Enterprise Architecture and Strategy

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Instructors

- Co-Founders of EAdirections
- Industry Analysts with expertise in Enterprise Architecture, IT Architecture, Strategic Planning, Portfolio Management, Governance
- Chief Architects
- Dedicated to mentoring business and IT professionals in the improvement of enterprise planning
Module Overview

• This module explores the relationships between Strategy and Enterprise Architecture. It focuses on the concept of strategy-driven EA and how it is used to inform the process of EA content creation.

• Discussion will include an introduction to techniques designed to transition from strategy to architecture and will include a look at business models and operating models, capabilities and the concepts of portfolios and future state.
Enterprise Architecture vs. Architecture

- Traditionally an IT discipline, operated within the CIO/CTO organization
  - But that is changing
- EA is a separate and distinct discipline that is higher-level, more strategic, and longer-term focused
- Must be integrated with other architecture, planning and implementation disciplines
Driving Strategic Transformation

Business Vision & Strategy

Future State
Transformed Enterprise

Transformation through New Business Projects

Current State

Transformation through Asset Portfolio Improvements, Retirements, Consolidations, Rationalizations, etc.

Roadmaps & Lifecycles

EA Creation

Strategy to EA

Business Value

Time

Enterprise View and True-EA

- EA reflects the breadth of the enterprise strategy
- Includes BOTH Business and IT domains
- Business and IT domains are intimately inter-related
- Viewed “as one” the enterprise architecture must reflect the vision of the owners

Strategy “drives” EA
Enterprise Architecture Development

- Initially start with “top-down” approach
  - Establishes scope, provides structure to create “enterprise context”
- Understand Mission/Vision, environmental factors, strategies
- Examine linkages to the desired business and operating models
- Explore the portfolio of business capabilities
- Analyze implications of environmental factors
- Example: Business Motivation Model (BMM)
Actors for “Strategy to EA”

- Enterprise Leadership (C-level, Board, representatives of stakeholder interests)
- Management (Business & IT)
- Strategists
- Innovation Team
- External Advisors
- Enterprise Architects
  - Selected Business SME’s
  - Selected IT SME’s
- Usually NOT yet (join in at lower levels)
  - Lower-level architects
  - Operational/Infrastructure staff
  - Line management
  - Project staff
Identify Business Vision

- **Lack of clear business strategy can be overcome**
  - Gather annual reports, Board presentations, other executive material, BU strategies
  - Build relationships with strategic planners
  - Conducting industry research
  - Examine a range of Scenarios – “What if...”
    - Use scenarios to probe and facilitate deeper conversations
  - Look past current budgeting/planning cycles

- **Success requires not only business strategy, but also the analysis and the articulation of the required changes to the enterprise’s capabilities**
  - Business Capabilities
  - Business Information Capabilities
  - Information Technology (Infrastructure) Capabilities
  - Business Solutions Capabilities
Create Deliverables that Speak Business

- Content is Business-Oriented not Tech-Oriented
- Abstractions are at an executive level
- Business Context Diagrams
  - Anchor Models show the breadth of the business operations in one page
  - CISR’s “Operating Model”
- EA is full of different views – Don’t be afraid to create multiple versions aimed at different audiences
Example Business Context Model: Government of Ontario

Clients
- Citizens
- Businesses
- Other Govs
- Partners
- Associations
- Employees
- Judicial/Legal Enforce.
- Media
- Ad Hoc Gps

Create Needs

Mandate
- Social
- Economic
- Stewardship

Functions
Policies
- Planning/Eval.
- Revenue/Funding
- Regulation/Monitoring/Enforcement
- Education & Comm
- Registration
- Prov. of Service
- Representation

Statutes

Products
- Information & Knowledge Services
- Standards & Policies
- Certification/Qualification

Processes/Results

Resources

Delivery or Managed Delivery of Services

Accountability

Value-added products & By-products

Source: Management Board Secretariat, Ontario Government
Identify Strategic Capabilities

- **Goal**: Identify the changes to your capabilities in order to satisfy your strategic direction
- **Conduct** environmental trend analysis
- **Develop** a business acumen for your enterprise and its industry
- **Identify** business strategy development groups and artifacts
- **Validate** the most important strategies
- **Ask questions** about the intent of these strategies to identify needed changes to business processes, information, technology, and solutions capabilities
- **Articulate** strategic capabilities to satisfy business strategies
- **Validate** strategic capabilities
Industry Perspectives – Capabilities Definition

• An ability that an organization, person, or system possesses. Capabilities are typically expressed in general and high-level terms and typically require a combination of organization, people, processes, and technology to achieve – The Open Group

• An abstraction that represents the ability of a business unit to perform a particular business function or process - EBMM

• A way to break down your organization’s business operations without dependence on: already defined business processes, Organizational Structure, Lines of Business – Anon.

• A language to describe “What” the business does – Anon.

• A Hierarchy that allows you to organize/prioritize business architecture, business analysis, strategy implications – Anon.
Capabilities, Processes, Functions?

- **Business capability** is the expression or the articulation of the capacity, materials and expertise an organization needs in order to perform core functions.
  - Order Fulfillment: Provide ordered products to customers as soon as possible (noun-verb)
  - Fulfill Order: ... (verb-noun)

- **Business processes** describe the methods an organization employs in order to provide and leverage business capabilities.
  - Inventory Control
  - Order Picking
  - Invoicing

- **Business functions** describes the roles that individuals and units within the business play in regards to meeting business objectives.
  - Accounting
  - Customer Service
  - Logistics

Source: http://searchsoa.techtarget.com/definition/business-capability
Example Capabilities – Verb-Noun

- Invoice Customers
- Develop Business Strategy
- Invest Revenue
- Manage Projects
- Manage Customer Relationships
- Audit Corporation
- Etc.
Capabilities – Impact on Future State

Business Capability Changes
- to functional hierarchy
- to org structure
- to business processes

Information Capability Changes
- to information entities
- to application portfolio

Technology Capability Changes
- to technology catalog

Solution Capability Changes
- to application portfolio
Competencies for “Strategy to EA”

- **Big Picture, Strategic Perspective**
- **Long-Term Oriented**
- **Business Breadth & Depth**
- **Leadership Skills**
  - Master of Influence
- **Abstract and Analytical Thinker**
  - Run Scenario Sessions
- **Strong Communicator**
  - Tell Great Stories
  - Lead Strategic Conversations
- **Politically Astute**
  - Risk-Aware
- **Balanced**
Inhibitors

- Lack of sponsorship or executive support
- No real or visible strategic perspective from leadership
- Lack of clarity on strategy and its implications
- Belief that “business as usual” is an adequate approach
- Poor internal communications
- Weak, non-existent, or overly-complex governance
- Resource constraints
  - No time for strategy
  - Nobody with strategic-level skills
Industry Perspective: Strategy to EA

- Every EA should look at:
  - “Enterprise Architecture as Strategy” – Ross, Weill, Robertson
  - Other Business Strategy approaches
    - Porter, Treacy/Wiersema, Kaplan/Norton, etc.
  - Business Capability Techniques
  - Business Motivation Model – OMG
  - And many, many others...
A Successful “Strategy to EA” Approach

• **The techniques chosen for the “Strategy to EA” approach must:**
  - Engage the right people, those that can initiate change
  - Facilitate meaningful and expansive conversations
  - Explore environmental factors
    - Make sure the implications are well understood
  - Identify relationships, dependencies and linkages
    - So that implications can be traced and analyzed
  - Expose ideas that are comprehensive, broad and un-bounded
    - Do not avoid painful or uncomfortable issues, be open-minded
    - Run scenarios to their most far-reaching conclusions
  - Create discrete and meaningful deliverables, not just discussion
    - That can be understood across the stakeholder community
    - As a basis for further analyses

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Many techniques and deliverable formats will work as long as the above conditions are satisfied!
About EAdirections

We Work WITH You To:
• Improve the value of IT to your enterprise
• Improve Enterprise Architecture (EA) programs
• Refine/Tune Governance Mechanisms
• Create a Portfolio-Based Culture
• Integrate Management Disciplines
• Unify Business/IT Perspectives
• Operate a World-Class Office of the CIO
• Balance the Strategic with the Tactical

How We Do It:
• Continuous Mentoring of IT Leaders
  • CIO, EA Team, PMO, Office of the CIO, etc.
• Assess Org Structures, People, Teams
• Build Internal Support and Sponsorship
• Analyze and Drive Activity Plans
• Review and Improve Processes & Deliverables
• Contribute Relevant Examples & Research
• Provide Pragmatic, Objective, Unbiased and Prescriptive Feedback on Everything You Do

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