The Evolution of Enterprise Architecture: Emerging Industry Best Practices

The Open Group Conference, Oct 2003

George S. Paras
Enterprise Planning and Architecture Strategies
The Evolution has begun…
Drivers of fundamental change

- Economic retrenchment
  - Investment ‘triage’ – only the most vital investments are approved
- Competitive repositioning
- Regulatory, privacy and security concerns
- Dynamic merger and acquisition environment
- Strategies being re-addressed
- Planning timeframes are compressed
- Business demand for:
  - Enterprise Agility
  - End-to-End enterprise optimization/integration
  - Value Delivery
How to get there?
The Discipline of Enterprise Architecture

▲ Goal of the architecture/IT strategy team?
   ▶ Achieve IT/Business Alignment
   ▶ Improve Agility
   ▶ Institutionalize the process of disciplined analysis and decision making

▲ Create a holistic expression of the enterprise’s key business, information, application, and technology strategies and their impact on business functions and processes.

▲ Architecture is a verb and a noun
   ▶ The “artifacts” of the architecture process will change over time
   ▶ The EA Process evolves
Past to Present: Evolution from ETA to EBA/EIA

▲ Most EA efforts historically have focused first on “standards”, then on full ETA

▲ EBA/EIA has always been a part of EA
  ‣ Even for ETA only, a business-driven EA process should still take EBA/EIA into account

▲ Established ETA-based EA programs are adding EBA/EIA

▲ 30% of new EA programs are including EBA/EIA from the beginning

▲ Evolution is driven by enterprise integration needs
  ‣ From a business and information perspective, not technology!
**Beyond Technology: Enterprise Business & Information Architectures**

- Information delivery within the business value framework
  - How does your organization add value?
- Information architecture links business and solutions/technical architecture
- The job of the enterprise architect is to integrate these processes
  - And ensure their harmony over time

**Understand the Context!**

- **CORPORATE GOALS and STRATEGIES**
  - Improve Profitability
  - Expand Into New Markets
  - Improve Productivity
  - Mergers & Acquisitions
  - CRM and Marketing
  - Supply Chain Management

- **PROCESSES & BUSINESS ARCHITECTURE**
  - Materials Management
  - HR Financials
  - Logistics Distribution

- **INFORMATION ARCHITECTURE**

- **PRINCIPLES & INFORMATION MODELS**

- **ENTERPRISE SOLUTIONS AND TECHNICAL ARCHITECTURE**

*Information and technology decisions made outside the business value context always fail!*
Holistic EA: Spanning Business and IT

- Build upon a solid foundation of business strategy
  - Value Analysis is fundamental
  - Information and technology decisions made outside of the business value context always fail!
- Develop an Enterprise Business Architecture pragmatically
  - Focus on future-oriented ‘business change requirements’
    - Model broad dynamics, not micro-processes
- Focus on future-oriented ‘information change requirements’
  - Articulate principles
  - Model ‘intelligent enterprise activities’
  - Analyze how knowledge workers use information
High Performance Enterprises Pursue the Next Evolutionary Step: Integrated Processes

- Planning and Strategy
  - Focused on integration of business and IT planning

- Enterprise Architecture
  - Goal is to provide the road map for the enterprise
    - Specification
    - Transformation

- Program Management
  - Primary agent for implementing enterprise transformation

Maturing Organizations must move to the next level
What Does an IT Portfolio Look Like?

An IT portfolio is ...

- A set of managed IT investments
- allocated to investment strategies
- according to an optimal mix
- based on assumptions about future performance
- to maximize value/risk tradeoffs

There are few “IT projects” — only business projects
Managing Across Asset and Project Portfolios

Portfolio management is a continuous process of managing and linking asset and project portfolios.
Why Use an IT Portfolio Management Approach?

- Embraces change
  - Fact: The marketplace is changing
  - Enables IT to seize opportunities that can bolster the business

- Accelerates IT and business alignment
  - Fact: IT and the business are so interrelated they must operate as one; “there are no IT decisions, only business decisions”
  - Enables the IT organization to lead business direction while being driven by business value and goals

- Enables optimal return on total investments
  - Fact: IT is a business investment, not an expense
  - Provides the framework for IT organizations to be operationally competitive, flexibly productive, and IT-customer effective
    - Cost conscious (maintaining reasonable costs)
    - Responsive (satisfying requests consistently, on time, on budget, and on quality)
Practical Integration Prioritized Through Portfolio Management

- **Value** — Alignment With Business, Measurement
- **Cost** — Contracts, Projects, Sourcing
Process Disciplines Supporting IT Portfolio Management

- **Value management**
  - Value perceptions change

- **Asset management**
  - Optimize asset life cycle

- **Risk management**
  - Use scenarios to identify potential risks

- **Trends analysis**
  - What is the impact?

- **Human capital management**
  - Skills, competencies, retention, culture

Managing the IT Portfolio

- **Strategy Formulation**
  - Environmental Trends
  - Overview
  - Value Management

- **Enterprise Planning & Strategy**
  - Business Value Propagation
  - Formulation

- **Investment Portfolio**
  - Enterprise Program Management
  - Project Resourcing
  - Project Monitoring

- **Architecture**
  - Risk Management
  - Implementation Management
  - Architecture Planning

- **Migration Planning**

- **Gap Analysis**
The Bottom Line

▲ GOOD – Establish a sound Enterprise Technical Architecture
  ▸ Complete with Standards, Principles and Governance

▲ BETTER – Expand EA to include Enterprise Business and Information Architecture Views
  ▸ Drive business value by optimizing the enterprise

▲ BEST – Adopt comprehensive Portfolio Management Disciplines
  ▸ EA, EPMO, Capital Planning, Strategy, etc. integrated as part of fabric of IT/Business management