

Enterprise Architecture: Strategic Business and
IT Collaboration for Superior Business Performance

Podcast



“We Accelerate Growth”

Hello and welcome to our podcast. I'm Susan McNeice, Global Program Director of Communications Infrastructure and Support Services at Frost & Sullivan, a global market research and consulting firm. Today's podcast concerns the importance of Enterprise Architecture in the alignment of Business and IT.

Business is at a strategic and technical crossroads. Consider the accelerating pace of change in business today: new business models and market challenges emerge with stunning speed as creative competitors enter the market and raise the bar to success; ongoing mergers, acquisitions and divestitures change the composition of markets – sometimes overnight; increasing compliance requirements place a heavy burden on corporate operations, and of course, all of this is under the specter of an uncertain economic climate that forces budgetary constriction.

In virtually every industry today, leading-edge executives know the power of IT to drive more than just operational efficiency. For many it holds the promise of a sustainable competitive advantage in their markets. This puts growing pressure on IT to directly support revenue growth at the lowest unit cost while offering virtually unlimited scalability. This pressure, in turn, places a premium on a 'whole business' - or enterprise-wide view – of one's capabilities.

And yet, so often business and IT simply do not have a way to seamlessly integrate their differing priorities – and perspectives – on the business. They see the effort needed to manage this disconnect as a drain on productivity, and worse yet, costing them precious time. To help improve organizational agility and return on IT investments, companies need to synchronize IT investments with the business goals they support. Enterprise Architecture is a proven path to achieve this objective.

Let's face it: In almost every company, business and IT don't always see things eye to eye.

The business says IT support takes too long, costs too much, solutions are too complex and the business just doesn't get what it needs.

IT says the business doesn't provide meaningful information needed to support their requirements; they constantly change those requirements; and set unrealistic expectations of time and cost needed to deliver effective, maintainable solutions.

So even though they agree about the company's goals, these two camps often have different priorities, different ways of working and even different definitions of success. The organization needs a point of common understanding, so that decisions ultimately support the overarching goals and strategies of the company as a whole.

So if we have the same goals, you wonder, how did we get to the point where we have this disconnect? Consider the historical perspective. In the earliest days of what we used to call electronic data processing, software functioned in isolation from the business, bringing automation to a few centralized functions such as payroll or accounting. Likewise, systems architecture was largely a technology-focused activity - a way to optimize software performance for small sets of operational functions.

Today, IT is essential – often mission critical - for success. Consider businesses such as ecommerce, and financial services, where even a one-hour outage can cost millions of dollars in lost revenue and market opportunity. In this environment, Enterprise Architecture is an altogether different phenomenon.

The discipline of Enterprise Architecture views the business systemically – as an interconnected, interdependent collection of strategies and business architecture, as well as Information Systems, and technologies. Enterprise architecture merges business and IT objectives with opportunities to support the business with new systems or changes to current ones. The enterprise architecture discipline provides business with the means to understand what is needed from IT to support the company's growth objectives, to plan out the path for these changes, and the means to govern change initiatives as they take place.

So Enterprise Architecture is much more than static charts showing connections between software systems. It is a collaborative approach to IT portfolio planning, analysis and business transformation, one that keeps key business stakeholders well informed and well aligned while these changes to the business unfold in support of their shared goals.

If you're wondering if Enterprise Architecture can really be successful, consider a few examples:

- A large communications company used enterprise planning to recover £10M in costs by optimizing IT landscapes and processes
- A credit and financing organization realized more than £2M in savings by decommissioning redundant systems and infrastructure
- A global insurance company saved \$10.5M in the first year by better aligning IT resources to business processes

But these are more than just isolated examples. Recent research across multiple industries reveals IT cost reductions of more than 30% by those companies that implement an enterprise architecture approach.

So what DOES Enterprise Architecture do for your business? Think of it as a road map. The Enterprise Architecture tells you where you are today, how your business architecture and IT support the strategic goals of the company. Enterprise architecture also tells you where you are going and how to will get from your current state to the desired end result, or future state, with minimal risk.

And unlike those static architecture diagrams of the past, today's Enterprise Architecture is a dynamic view of the business. An Enterprise Architecture integrates strategic, business, information systems and technology planning, and injects this knowledge into the culture of the organization so decisions that were previously uninformed, become informed and empowered.

Enterprise Architecture also envelops these planning processes with a system of ongoing project governance to:

- Give you visibility into changes to business architecture and processes and human resources as well as your IT assets,
- Perform Transition planning based on sound gap analysis,
- Keep stakeholders engaged by standardizing the understanding of your business and IT assets,
- And it allows you to course correct projects according to your enterprise blueprints and mature architectural principles.

As your initiatives unfold, you update your technical and business blueprints and fold results into the next planning cycle, keeping the architecture up to date and allowing you to repeat the cycle with confidence.

Getting started with Enterprise Architecture may be easier than you think. There are several solutions available today. These solutions are mature, field-proven and provide multiple views of the business. One such solution is based on Telelogic System Architect from IBM – an industry leading Enterprise Architecture product.

Enterprise Architecture tools help you visualize complex business and IT environments; trace IT assets to business goals, helping you evaluate opportunities to reuse existing assets to reduce IT expense. It fosters informed decision making and collaboration across all stakeholders in an organization, streamlining your overall decision making process and reducing time to market for new projects. It provides analysis capabilities so that enterprise-wide information and impact analysis guide successful business transformation. It also provides powerful reporting capabilities so that anyone in the organization can easily benefit from architectural information that was previously incomprehensible.

Should you need assistance, industry consultants are available to help you introduce Enterprise Architecture to your business.

These consultants will help your IT team craft the needed schematics and link these diagrams to supporting documentation. They will engage your company in the business of continuous Enterprise Architecture, with consistent updates as the environment changes. They employ best practices so that you see a positive return on your investment in a shorter timeframe. Finally, they will engage the business community in the overarching planning, tracking and governance processes that will encourage the level of collaboration you want for continuous refinement, reuse and improvement of your IT capability.

Once you have crafted your Enterprise Architecture, you are well positioned to expand your toolset to chart the intersection of business architecture and IT, while factoring in performance requirements and determining opportunities to streamline or automate your operations. You are well positioned to document and better manage the meaning and flow of information across the business to ensure consistency across all of your company's organizations, preventing data proliferation and redundant software functionality, clearly an important activity for achieving merger-related synergies. You will capture and track specific business requirements and how those needs will be served by IT; you will understand the tradeoff between a desired level of business performance and the time, effort and cost to get that benefit. You will be able to understand and mitigate the risks associated with changes in your business. In short, you are poised to extract the maximum business and strategic benefit from your IT investment.

The discipline of Enterprise Architecture offers many benefits. It delivers better, faster decision making as you conduct planning with interactive visualization and analysis of changes to your organizational, business process and technology asset base. You will enjoy the benefits of a reduced risk environment because you will plan and execute changes with better insight into impacts. A more collaborative business-IT work environment will maximize budget and resources and you'll have fact-based reporting based on quantified IT achievement so that you operate a closed-loop improvement cycle across your entire portfolio.

In short, you turn your strategy into results by producing effective technology-backed capabilities that are in synch with your business plan and keep your competitive momentum.

In closing, we're at important and exciting crossroads in business AND the technology that serves business. The pace of change in our business models and our competition is accelerating, and to achieve – and sustain – a competitive position, we have to see our IT-backed business environment systemically, across the enterprise, as a collection of interdependent components.

This enterprise view of business demands an enterprise architecture to make the most of your IT investments. Your EA will help you see where you are today, how you will get the future state you seek and get the business performance you demand.

I hope you've enjoyed this podcast on enterprise architecture; Thank you for joining me today.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, partners with clients to accelerate their growth. The company's TEAM Research, Growth Consulting, and Growth Team Membership™ empower clients to create a growth-focused culture that generates, evaluates, and implements effective growth strategies. Frost & Sullivan employs over 45 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from more than 30 offices on six continents. For more information about Frost & Sullivan's Growth Partnership Services, visit <http://www.frost.com>.