EA 4B
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Lean Business Development
Managing the Business Architecture through Business Capabilities

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Who are we?

Cecilia Persson
- From the public sector in Stockholm to Sandvik 2007
- Working with EA at SMT since 2010
- Responsible for Methods & Processes

Stefan Eriksson
- From pulp & paper industri to Sandvik 2007
- Working with EA at SMT since 2009
- Responsible for Enterprise Information Architecture
Sandvik – Global leader

Sandvik Group 2009

- Order intake: SEK 71,285 M
- Invoiced sales: SEK 71,937 M
- Return on capital employed: -1.3%
- Operating margin: -2.0%
- Proportion of shares outside Sweden: 33%
- Investments in property, plant and equipment: SEK 4,625 M
- No. of production units worldwide: 137
- No. of employees, 31 Dec 2009: 44,355

Sandvik 61% ownership in Seco Tools
Sandvik Materials Technology
Enterprise Architecture (SIE)
Future Operational structure

Group and Support Functions
- Finance, Indirect purchasing, HR, IT, Communication

Group Executive Management

Sandvik Mining
- Underground Mining
- Surface Mining

Sandvik Machining Solutions
- Sandvik Coromant
- Walter
- Safety

Sandvik Materials Technology
- Tube
- Strip
- Wire and Heating Technology
- Primary Products

Sandvik Construction
- Construction

Sandvik Venture
- Process Systems
- Parts of Med Tech*
- Hard Materials
- Diamond Innovations
- Wolfram
- Dormer

* To be divested
Enterprise Architecture
Delivered Value

The Essence of Enterprise Architecture

**EA** should

Embrace All and Engage All

within the company.

In order to

Ensure Alignment

and

Enable Agility.
Enterprise Architecture Perspectives

**Enterprise Business Architecture (EBA):**
business principles, organizational structures, business events, capabilities and processes.

**Enterprise Solution Architecture (ESA):**
*automated processes* Solutions, services, information stores and integrations. Services /Solutions enabling business capabilities into IT support. Combines artifacts in the other three viewpoints.

**Enterprise Information Architecture (EIA):**
definition of business information entities such as Customer and Product, their attributes, identifiers and relations. Their flow between capabilities; ontologies and taxonomies; terminologies.

**Enterprise Technical Architecture (ETA):**
the technical infrastructure on which IT solutions are provided (servers, network, operating systems, DBMS, middleware, directories, etc).
HOW ARE THE ARTIFACTS WITHIN THE COMPANY RELATED?
WHY BUSINESS CAPABILITIES?
Business Capability – “The What’s”

- Provide a stable point of reference for business functions and processes
- Partition business architecture into manageable parts that can be understood by both business and IT people
  - Identify candidates for harmonization and/or outsourcing
- Create a better understanding of how the Company generates value
- Enable technology neutral discussions of the business’ need for IT support
- Identify redundancies in organizations, processes and applications
- Point out dependencies between projects/initiatives
- Enable prioritization between and within projects
MANAGE INFORMATION
Sandvik Materials Technology
Enterprise Architecture (SIE)
Project driven Integration

Path of least resistance for individual integrations
Situation

Supply

SU

PU

Demand

SU

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Enterprise Information Management
- Areas of Enterprise Information & Common capabilities

Business Events
- Transactional Information
  - Orders
  - Invoices
  - Etc

Business Structure
- Structure Information
  - Customer
  - Product
  - Asset
  - Country
  - Currency
  - Etc

Business Decisions
- Performance Management Information
  - KPIs
  - Measures

Unstructured Business Information
- User created Business Information
  - Content
  - Search
  - Portal/Web
  - Collaboration
  - Business Forms

Manage Information Lifecycle, Metadata and Quality

Manage Information Security (SICS)

Manage & Monitor Information Logistics

Information Architecture

Manage Technologies & Domains
Enterprise Information Management
- Structure

- Vision & Strategy
  - What values to deliver

- Governance
  - Who decides what

- Capabilities
  - What to do

- Organization
  - How to ensure value delivery
  - Who performs it

- Infrastructure
  - Delivery of solutions, tools & technologies
Thinking Behind

- Look at Information as a product of a Business Process.

- A role of IT (CIO-Office) is to ensure that SMT Business has the information required, to perform their assigned task and deliver the expected value in the most efficient way.

- Information Exchange (Integration) is therefore a central component in our IT-Strategy. We call it **Information Logistics**.
Target Picture

Demand

SU

SU

SU

SU

SU

Supply

PU

PU

PU

PU

PU

Common agreed Information
Structured error handling
IMPROVING PROCESSES OR THE BUSINESS?
A Business Capability map

3.0 Market and Sell Products and Services (10004)

3.1 Understand markets, customers, and capabilities (10101)

3.1.1 Perform customer and market intelligence analysis
- Conduct customer and market research
- Identify market segments (10103)
- Analyze market and industry trends (10108)
- Analyze competing organizations' capabilities
- Evaluate existing products/services (10115)
- Assess internal and external business environment

3.1.2 Evaluate and prioritize market opportunities (10107)
- Quantify market opportunities (10116)
- Determine target segments (10117)
- Prioritize opportunities consistent with capabilities and
- Validate opportunities (10119)

3.2 Develop marketing strategy (10102)

3.2.1 Define offering and customer value proposition
- Define offering and positioning (11010)
- Develop value proposition including brand positioning
- Validate value proposition with target segments
- Develop new branding (10172)

3.2.2 Define pricing strategy to align with value proposition
- Establish guidelines for applying pricing
- Approve pricing strategies/policies (10125)

3.2.3 Define and manage channel strategy (10122)
- Evaluate channel suitability and partners
- Determine channel fit with target segments (10128)
- Select channels for target segments (10129)

3.3 Develop sales strategy (10129)

3.3.1 Develop sales forecast (10129)
- Gather current and historic order information
- Assign sales territory and patterns (10129)
- Generate sales forecast (10133)
- Analyze historical and planned promotions

3.3.2 Develop sales partner/alliance relationships (10130)
- Identify alliance opportunities (10130)
- Design alliance programs and methods for selecting and
- Select alliances (10140)
- Develop partner and alliance management strategies

3.3.3 Establish overall sales budgets (10131)
- Calculate product revenue (10143)
- Determine variable costs (10144)
- Determine overhead and fixed costs (10145)
- Calculate net profit (10146)

3.3.4 Establish sales goals and measures (10132)

3.3.5 Establish customer management measures (10133)

3.5 Develop and manage sales plans (10150)

3.5.1 Generate leads (10182)
- Identify potential customers
- Identify leads
HOW TO IMPROVE?

- Information
  - Add new information
  - Manage information
  - Automate information creation

- Business Capability
  - Implemented in Process

- Process
  - Automated in System

- System

- Organization
  - Executed by

- KPI
  - Measures

- The way we source

- Business Strategy
  - Regulates

- Business Objective
  - Enabled by IT-Capabilities

- IT-Capabilities help improving?

- Manage Performance
  - Directed by

Sandvik Materials Technology
Enterprise Architecture (SIE)
Evaluate current products
Adjust, add, reduce
Products & Platforms

Reducing the amount of
implementation and
Products, will effect skills,
Competencies & head count
required.

Improve delivered value
Reduce human operation
Decrease redundancies
(multiple implementations)

Processes (System)
Enterprise Architecture for Business – EA4B –

External input and influences

Business Capability framework

- APQC Process Classification Framework
- Microsoft Motion (business architecture methodology, part of Microsoft Consulting Service, Enterprise Strategy)
- Deloitte Enterprise Value Map
- ISA95 (International standard, process control)

Special Thanks to:
Ric Merrifield Microsoft

Integration standard

- Open Applications Integration Specification, OAGIS

Modelling tools and techniques

- ARIS platform
- IRM (information modelling and process modelling)