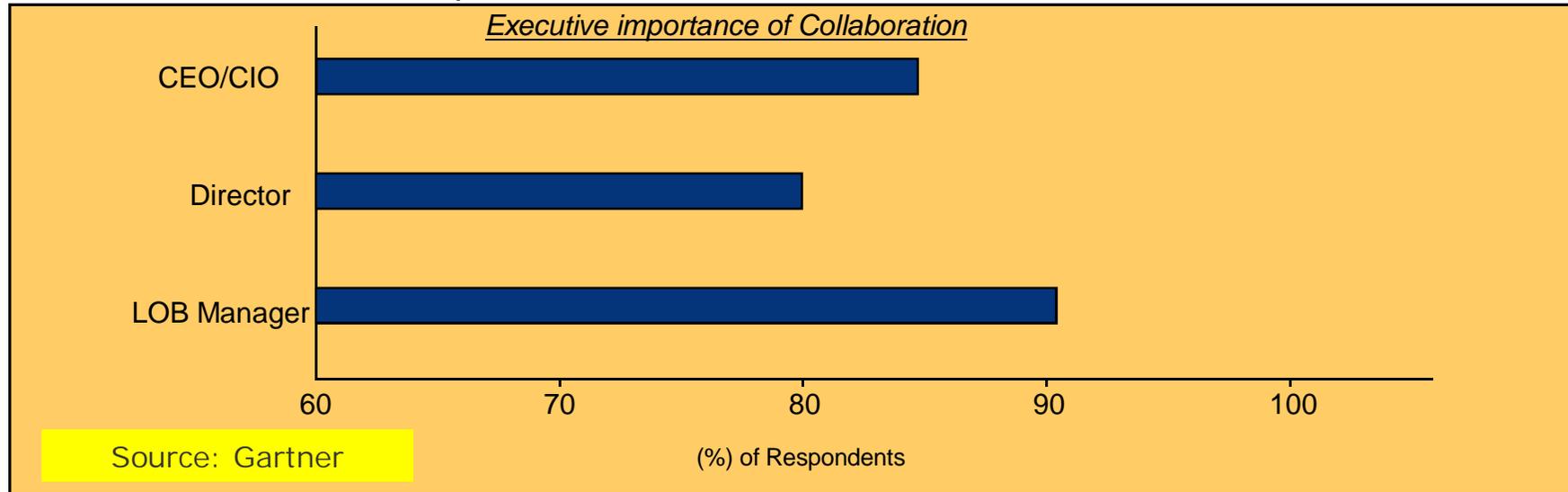
Chambers:

Why is collaboration so important at this point in time? It is probably the most important market transition going on in business, you know, completely change how business is structured, how we interface to our supply chain, how we interface to our customers. And the term collaboration is nothing more than **collaborate toward a common goal.**

Collaboration and New Enterprise



Over 80% of top Executives deem the importance of Collaboration as highly critical to the success of the New Enterprise

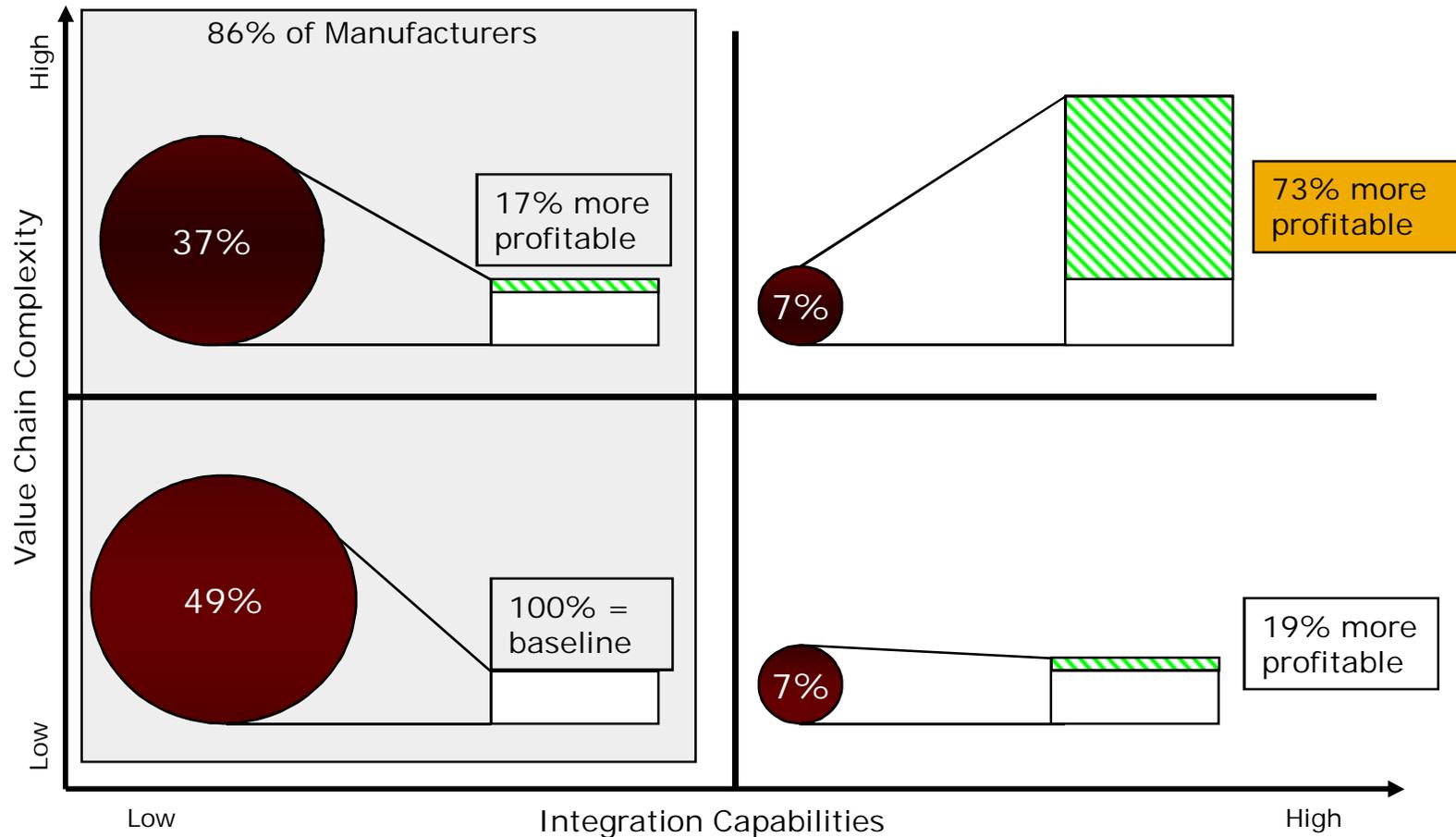


Business Collaboration

Value Increases as Complexity Increases



A study by Deloitte shows that manufacturing companies with complex supply chains and deep expertise in Business Collaboration are 73% more profitable than other companies.



Courtesy: Deloitte

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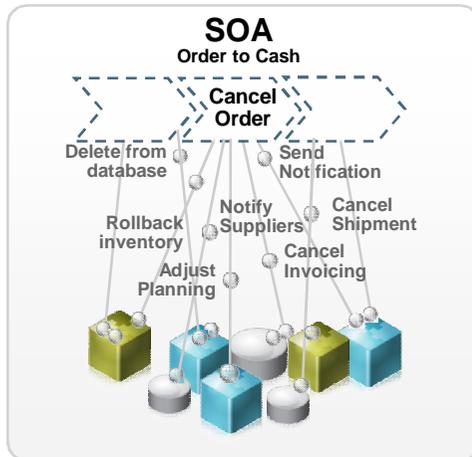
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What are we aiming at?

A new way of evolving/extending enterprise applications and services



Enrich the concept of SOA to ensure integrity and utility to all stakeholders in an Industry



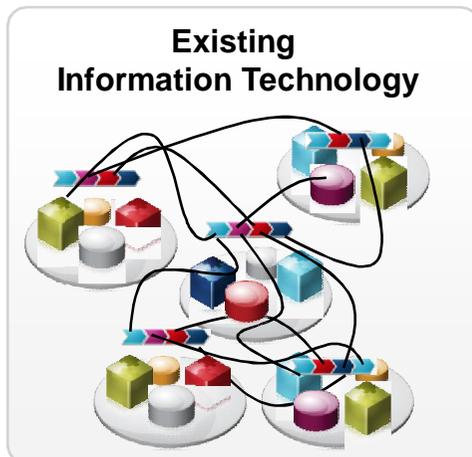
- Manually built
- Low reusability
- No governance
- Individually developed

→ Leads to chaos

- Productized services
- Business semantics
- Unified repository
- Agreed & governed

→ Ensures integrity

Provide an open, augmented Business Process Platform that delivers on the new requirements to develop and run an agile business



- Coded process integration
- Multiple closed applications
- Database, line coding, messaging
- Static application UIs

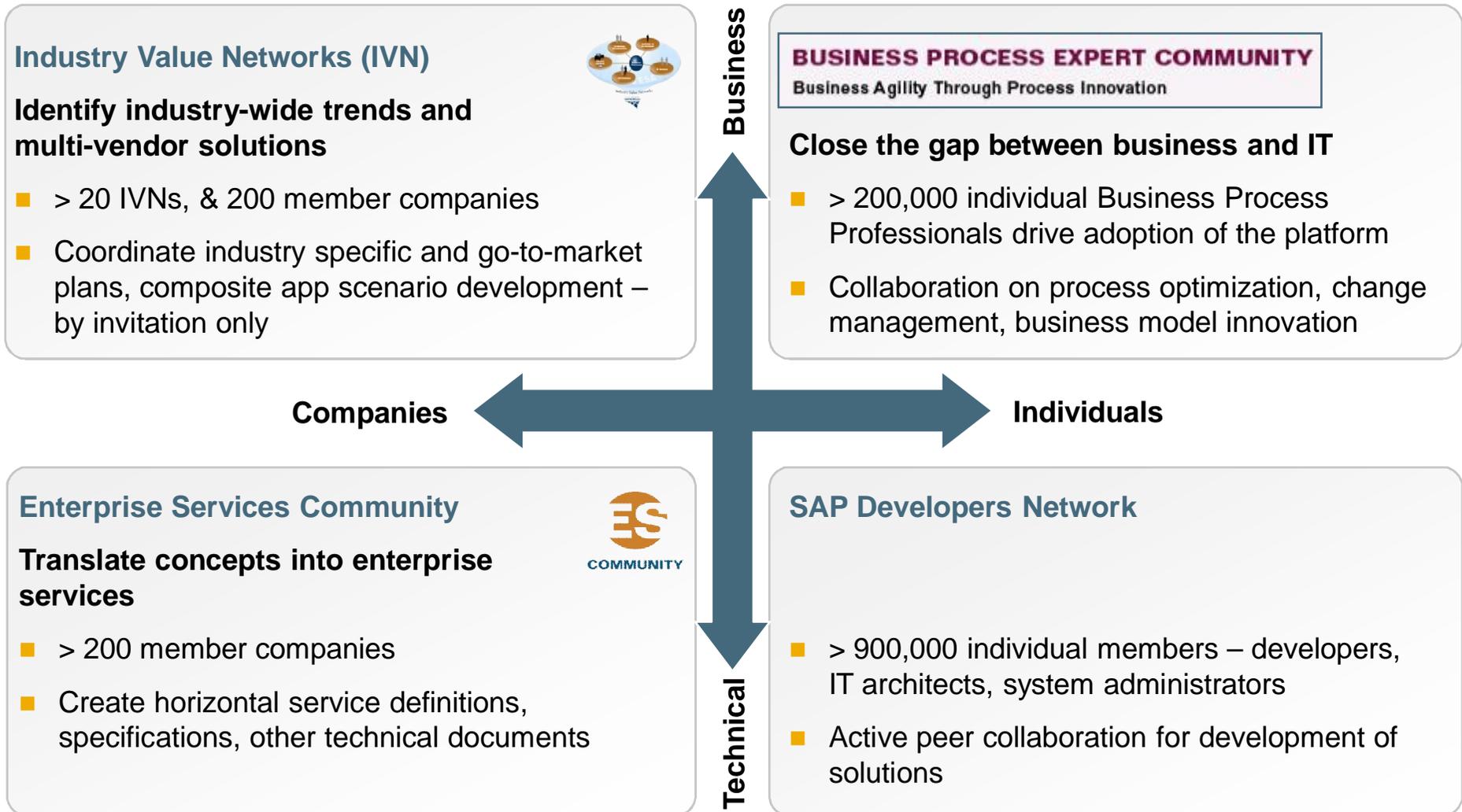
→ Inflexibility and Complexity

- Composition of services
- End-to-end industry process views and modeling
- Model-driven development
- Decoupled UIs

→ Flexibility and lower TCO

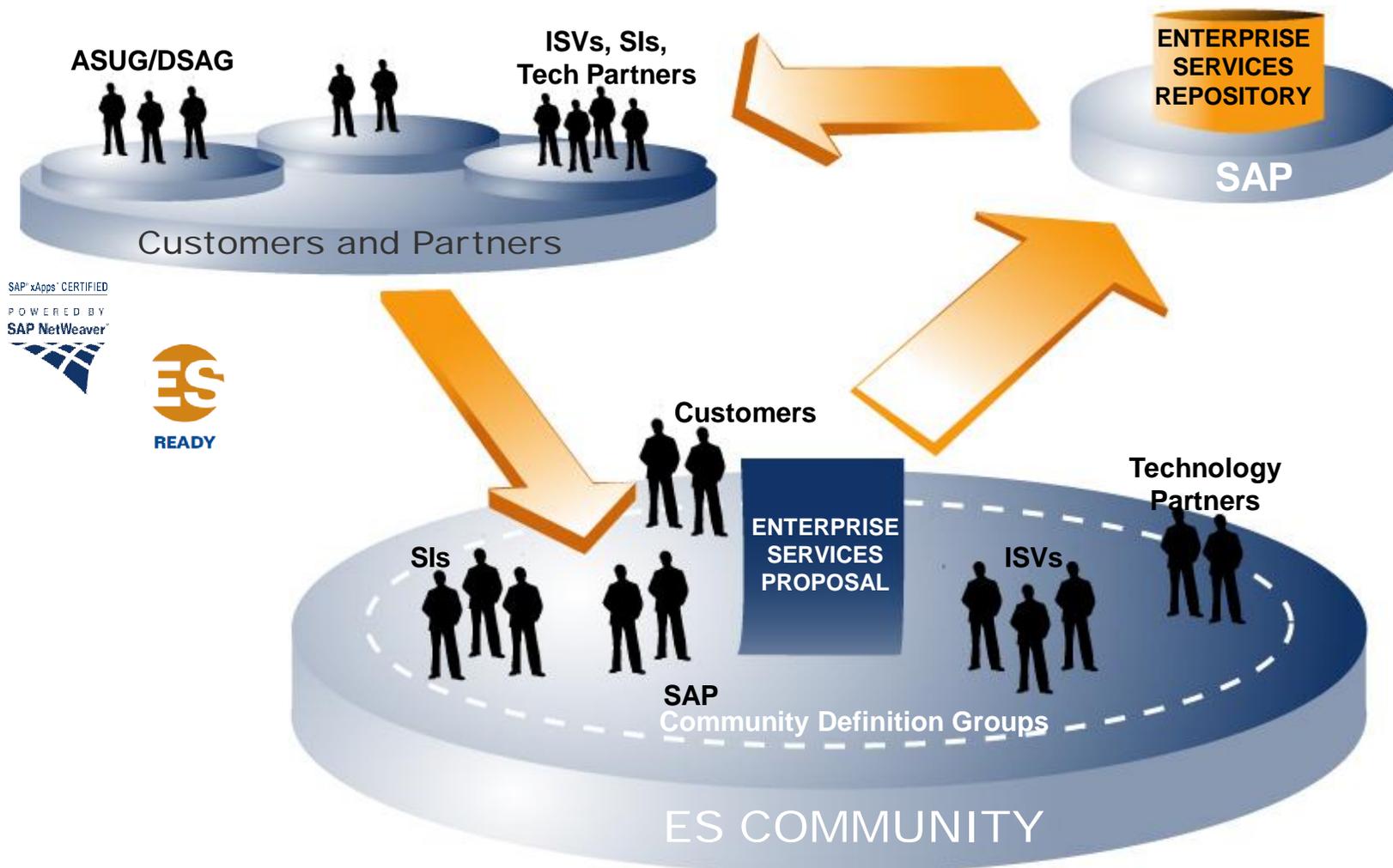
Communities of Innovation

Orchestrating Business Network Transformation aspects





Industry Value Networks



ES Community Mission



Mission

To provide SAP and our Ecosystem with an IP-safe program that enables the co-innovation of specifications for enterprise SOA



Value for Members

- Clear roll-in channel for steering SAP development with innovative ideas and prioritization
- Access to a Special Reserve of SAP development that will implement the services Members need most
- Opportunity to define SAP's product specifications in detail
- Development commitment from SAP
- Early access to definitions and hosted implementation

Value for SAP

- Qualified, innovative ideas for service enablement that have committed customers and partners
- Direct engagement on service specifications to increase quality
- Early engagement with customers accelerates success stories
- Clear position within the market as the leader in collaborative innovation with customers and partners

Value Proposition for SAP Customers



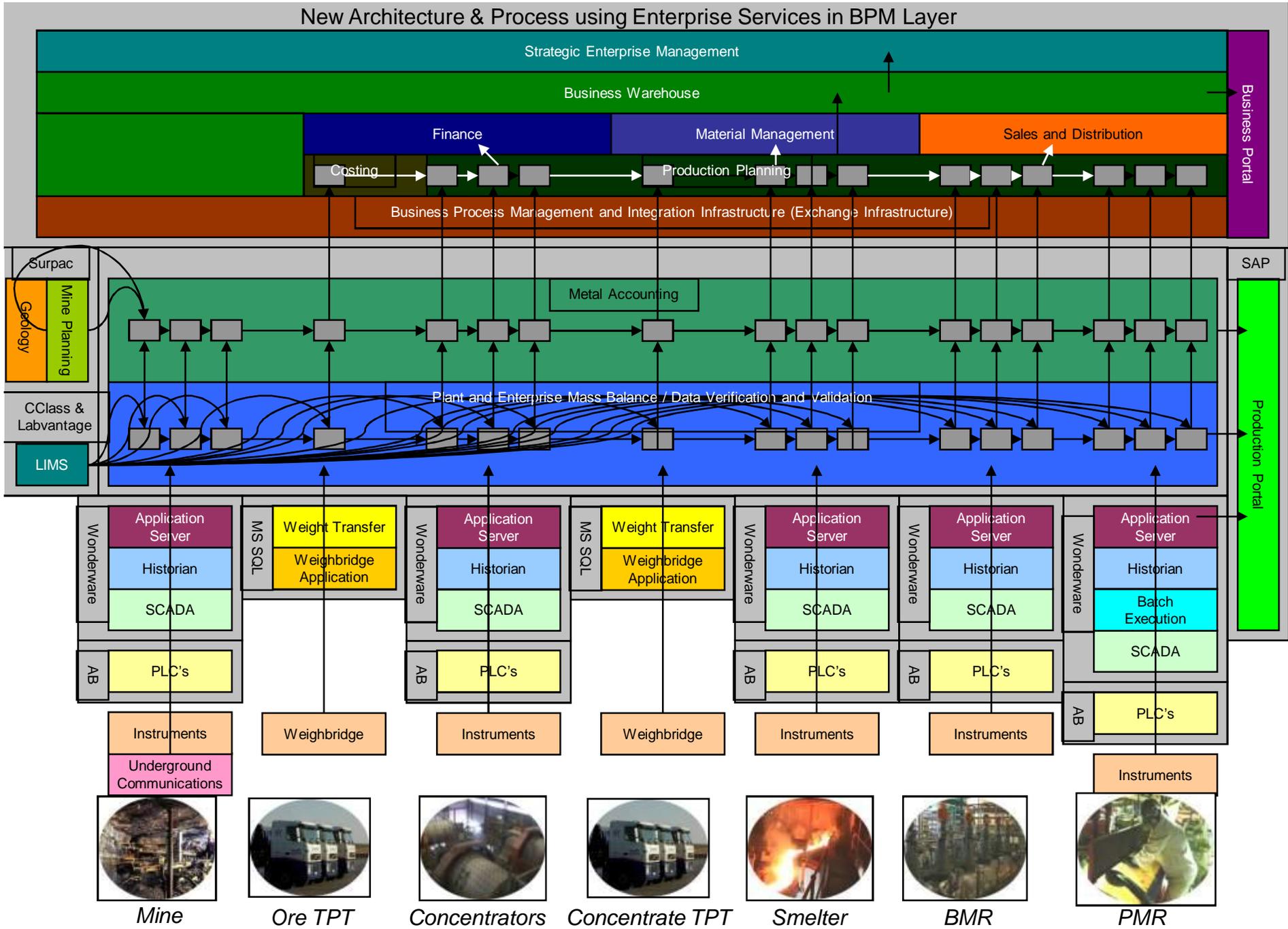
- Collective business process expertise in a community reduces friction with respect to integration of trading partners in a shared business process
- Community enables faster time to implementation for both SAP Customers and their trading partners
- Quality of data exchange in the community around business process, mappings and configuration results in a lower cost for the trading partner
- Faster implementation times and lower costs for trading partners provides the ability to scale integration to many more trading partners
- A larger number of B2B-integrated trading partners provides for improved supply chain flexibility and opportunity to address a broader range of business processes
- A community that shares transformation data for a standard will lead to more consistent use of the standard; reduces deviations and results in higher quality data in the integration

Value Proposition for Partners



- SDN community provides exposure for Partners to showcase capabilities and expertise of the services and products
- Brand development in the SAP ecosystem is a result of participation in the SAP community, association with SAP and industry expertise
- The partner can leverage existing community content to deliver greater value to customers and get up-to-date information
- The content can be used to assist in developing consulting skills – collateral on best practices, application knowledge of the SAP business suite, including industry specific versions as well as content in the forums or from various maps

New Architecture & Process using Enterprise Services in BPM Layer



Community Definition Group (CDG) Process



Roadmap-Driven Track
SAP's plans to service-enable its solutions



Stakeholder-Driven Track
Customers / partners deciding how SOA drives business value



Prioritize, considering dependencies



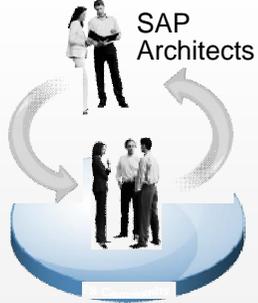
quarterly

DECIDE



Committed Outcome

DEFINE
collaboratively

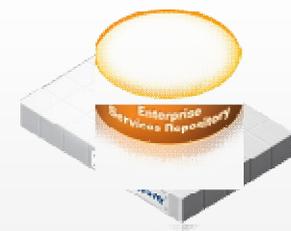


Community Definition Groups

DEVELOP



DELIVER
semi-annually



ES bundles

DEPLOY
on mySAP ERP 2005



DECLARE



ES Community Definition Group for Manufacturing



1st CDG 2 day workshop in January 2007:

- Introduction of first ES Bundles shipped within Enhancement Package 1
- Roll in Use Cases from ISV's and Customers for the next generation of ES Bundle

Areas discussed within Manufacturing were:

- Manufacturing Execution System integration
- Work Instructions
- Quality Management



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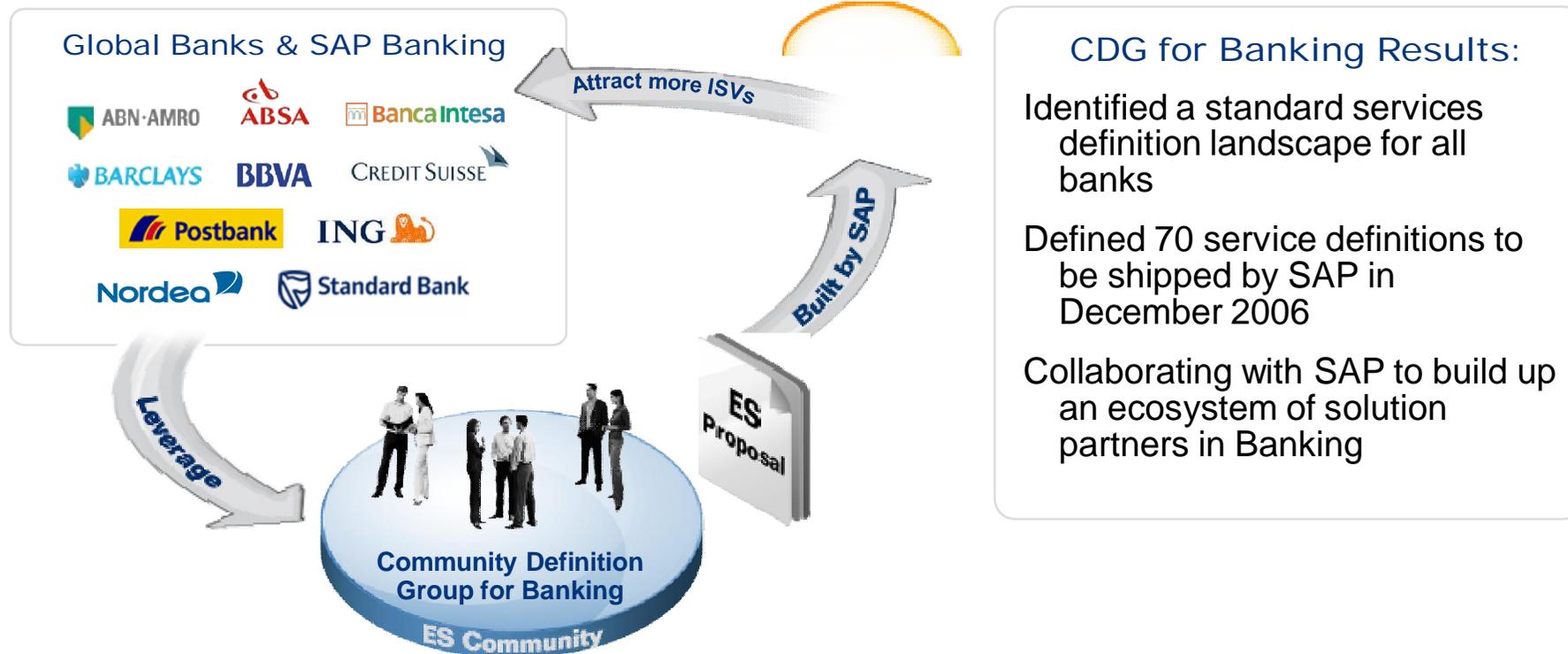
WIDELBERG

FUJITSU COMPUTERS
SIEMENS



Cadbury Schweppes





The opportunity to collaborate openly with SAP in identifying the core enterprise services in the banking industry and to leverage the services in SAP NetWeaver were **among the most important factors in Standard Bank's choice of SAP NetWeaver as its core platform** for banking operations”

Herman Singh

Director of Architecture and Technology Engineering at Standard Bank

The Public Sector IVN in Action Strong Momentum & Early Success



Tax & Revenue Management

Collection Management,
Customs & Border Management,
Integrated Tax
Property Tax
Rules & Regulations
Tax Analytics

Customer-led Innovation

Collaborative innovation projects

Enterprise SOA Momentum

Joint roadmaps & ES specification

Development & GTM Collaboration

Joint solutions, field engagement & marketing

Industry Thought Leadership

Shared knowledge & information

Results of Public Sector IVN CDG



Requestor	ISM Public Services			
ES Package Name	Multi-channel tax & revenue management			
ES Package Description	Enable tax authorities to offer attractive taxpayer centric services and increase transparency. Allow taxpayer easy and secure access to their data stored within the tax agency, to information about tax return regulations and simplify the tax return process for all tax types. Simplify communication and reduce clarification process between taxpayer and agency.			
Classification		Service Request		
mandatory	optional	optional	optional	mandatory
Public Sector	?	Tax Officer / User (?)	Find Tax Officer by Elements	Find tax officer by revenue period and taxpayer data (zip, ...)
Public Sector	Business Partner Data Management	Taxpayer (specialization of	Find Taxpayer by TaxpayerPartyID	Find Business Partner by s...
Public Sector	Business Partner Data Management	Taxpayer (specialization of	Find Taxpayer by Elements	Find taxpayer by elements (account, e-mail address, ...)
Public Sector	Business Partner Data Management	Taxpayer (specialization of	Check Taxpayer Address	Validates addresses based information
Public Sector	Business Partner Data Management	Taxpayer (specialization of	Maintain Taxpayer Address	Create /change an address of the taxpayer
Public Sector	Business Partner Data Management	Taxpayer (specialization of	Check Taxpayer Bank Details	Validates bank details according to specific checks

Results:

- 52 Enterprise Service requests (many ES refer to generic business objects such as business partner)
 - Delivery planned for 2008 and 2009 in two waves
- 1 ES bundle defined (Multi-channel Tax and Revenue Management)
- 1 iCod eTax defined and validated (eTax provides e-Services to the taxpayer)

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Business Networks Are Relevant For Everyone



- You lack critical mass to enter a market alone

- Complement an incumbent's offer

- Competition is pressuring margins

- Divest non-core processes

- Customer problem requires diverse disciplines to solve

- Orchestrate as trusted advisor

- Market rewards rapid introduction of new products

- Drive changes through brand power

Different Business Models Drive Different Types of Networks



Volume Operations
“Scale-up profitably”
Automated, routine processes



Coordinated Network
Efficiency, speed
Connect systems, share processes



Complex Systems
“Innovate quickly”
People-centric, ad-hoc processes

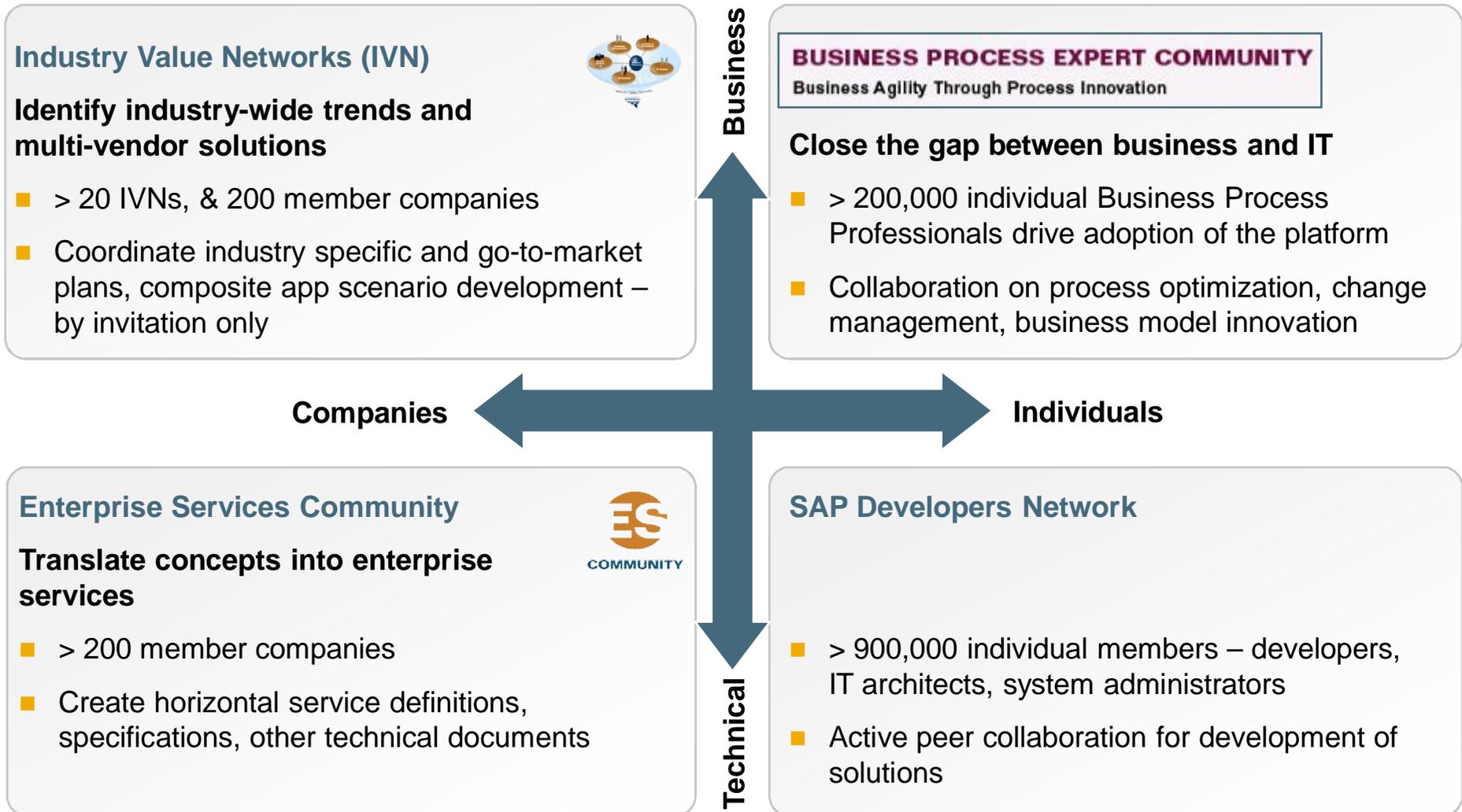


Collaborative Network
Insight, relationship
Connect people, share information



Think about *your* participation

What role can you play as an entity or an individual



Thank you

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Reality of delivering efficient, re-usable services to businesses