



The Open Group Conference San Diego

21st Enterprise Architecture Practitioners Conference

San Diego Marriott Mission Valley
8757 Rio San Diego Drive
San Diego, California, USA
February 2-4 2009

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Enterprise Architecture: The Strategic Tool for Innovation in Tough Times

Presented By:

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Agenda

- What is Going On ?
- What is Business Value
- Where Does EA fit in
- How Will EA Help Implementation
- How Will EA Help in M&A
- EA and Potential Outsourcing
- Concluding Material



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A logo for 'BUILD THE VISION' featuring the text in a serif font above a stylized graphic of three overlapping circles.

The Previous Situation

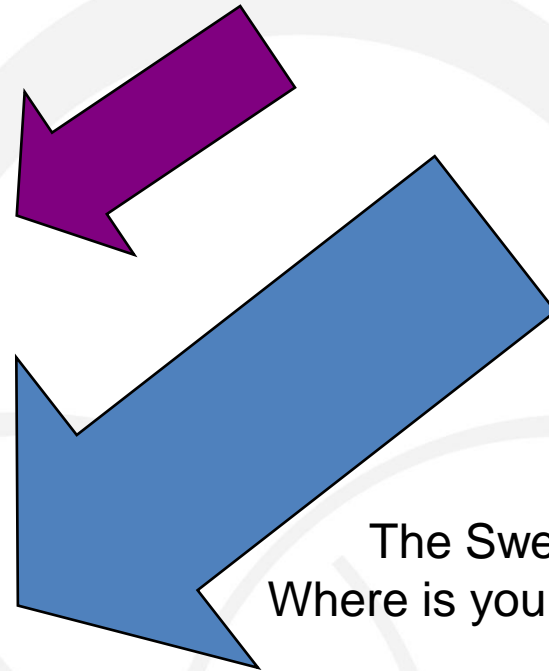
- EA
 - Intrusive
 - Theoretical
 - Improves auditors and shareholder perception
 - Business as Usual
- Companies were making too much money
 - Why be more efficient
 - Why be more effective
- Bonuses
 - Quarterly returns and tactical focus
 - Short-term gain ... And now the long-term pain



The Current Situation

- Cyclical Downturn
 - Recession
 - Painful but will not last
- Bankruptcies
 - Lack of investor confidence
 - Stock down
- Survival of the Fittest
 - Best prepared
 - Best organized
 - Best Defined and Strategic Value Proposition

How to revive it ?



The Sweet Spot
Where is your company ?



The Concept of Value in a Knowledge-Based World

- Old concepts of Plant Replacement Value and “assets” are less relevant
 - The post-industrial reality - the value is in the people
- Profitable contracts with new clients are a good measure but
 - What happens when the employees walk ?
- How do you represent the value of the following:
 - A Solid Vision and supporting Business Model
 - An Enterprise Architecture Practice
 - Practitioners, Methodology (ies) & Reputation
 - Consolidated Client Relationship Management
 - Core and Globally refined business processes



Enterprise Architecture Represents Value

- Models at the Conceptual, Logical and Physical Level provide a basis for evaluation
- A Business Architecture
 - Presents defined corporate information and consolidated business processes
 - Costing of best practices
 - Defines visionary innovation and improvements
- An Information and Applications Architecture
 - Presents how the information is shared and business processes supported
- A Technology Architecture
 - Presents how the pieces physically fit together in an effective and efficient manner
- A Solutions Architecture and Implementation/Migration Plan
 - Shows a well-thought out and business value-driven way to implement the architectures



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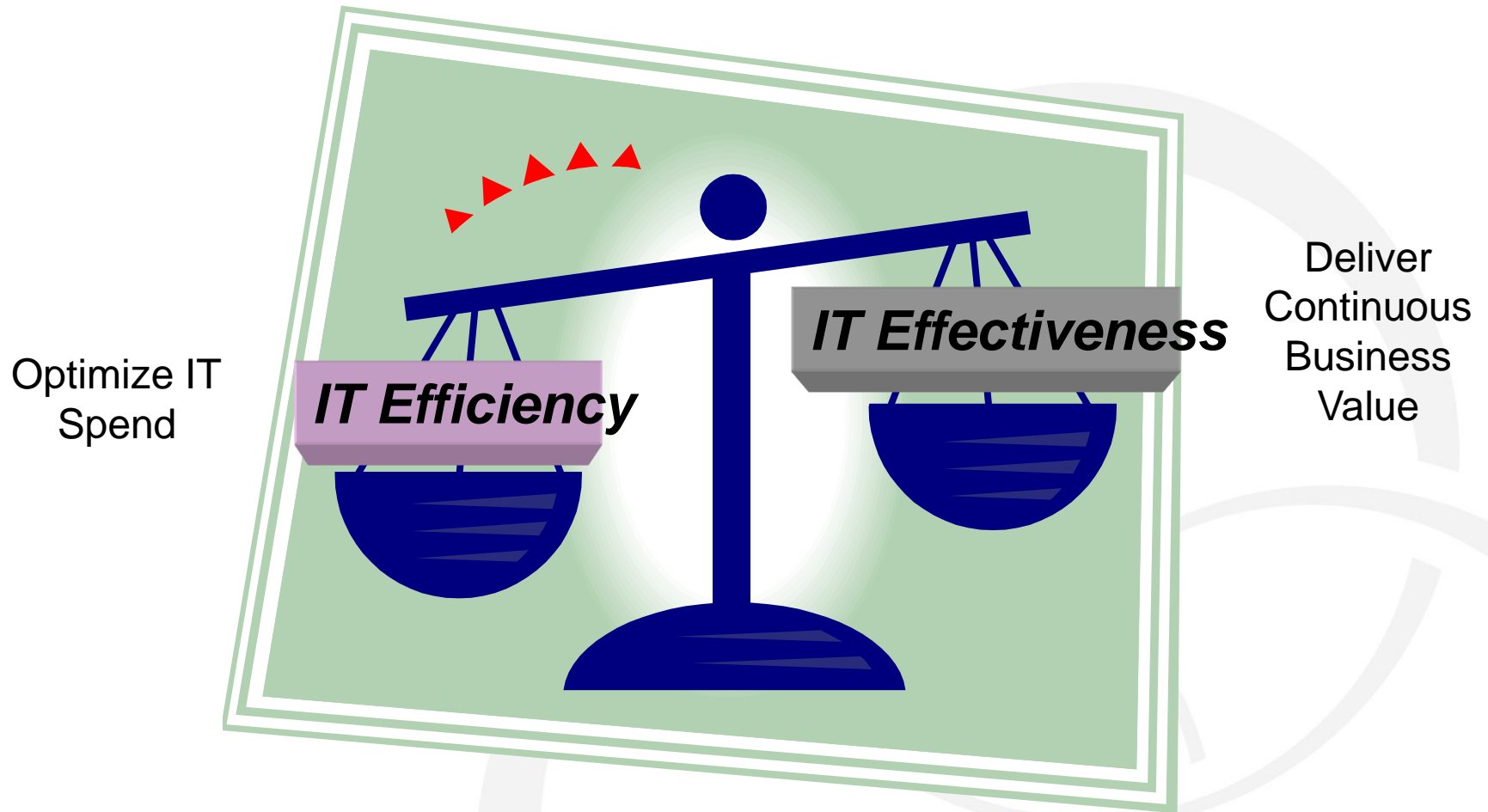
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The Balancing Act



Investor Confidence

- Investors
 - Creditors
 - Stock
- Many companies are tactically focused
 - Accountability frameworks were quarter to quarter earnings based
- Strategic Planning
 - Infers longevity
 - Infers vision and structure
 - Infers capability to forecast
 - Infers self-knowledge
 - Infers a good (or better) investment
- EA provides a (the) structure for Strategic Planning

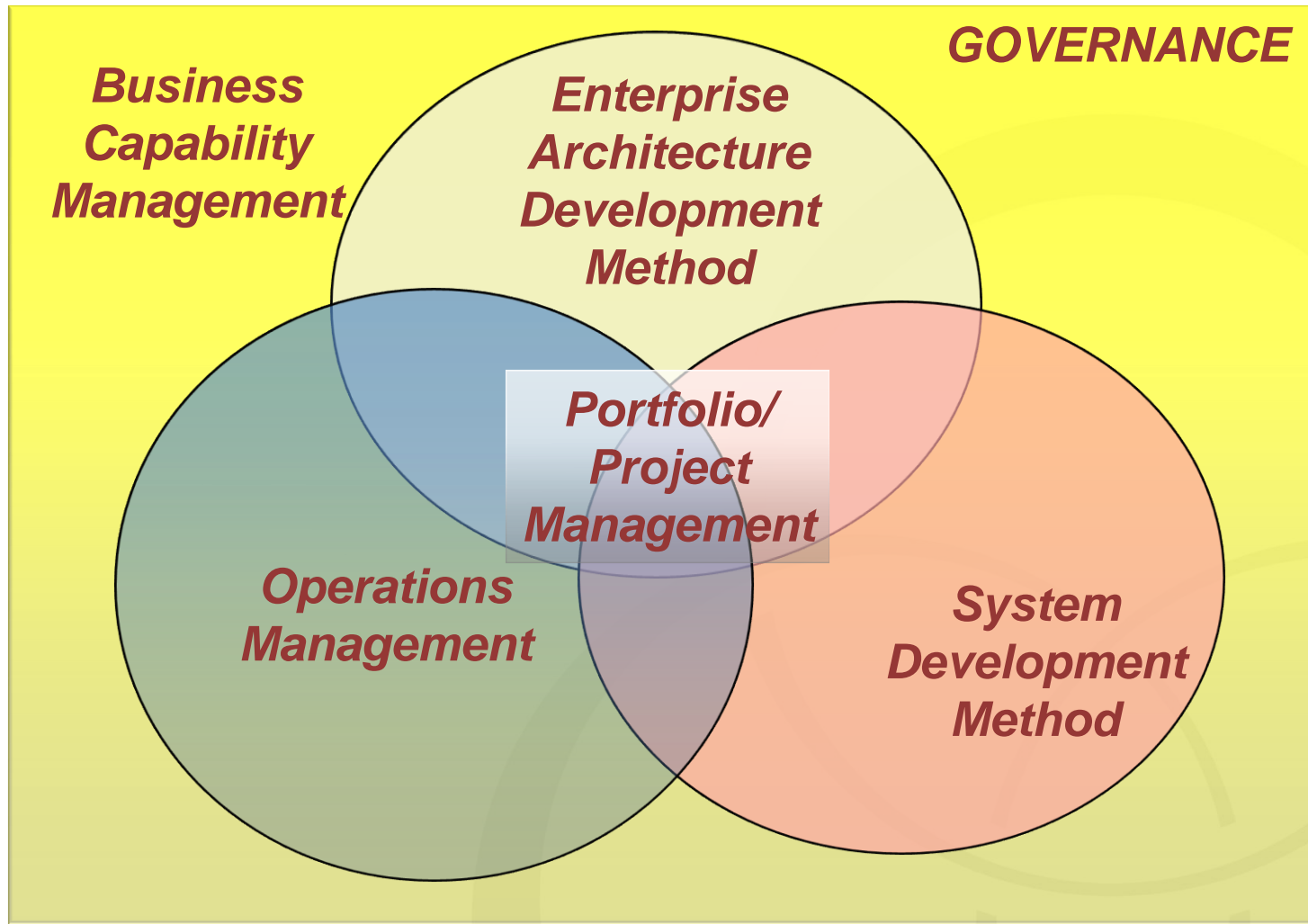


EA and Strategic Planning

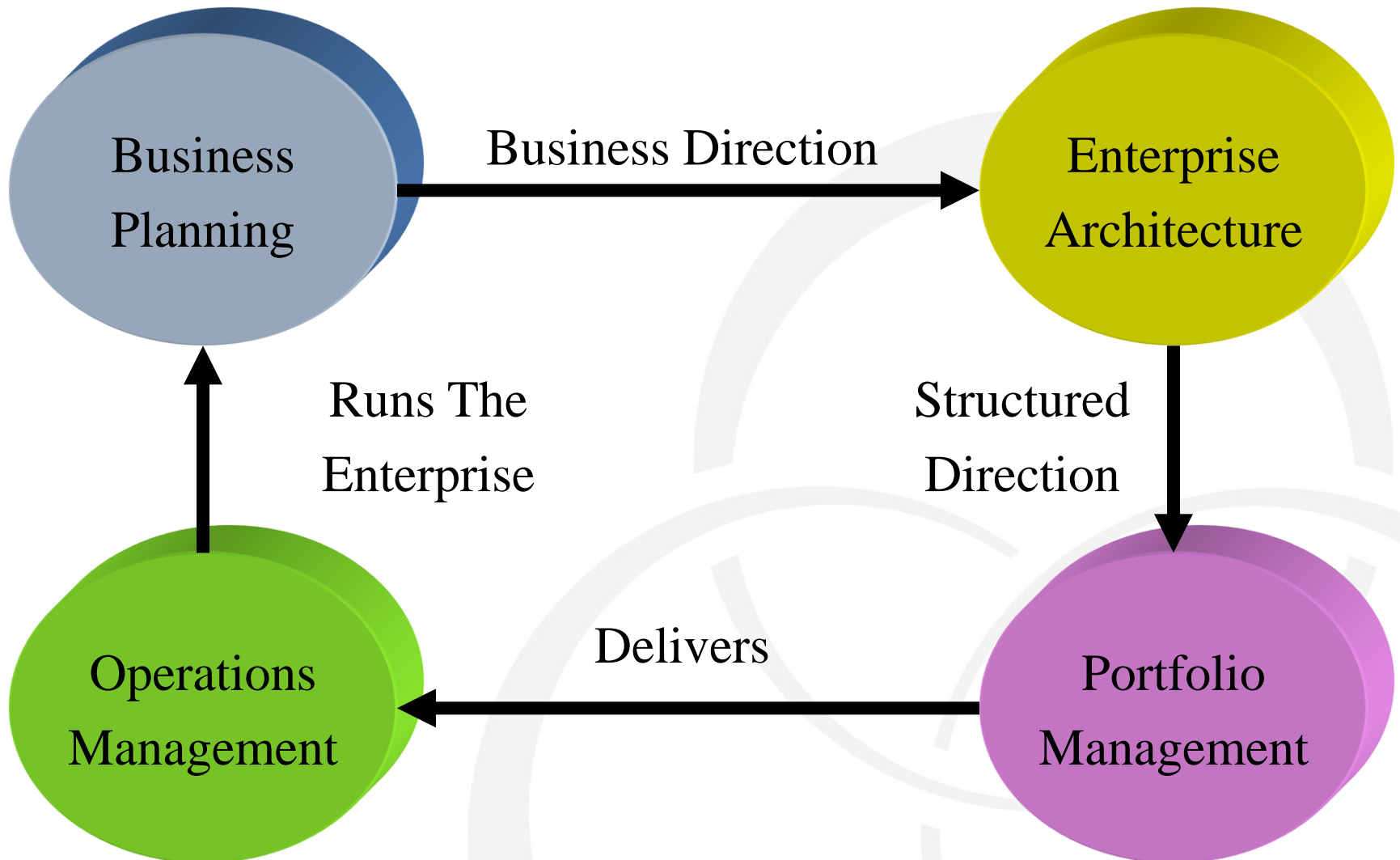
- Two Sides of the same coin
- Plans are visionary
 - But are they feasible ?
- Business Objectives
 - Should be SMART
 - Specific, Measurable, Achievable, Relevant, and Time-Specific
- EA
 - is a rigorous methodology that ensures that the Objectives are indeed SMART
 - Is focused on organizational efficiency and effectiveness
 - TOGAF 9 Business Scenario focus is on how to innovate
 - More than just a high-level system-oriented use case
 - Do things more effectively as an organization
 - Examine evolutionary and revolutionary change



Enterprise Architecture Works in Concert with the Management Frameworks



EA Provides the Structure for Validating and Implementing the Plan Through an Enterprise Level Work Breakdown Structure



Enterprise Architecture Represents Confidence

- EA is Strategy
- Strategy infers
 - That there will be a tomorrow
 - There is a Vision
 - Often taken for granted
 - There is a plan to realize the vision
 - EA represents the baseline and future states of the enterprise
 - There is corporate control and leadership
- EA is a Way to Communicate
 - Way Ahead
 - At different levels of abstraction
 - Top-Down drives coordination and efficiency
 - Lower levels provide a reality check to strategic direction
 - Ensure that Corporate Objectives are SMART



EA is End-To-End

- Strategic Plans often
 - Do not stand-up to scrutiny
 - Often bottom-up “Staple Management”
 - Are irrelevant and issued to satisfy shareholders
- EA drives the vision from concept to reality
 - Deep with many reality checks
 - Effective ones incorporate both top-down (Capital) and bottom-up (O&M) planning
 - Delivered in tiers to accommodate
 - Environment and Technology changes and innovations
 - Just enough detail (and volume) to allow directed initiative
- EA closely (intricately) coupled with business planning



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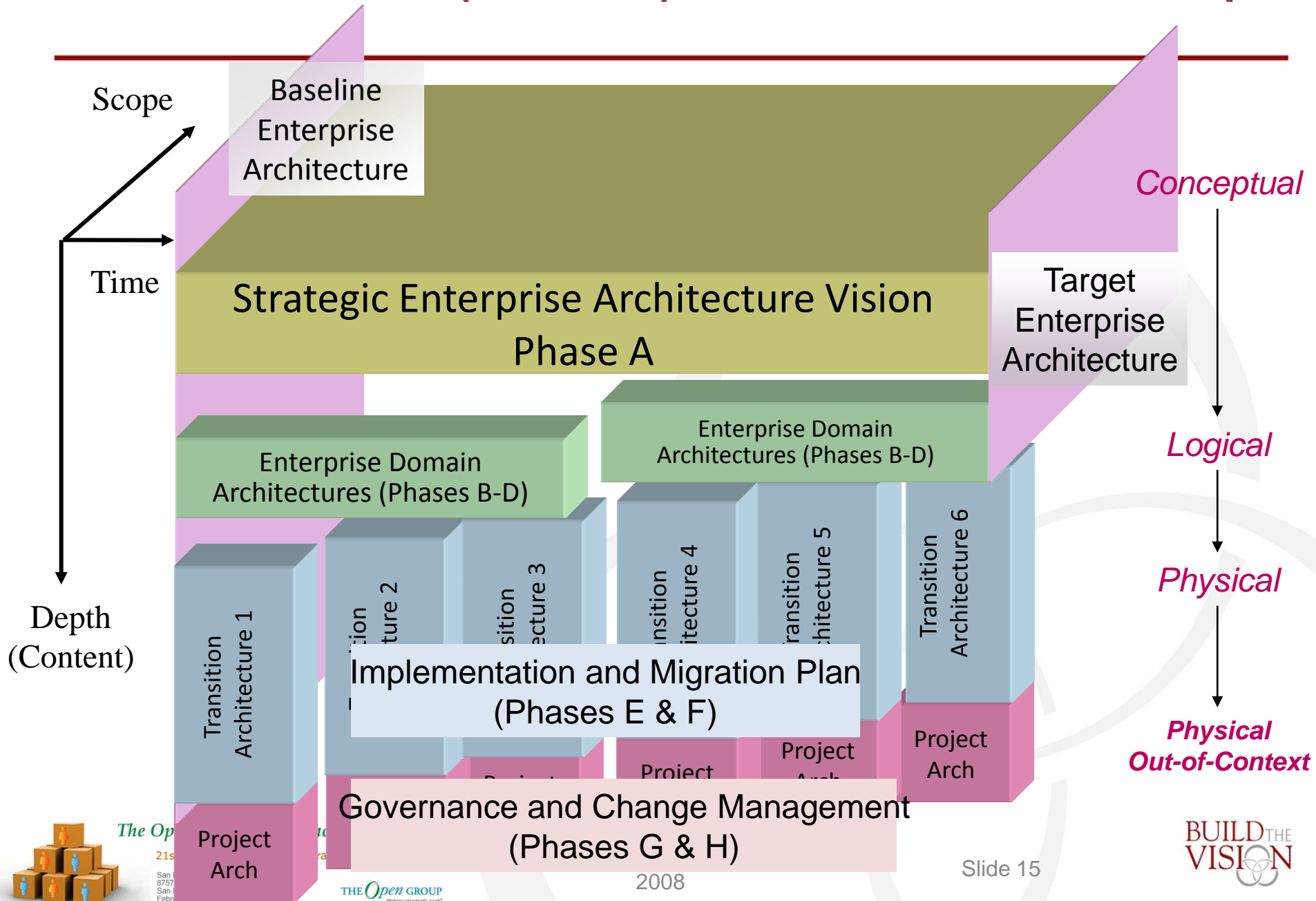
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EA (TOGAF 9) - Architecture Relationships



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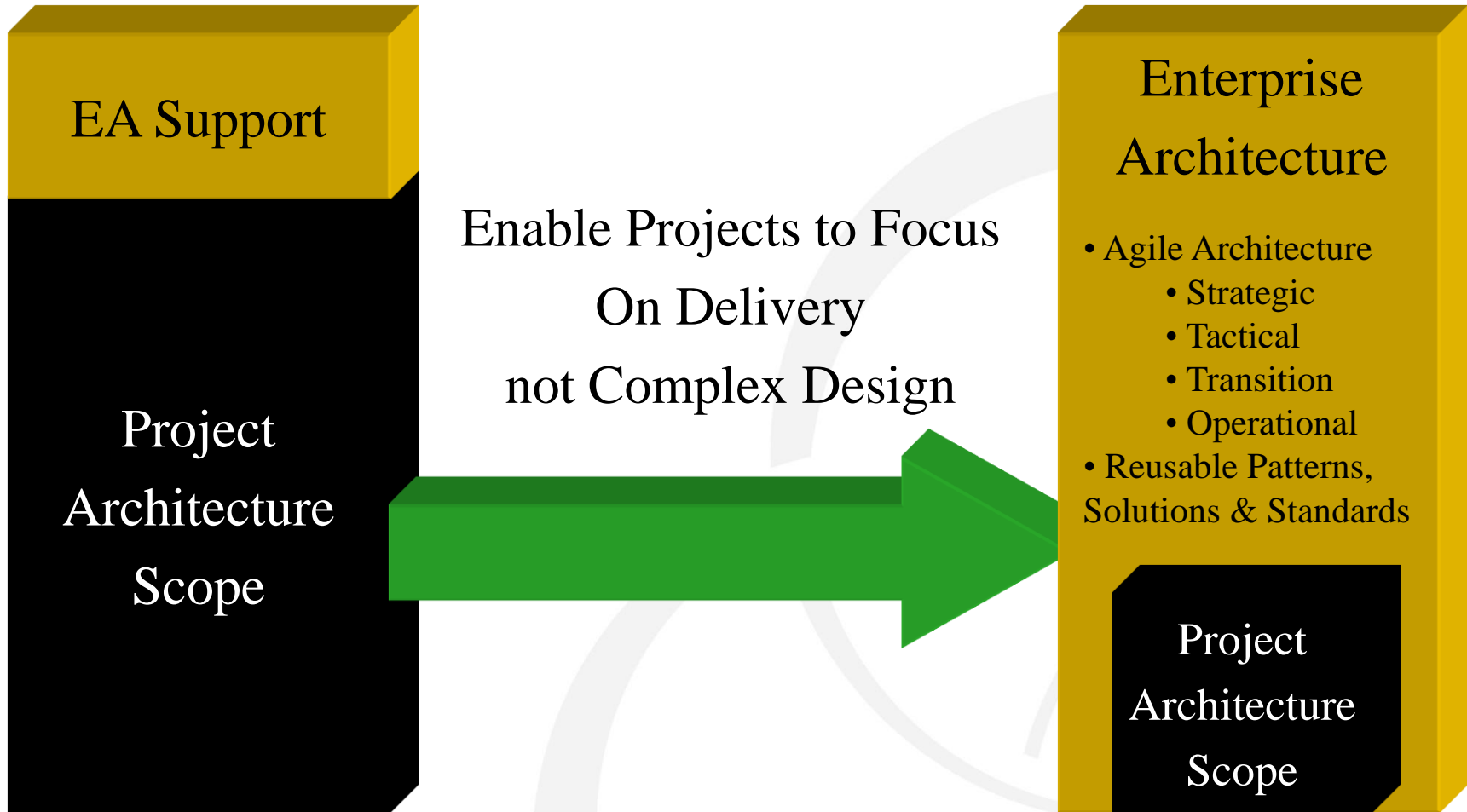


EA Enables Implementation

- EA ensures that Business Objectives are SMART
 - Specific
 - Measurable
 - Actionable
 - Relevant
 - Time-Bound
- Projects are the vehicles to deliver
 - Simple: They fail the strategy fails
- EA provides the basis for successful project implementation
 - Well-defined scope and ability to focus on “out-of-context” design
 - Essentially provides a corporate work breakdown structure with analyzed dependencies enabling a logical grouping of activities into well-defined projects
- Demonstrates an ability of the organization to Execute Strategy
 - EA is end-to-end



Architecture Intent – Lessen Burden on Projects



EA Enables Effective Governance

- Finally EA provides a framework for governance
 - Defined future states and well-defined projects
 - Accountability Framework
 - Defines Enterprise Fit
 - Identifies Enterprise Risk
 - Identifies and Prioritizes Enterprise Value
 - Outcome/Capability Based Planning
- Effective Governance
 - Demonstrates end-to-end strategic planning
 - 5-10% Premium on stock * (ITGI)



EA Enabling Governance

The Conduct of Project Reviews

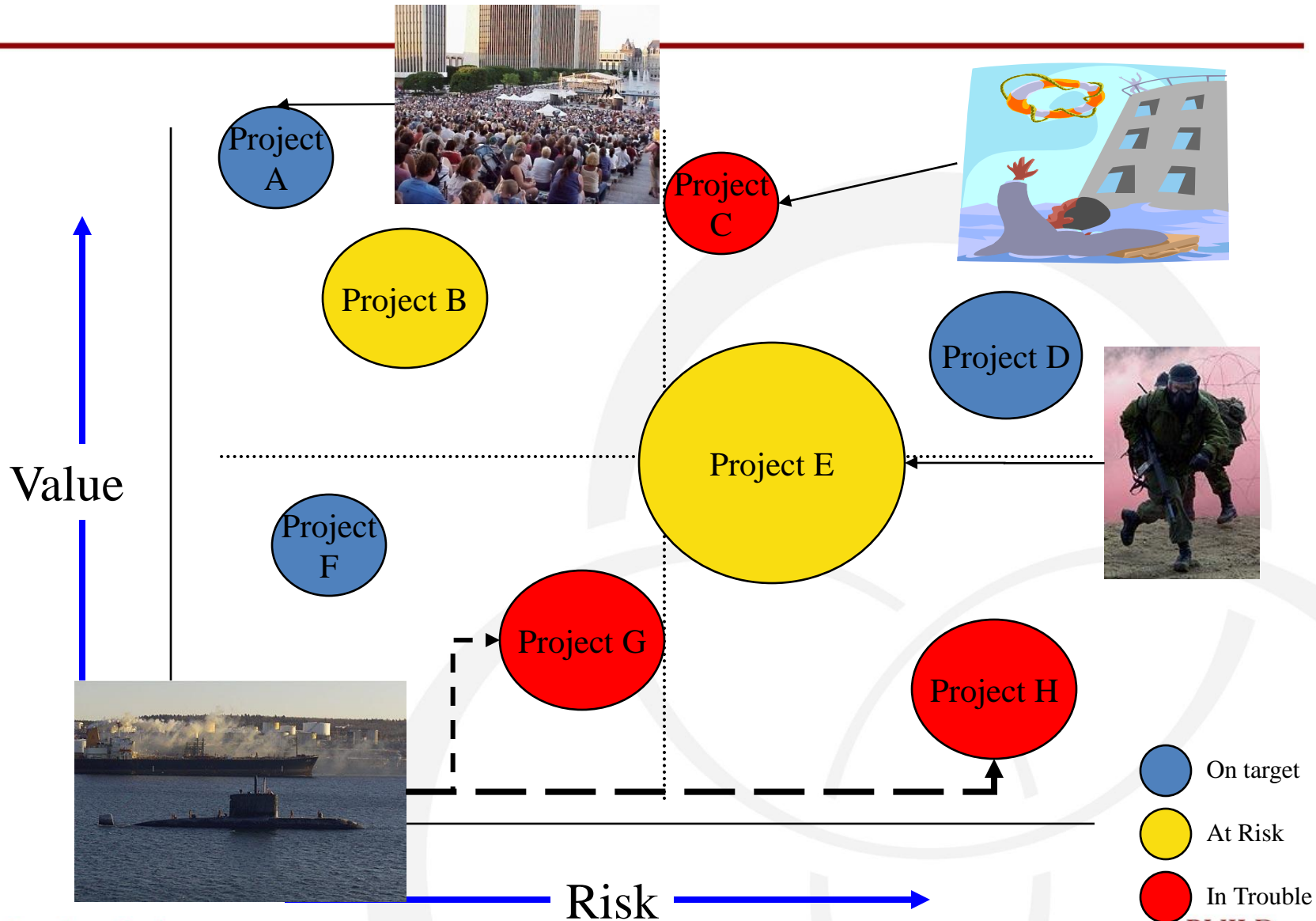
Project Name:					
Criteria	Description	Value	Score	Weight	Wt Score
IM/IT Value	Reduced costs	10		.1	
	Increased capability:				
	Stability & Reliability	10		.1	
	Compliance	10		.05	
	Security	10		.05	
	Greater Customer satisfaction	10		.1	
IM/IT Fit	Current Technical Environment	10		.15	
	Future Technical Environment	10		.05	
IM/IT Risk	Implementation Risk:				
	More expensive than planned	10		.1	
	Longer than planned	10		.1	
	Operational Risk (will not complete)	10		.2	
Total:				1.0	
Project Score (Value + Fit - Risk):					

Project Name:			
Criteria	Score	Weight	Wt Score
ROI			
FIT			
Prob			
Project Score:			

Add:
 Strategic Fit
 Economic Value
 Organizational Risk



Managing Fit, Value and Risk



-  On target
-  At Risk
-  In Trouble



EA Rationalizes Mergers and Acquisitions

- Not easy and can be golden or a disaster
 - Knowledge-based environment especially
 - Leadership is not a strength in many technology based industries
- M&A Perceived Value
 - Conduct of Due Diligence
 - More than checking the “books” in knowledge-based economy
 - Most value is “abstract” and EA demonstrates this value
 - Complementary strengths
 - E.g. Fiscal and Methodology
 - Culture
 - Ability to retain the intellectual capital



EA Rationalizes Mergers and Acquisitions - 2

- Acquisition does not equal take-over
 - Ability to leverage best practices
 - Need to combine EA models to figure out best overall fit
 - Virtually impossible if there is no over-riding EA
 - No EA often leads to undervalue of knowledge-based assets
 - Potential Acquisition benefits are not realized
- Merger even more reliant on EA Models
 - Often contentious due to politics
 - EA Models offer an objective way of evaluating how things will be done in the future
 - Technology choices are often very difficult due to vested interests
 - Narrow skill sets lead to preferred products that are in personal and not organizational best interest



EA Facilitates Insourcing and Outsourcing

- EA Maturity Direct Impact on ability to outsource
- In Corporate Transformation
 - Need discrete list of services to determine
 - Where to transform
 - Where to cut
 - Where to outsource
- MIT Sloan School of Management has created some interesting statistics on the maturity of EA and Outsourcing success



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Enterprise Architecture Maturity Leading to Strategic Agility

EA Maturity Levels → Factors ↓	Business Silos	Standardized Technology	Optimized Core	Business Modularity
IT Capability	<i>Local IT Capability</i>	<i>Shared Technical Platforms</i>	<i>Company-Wide Standardized Processes/Data</i>	<i>Plug and Play Business Process Models</i>
Business Objectives	ROI Local Business Initiatives	Reduced IT Costs	Cost & Quality Of Business Ops	Speed to Market; Strategic Agility
Funding Priorities	<i>Individual Applications</i>	<i>Shared Infrastructure Services</i>	<i>Enterprise Applications</i>	<i>Re-Useable Business Process Components</i>
Key Management Capabilities	Technology Enabled Change Management	Design & Update Of Standards; Funding Shared Services	Core Enterprise Process Definition & Measurement	Management of Re-Useable Business Processes
Strategic Implications	<i>Local/Functional Optimization</i>	<i>IT Efficiency</i>	<i>Business Operational Efficiency</i>	Strategic Agility

RI III D TRUE

From "EA as Strategy" – Jeanne Ross, Peter Weill (MIT School of IS Research) Harvard Business School Press 2006

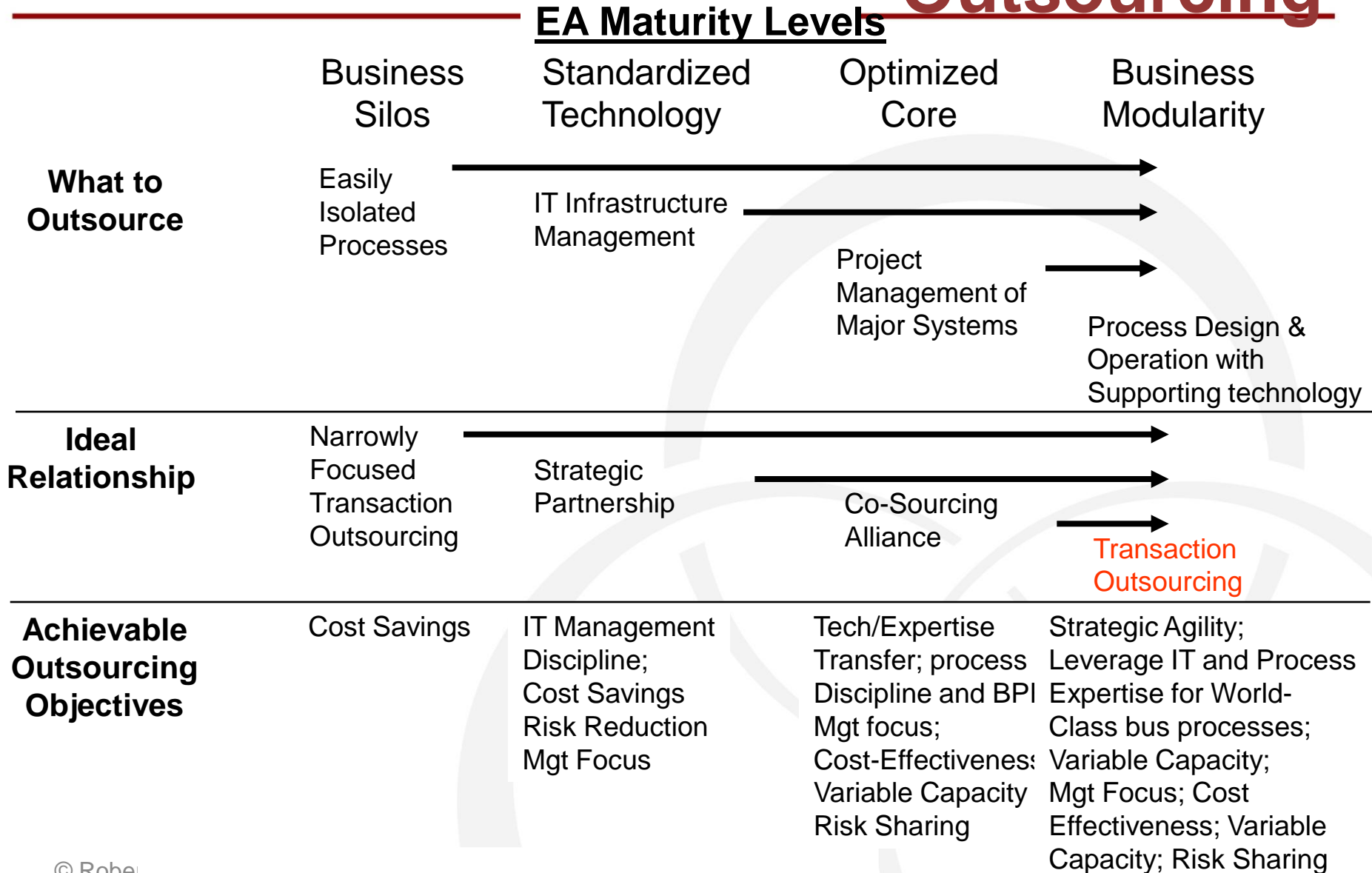
The Vision 2008



Outsourcing Models and Success

	Strategic Partnership	Co-Sourcing	Transaction
What is Outsourced →	Broad Responsibilities For Op Activities	Project Mgt & Implementation	Narrowly Defined, repeatable processes
Key Metrics	Bottom-Line Impact	Project Success	Quality and/or Cost per transaction
Client-Vendor Relationship	Negotiated Accountability	Joint Project Management	Arm's Length
Client Expectations	Cost Savings; Variable Capacity; Mgt focus on Core	Cost Savings Access to Expertise On Demand	World Class processes; Variable Capacity; Mgt Focus on Core
Vendor Offerings	Broad Range Specialized Services Integration Expertise Practices Economies of Scale	Labour arbitrage; Expertise in Project Management & specialized technologies	Standard Best Practice Process Components; Economies of Scale Distinctive Platforms or assets
Client Success	50%	63%	90 %
Vendor Success	50%	75%	90 %

EA Maturity Enabling Successful Outsourcing



Concluding Material – EA is a Powerful Tool

- EA exudes corporate confidence
 - Demonstrates corporate rigour and executive responsibility
 - Demonstrates ability to plan and execute
 - Assures shareholders and employees
 - Planning for tomorrow, not panicking for the next quarter
 - Retention of personnel is key in a knowledge-based economy
 - EA Artefacts are valuable and describe the new “plant”
 - EA and vision provides the basis for attracting new talent
 - Lower enrolments means that “poaching” will become commonplace
 - Money is not the only motivator
 - Allows Companies to focus to survive and prosper in the future
- Most shareholders have weathered recessions
 - Many looking at long term, strategic investments
 - Many of the short-term crowd have been eliminated
- EA Shows Business Value in a Knowledge-Based Economy



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QUESTIONS ?

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