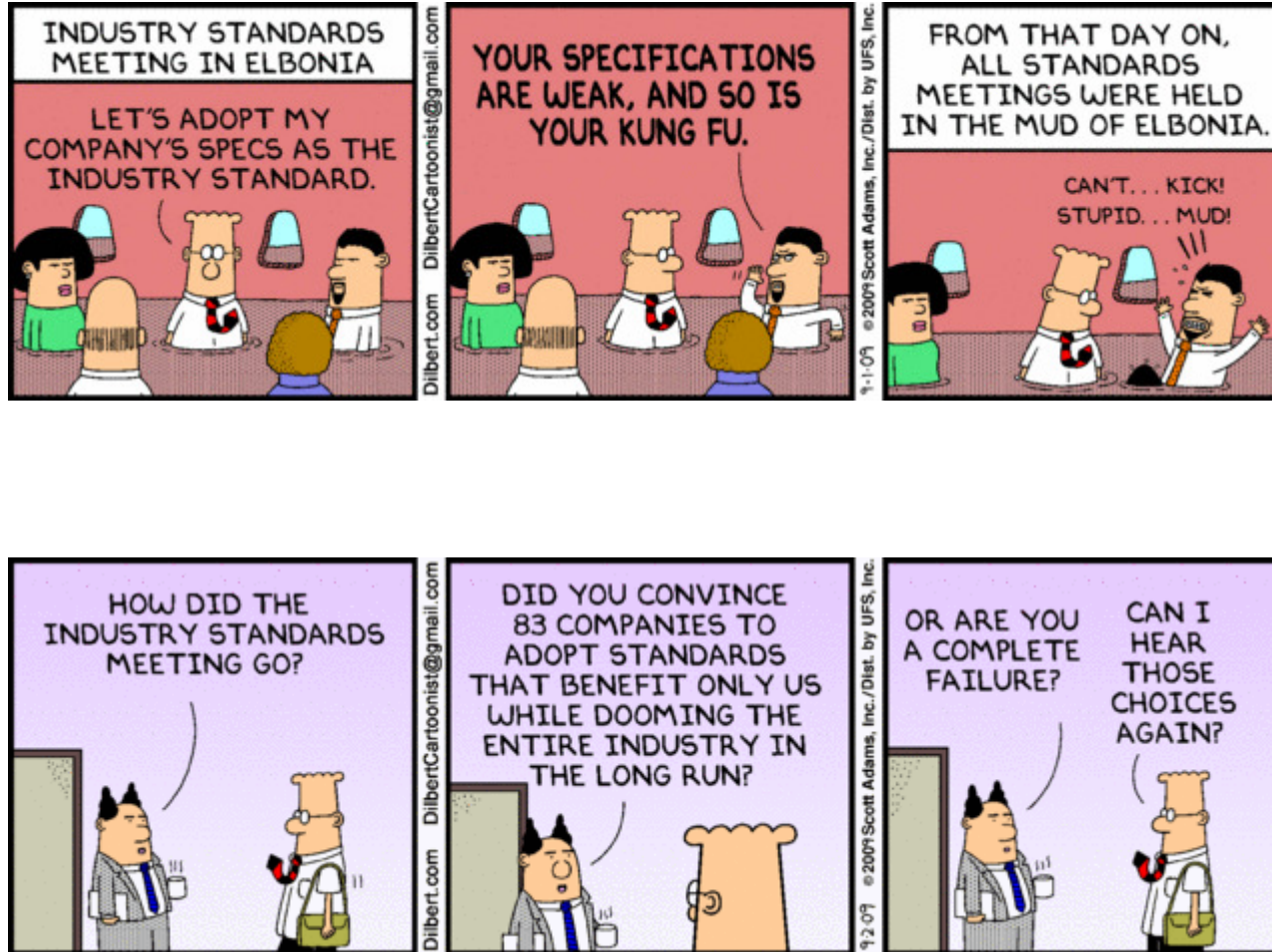# Defining the value of your EA initiative
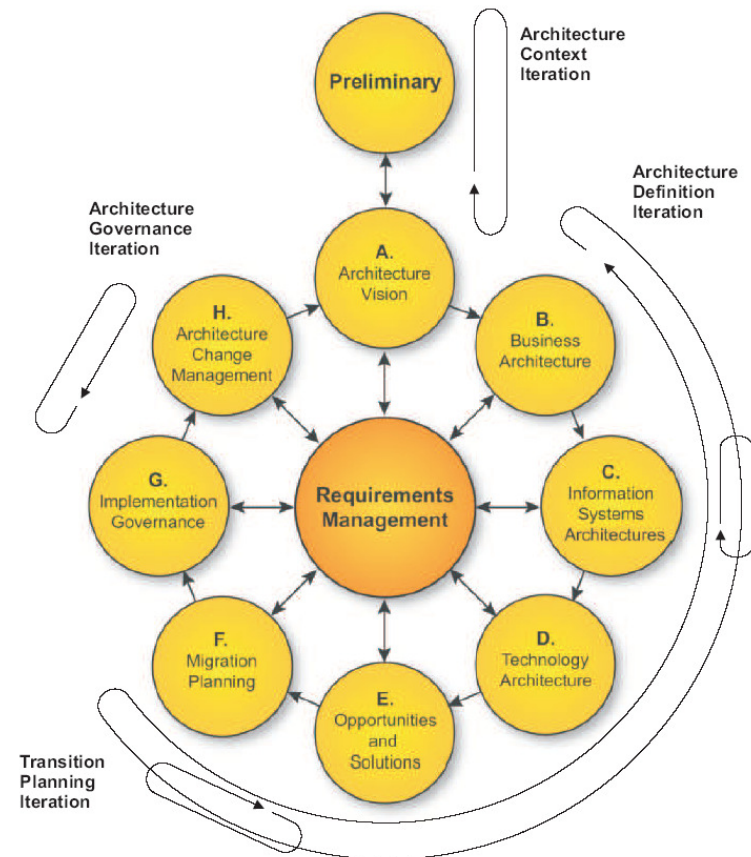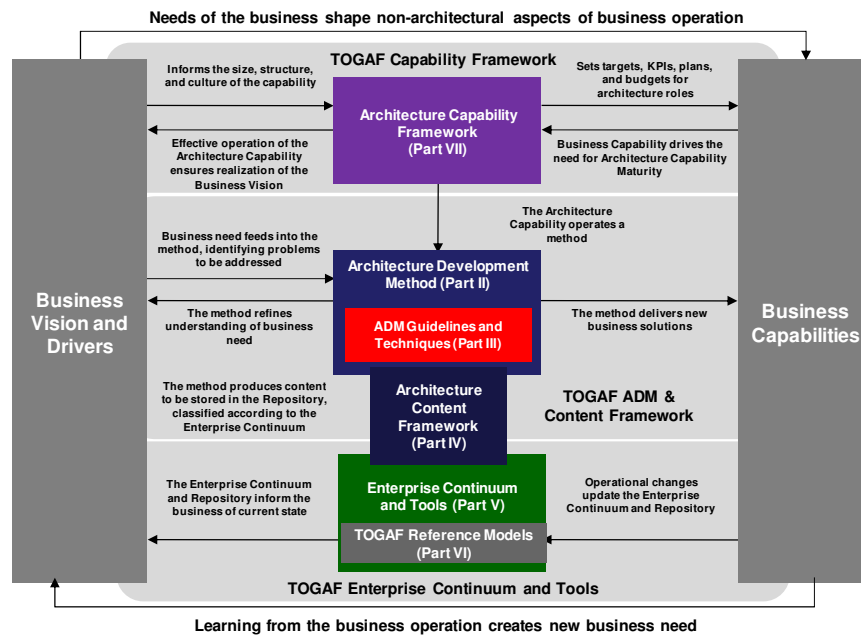
EAPC

September 2009

Presented by: Marius Snel
Knotion Consulting
0825704170

- Done TOGAF training
- Got Certified
- Attended the conference
- Read the TOGAF Manual

Needs of the business shape non-architectural aspects of business operation

TOGAF Capability Framework

Informs the size, structure, and culture of the capability

Sets targets, KPIs, plans, and budgets for architecture roles

Architecture Capability Framework (Part VII)

Effective operation of the Architecture Capability ensures realization of the Business Vision

Business Capability drives the need for Architecture Capability Maturity

Business need feeds into the method, identifying problems to be addressed

The Architecture Capability operates a method

Architecture Development Method (Part II)

Business Vision and Drivers

The method refines understanding of business need

ADM Guidelines and Techniques (Part III)

The method delivers new business solutions

Business Capabilities

The method produces content to be stored in the Repository, classified according to the Enterprise Continuum

Architecture Content Framework (Part IV)

TOGAF ADM & Content Framework

The Enterprise Continuum and Repository inform the business of current state

Enterprise Continuum and Tools (Part V)

Operational changes update the Enterprise Continuum and Repository

TOGAF Reference Models (Part VI)

TOGAF Enterprise Continuum and Tools

Learning from the business operation creates new business need

Architecture Context Iteration

Preliminary

Architecture Definition Iteration

Architecture Governance Iteration

A. Architecture Vision

H. Architecture Change Management

B. Business Architecture

G. Implementation Governance

Requirements Management

C. Information Systems Architectures

F. Migration Planning

D. Technology Architecture

E. Opportunities and Solutions

Transition Planning Iteration

- Enterprise Architecture initiatives
  - formalized organizational structures
  - output key project initiative
- Mechanism for justification – Business Case
- Business Case output from Vision phase
- Project experience – Business Cases fail
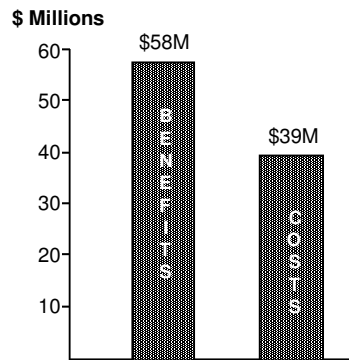- Business case – is it sufficient for continuous value justification?

- A Business Case is a tool for:
  - obtaining funds
  - driver for project planning
  - prioritization of competing investments
  - enabler of long-term project benefits realization
- A successful business case needs to consider the following:
  - executive summary
  - current business state
  - proposed project
  - options evaluation
  - timescale and investment analysis
  - standard management practices
- The key part: Estimated costs and timelines versus the expected value generation to the organization
- Business cases need to follow their own "maturity model"

- IT Management identified 113 recently completed and 113 planned projects

- Statistics for these projects were gathered from associated IT managers

- Searched for business cases for surveyed projects

- For 8 larger projects, attempted to locate business cases and resulting actual costs and benefits

- For the 4 where adequate detail was available, analyzed the business case vs. actual costs and benefits
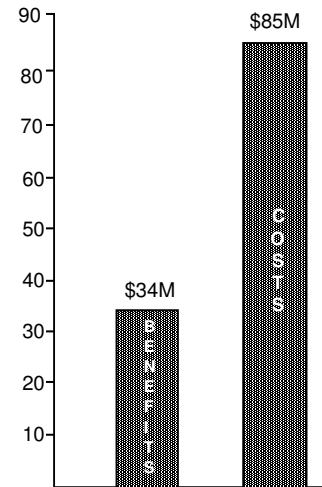
- Business cases are not readily accessible
  - only 9 business cases for 226 projects could be found in the central repository or readily accessed elsewhere

- Project priorities are not always driven by business case components

- Business case expectations are seldom realized

- Benefits and costs are rarely monitored to track against business cases

- Business cases lack trackable metrics

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INNOVATING KNOWLEDGE

$ Millions

Business Case Commitment

Actual Results

$ Millions

$58M

$85M

BENEFITS

COSTS

$39M

X EA

$34M

COSTS

BENEFITS

EA Operating Model: Governance Processes measuring against the EA Financial Model
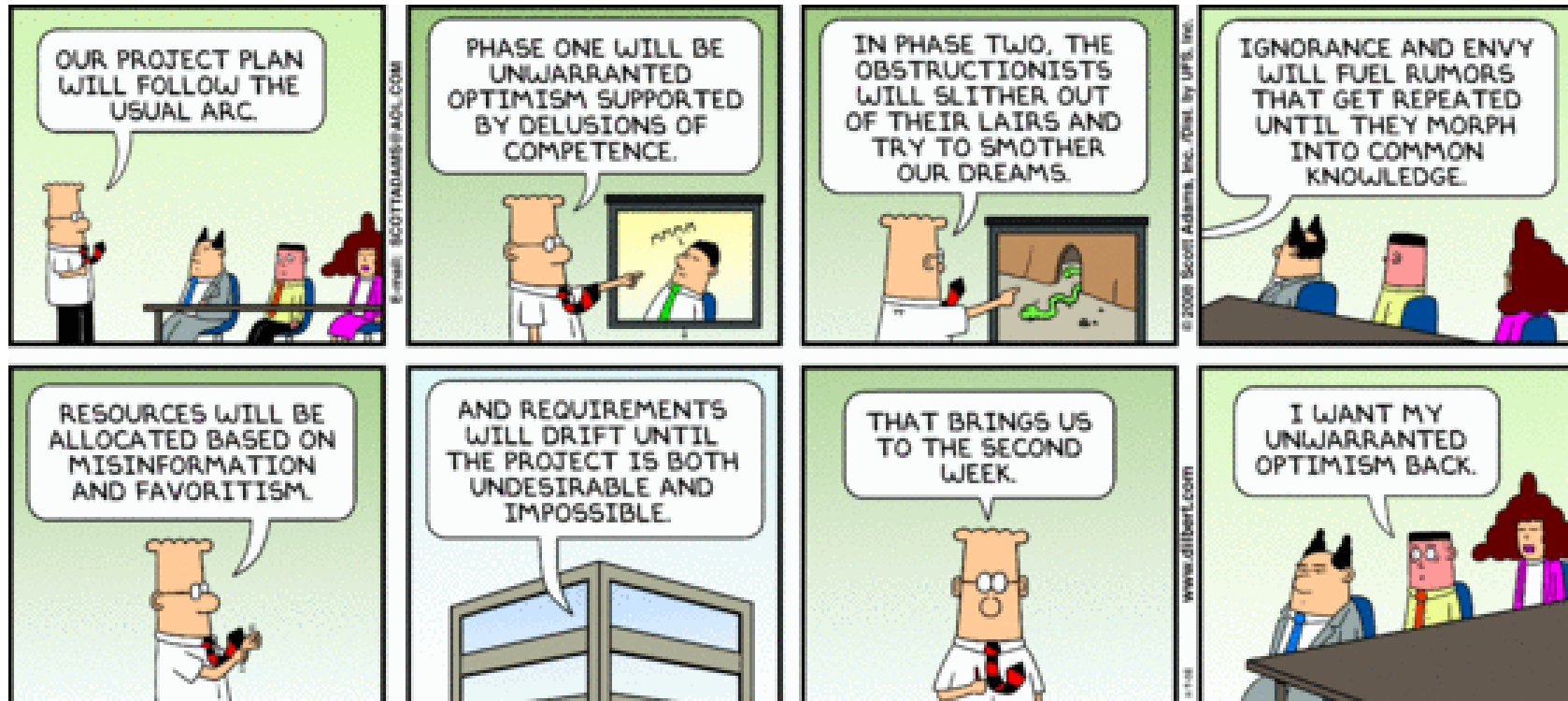
Actual Benefits — Planned Benefits = $ -24M

Actual Costs — Planned Costs = $ 46M

= $70M **or** **- 60% ROI**

Source: Analysis of 4 large projects recently completed.
Cost of Capital = 13.22%.

- Success depends on ESTIMATES!!!
  - cost
  - time
  - value
- Accurate estimates depends on:
  - thorough research
  - standardized estimation guidelines
  - consistent cost structure
- If not done well - end result:
  - unrealized expectations
  - high stress levels
  - unfulfilled career implications

- What are the expectations for the EA initiative?
- Do you have case studies on cost/time and value?
- How long have you been working on a Business Case?
- Is this a once-off focus?
- Do you want to prove value continuously?
- How are you going to prove value?
- Chances are your business case will fail…

- Do something different for justifying EA
- Create a Value Model
- Agree future/funding of EA based on value creation
- Deliver value in short iterative "projects"

- Scope and Vision of Enterprise Architecture initiative.
  - understand your maturity
  - understand what you can do by when
- Benefit and value models
  - understand and linking EA initiatives to organizational value drivers
- An initiative for value creation.
  - understand what value you can deliver and by when
- Communication model
  - understand who to sell to and how
- Measurement model
  - ensure that your EA initiatives can be measured and tracked
- Total cost of ownership model
  - define the cost of each architecture building block

- Model needs to mature over time – living document
- Model needs to grow over time
- It is NOT a template
- Need to show growth in maturity of the EA initiative
- Need to support ADM iterative approach

- Scope and Vision of Enterprise Architecture initiative
  - EA maturity model
- An initiative for value creation.
  - Strategic Apportionment and Improvement Model
- Communication model
  - Change Management Model
- Measurement model
  - Balanced Scorecard

The maturity model can help with identifying the maturity of Enterprise Architecture

Isolation Quadrant - Fully convinced right up to senior levels, of the importance of architecture. Architecture clearly related to business goals. Architecture practices are however, insufficiently embedded within the organizations processes of changed

Enabling Quadrant - integrated the architecture to demonstrate a high level of architectural thinking . Organizations free to work on continued improvement and renewal

Level of Architectural Thinking

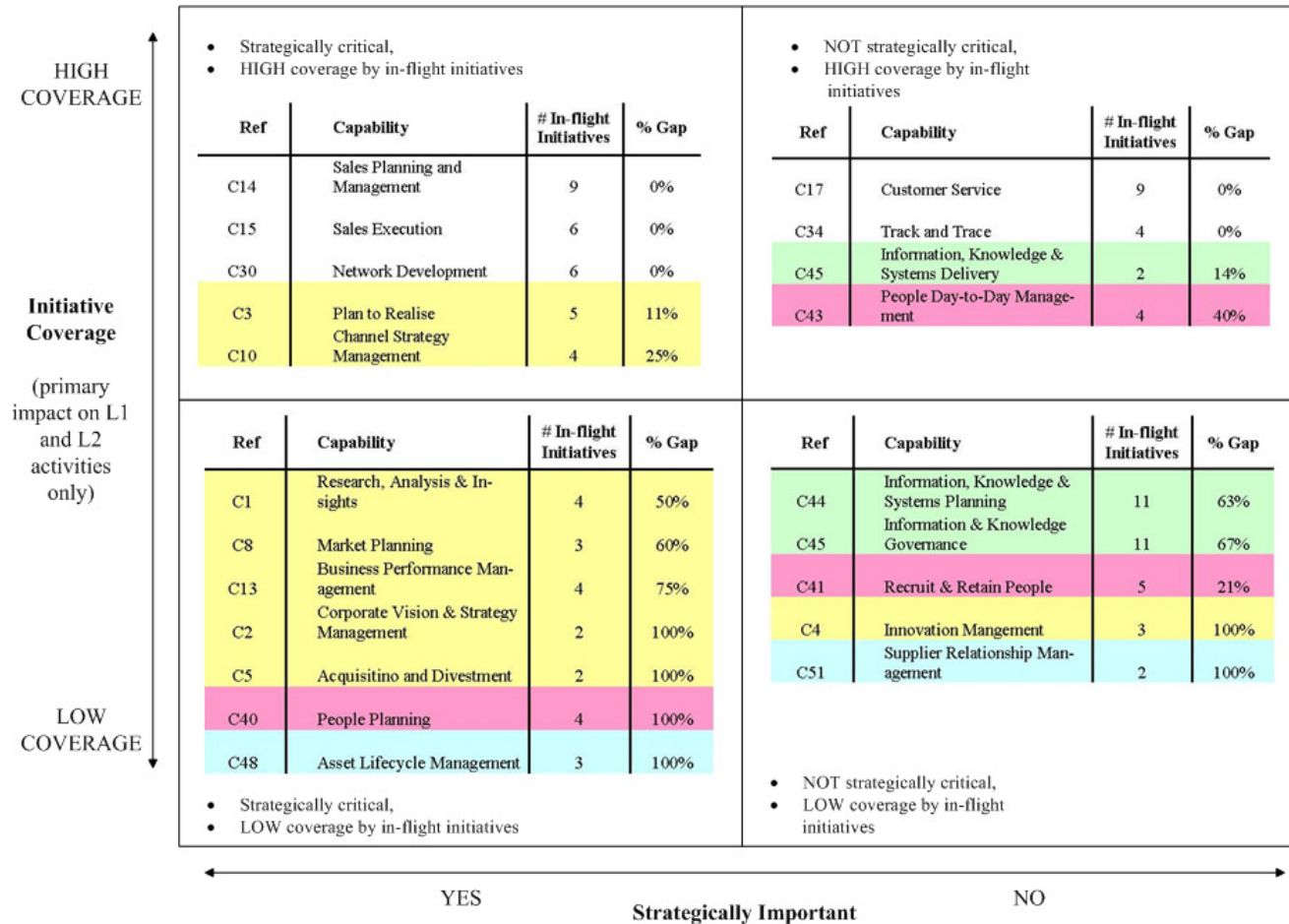|	Isolated	Optimizing
High		
Low	Losing	Fragmented

Low   **High**

Integration in the Organization

Losing quadrant -Architectural practices do not have any real effect on the business
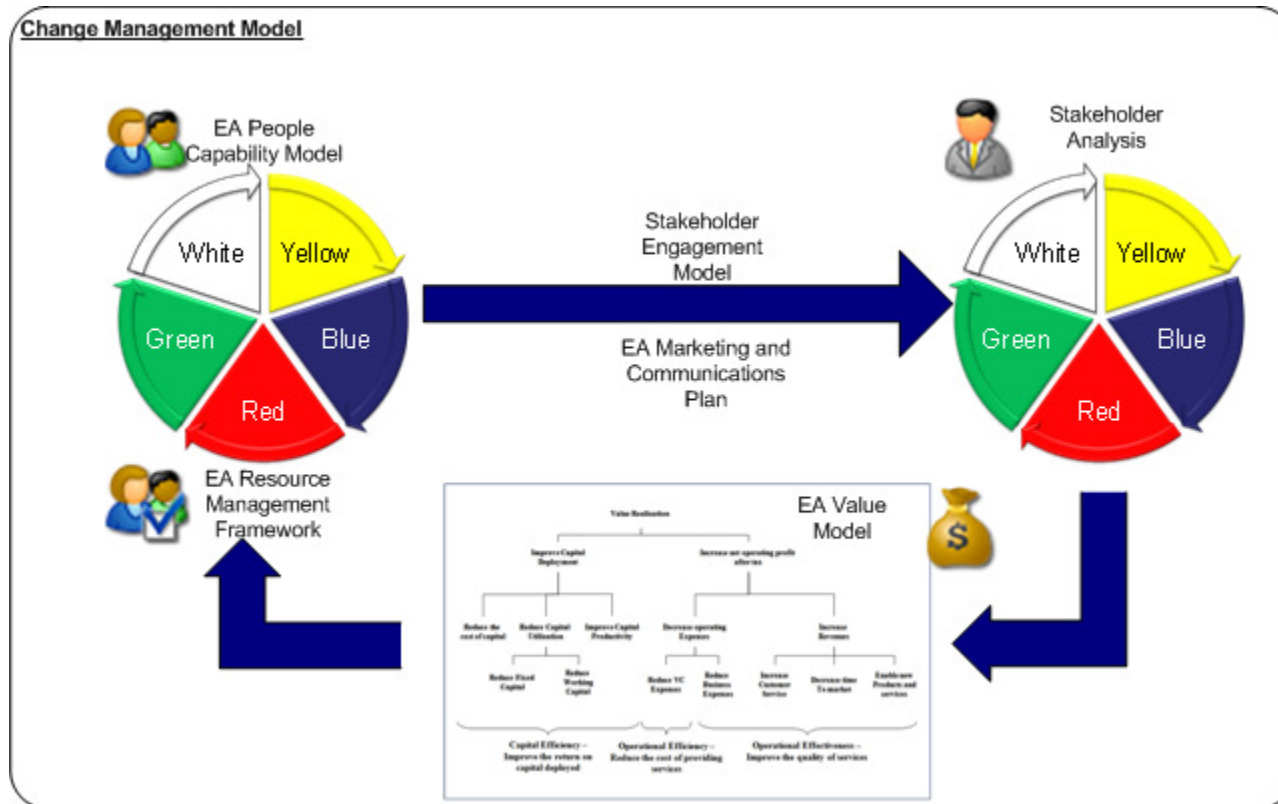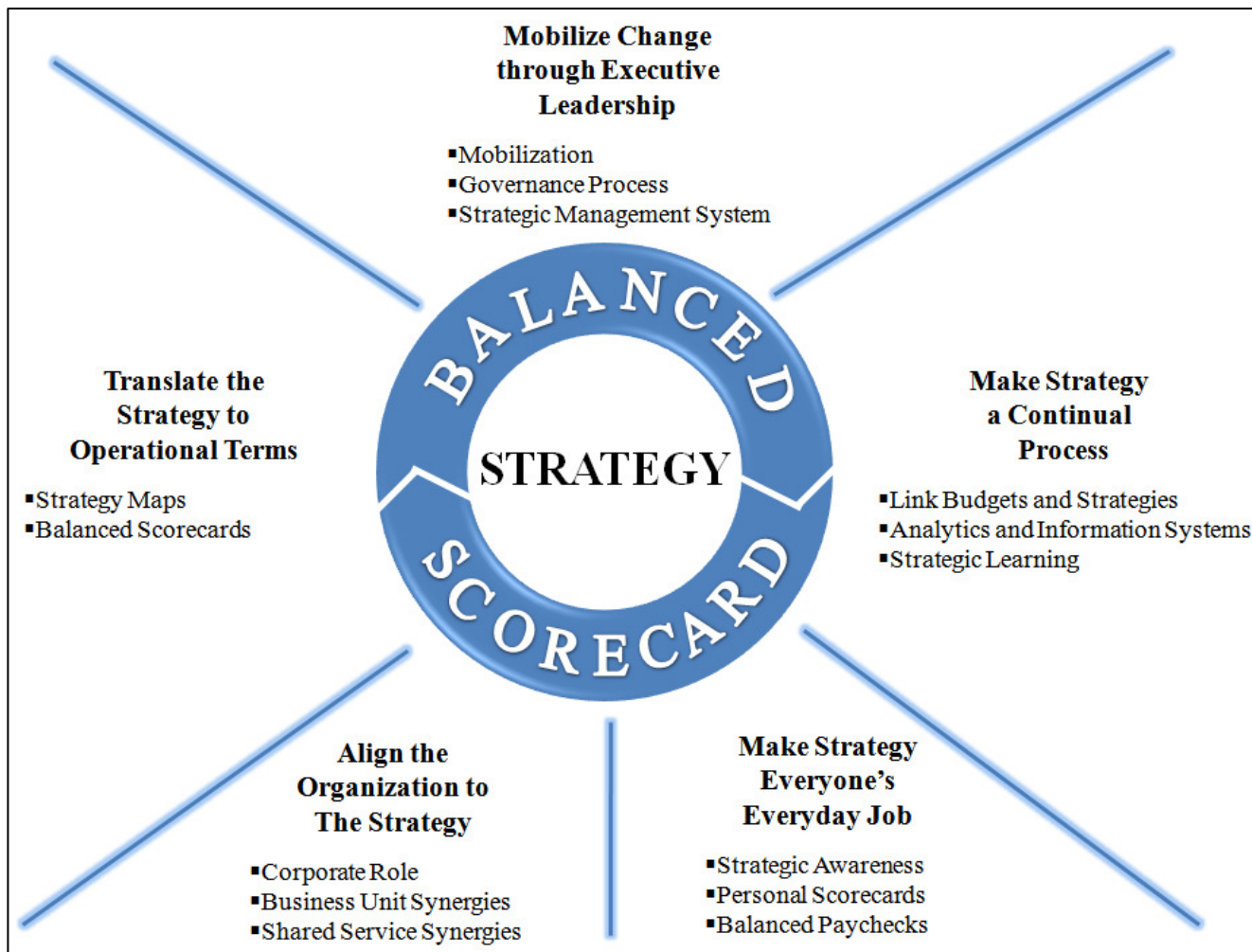
Barrier Quadrant - have taken architectural measures but in a fragmented manner and not on the basis of a shared organization-wide vision

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INNOVATING KNOWLEDGE

Projects with high Strategic Alignment

HIGH COVERAGE

Initiative Coverage

(primary impact on L1 and L2 activities only)

LOW COVERAGE

- Strategically critical,
- HIGH coverage by in-flight initiatives

Ref	Capability	# In-flight Initiatives	% Gap
C14	Sales Planning and Management	9	0%
C15	Sales Execution	6	0%
C30	Network Development	6	0%
C3	Plan to Realise	5	11%
C10	Channel Strategy Management	4	25%

- NOT strategically critical,
- HIGH coverage by in-flight initiatives

Ref	Capability	# In-flight Initiatives	% Gap
C17	Customer Service	9	0%
C34	Track and Trace	4	0%
C45	Information, Knowledge & Systems Delivery	2	14%
C43	People Day-to-Day Management	4	40%

Ref	Capability	# In-flight Initiatives	% Gap
C1	Research, Analysis & Insights	4	50%
C8	Market Planning	3	60%
C13	Business Performance Management	4	75%
C2	Corporate Vision & Strategy Management	2	100%
C5	Acquisitino and Divestment	2	100%
C40	People Planning	4	100%
C48	Asset Lifecycle Management	3	100%

Ref	Capability	# In-flight Initiatives	% Gap
C44	Information, Knowledge & Systems Planning	11	63%
C45	Information & Knowledge Governance	11	67%
C41	Recruit & Retain People	5	21%
C4	Innovation Mangement	3	100%
C51	Supplier Relationship Management	2	100%

- Strategically critical,
- LOW coverage by in-flight initiatives

- NOT strategically critical,
- LOW coverage by in-flight initiatives
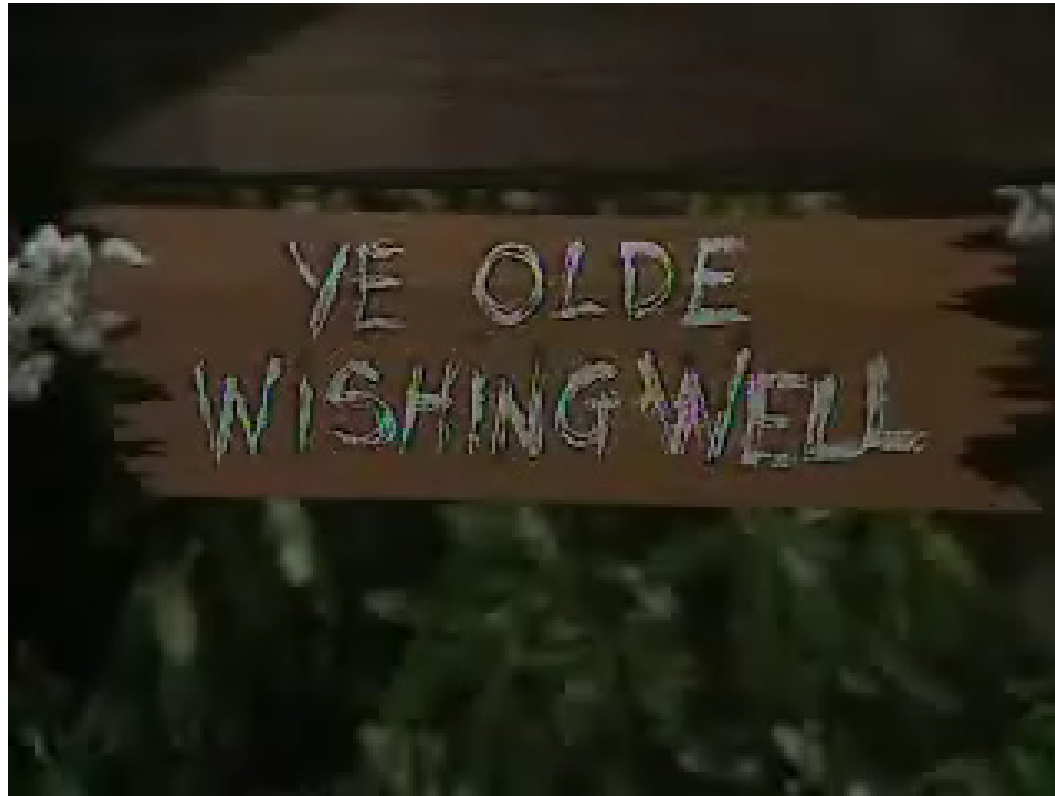
YES   **Strategically Important**   NO

The Value Comes In When Architects Deliver Based On Concerns Communicated
Via the correct Change Colour Channel

Mobilize Change through Executive Leadership

- Mobilization
- Governance Process
- Strategic Management System

Translate the Strategy to Operational Terms

- Strategy Maps
- Balanced Scorecards

Make Strategy a Continual Process

- Link Budgets and Strategies
- Analytics and Information Systems
- Strategic Learning

Align the Organization to The Strategy

- Corporate Role
- Business Unit Synergies
- Shared Service Synergies

Make Strategy Everyone's Everyday Job

- Strategic Awareness
- Personal Scorecards
- Balanced Paychecks

STRATEGY

BALANCED SCORECARD

- Propose an alternative to using Business Cases
- Sell value rather than potential cost vs. future benefits
- Focus on short iterative value deliverables
- Understand current capability and create roadmap
- Grow value model over time
- Mature models over time
- Measure and track value
- Ensure successful communication