



# SOA Governance in Financial Services

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## Enterprise Architecture Conference - London

Vivek Gupta  
Principal Consultant,  
Global Consulting Practice

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# Agenda

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- Setting the Context
- SOA Governance – Objectives, Enablers
- SOA – Legislative
- SOA – Executive
- SOA – Judiciary
- The Fourth Pillar
- Critical Success Factors

# Service-Orientation - Need & Opportunities

How does the market behave?

What is expected from business?

What are the operating challenges?

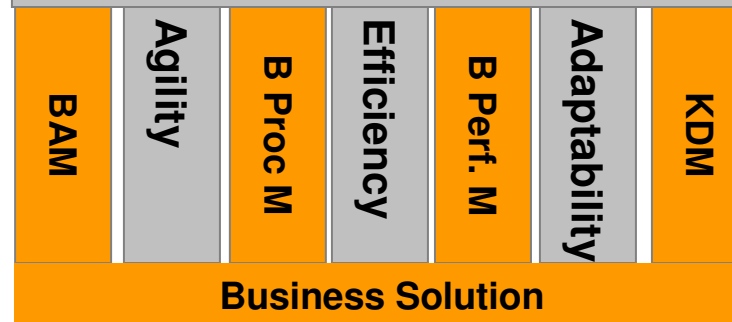
## Market Dynamics



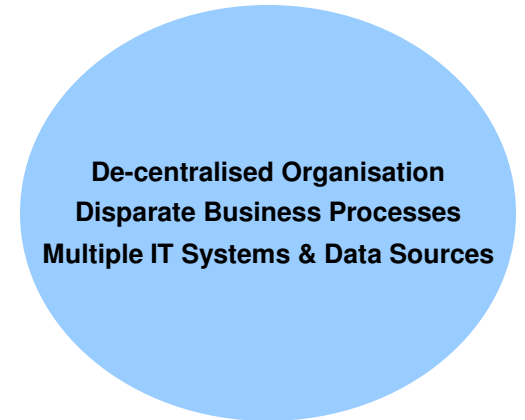
## Business Transformation Program

- Business Convergence
- Optimise Technology Investments
- Enable Extended Enterprise

## Service Oriented Architecture



## Enterprise Inertia



What are the transformation enablers?

Enterprise Business Transformation

Service Oriented Business Solution

Business Process Harmonisation

Service Orientation of Existing Applications



Top Down

Bottom Up

What is the right approach?

# Characteristics of Financial Services

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- High transaction rates and data volumes
- Fast-changing business (innovation-driven industry)
- Go to market quickly with new products and services
- Complexity of organisational structures. Typically global organisations, which adds to the organisational complexity
- Collaborate more closely with other organisations
- Meet more and increasingly stringent government regulations
- Strict timelines and steep penalties (monetary as well as reputational risks)
- Systematic risk management
- Increased need for transparency

# Financial Services - Key SOA Challenges

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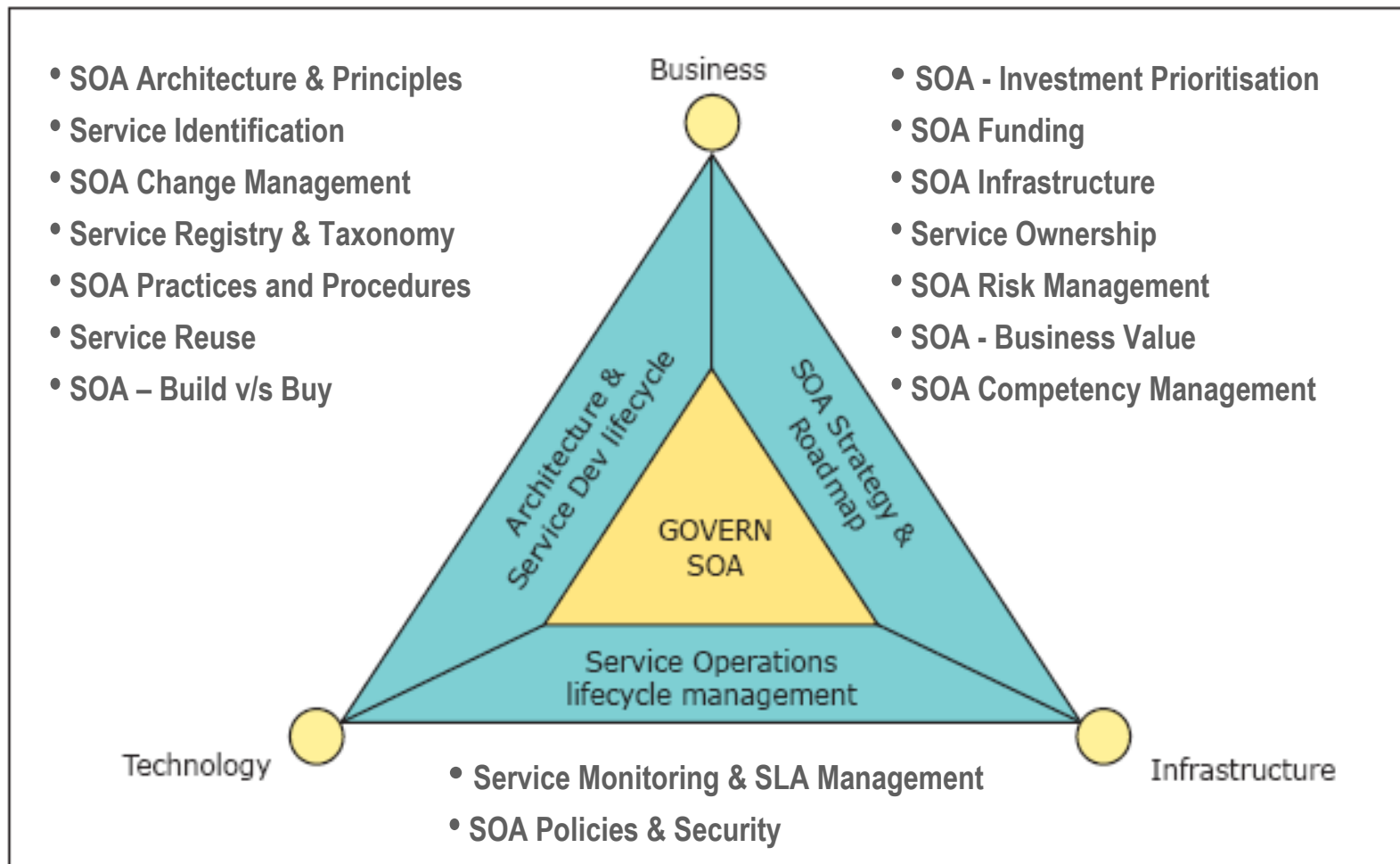
- Buy-in from various business units/groups
- Ownership of services and shared cost model
- Consistent definition and granularity of services
- Quality of service
- Service register - Nobody knows how many services are in place, where they are, what they do, who owns them etc, from control perspective, it's an extremely difficult situation
- Reuse of services – improper reuse leads to increase in maintenance cost and no proper ROI is realised
- Determining non-functional requirements for a service
- Monitoring and measurement of services usage and compliance
- Compliance with the standards and best practices for creating business services

## What Analysts say....

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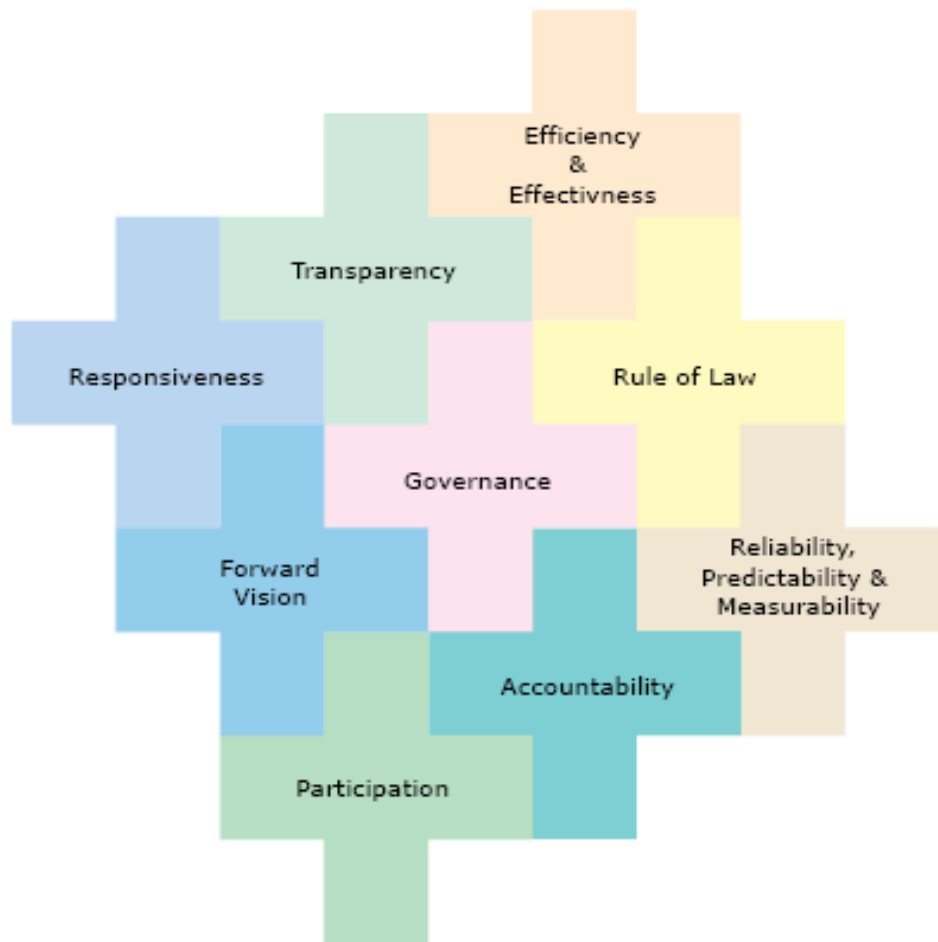
- "In these days of increased focus on risk and compliance with regulations in banking, governance must be one of the first priorities for institutions heading down the path to SOA"
  - Source: Jerry Silva, research director, Tower Group
- "SOA without governance simply doesn't deliver enough return on investment, and in most cases it kills the SOA project"
  - Source: Gartner January 2006
- "The biggest challenge most banks face in deploying SOA comes from the architecture's inherent advantage of breaking down the walls between businesses in the organisation, which therefore, requires a proper governance policy"
  - Source: Tower Group, Sep 2006
- "The basic equation for thinking about the value of SOA governance is:  
SOA + governance = flexibility + consistency + trust"
  - Source: Systinet

# Scope of SOA Governance



# Basic Principles, Objectives of Good SOA Governance

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Flexible, Business-aligned IT Enterprise

Right Grained Business Service Identification

Implementation Standardisation

Compliance, Controls and Measures

**Governance is mandatory for any system of perpetual existence – And SOA is such a system**



# Practical Measures for Good Governance

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- Implement a structure of governance with three constituent roles of Legislative, Executive and Judiciary with proper checks and balances
- Ensure constitution of an effective organisation of the Executive body for efficient operations and prudent deployment of resources
- Enable and encourage the formation of a fourth pillar that can act as a watchdog, to keep the three arms of governance under active vigilance on behalf of the subjects
- Balance in flexibility and rigidity of the law-making and amendment process, so as to remain pragmatic

**Governance is more important than Technology !**

# SOA Governance Structure

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- SOA Legislative – SOA Steering Committee (SSC)
- SOA Executive – Service Oriented Business Engineering Team (SOBET)
- SOA Judiciary – Programme Control Board (PCB)
- Fourth Pillar

**Proposed governance structure is based on ‘Montesquieu’  
power sharing concept**

# SOA - Legislative

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## Key Activities:

- Defining the SOA Program Charter and the program imperatives
- Driving the adoption of SOA by mandating SOA-related practices and procedures
- Designating the leads in the SOA Executive body
- SOA Funding
- SOA Investment Prioritisation
- SOA Infrastructure related decisions
- Defining Service Domains and Service Owners for each domain
- SOA Program Monitoring and Risk Management
- SOA – Business Value Measurement

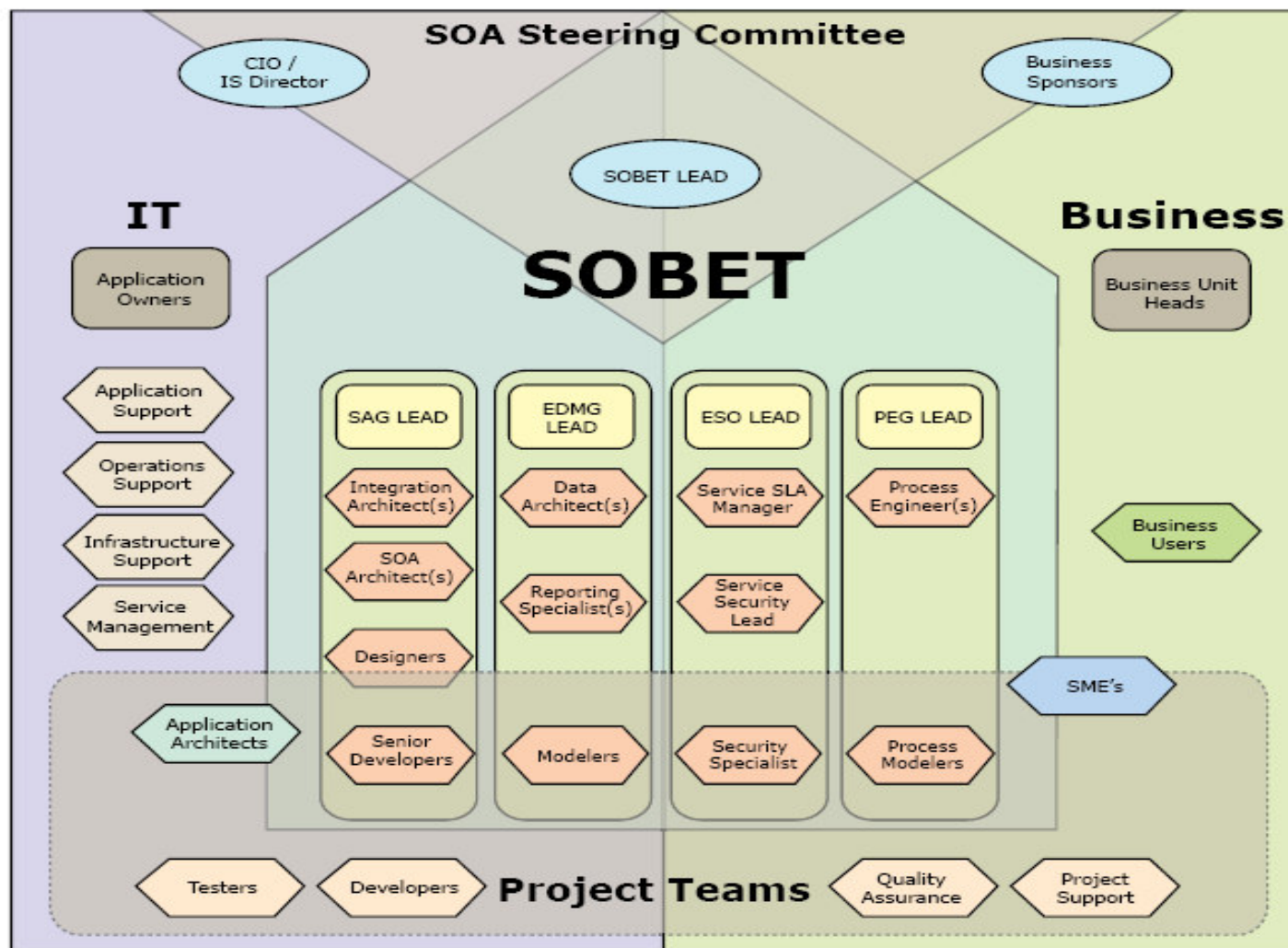
**SOA Steering Committee (SSC) - Supreme Policy Maker &  
Ultimate Decision Taker**

# Model Fitment to Basics of Good Governance

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- **Accountability** - Senior Executive Group
- **Efficiency and Effectiveness** - Clarity of direction, stability of strategy and quickness in taking vital investment decisions
- **Transparency** - Decisions communicated in form of strategic directives to SOA-Executive Body and stakeholders
- **Forward vision** -Ensure that the SSC policies address future problems and issues and exploits the newer opportunities unraveled during SOA implementation
- **Predictability, Reliability and Measurability** - Stability of strategic vision at highest level ensure it percolates down the organisational hierarchy via the executive arm of SOA governance

# SOA - Executive



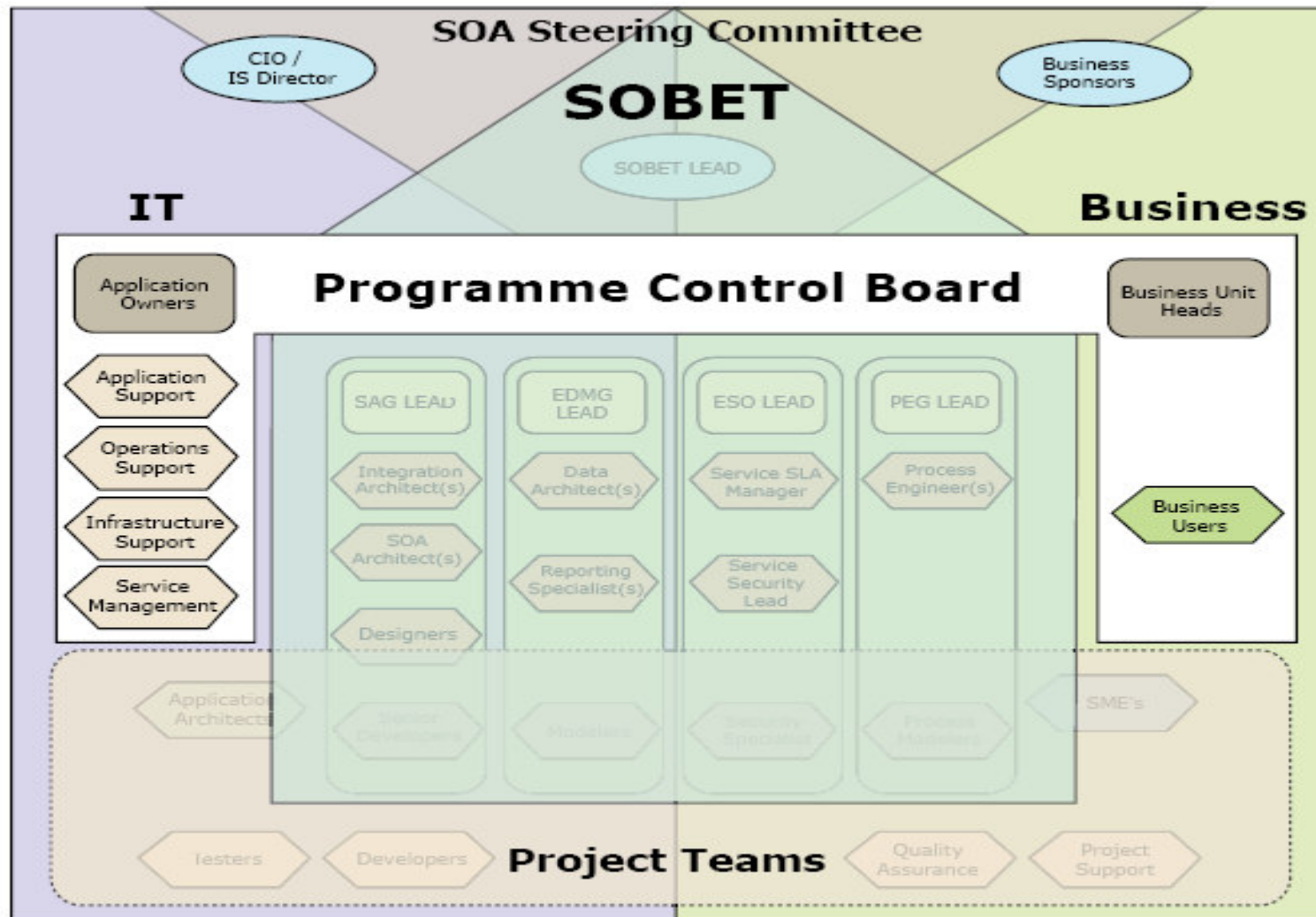
## SOBET - The Lynchpin of SOA Governance

# Model Fitment to Basics of Good Governance

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- **Accountability** - SOBET lead is accountable to SSC for implementation of the strategic decision made by business
- **Efficiency and Effectiveness** - of SOBET is measured by the business value addition resulting from better resource utilisation, higher customer satisfaction, quicker response to market opportunities, higher compliance to regulations and improvement in cost structures
- **Rule of Law** - takes responsibility for establishing and publishing various standards and processes and ensures compliance with the same
- **Participation** - SOBET engagement model ensures the participation of all those whose involvement is key to the functions that SOBET carries out

# SOA - Judiciary



## Programme Control Board - The Arbitrator

# Model Fitment to Basics of Good Governance

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- **Accountability** - Pragmatic implementation of the policies and strategies ensures the overall accountability of the governance of SOA initiatives towards business and stakeholders
- **Efficiency and Effectiveness** - Project level decisions in terms of policy interpretation and implementation is delegated from SSC to PCB - this arrangement allows for highly efficient decision making processes
- **Transparency** - Basic premise of PCB's role is to look at the strategic directive in context of project(s) at hand and take appropriate action. This may involve corrective measures as well to the policies as defined. That way a highly responsive governance of SOA initiative is ensured
- **Rule of Law** - PCB by the nature of its role ensures the strategically right implementation by adhering to the policies that are set upfront by SSC and the standards defined by SOBET
- **Participation** - Ensures the participation from all that are not covered by SSC, SOBET and Project Teams



## Fourth Pillar

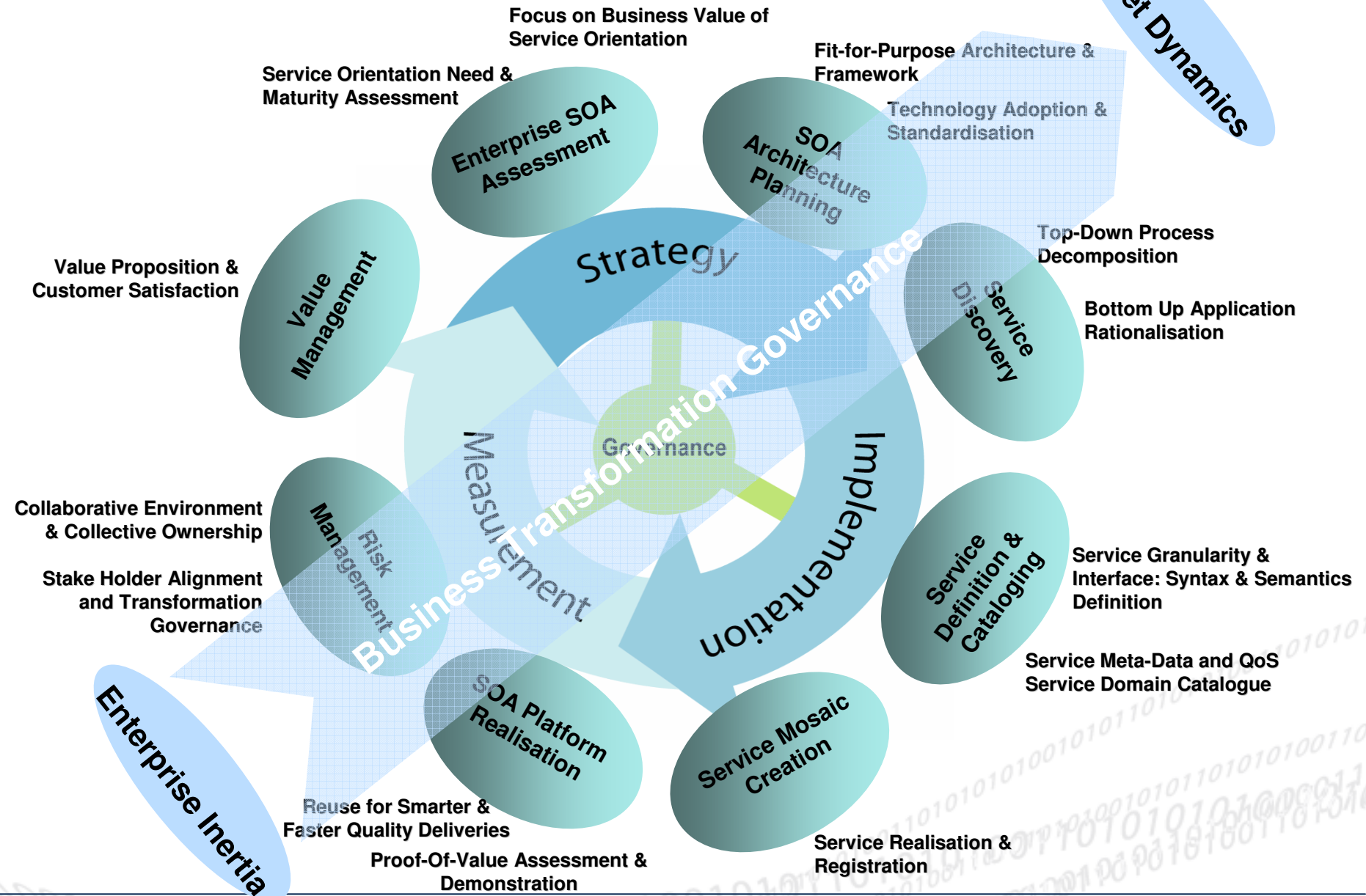
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In the context of SOA, there are certain entities (internal as well as external to enterprise) that interact with the enterprise and its system of governance. Some of the key entities are:

- Regulatory Organisations
- Customer Forums
- Financial Auditors
- Certifying Agencies
- Industry Standards Bodies
- Partners and Suppliers
- Markets
- Suppliers and Dealers
- Technology Providers/Vendors
- The Employees

**It works as a whistle-blower in giving a different angle for any decision rather than actually taking any decision**

# Execution Model



# Critical Success Factors

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- Proper governance structure
- Have a framework for assessing the benefits, risks and ROI for the major IT funding
- Clear definition and better alignment of business units with the IT organisation
- Establish collaborative approach
- Develop an effective marketing plan and consistent communications processes
- Assess the effectiveness of SOA governance
- Build integrity into the process and technology architecture
- It's all about the people and processes



*Thank You*

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Vivek Gupta