

## Embrace Enterprise Transformation as a Core Concept

*Transformation is the latest concept to capture the attention of business and IT executives alike. Driven by a combination of improving economics, changes in the competitive landscape, a flurry of mergers and acquisitions and more aggressive public policy objectives, most enterprises are moving from a tactical to an increasingly strategic stance. Even the U.S. Federal government, in the 2005-2006 FEA PMO Action Plan, identifies its objective as “transforming government”.*

Looking beyond the clutter of day-to-day priorities, transformation is an ever-present and fundamental driving force for the enterprise. High performing C-Level business executives commonly have a business vision for an enterprise that is bigger, better or different than it is today. This vision yields a set of transformation goals such as simplification, cost reduction, increased agility, better service to customers, and improved quality, efficiency or effectiveness. The scope can be large or small. The approach can be evolutionary or revolutionary. The pace can be aggressive or reserved. In all cases, the “transformed enterprise” is the systematic realization of the vision. By embracing transformation as a core concept, IT executives use it to steadily guide their organization to the transformation target.

### Responding to the Transformation Challenge

When faced with pressure to deliver business results and the need to reduce IT spend, however, some IT executives perceive “transformation” as beyond their reach and instead focus on executing against tactical objectives. They believe “transformation” implies large, radical and sometimes unnecessary change. This is a self-limiting perception. The concept of “transformation” does not imply only radical change. Indeed, a simple dictionary definition of “transformation” is any change in composition, structure, character or condition.

Transforming an enterprise is no easy task. As in any finely tuned system, the component parts of an enterprise are delicately balanced. Even routine, incremental transformation requires a strategic objective and careful planning. A thoughtful approach considers business strategy, processes, information, infrastructure and applications in concert with the organizations perspectives on investments and portfolio management. Organizational culture, maturity and governance collectively act to meter the transformation process.

So how does an executive avoid becoming reactive and trapped in the tactical domain? What must they do stay focused on the transformation target and use it to steadily guide enterprise activities? The answer is to implement processes designed to support transformation. IT Governance processes represent the collection of integrated management competencies needed to succeed in meeting transformation objectives.

### Transformation through Enterprise Architecture

Successful transformation requires embracing the dynamic nature of the enterprise. An enterprise is a constantly changing organism where multiple forces influence the allocation of an equally volatile collection of assets and resources. Coordinating these moving parts requires that management processes embrace change as the critical element. The enterprise’s transformation objectives provide the anchor for consistent decision-making and execution of these processes. Transformation is achieved through controlled, planned change coordinated through IT Governance.

Three critical elements are required:

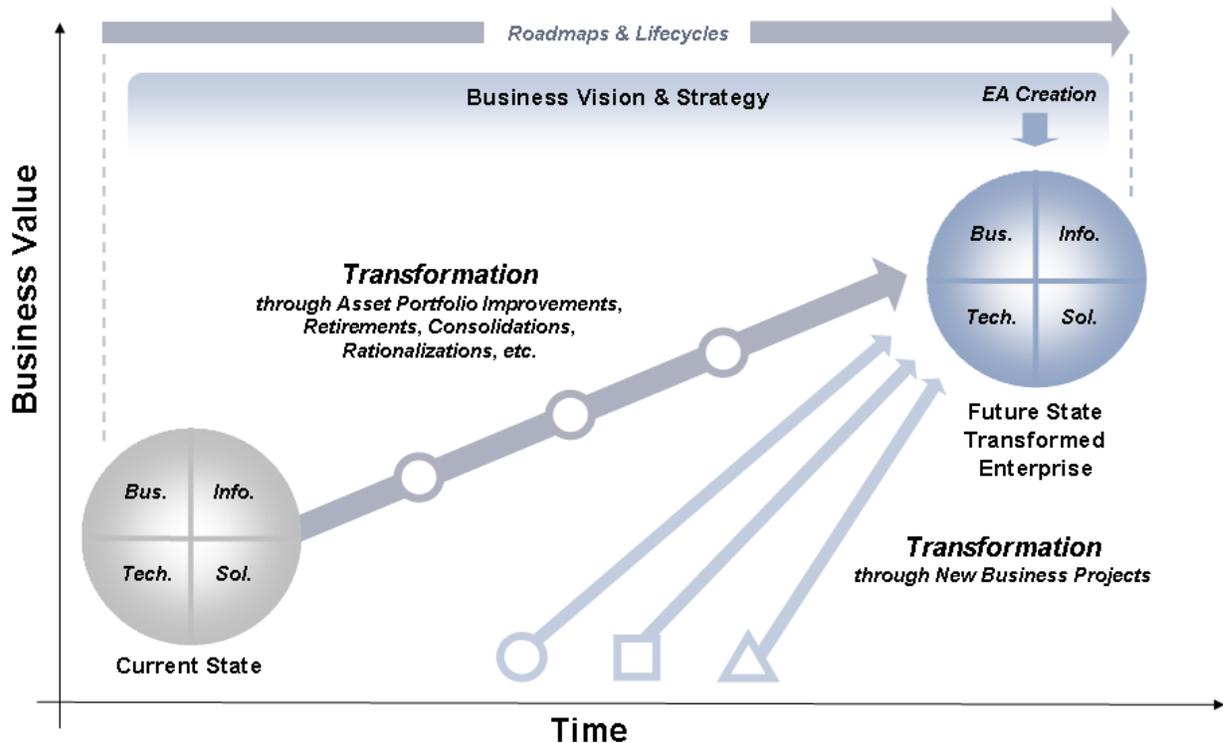
1. A clear and unambiguous target for the enterprise reflecting the transformation objectives
2. Accurate and timely information about the current assets, their use, contribution and health
3. A set of processes to systematically move the enterprise along the path to the target

Conveniently, just as the concept of transformation has taken hold in the industry, so have the process and tools to manage it. Enterprise architecture (EA) provides the processes and information necessary to identify a transformation target, understand the current environment and guide the enterprise through all aspects of the transformation.

EA is all about planned, integrated, systemic change on an enterprise scale. Using the asset portfolio as a basis and the business vision and strategy as drivers, EA coordinates the overlapping lifecycles of multiple enterprise components along the continuum from current state to the business-strategy driven future state. The core concepts and approaches of enterprise architecture support the transformation challenge, helping guide application developers, infrastructure managers, IT executives and business leaders to execute change in a systemic and coordinated manner.

## The Elements of EA Transformation

It is interesting to observe that there is no “one right way” to approach transformation. Many different approaches are possible based on organizational culture and maturity, as well as available resources (including funding) and the organization’s appetite for change. There are, however, a set of fundamental relationship concepts and one underlying thread of logic, that hold true regardless of the chosen approach (see Figure). If these elements are in place, and the relationships between them are understood, the organization has the freedom to “apply” transformation concepts in whatever order is most appropriate for their situation. In fact, insightful leaders recognize that the best approach is iterative, non-linear and parallel, employing many approaches simultaneously. Future articles will explore some of the varying approaches to transformation.



© EAdirections 2007. All Rights Reserved.

## Fundamental Concepts

The most fundamental constructs for transformation are not the transformation processes themselves, but the endpoints. Without a clear understanding of the current situation and the desired destination, it is nearly impossible to coordinate transformation across an enterprise. There is no context for individual projects. The result is a risk for creating new stovepipes. That would be unfortunate, given that removing stovepipes and integrating the enterprise is precisely the objective of many transformation initiatives.

Accurate and up to date information about the **current state** provides the basis for analysis when studying the impact of any desired transformation. Current state, also known as the “as-is” environment, contains information about existing assets, good and bad, productive and non-productive. These assets can include traditional IT assets such as hardware, software, infrastructure, applications or systems as well as business assets including human resources, business processes/capabilities, information, facilities, customers, partners or intellectual property. The current state is expressed in the language of enterprise architecture as components of four fundamental aspects; the business, information, technology and solutions architectures, together defining the entire holistic current state enterprise architecture.

The current state is transient. It is a snapshot of the current point in time. It reflects assets implemented as recently as the prior hour, as well as legacy assets that have existed for years. It should not be used as the design specification for projects or a target for transformation. The current state is not representative of the desired state. It only reflects what has been.

The enterprise transformation goals, as communicated by the C-level leaders, define a **future state** enterprise that satisfies their top-level vision to be something greater than the present. The figure represents it as a state of higher value to the stakeholders. The future state is a deliverable of the **EA Creation** process resulting from analysis of the business vision and strategy. Sometimes called the “to-be” architecture, the desired state or the target state, the future state architecture represents a snapshot of a point in time in the future when the enterprise fulfills the business vision. It contains the best assets of the current state, eliminates the undesirable assets, and adds missing ones, all arranged in a way that best fulfills the business strategy. The alteration of assets is the transformation journey.

By examining the individual instances of assets reflected in the current and future states, various **Roadmaps & Lifecycles** will reflect the planned disposition of assets as they change over time. The roadmaps and lifecycles then guide two primary modes of transformation.

## Transformation Modes

For each new project or initiative approved by the business, the project lead must use the future state architecture as a reference for implementation. This **transformation through new business projects** addresses transformation one initiative at a time by ensuring that each project contributes to, and does not diverge from, the overarching enterprise vision. With enough patience, it is possible to address every asset simply through new business projects that involve them.

However, waiting for a project to touch an asset is not always practical. It is frequently necessary to take a more proactive stance and actively address asset transformation through initiatives designed to examine entire classes of assets. This is particularly true for organizations that have not proactively managed their overall asset base – a group that includes as many as 80 percent of all enterprises. This **transformation through asset portfolio improvements** approach might look at, for example, the application portfolio as a group. By examining the applications in the context of their contribution, or lack thereof, to the future state it is possible to dramatically accelerate transformation, eliminating several costly and irrelevant applications.

## Conclusion

The essence of transformation is to treat the enterprise as a whole, to understand that all parts are intimately related and to avoid the law of unintended consequences. Enterprise Architecture concepts and processes exist to address the enterprise strategy, to be future-oriented, and to reconcile the overlapping aspects of business design, corporate information, technology infrastructure, and processes, solutions and applications. It is a pragmatic and logical approach. Adopting these fundamental concepts is an important first step for any organization wishing to realize its transformation vision.

**Directions:** Enterprise Architecture is the process to follow for enterprise transformation – it is a holistic, comprehensive, logical method to define and plan the changes to business processes, organization, and operations; as well as the underlying information, IT infrastructure and application environments supporting the business transformation.