BUSINESS ARCHITECTURE GUILD

BUSINESS-DRIVEN IT ARCHITECTURE TRANSFORMATION

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TODAY'S TOPICS

- Defining business and IT alignment and transformation
- Business risks, challenges and technical debt
- Shifting perspective – the Rainbow Model
- Leveraging the business architecture / IT architecture framework
- Continuous alignment, formal business / IT architecture mapping
- Shifting to a business-driven, IT transformation approach

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DEFINING BUSINESS / IT ARCHITECTURE ALIGNMENT & TRANSFORMATION

Recently Adopted Business Architecture Definition

- Business architecture represents holistic, multidimensional business views of: capabilities, end-to-end value delivery, information, and organizational structure; and the relationships among these business views and strategies, products, policies, initiatives, and stakeholders.[1]

IT Architecture:

- "Blueprints of the technologies, data structures and applications that collectively comprise the information technology (IT) environment of an enterprise."

Source: "Business Architecture: The Art & Practice of Business Transformation", MK Press, 2010

Business / IT Architecture Alignment:

- State in which automated systems and data architectures fully enable business strategy, business capabilities and stakeholder value

Business / IT architecture transformation is means of achieving "alignment"

(1) Source: Federation of Enterprise Architecture Professional Organizations, *adopted on January 14, 2017, after passing a vote by FEAPO Member Organizations.*

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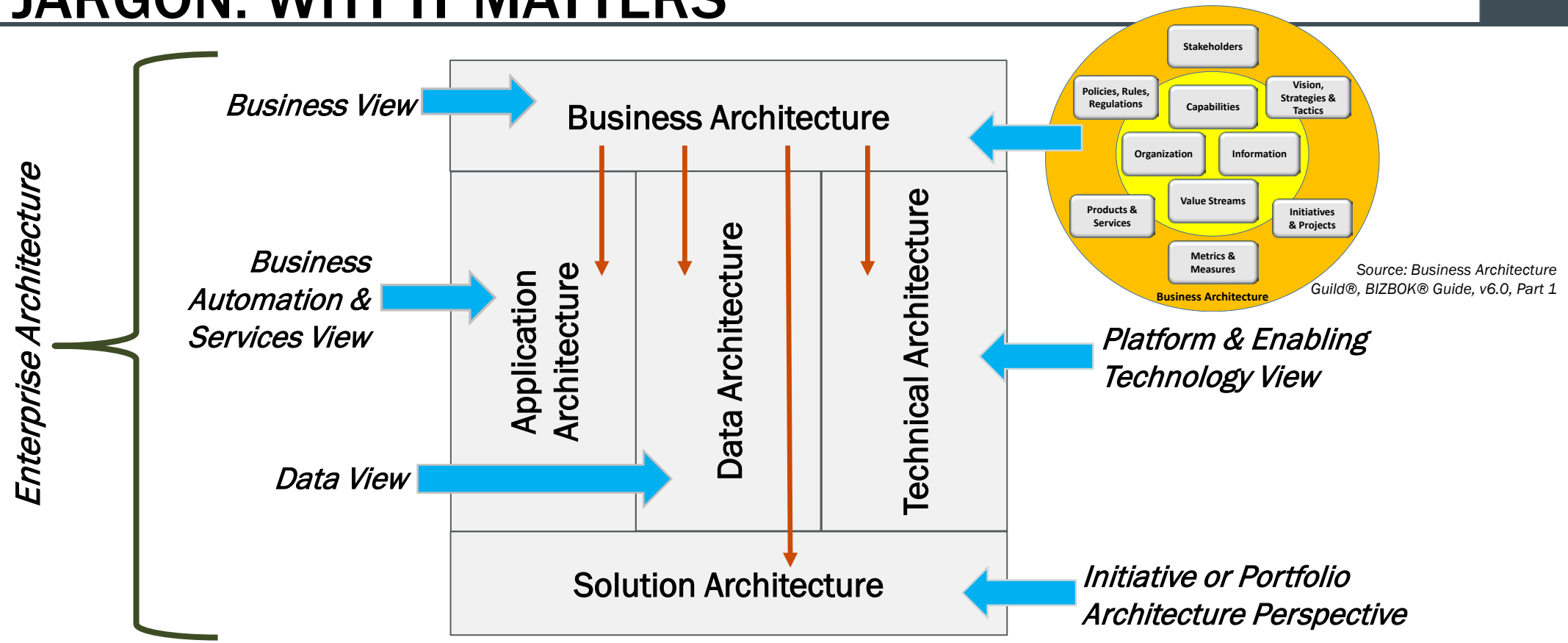
SORTING THROUGH THE ARCHITECTURE JARGON: WHY IT MATTERS



Source: Business Architecture Guild®, BIZBOK® Guide, v6.0, Part 1

Ability to deliver real business value is realized and enhanced through the formal integration of business and IT at the architecture level

**Source: "Business Architecture: Putting "Business" into Enterprise Architecture", Ulrich, W. & Soley, R., May 2016, CIO Review*

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HOW A BUSINESS ACCRUES TECHNICAL DEBT

Technical Debt

- Results from applying IT architecture changes that degrade data and application architectures over an increasingly elongated timeframe
- Each set of changes increases time and cost of applying future changes, curtailing a business's ability to accommodate strategic objectives and business vision

Technical debt is driven by:

- IT architectures that have grown increasingly misaligned to business model
- Continuous pressure to apply more changes to IT architectures never meant to support today's business model
- Lack of executive understanding that technical debt is being incurred and that it presents a significant and growing risk to the business

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TECHNICAL DEBT RESULTS IN:

- Inability to address customer discontinuity across business units and product lines
- Diminished capacity to manage risk, regulatory compliance, change management and crises*
- Business costs escalate as the business works around core IT systems
- IT solutions result in more business disruptions than they resolve
- Essential requirements are applied inconsistently or missed altogether
- Ongoing IT investments appear fully disconnected from priority business challenges and objectives, creating significant business risks

** Business Architecture Now, Not Later? A Lesson from Crisis Management*
BrightTALK Recorded 13 April 2017
https://www.brighttalk.com/webcast/12231/253795

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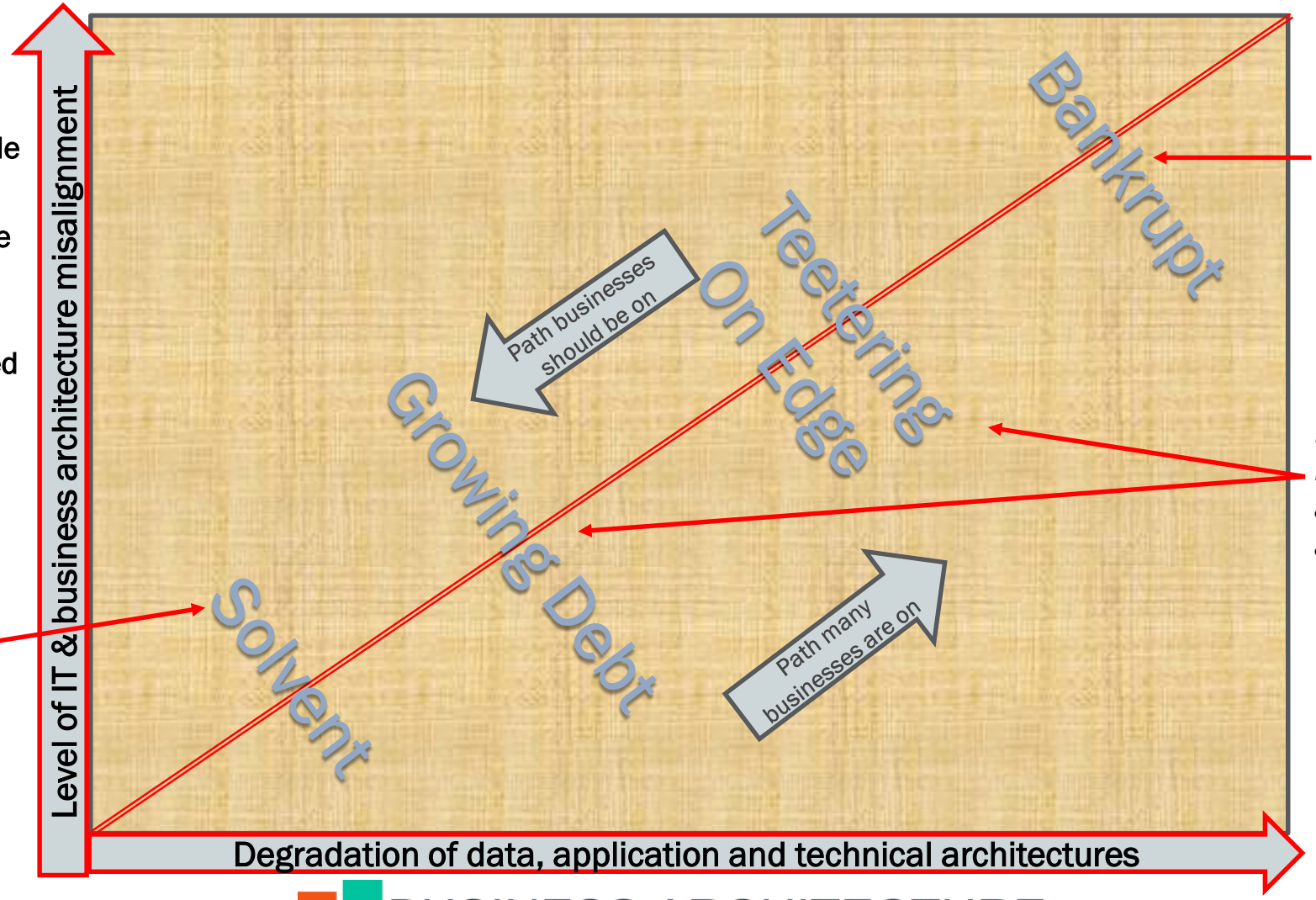
EVALUATING TECHNICAL DEBT FROM A BUSINESS PERSPECTIVE

- Matrix represents IT architectures as a whole or portions thereof
- Application systems are plotted on this matrix
- Initiatives may use this plotting approach based on the applications impacted



Complete IT architecture replacement required, which triggers major, highly disruptive capital investment

Major IT portfolio investment needed to align business & IT architectures & address IT architecture degradation

Continuous business / IT architecture alignment, with minimal disruption and capital investment

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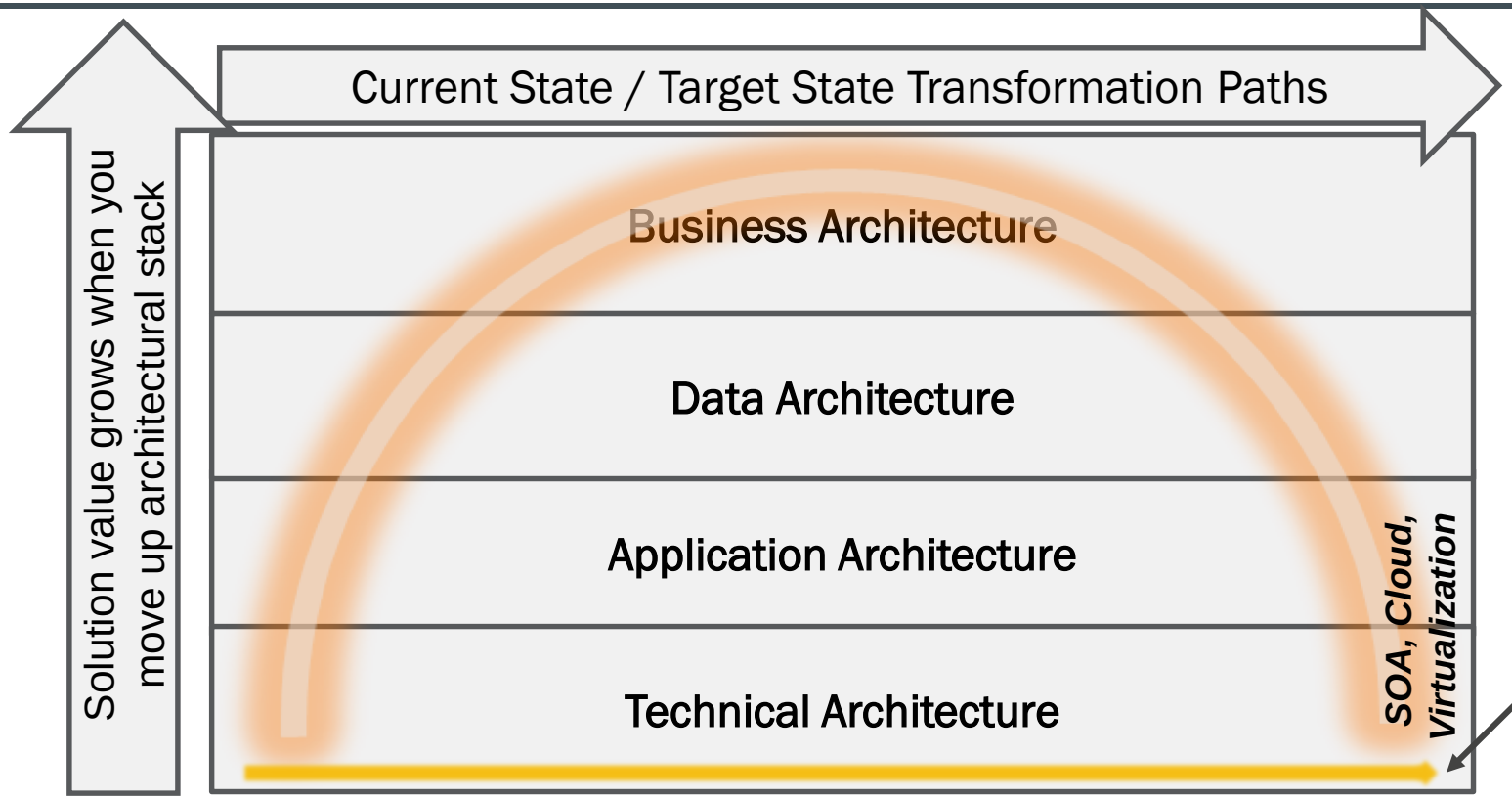
Source: Business Architecture Associates, Inc.

IT INVESTMENTS MUST LOOK BEYOND TECHNICAL ARCHITECTURE TO ADDRESS TECHNICAL DEBT, BUSINESS CHALLENGES



"Rainbow Model" represents transformational journey that concurrently transforms business architecture and data, application, application and technical architectures

When journey only travels across technical architecture, business value is highly constrained

- Current-to-target state transformation comprises many individual initiatives moving towards common business objectives, in cohesive fashion, over extended period of time
- IT investments and related initiatives must incorporate business perspective or technical debt grows while business capacity degrades

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Source: TSG, Inc. & BIZBOK® Guide

IMPLICATIONS OF RAINBOW MODEL ON IT BUDGET ALLOCATION & BUSINESS FUNDING

- At many organizations, IT will spend 10's or 100's of millions of dollars annually, whether those investments are business-driven or not
- It is incumbent upon the business to ensure that these investments are business-driven and deliver business value by:
  - Framing investments in business terms that clearly articulate and reconcile business objectives and investment focal points within the business, before the discussion shifts to IT
  - Ensuring that all IT investments have traceability back to business objectives and impacted business focal points
  - Questioning and challenging major investments that only impact technical architecture
- IT will spend this money anyway; but will IT spend it for the betterment or to the detriment of the business community and external customers as a whole?

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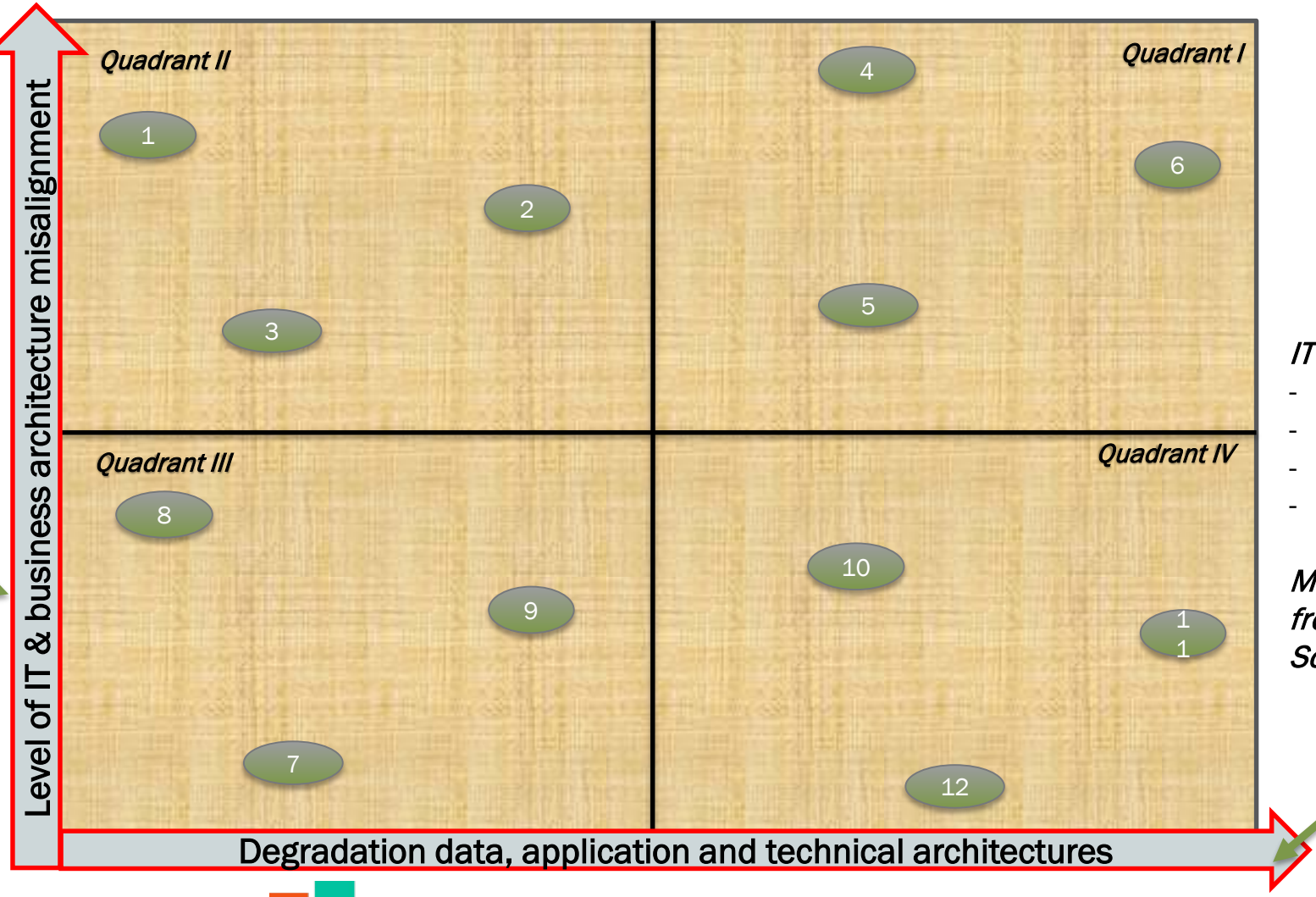
TRANSFORMATION PLANNING LEVERAGES BUSINESS ARCHITECTURE BASED TECHNICAL DEBT METRICS

Business / IT Architecture Alignment Metrics
- *Capability Instances Across IT Assets*
- *Capability Automation Percentages*

Metrics require business-to-IT architecture cross-mappings



Application

IT Architecture Metrics
- *Reliability*
- *Security*
- *Maintainability*
- *Performance Efficiency*

Metrics supported by work from Consortium for IT Software Quality (CISQ)

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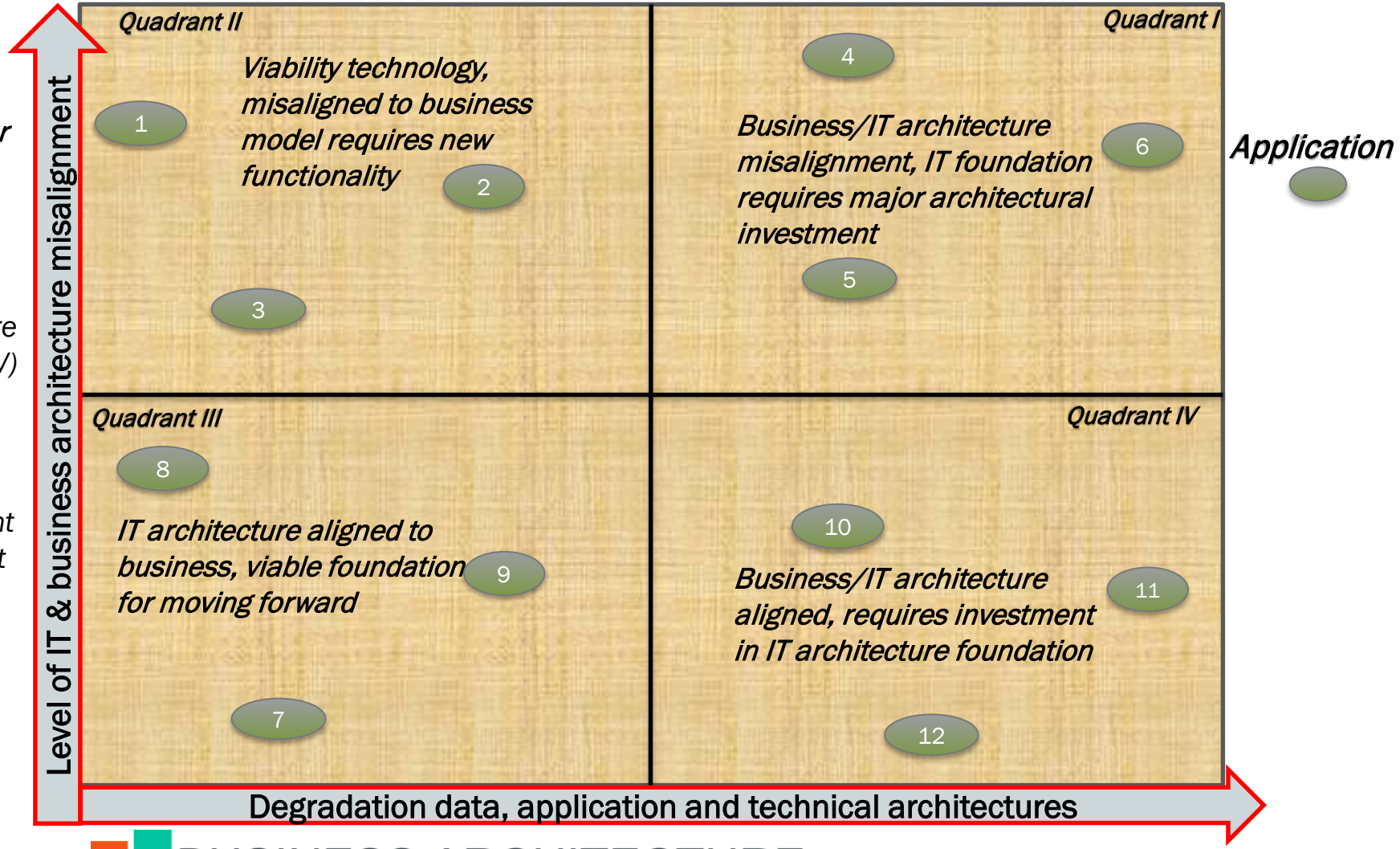
Source: Business Architecture Associates, Inc.

USING TECHNICAL DEBT MATRIX TO ESTABLISH BUSINESS-DRIVEN IT TRANSFORMATION & INVESTMENT STRATEGY

Decision matrix provides rapid analysis for executives to:

- *Invest wisely in business-aligned IT solutions (Q II / Q III)*
- *Determine when technical architecture upgrade satisfies business needs (Q IV)*
- *Avoid reinvesting in fully bankrupt IT assets (Q I)*
- *Evaluate among business/IT alignment scenarios, such as cross-business unit system consolidation, transform in place, migrate to new IT architecture*



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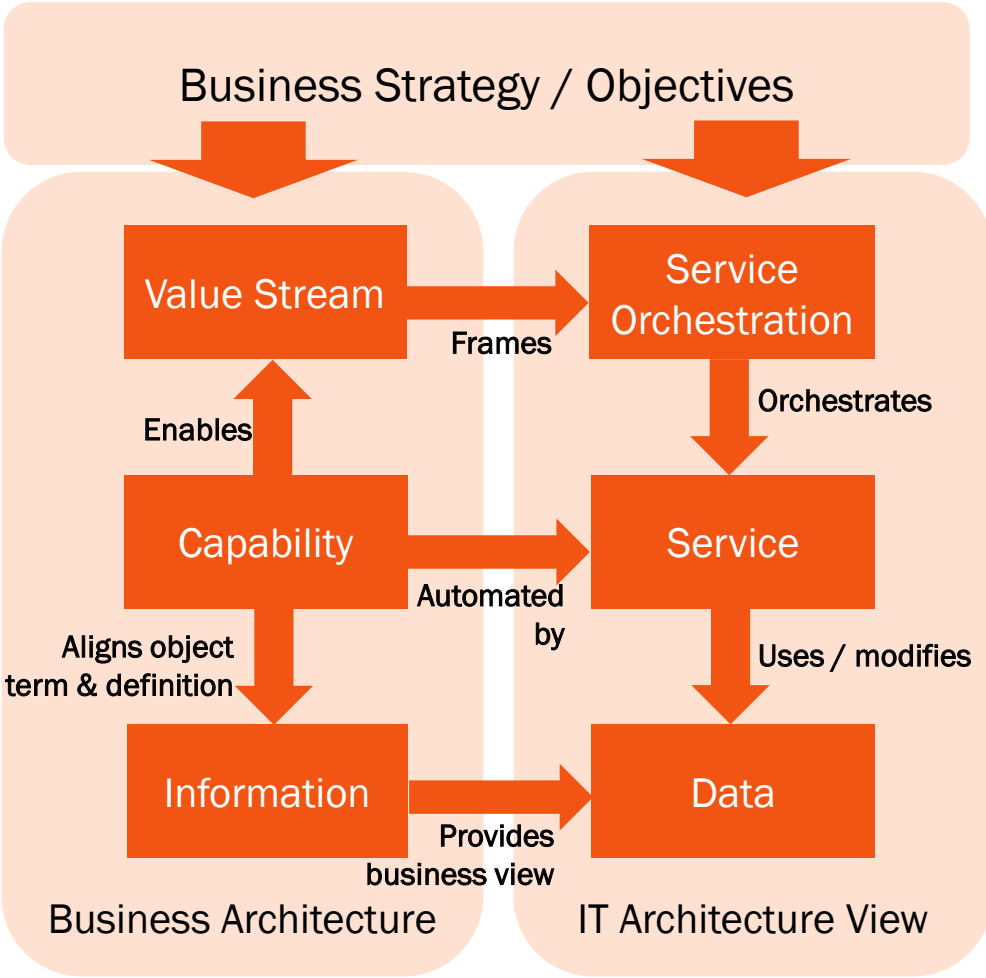
Source: Business Architecture Associates, Inc.

TO MAXIMIZE VALUE, IT INVESTMENTS MUST BE DIRECTLY TRACEABLE TO CLEARLY DEFINED BUSINESS OBJECTIVES

Steps to ensuring that IT investments are driven by business objectives:

- Set clear, measureable, attainable business objectives
- Frame objectives through capability, value stream, information and stakeholder perspectives
- Frame IT architecture impacts through business architecture lens
- Highlight current state IT architecture constraints to the delivery of business objectives
- Align IT transformation plans with corresponding business transformation plans



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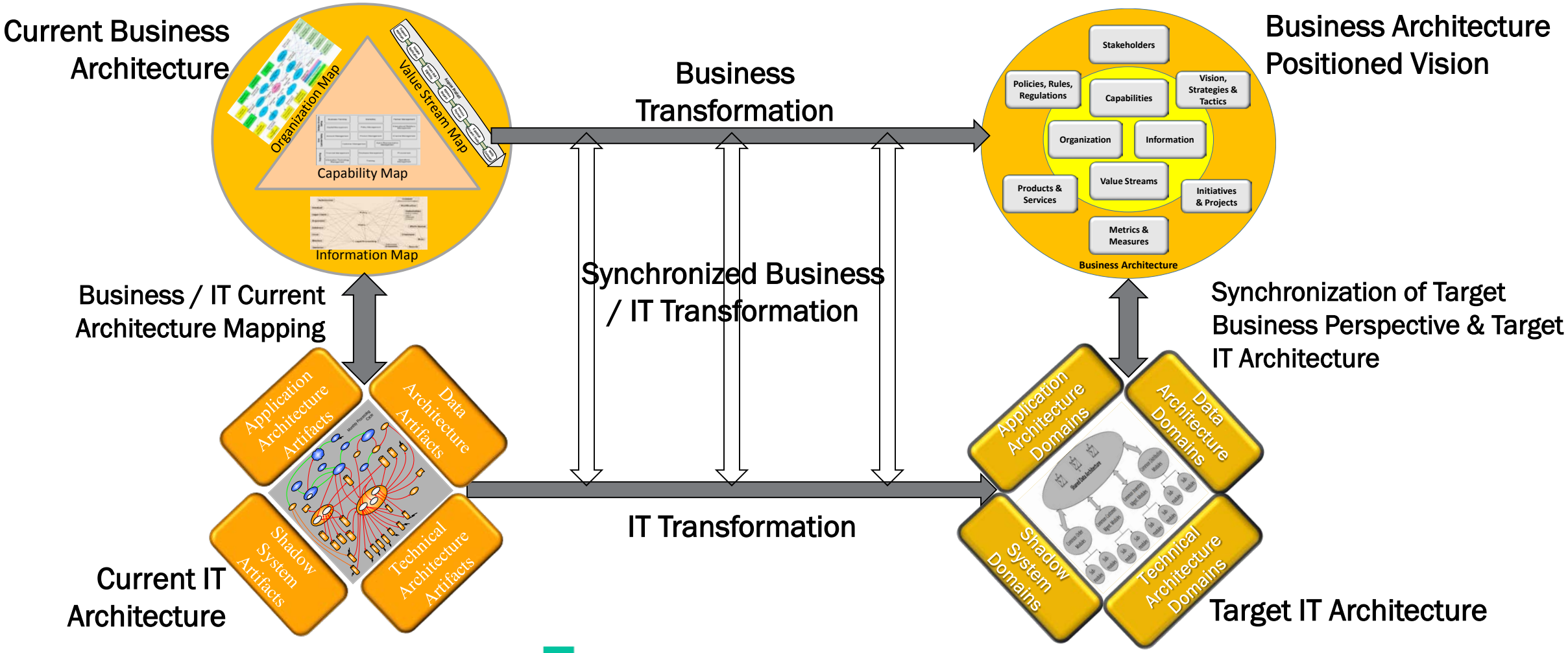
LEVERAGING THE BUSINESS ARCHITECTURE / IT ARCHITECTURE TRANSFORMATION FRAMEWORK™



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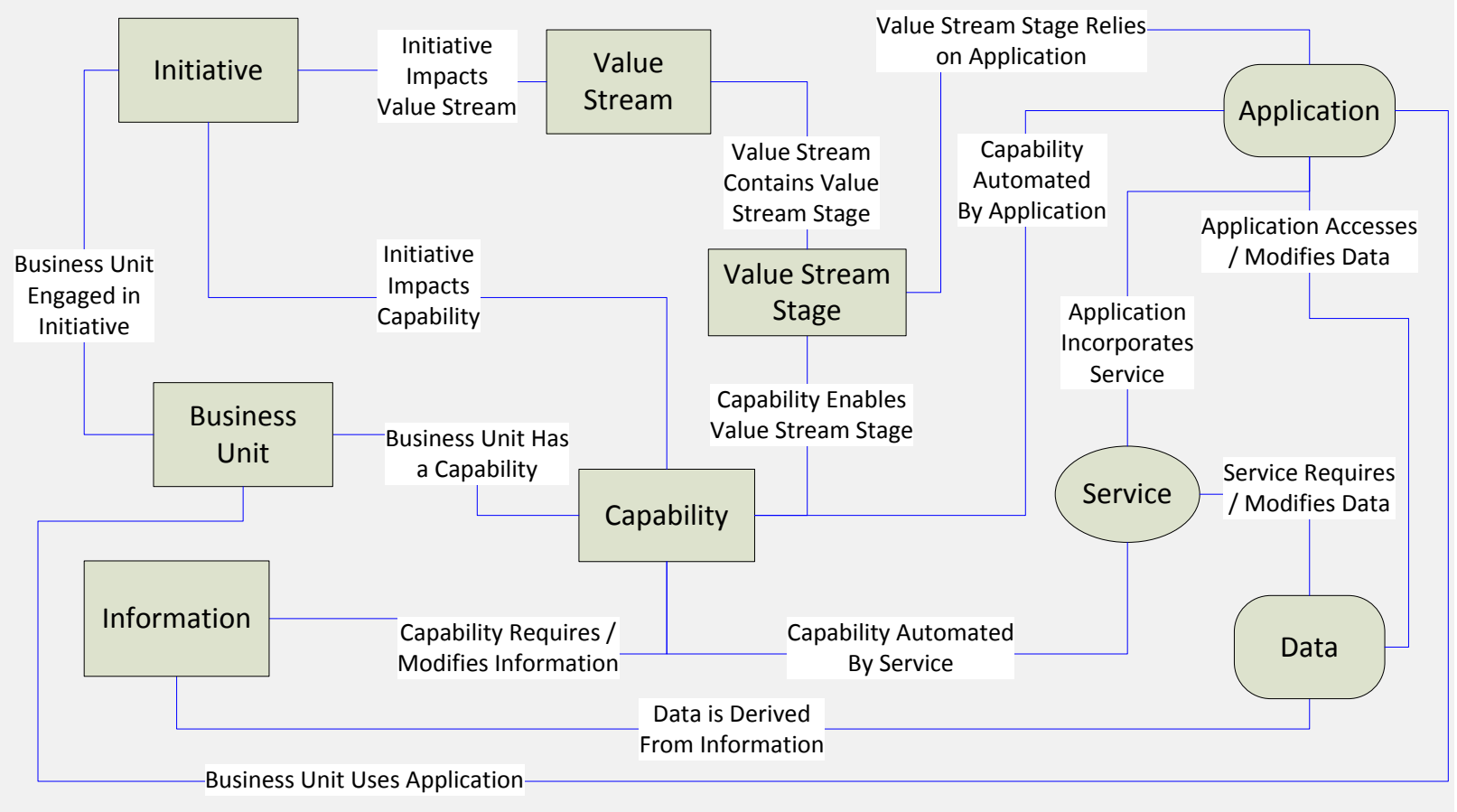
Source: TSG, Inc. & BIZBOK® Guide

BUSINESS-DRIVEN, IT ARCHITECTURE ALIGNMENT & TRANSFORMATION REQUIRES A ROBUST KNOWLEDGEBASE

Business / IT Architecture Knowledgebase



Clearly defined relationships among business and IT architecture domains within business architecture knowledgebase

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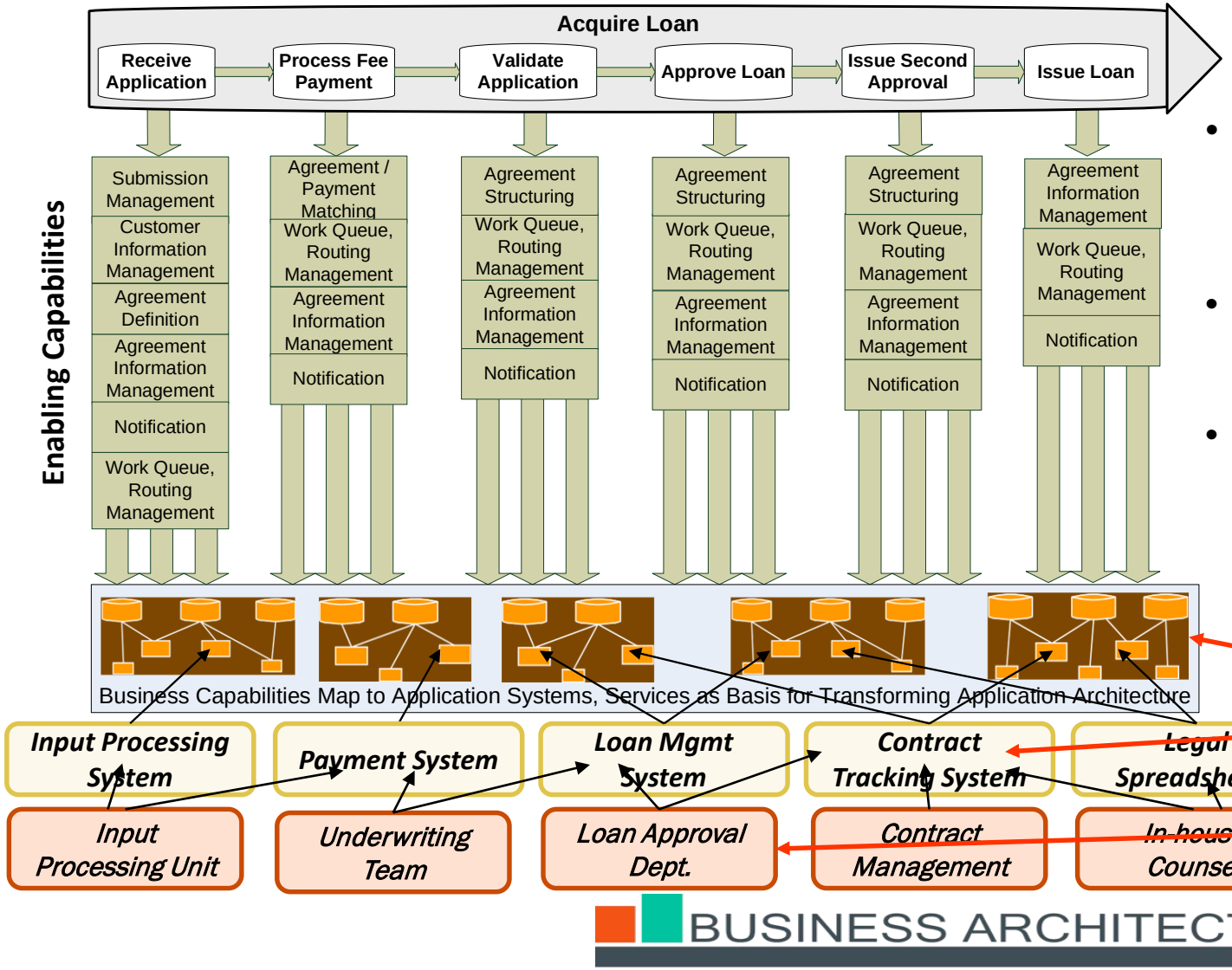
Source: Business Architecture Associates, Inc.

CAPABILITY & VALUE STREAM BASED, CURRENT STATE BUSINESS-TO-IT ARCHITECTURE MAPPING EXAMPLE



- Businesses pursuing business unit-specific, IT solution investments should understand the cross-portfolio impacts
- Findings allow for consolidation of solutions, related investments and initiatives
- Minimally ensures that initiatives and development teams are not working at cross-purposes

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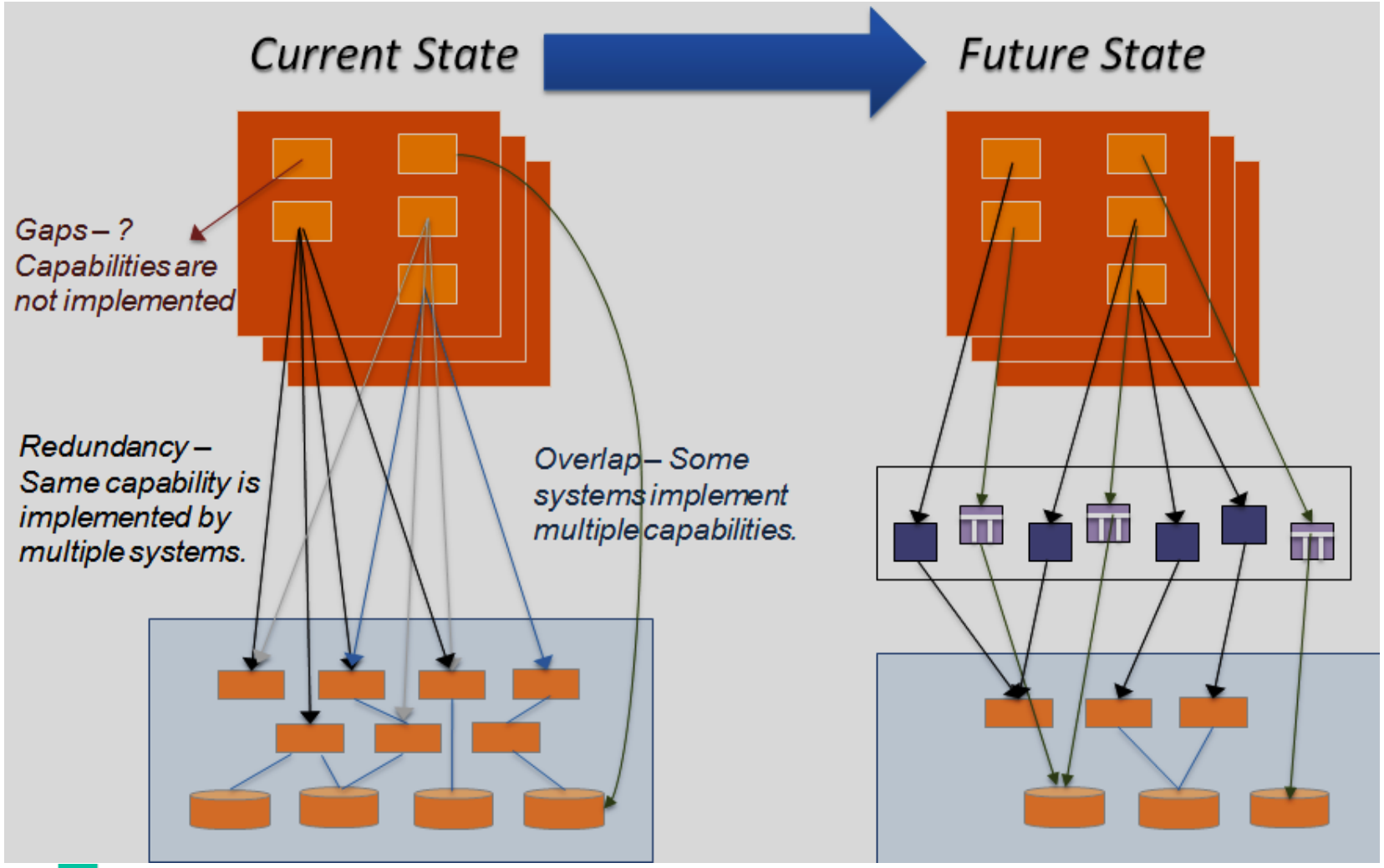
CAPABILITY-BASED, APPLICATION ARCHITECTURE & SERVICES-ORIENTED ARCHITECTURE PLANNING

- Leveraging capabilities to plan business / IT architecture transformation
- Capabilities define the current state/target state IT architecture perspectives link to capabilities



Source: "The Business Capability Map: The "Rosetta Stone" of Business/IT Alignment", William Ulrich & Michael Rosen, Executive Report, Cutter Consortium, EA Vol.14, No. 2

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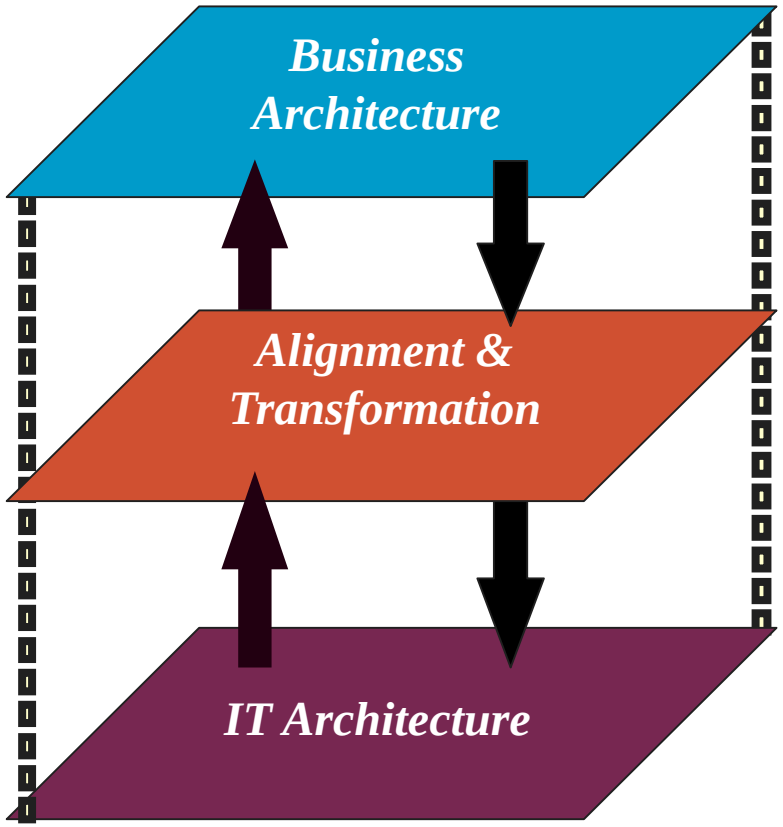
BUSINESSES SHOULD SEEK CONTINUOUS, NON-DISRUPTIVE BUSINESS / IT ALIGNMENT

Business / IT Architecture
Continuous Alignment Model



- Today, most businesses undergo disruptive, large-scale, very expensive IT transformations
- These transformations are characterized by many individual business unit investments in siloed IT systems
- This pattern of disruption will continue until businesses shift to a business-driven IT transformation and investment approach
- Businesses should seek to achieve continuous, non-disruptive transformative alignment, driven by business objectives from a holistic approach

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Source: Business Architecture Associates, Inc.

SHIFTING TO A BUSINESS-DRIVEN, IT TRANSFORMATION PERSPECTIVE

- Frame every IT investment by business impacts
- Where IT programs, projects and investments are not traceable to business objectives, stop the investment
- Highlight overlap of initiatives based on capability and value related impacts
- Take stock of failed IT investments
- Find out what the business really thinks of IT spending $1 billion on a platform migration over the next 5 years, with no discernible business value
- *Sometimes a business must reach a low point before it realizes that it needs to shift its approach to IT investment and deployment*

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QUESTIONS?

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