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# Enterprise Architecture in an Economic Downturn

Thomas Obitz 4<sup>th</sup> Feb 2009

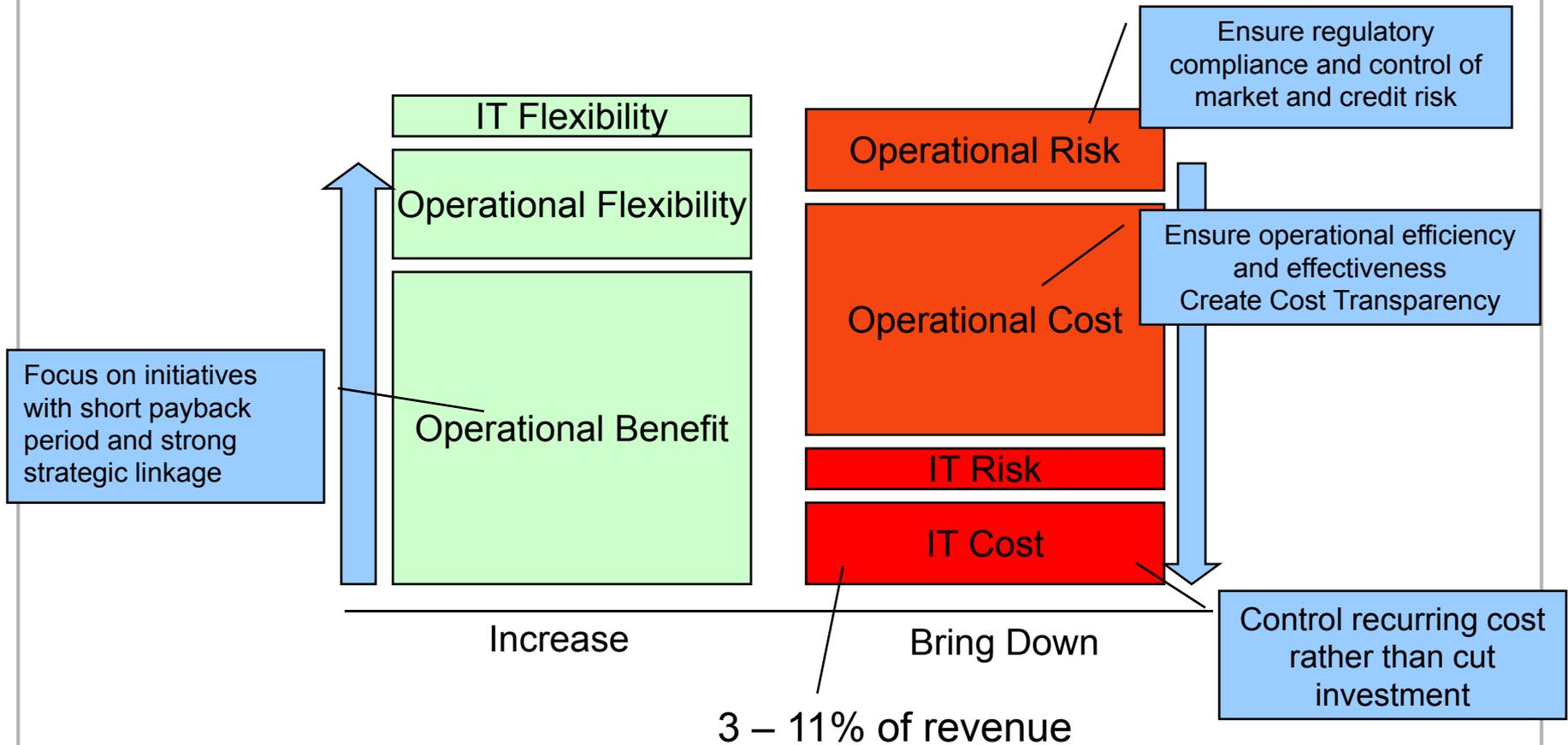
The Open Group Conference San Diego

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

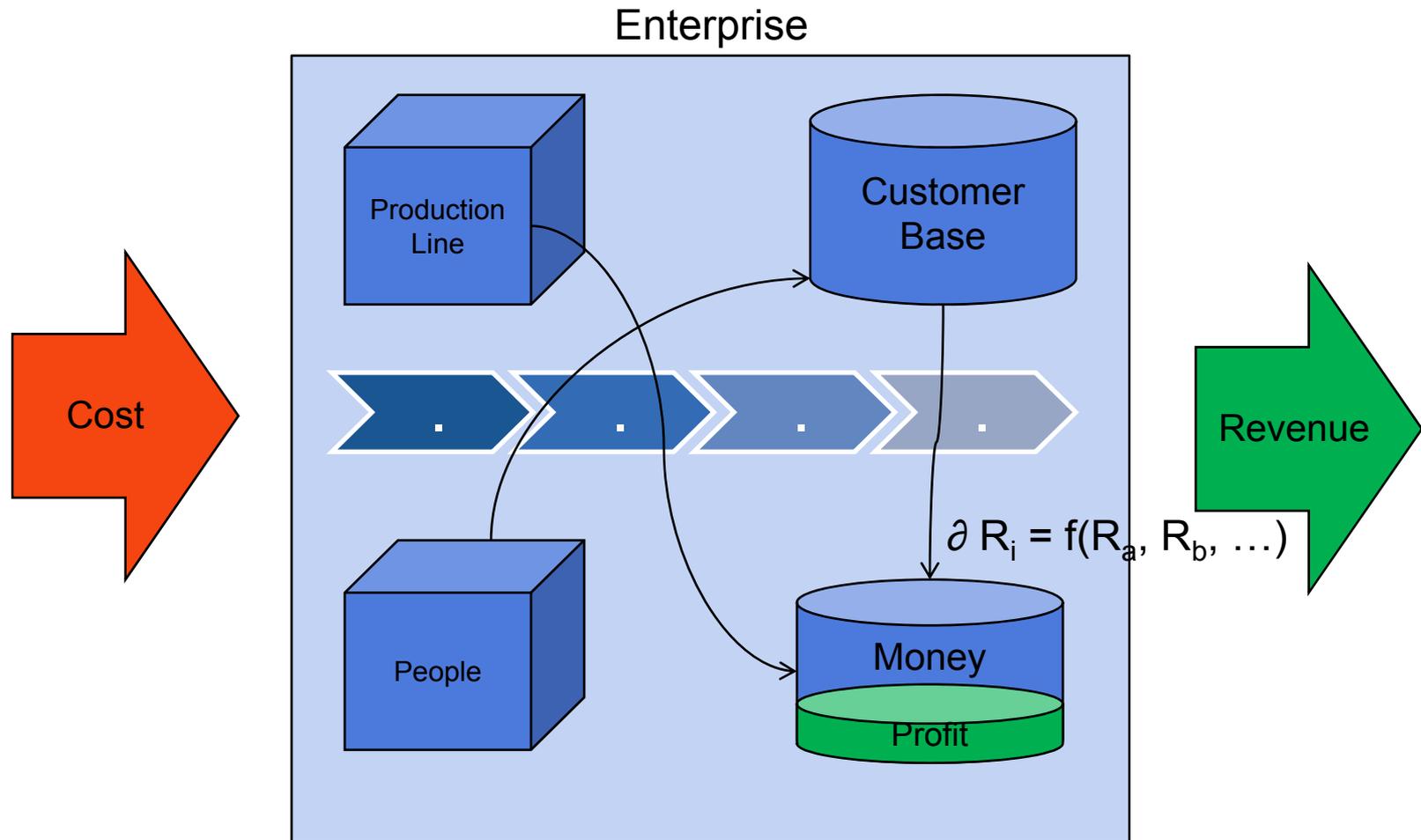
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- Many consider Enterprise Architects an Overhead Cost, as
  - they do not directly produce software
  - their impact on the landscape appears to be indirect
  - they actually hinder the “quick fix” and patch solutions done before
- So in the current 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

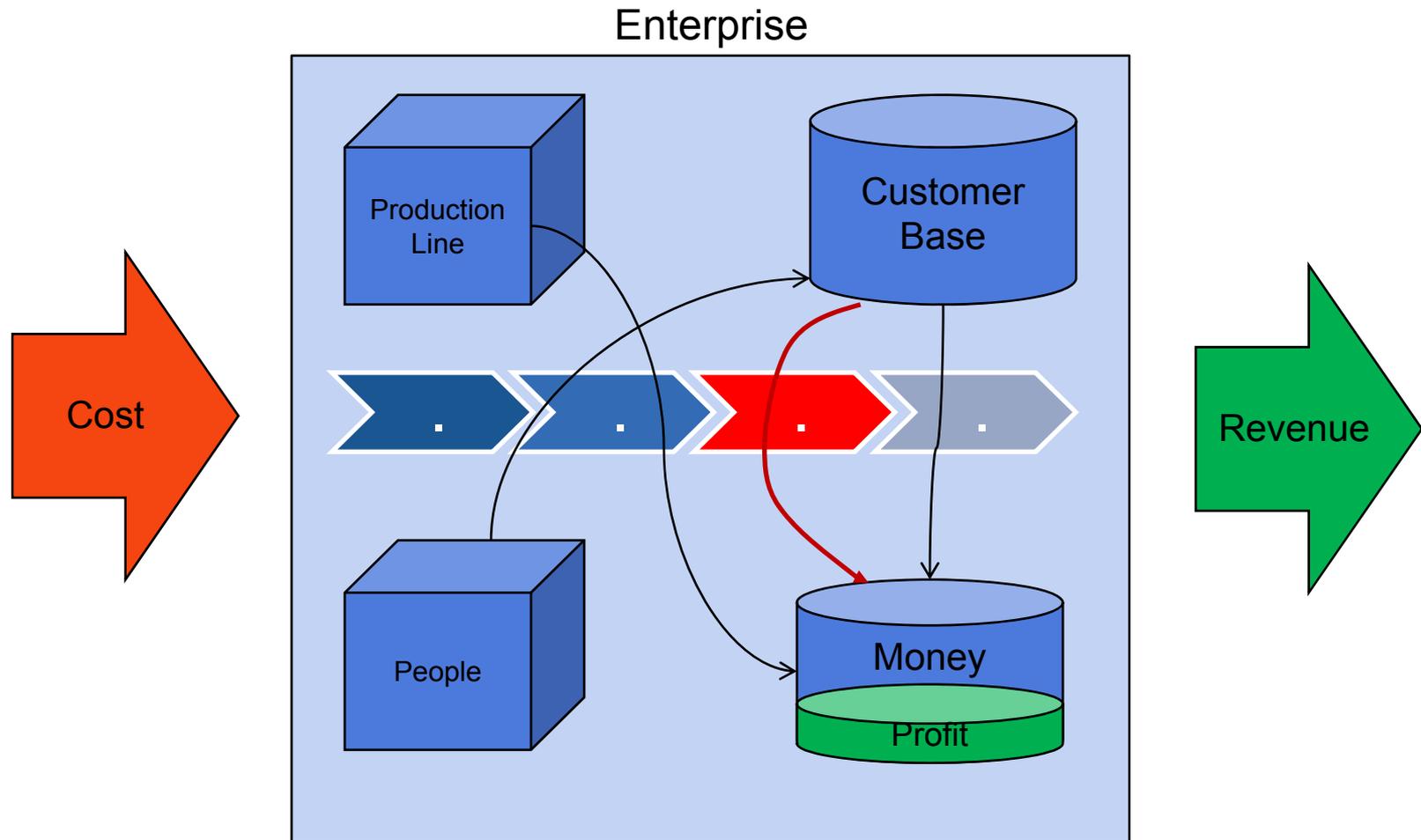


# Growing the benefit side organically requires investment – and time



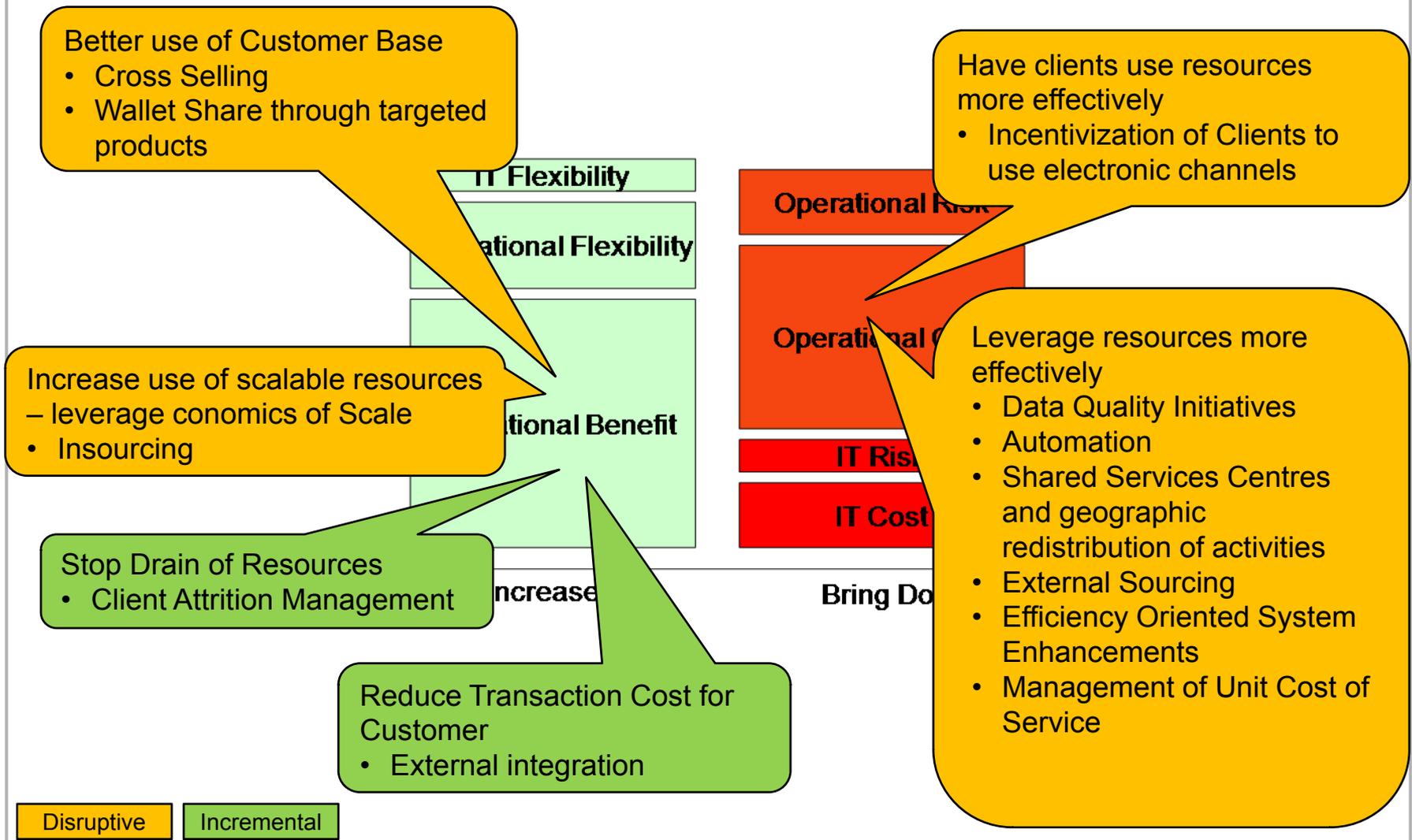
[On Systems Theory, compare: Kim Warren, The Dynamics of Strategy, London 1999]

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



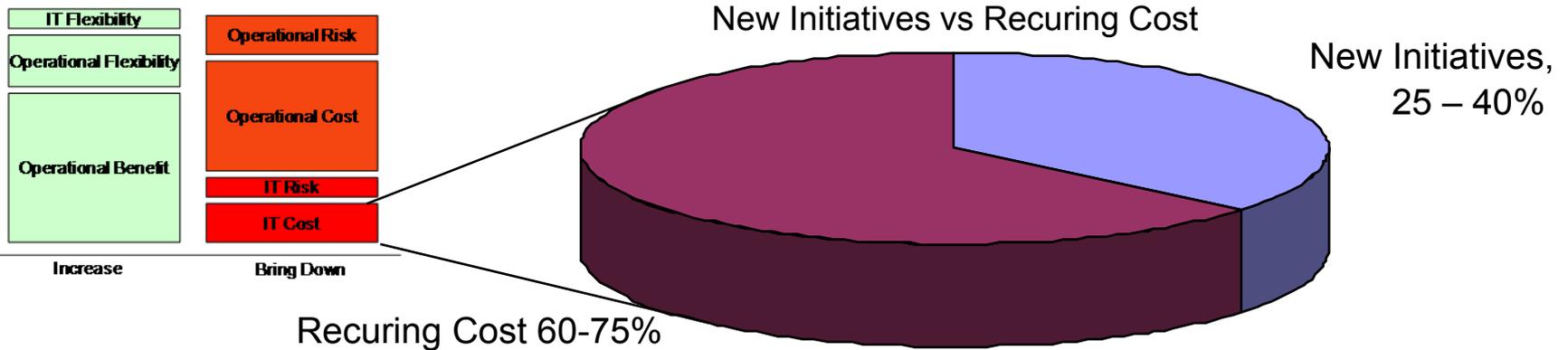
[On Systems Theory, compare: Kim Warren, The Dynamics of Strategy, London 1999]

# 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 Risk

Operational Cost

IT Risk

IT Cost

Operational Benefit

## Operations and Infrastructure

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

Technology Standardization brings down overall IT cost by 15%<sup>1)</sup>

## Architecture

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

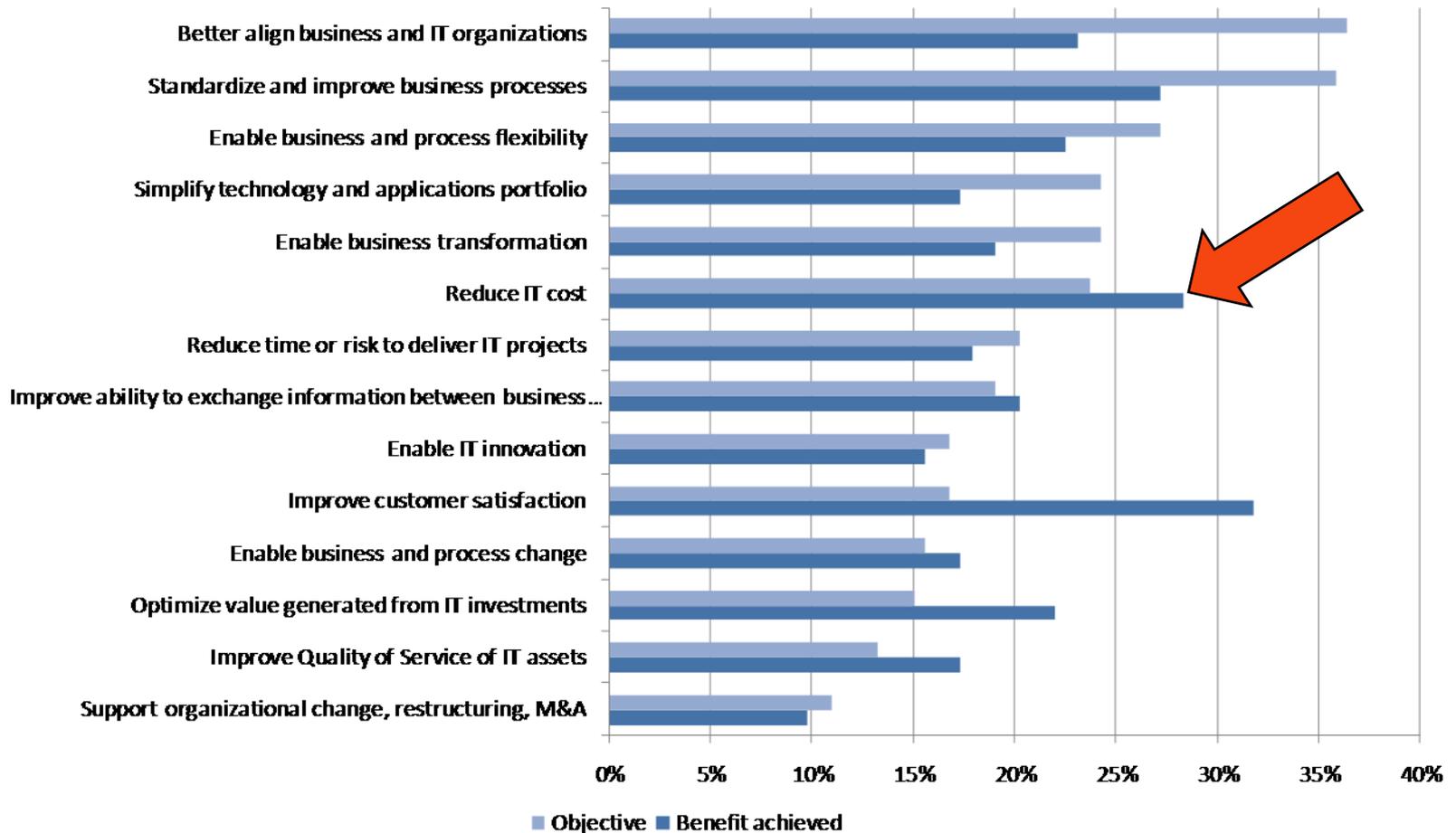
## Application Development

- Reduce Maintenance Intensity
- Extend System Life

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

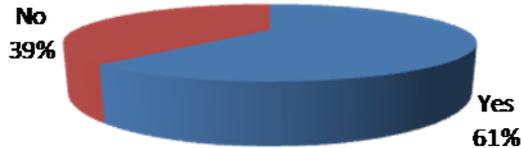
# Enterprise Architecture is recognized to be a strong influencer of IT cost

Objectives and Benefits of EA

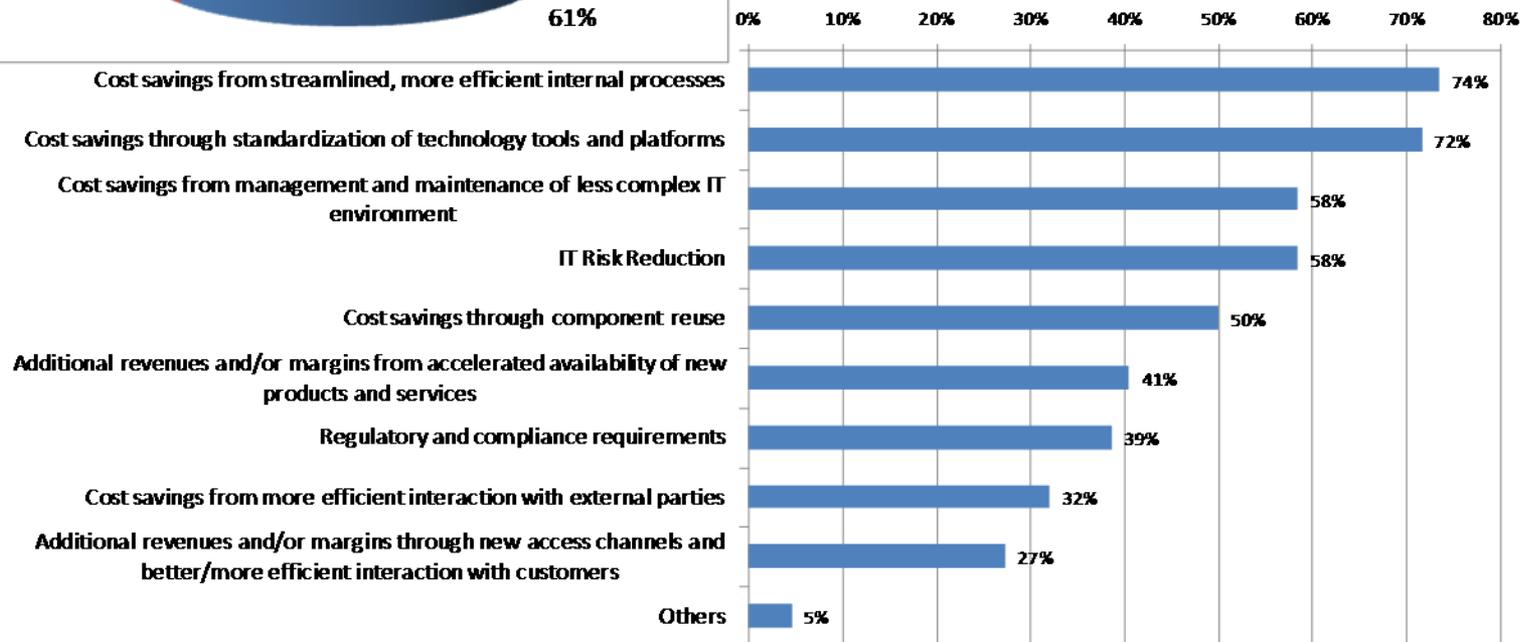


# Nevertheless, architects are struggling to justify their efforts...

Has your Organization been able to justify EA investments?

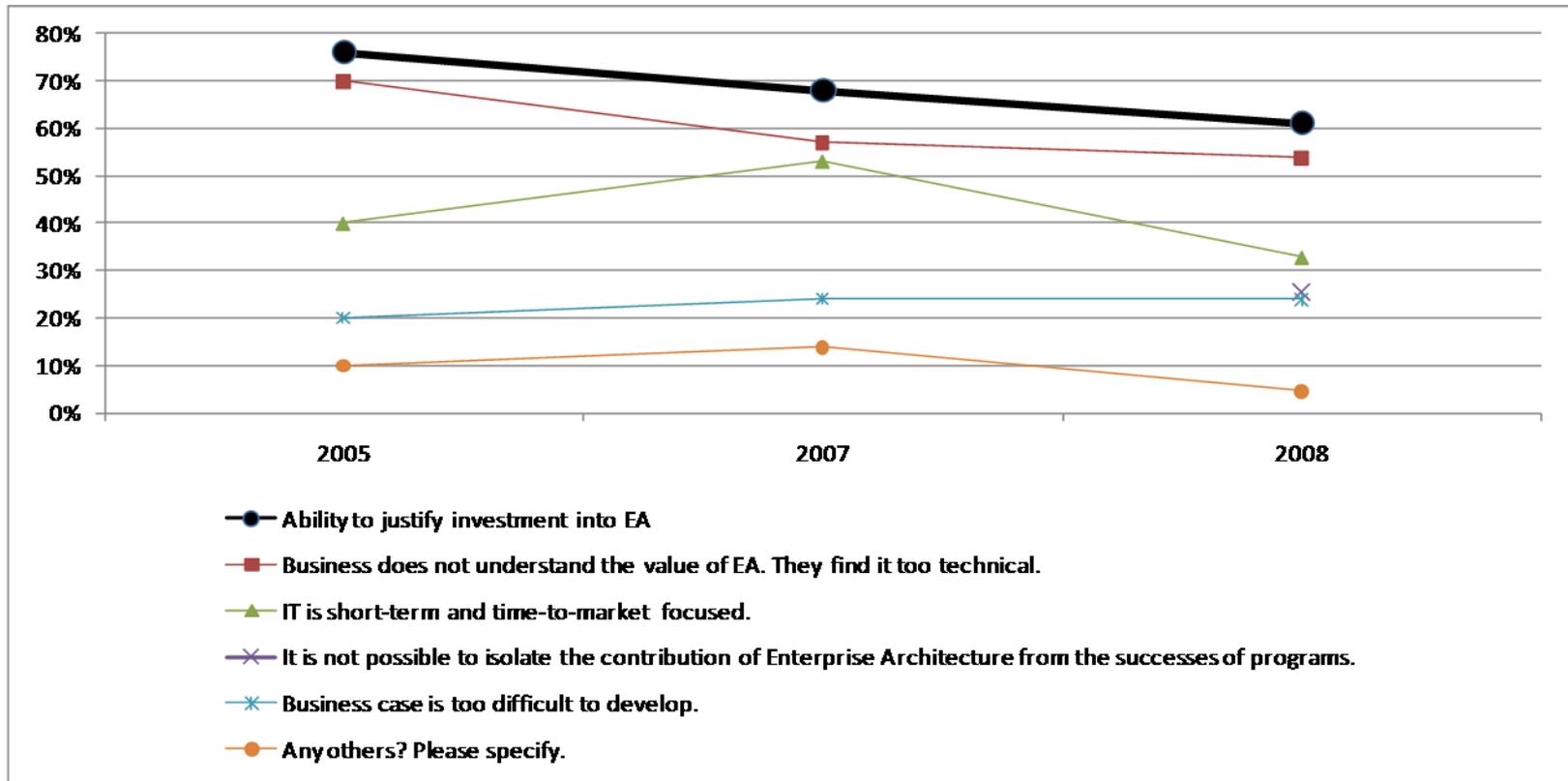


Justifications for EA Investment



[Source: Infosys Enterprise Architecture Survey 2008]

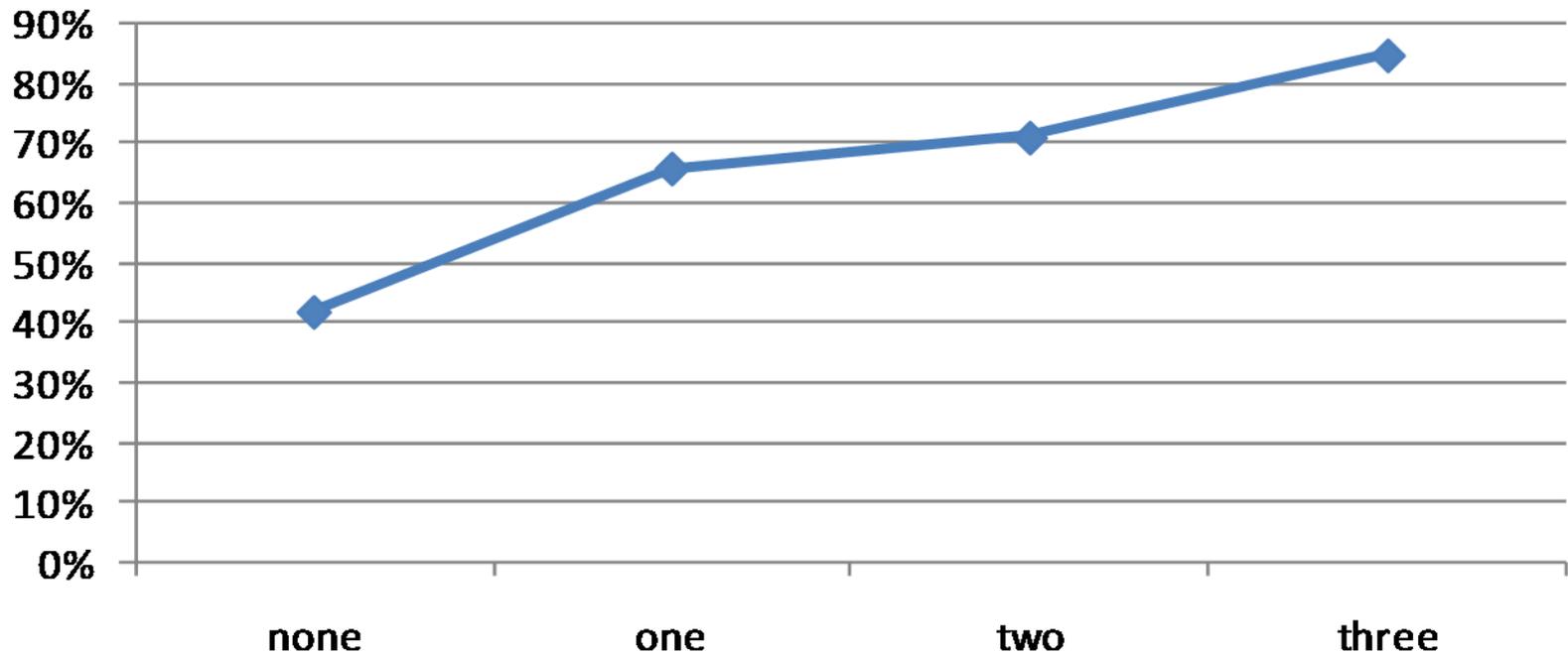
# ...and we have seen a consistent decline of justifiability



[Source: Infosys Enterprise Architecture Survey 2008]

# Metrics are a key ingredient for justifying architecture

## Ability to justify EA vs # of metrics types collected

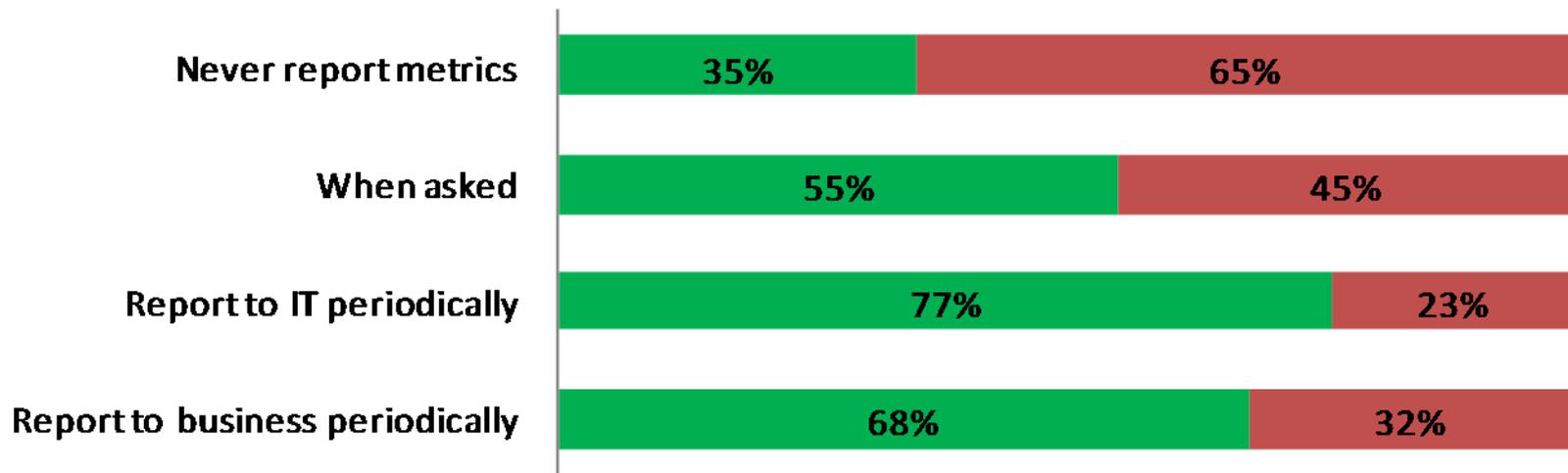


Metrics Types: Activity/ Acceptance/ Value oriented. [Source: Infosys Enterprise Architecture Survey 2008]

# Regular Reporting is Crucial

## Can you justify the effort for Enterprise Architecture?

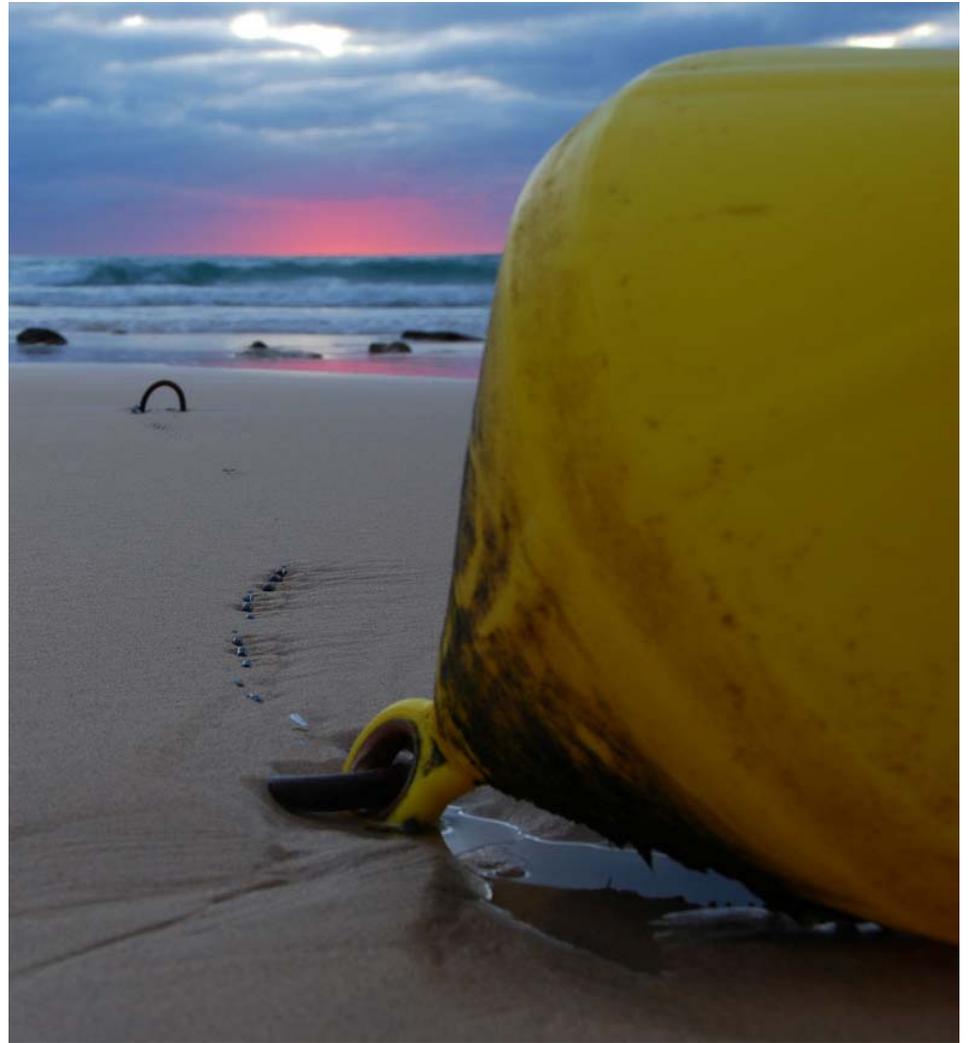
■ Yes ■ No



[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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