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Enterprise Architecture in an Economic Downturn

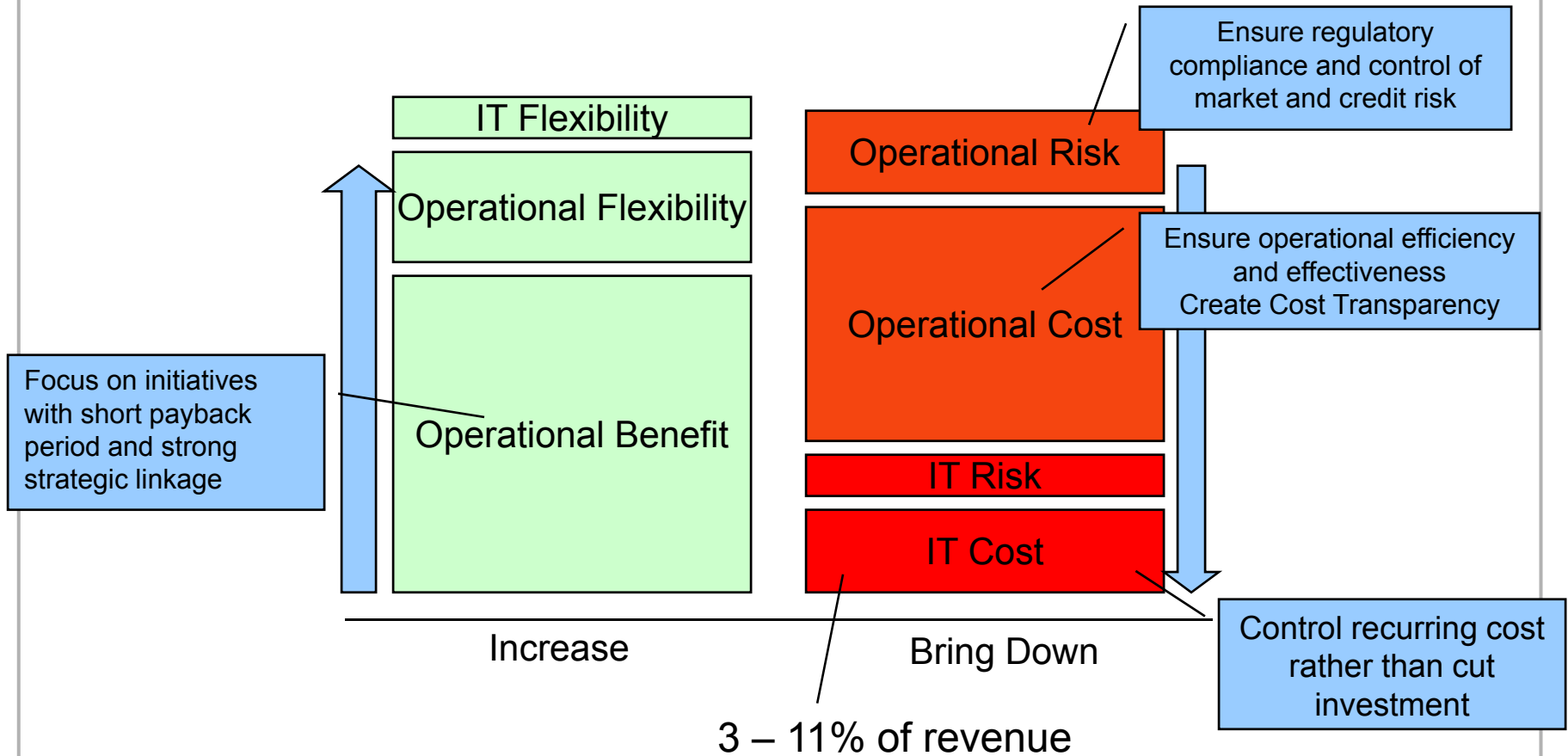
Thomas Obitz 4th Feb 2009

The Open Group Conference San Diego

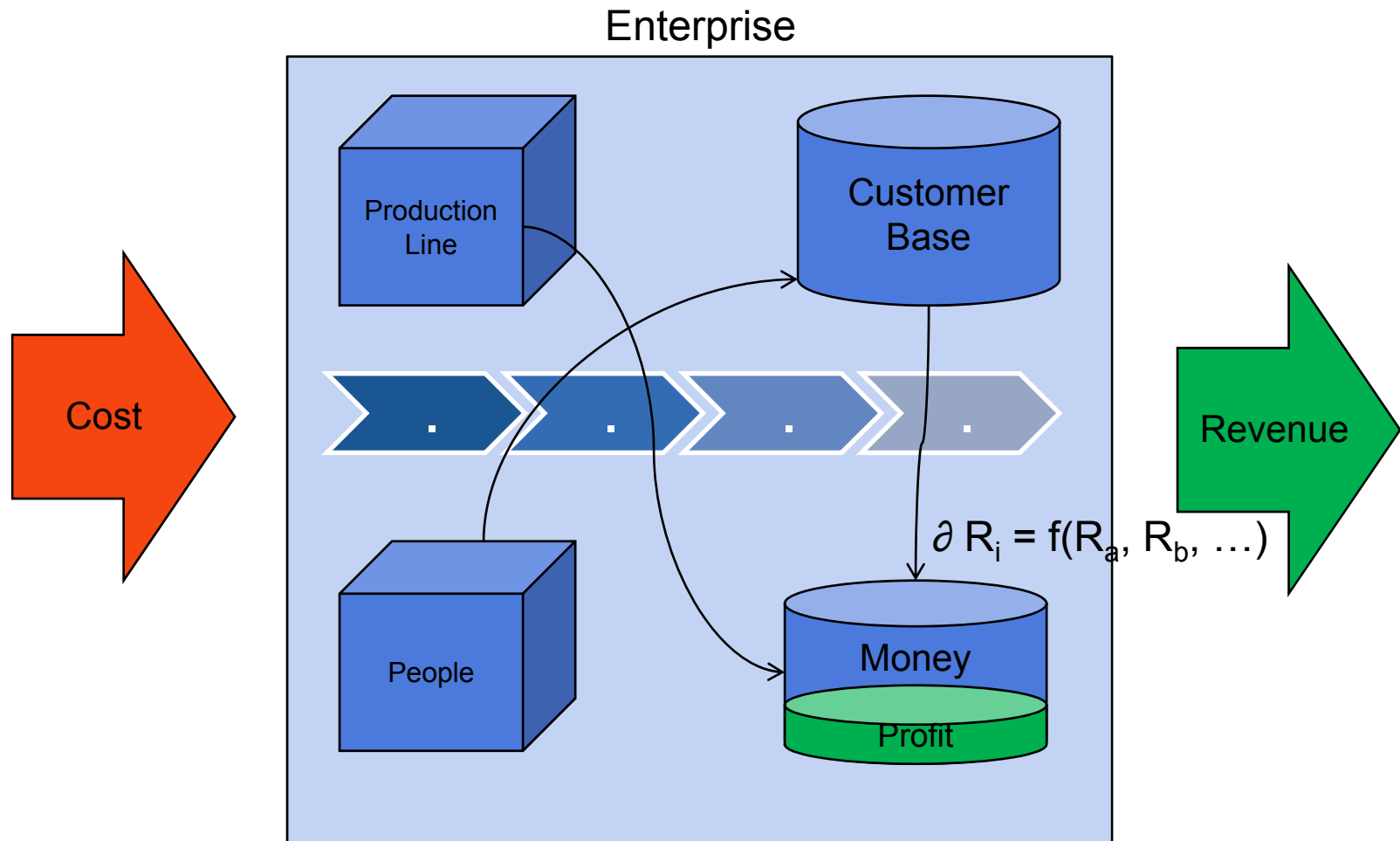
Enterprise Architecture teams are at risk of losing influence or even people in the current economic climate

- Many consider Enterprise Architects an Overhead Cost, as
 - they do not directly produce software
 - their impact on the landscape appears to be indirect
 - they actually hinder the “quick fix” and patch solutions done before
- So in the current environment, there is a risk of
 - Architects losing influence on key projects
 - Architecture Teams actually losing staff
- This presentation aims to give some pointers on
 - where the value levers for architecture are
 - which can be addressed short-term
 - what needs to be done to communicate them

In a downturn, organizations tend to focus resources on few strategic initiatives and reduce cost

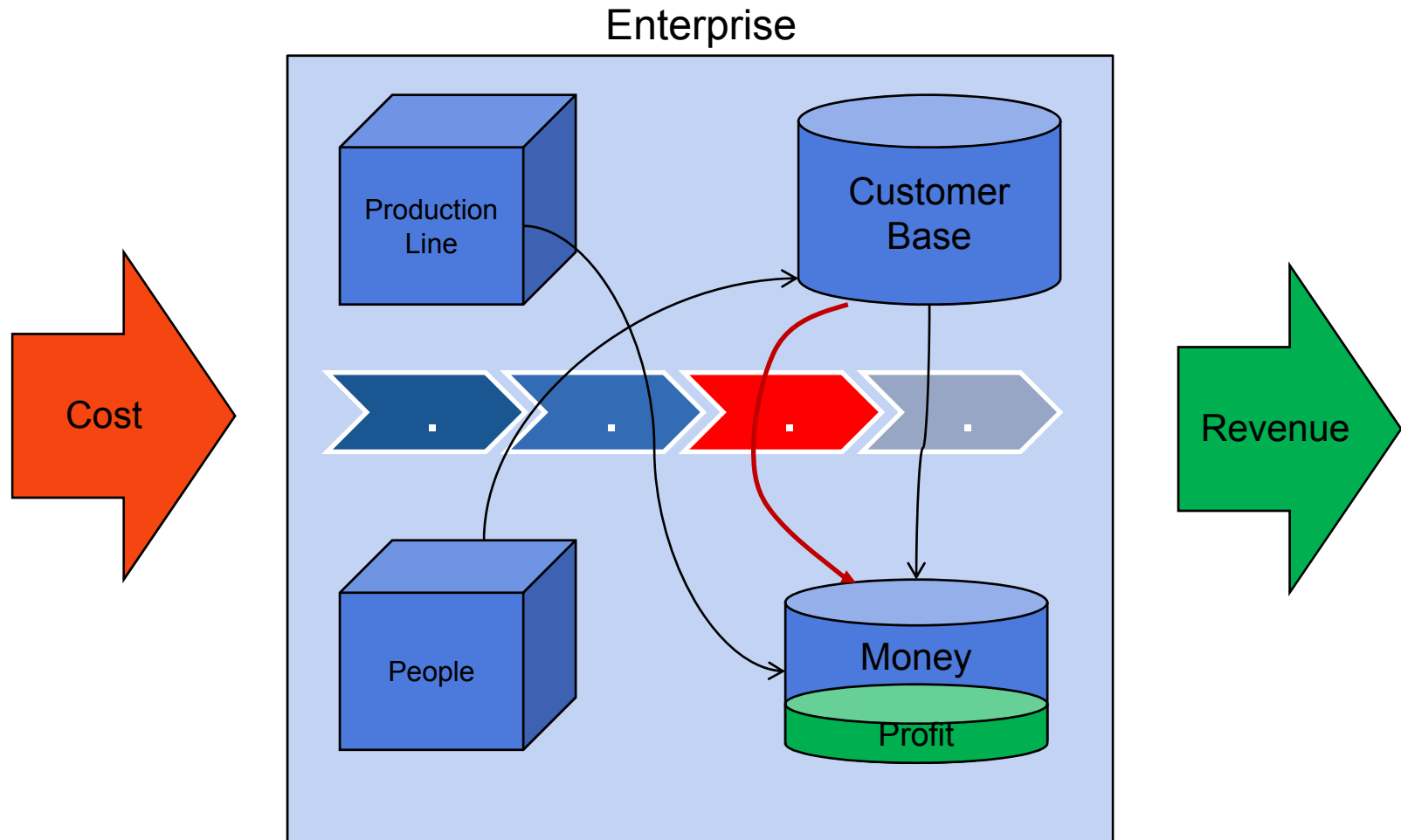


Growing the benefit side organically requires investment – and time



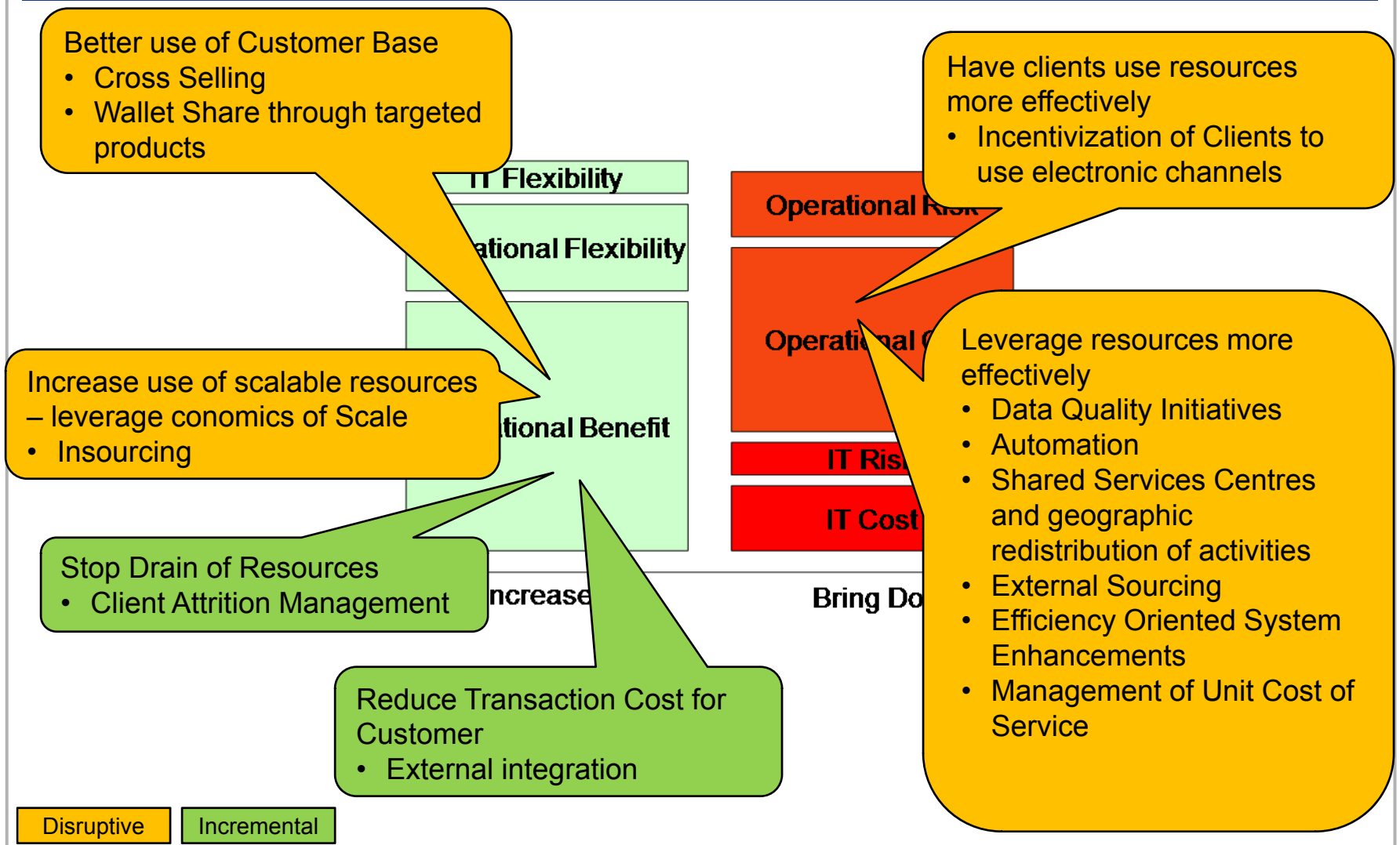
[On Systems Theory, compare: Kim Warren, The Dynamics of Strategy, London 1999]

Fast Impact can be achieved by using resources differently – or not at all



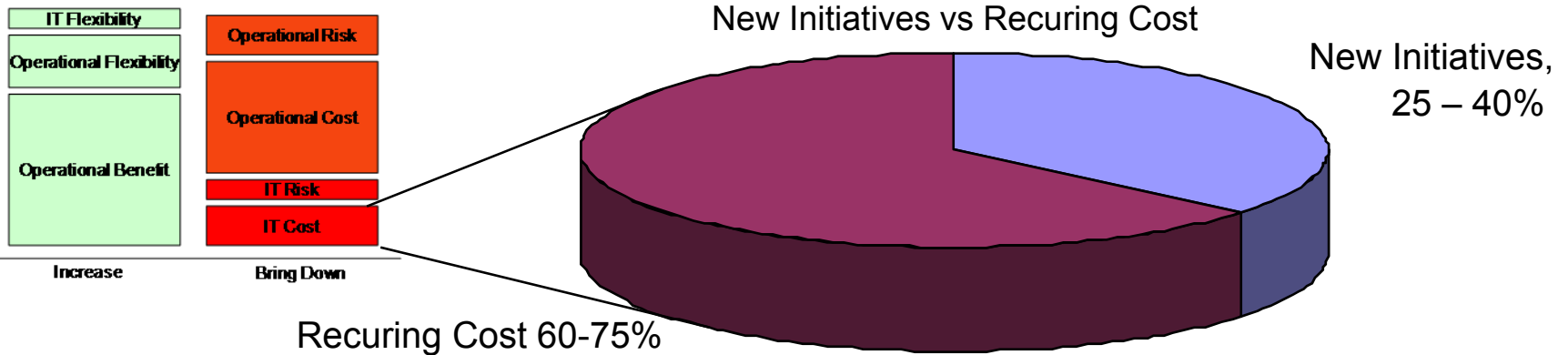
[On Systems Theory, compare: Kim Warren, The Dynamics of Strategy, London 1999]

Disruptive approaches are more likely to deliver short-term benefits



To control IT cost, it is important to understand its structure

IT Budget as % of Revenue: 3 – 11%



- Depreciation of Hardware, Software and Infrastructure
- Maintenance Cost/ Fees
- Ongoing Consulting Expenditure
- Salary and related cost for Maintenance and Operations Staff
- Outsourcing Agreements
- Overhead Staff Cost
- Facilities, Operating Centre Cost, Telco
- etc...

- Drivers of recurring cost
- Process Standardization
 - Centralization
 - Economies of Scale
 - Geographic Distribution of Organization
 - Amount of Process Automation
 - Growth through Acquisitions
 - Governance of Technology as Cost rather as Investment
 - Lack of active cost management

Make IT efficient – do not put your resources at risk

Processes

- Project Prioritization and Value Assessment
- ITIL
- Vendor and Contract Management
- Automation of Labour Intensive Activities

Operational Benefit

Operational Risk

Operational Cost

IT Risk

IT Cost

Operations and Infrastructure

- Server Consolidation and Virtualization
- Performance Management
- Data Centre Consolidation

Technology Standardization brings down overall IT cost by 15%¹⁾

Architecture

- Deduplication
- COTS
- Standardization
- Replacement of Underperforming Assets , and Application Portfolio Management

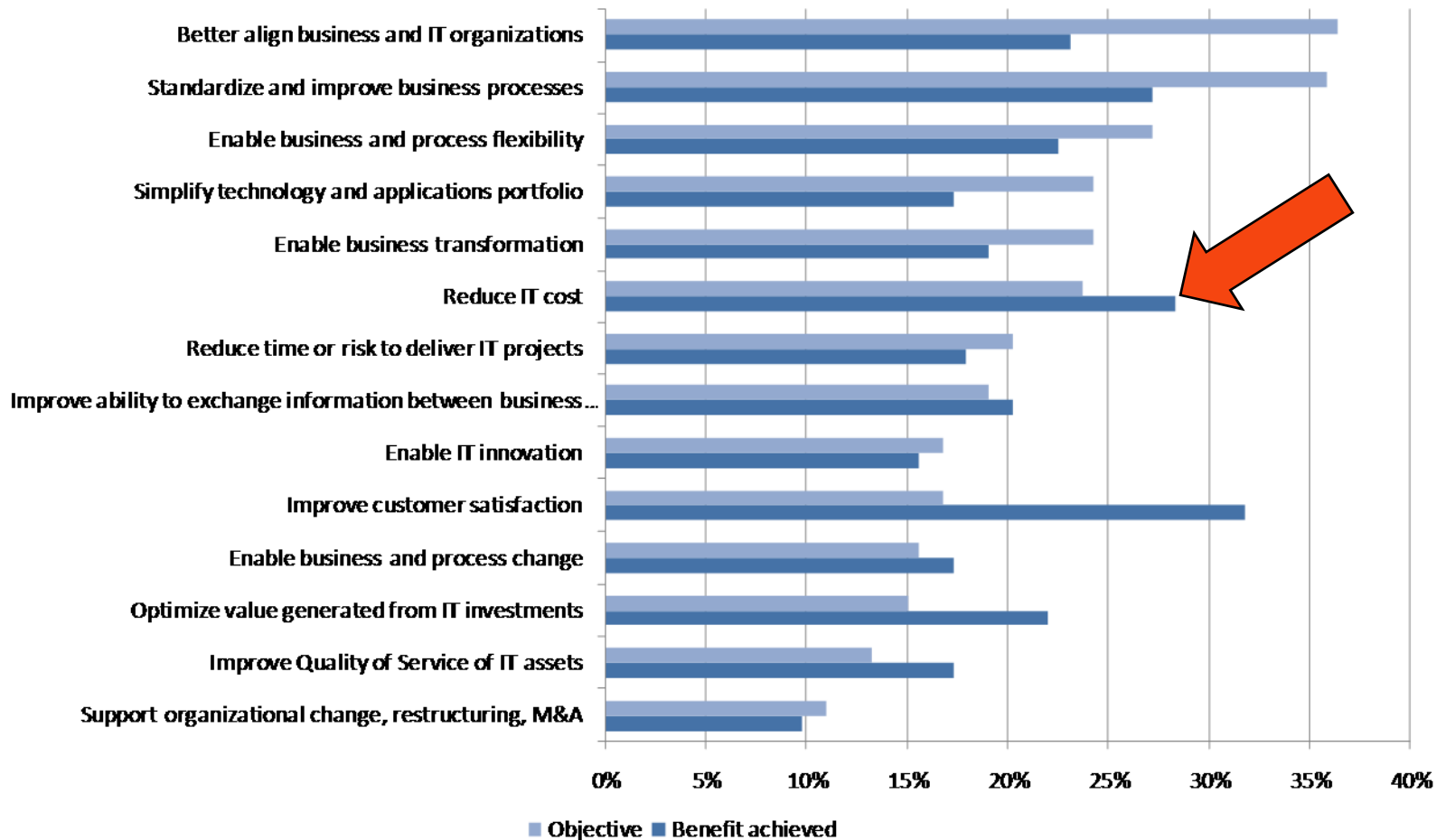
Application Development

- Reduce Maintenance Intensity
- Extend System Life

[¹⁾ Ross/ Weil/ Robertson: Enterprise Architecture as Strategy]

Enterprise Architecture is recognized to be a strong influencer of IT cost

Objectives and Benefits of EA

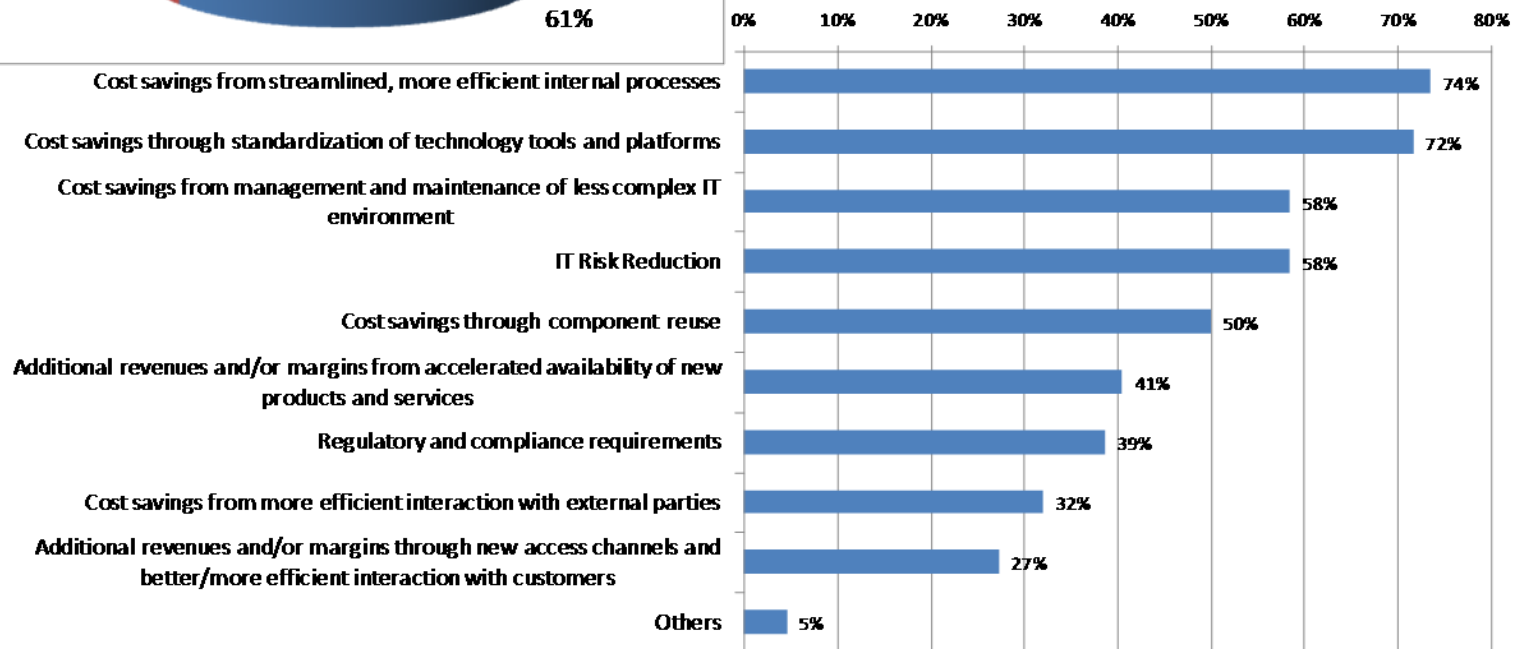


Nevertheless, architects are struggling to justify their efforts...

Has your Organization been able to justify EA investments?

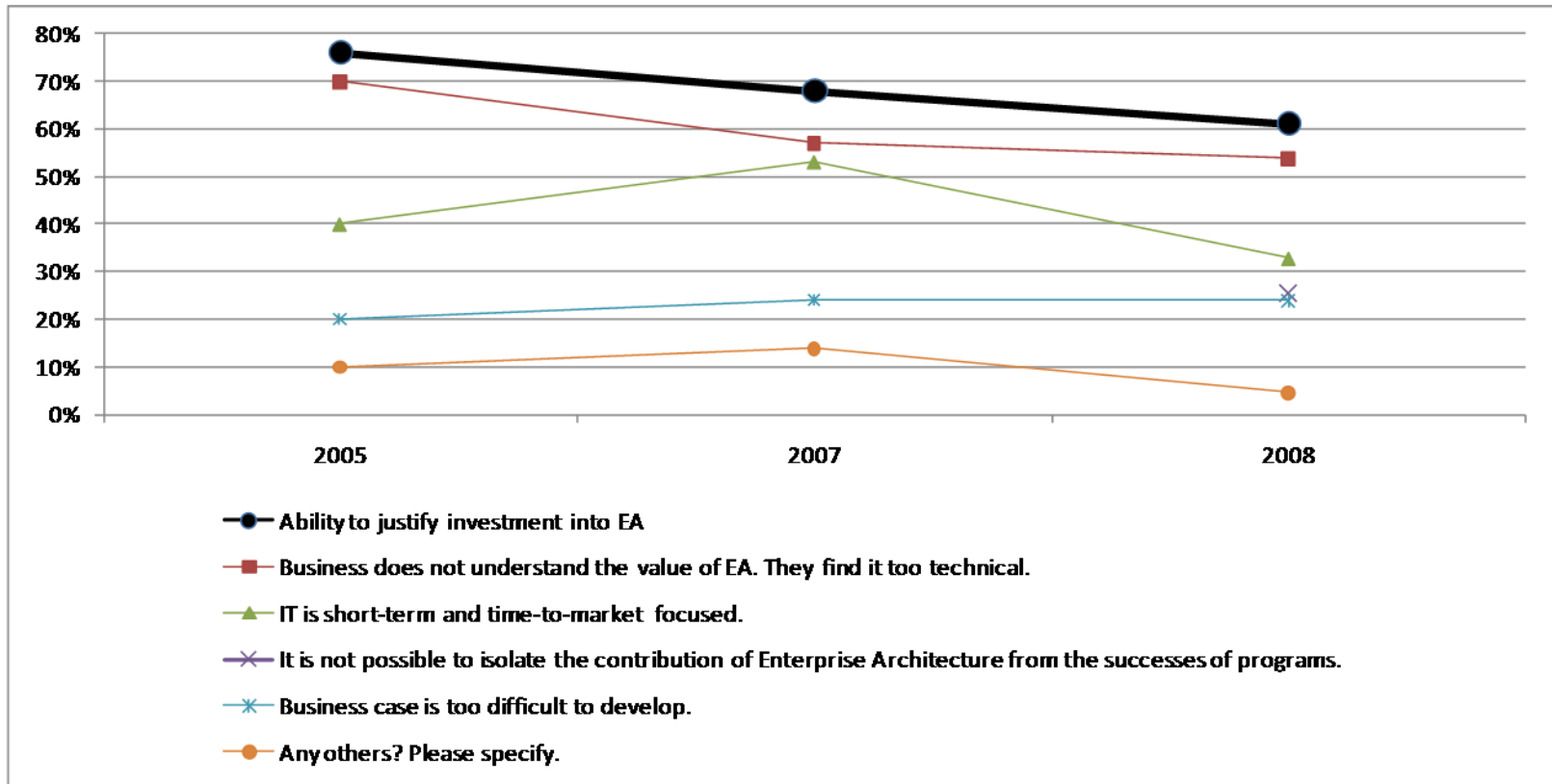


Justifications for EA Investment



[Source: Infosys Enterprise Architecture Survey 2008]

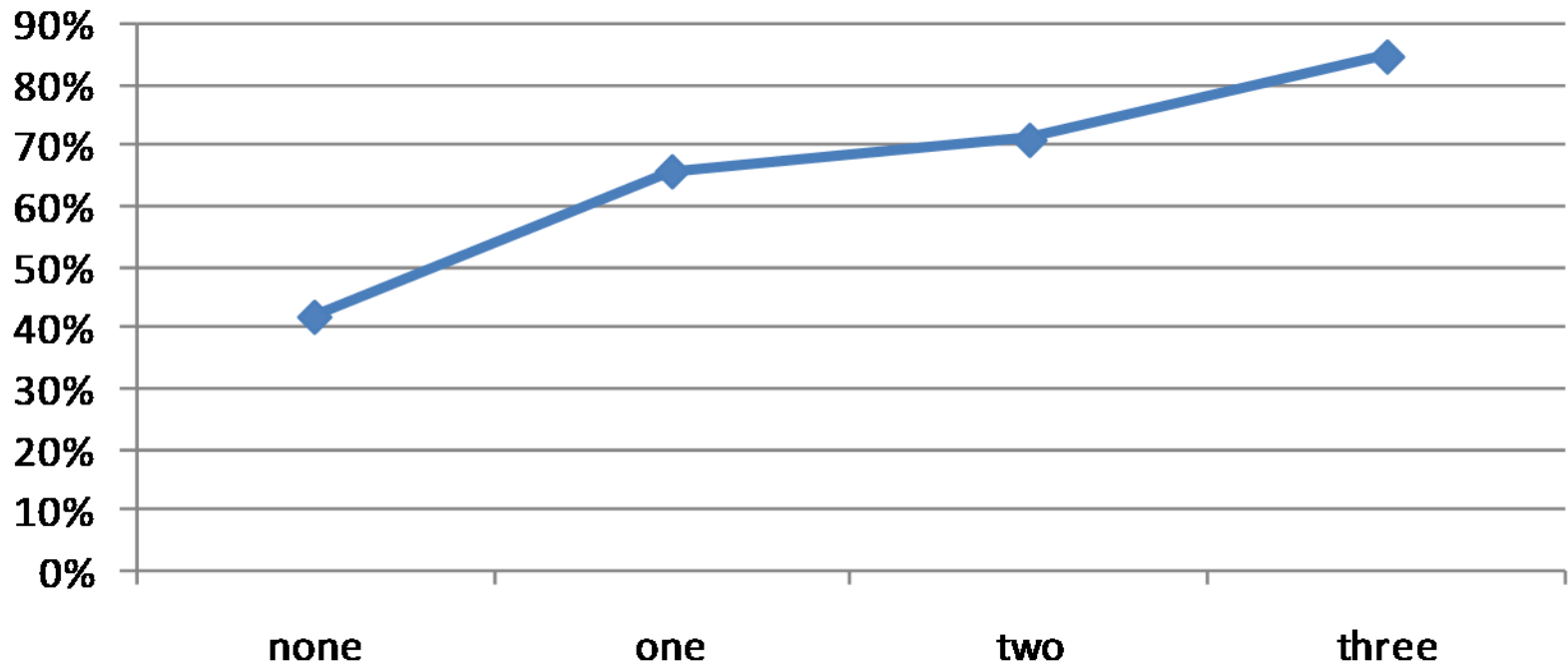
...and we have seen a consistent decline of justifiability



[Source: Infosys Enterprise Architecture Survey 2008]

Metrics are a key ingredient for justifying architecture

Ability to justify EA vs # of metrics types collected

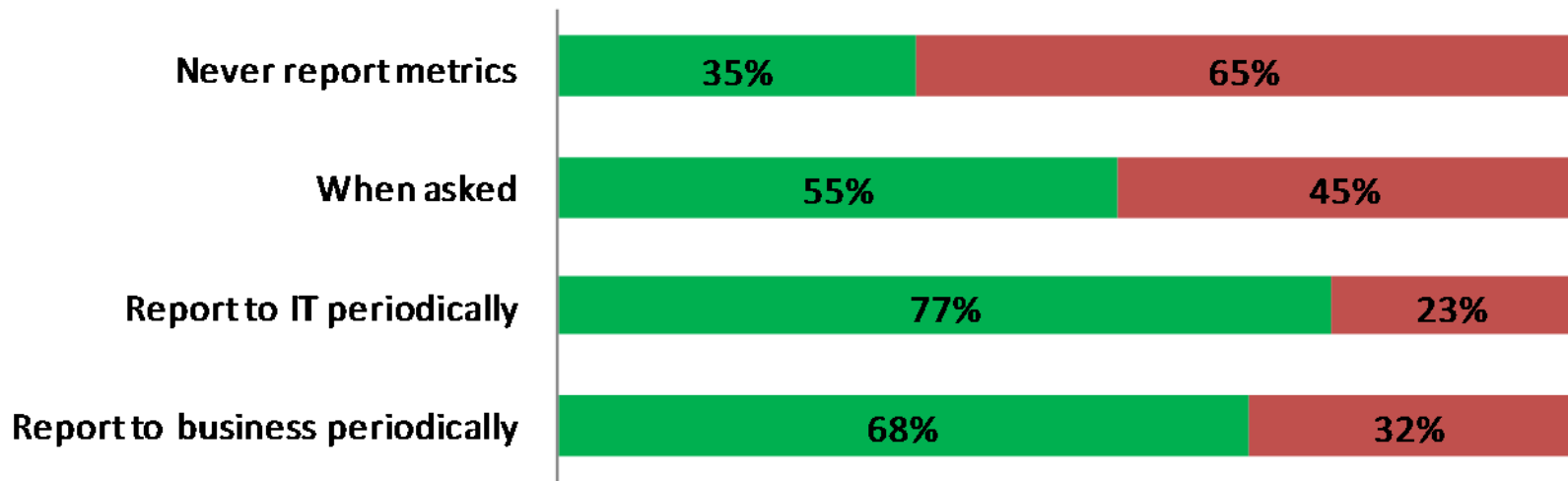


Metrics Types: Activity/ Acceptance/ Value oriented. [Source: Infosys Enterprise Architecture Survey 2008]

Regular Reporting is Crucial

Can you justify the effort for Enterprise Architecture?

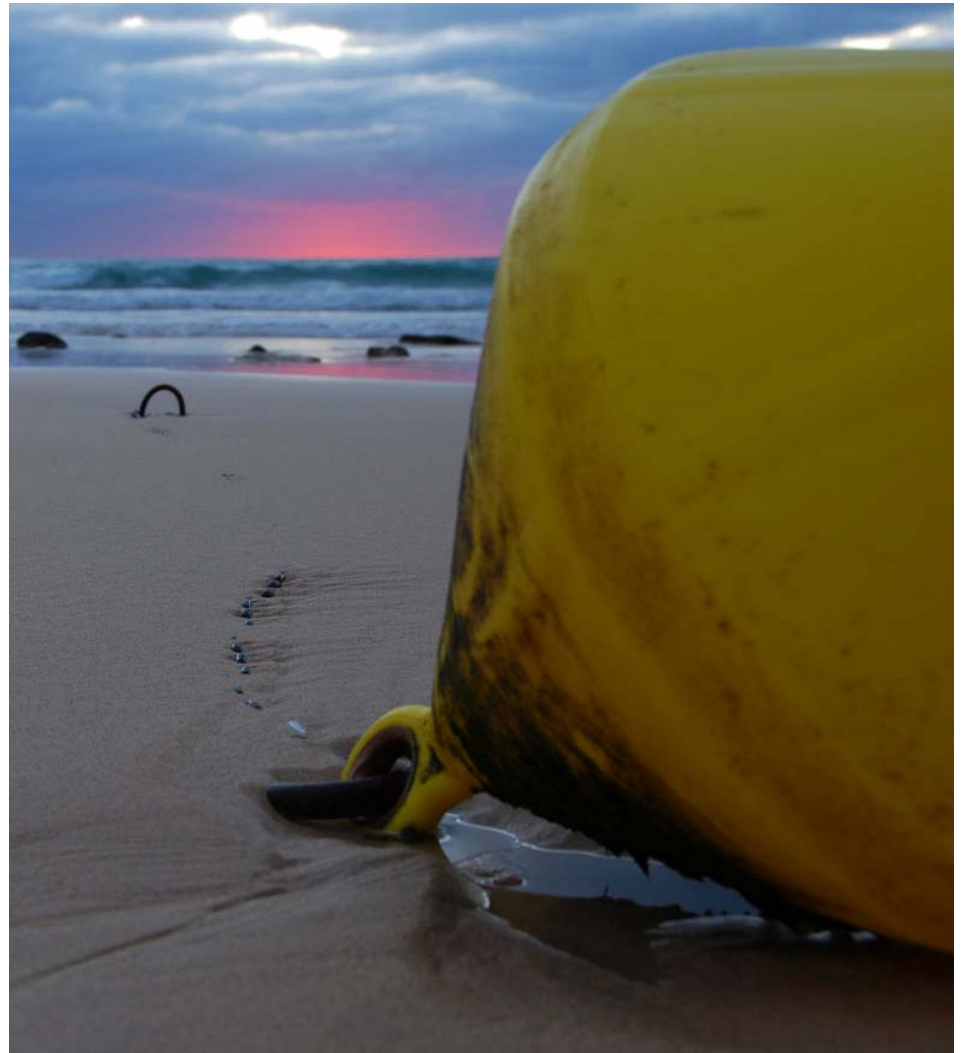
■ Yes ■ No



[Source: Infosys Enterprise Architecture Survey 2008]

So, what should architects focus on?

- Focus on
 - disruptive initiatives, enabling short-term impact on the organization as a whole
 - reduction of waste and duplication within IT
- Prove your contribution through
 - metrics
 - regular and consistent reporting



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Questions?

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