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
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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Meeting today’s challenges;
*High performers will exhibit 3 core attributes…*

...prioritise execution as a core capability:
- manage the outcomes & risks of change programs
- create a culture of flawlessly executing the strategy

...a clear view of what differentiates them:
- Products, services, brand
- Business models & business processes

...simplicity in everything they do:
- Re-use standardised products, processes & systems
- identifying where they need scale and how to get it

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Execution mastery

Differentiate on the outside

Simplify on the inside

- Business Network Transformation
- Innovation

- Standardisation & Rationalisation
- Consumerization of IT – Empower Business Users

- Closed-loop Enterprise
- Performance Management

Consumerization of IT – Empower Business Users

Innovation

Business Network Transformation
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

1990s
Business Process Reengineering
+ ERP

2000s
Business Network Transformation
+ Enterprise SOA

2010s
Competitive Differentiation
Business Network Transformation

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

- Network of **Brains**
- Network of **Businesses**
- Network of **Services**
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

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**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

**Collaborative networks (user-centric)**
- Adaptive communities
- Proactive communication
- Share information & context
- Participation
- Actionable operational analytics

**Coordinated networks (process-centric)**
- Automation, efficiency, computing
- End-to-end process integration
- Efficiency, computing
- Share processes
- Process innovation

Collaborate

Coordinate

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

**Executive importance of Collaboration**

- **CEO/CIO**: 90%
- **Director**: 85%
- **LOB Manager**: 95%

(Source: Gartner)

**Executive selection of top business process to enable the New Enterprise**

- **Order to Cash**: 10
- **Logistics Management**: 9
- **Invoice Processing**: 9

(Source: Gartner)
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.
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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 (IVN)
Identify industry-wide trends and multi-vendor solutions
- > 20 IVNs, & 200 member companies
- Coordinate industry specific and go-to-market plans, composite app scenario development – by invitation only

Enterprise Services Community
Translate concepts into enterprise services
- > 200 member companies
- Create horizontal service definitions, specifications, other technical documents

SAP Developers Network
- > 900,000 individual members – developers, IT architects, system administrators
- Active peer collaboration for development of solutions

Business

Companies

Individuals

Technical

Close the gap between business and IT
- > 200,000 individual Business Process Professionals drive adoption of the platform
- Collaboration on process optimization, change management, business model innovation
Enterprise Services Community
Creating Building Blocks for Innovation

Industry Value Networks

ASUG/DSAG

ISVs, SIs, Tech Partners

ENTERPRISE SERVICES REPOSITORY

SAP

Customers and Partners

ENTERPRISE SERVICES PROPOSAL

Customers

SIs

ISVs

Technology Partners

SAP Community Definition Groups

ES COMMUNITY

Customers and Partners
### 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

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**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
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

DECIDE

Select quarterly

Long List
use cases

Short List

Necessary but not obvious

Confirmation of SAP plans

Breakthrough innovations

Prioritize, considering dependencies

Committed Outcome

DEFINE collaboratively
SAP Architects

Commited Definition Groups

DEVELOP

DEVELOP
semi-annually

DEPLOY
on mySAP ERP 2005

DECLARE

ES bundles
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
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

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

Tax & Revenue Management
Collection Management,
Customs & Border Management,
Integrated Tax
Property Tax
Rules & Regulations
Tax Analytics
Results of Public Sector IVN CDG

**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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You lack critical mass to enter a market alone

Complement an incumbent’s offer

- Competition is pressuring margins
- Divest non-core processes

Market rewards rapid introduction of new products

Drive changes through brand power

Customer problem requires diverse disciplines to solve

Orchestrate as trusted advisor
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

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Business Process Expert Community
Business Agility Through Process Innovation
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