SOA Governance in Financial Services
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Agenda

• Setting the Context
• SOA Governance – Objectives, Enablers
• SOA – Legislative
• SOA – Executive
• SOA – Judiciary
• The Fourth Pillar
• Critical Success Factors
Service-Orientation - Need & Opportunities

**Market Dynamics**
- G-localisation
- Mergers & Acquisitions
- Business Diversification

**Enterprise Inertia**
- De-centralised Organisation
- Disparate Business Processes
- Multiple IT Systems & Data Sources

**Business Transformation Program**
- Business Convergence
- Optimise Technology Investments
- Enable Extended Enterprise

**Service Oriented Architecture**
- Agility
- B Proc M
- Efficiency
- B Perf. M
- Adaptability
- KDM

**Business Solution**

**What does the market behave?**

**What is expected from business?**

**What are the operating challenges?**

**How does the market behave?**

**What is expected from business?**

**What are the operating challenges?**

**What are the transformation enablers?**

**Enterprise Business Transformation**
- Business Process Harmonisation

**Top Down**

**Service Oriented Business Solution**
- Service Orientation of Existing Applications

**Bottom Up**

**What is the right approach?**
Characteristics of Financial Services

- 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

- 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….

• "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

- SOA Architecture & Principles
- Service Identification
- SOA Change Management
- Service Registry & Taxonomy
- SOA Practices and Procedures
- Service Reuse
- SOA – Build v/s Buy

- SOA - Investment Prioritisation
- SOA Funding
- SOA Infrastructure
- Service Ownership
- SOA Risk Management
- SOA - Business Value
- SOA Competency Management

- Service Monitoring & SLA Management
- SOA Policies & Security
Basic Principles, Objectives of Good SOA Governance

Governance is mandatory for any system of perpetual existence – And SOA is such a system
Practical Measures for Good Governance

- 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

- 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

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

- **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 Governance in Financial Services

SOA - Executive

SOBET - The Lynchpin of SOA Governance
Model Fitment to Basics of Good Governance

- **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
Programme Control Board - The Arbitrator
Model Fitment to Basics of Good Governance

- **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

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.
SOA Governance in Financial Services

Execution Model

Focus on Business Value of Service Orientation

Service Orientation Need & Maturity Assessment

Enterprise SOA Assessment

Value Proposition & Customer Satisfaction

Value Management

Fit-for-Purpose Architecture & Framework

SOA Architecture Planning

Technology Adoption & Standardisation

Top-Down Process Decomposition

Bottom Up Application Rationalisation

Collaborative Environment & Collective Ownership

Stake Holder Alignment and Transformation Governance

Risk Management

Service Granularity & Interface: Syntax & Semantics Definition

Service Granularity & Interface: Syntax & Semantics Definition

Service Reuse for Smarter & Faster Quality Deliveries

Proof-Of-Value Assessment & Demonstration

Service Mosaic Creation

Service Definition & Cataloging

Service Realisation & Registration

Service Domain Catalogue

Enterprise Inertia

Business Transformation Governance

Governance

Strategy

Measurement

Implementation

Market Dynamics

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Critical Success Factors

• 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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