

## How Business Leaders Achieve Their Top Priorities Using Enterprise Architecture in Challenging Economic Times

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The enterprise architecture (EA) process is a holistic view of the business, its strategic objectives and interrelationships, and is critical during times of economic uncertainty. Business leaders should use EA-generated insights to address their key concerns.

### Key Findings

- The objective of EA is to articulate future enterprise needs, assess the current situation, and determine the path to remove gaps while balancing short-term needs with long-term goals.
- EA teams possess broad views of the business, people, technology and information requirements for optimizing the enterprise.
- EA outputs provide real value in helping business leaders meet objectives, given their broad view of the technologies, processes and information required to achieve business strategies.

### Recommendations

- Business leaders should use EA outputs to address key concerns and objectives during challenging economic times. These outputs will also position businesses for long-term growth.
- Business leaders should engage EA teams to ensure a clear understanding of the business's tactical and strategic objectives, which must be addressed during the next 18 months.

## ANALYSIS

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Today's business leaders face challenging times. In Gartner's latest research (see "CEO Concerns 2009: Dealing With the Downturn"), we examine the immediate concerns of the world's top CEOs, CFOs and COOs. Together with a companion survey (see "Gartner Business Executive Survey, 2009"), it's clear that enterprises worldwide are struggling to address the complexities during this time of economic uncertainty, while positioning themselves to capture opportunities as a result of the recovery.

To meet this challenge, many business leaders are demanding that their teams, including enterprise architects, immediately lower costs — while simultaneously asking them for innovative ideas that will support recovery. Although many senior business leaders know they have an EA team, they may not fully understand how EA processes, resources and artifacts could be effectively used during an economic downturn. Business leaders should know that the EA process provides important information that's valuable for decision making during these challenging times.

In this research, Gartner shows how EA addresses the top-five business leader issues (see the aforementioned surveys). Business leaders should engage EA teams to understand how key EA outputs and processes support and enable enterprise optimization. By doing so, a more efficient and effective organizational response to current events will emerge.

### 1. Restructuring Operations — EA Optimizes Operations

Restructuring is about aligning current financial structures and optimizing costs during challenging economic times. It's also about positioning the enterprise to take advantage of business conditions, such as new market opportunities or product innovations. EA provides valuable decision-making insight for restructuring using the future and current state views (representing broad aspects of the business and the enabling technology), and a subsequent gap analysis. Common methods of restructuring — such as organizational (layoffs), financial (deleveraging financial structures), corporate (entity consolidation) or industry model adoption (flux of players and business patterns) — will remain the predominant strategic responses in the current market. Each of these options requires a quick assessment and impact analysis on future-state business objectives.

For example, a major artifact of the EA process is the common requirements vision (CRV), which identifies and links business strategies, environmental trends, business change requirements, and information and technology requirements to determine business solution requirements (see "Toolkit: Bank XYZ Common Requirements Vision"). EA resources can provide important scenario planning and assessment skills to help business leaders make informed decisions about the likely impacts of each option. The CRV also can be used to optimize the solution portfolio, which supports cost-optimization efforts. Finally, the CRV can be used to conduct what-if scenarios to determine what restructuring may be advantageous during the economic recovery.

EA teams, working in coordination with program management groups and financial planners, can support key decision making by weighing current or future projects against the strategic priorities identified in the CRV to ensure that proposed projects, or those currently under way, are aligned with these priorities. Information supplied as a result of the EA process ensures that the business spends wisely and provides objective arguments for determining which projects can be stopped. In addition, as projects are canceled, associated costs are more easily identifiable and business savings can be efficiently realized. Likewise, EA teams can facilitate new outsourcing partner arrangements by ensuring consistency through the adoption of standards and reusable components.

## **2. Leveraging Information Strategically — EA Ensures Actionable Delivery of Relevant Information**

Intelligence and predictive capabilities for "on the business" and "in the business" analytics (see "Executive Summary: Creating Enterprise Leverage: The 2007 CIO Agenda") enable organizations to sense and respond quickly, especially during volatile periods. The information viewpoint, or enterprise information architecture (EIA), enables organizations to maximize the value of enterprise information to support efforts to run, grow and transform the business (see "Best Practices for Managing Enterprise Information"). Although leveraging enterprise information is key, our research indicates that many organizations misunderstand EIA. The CRV provides an important vehicle for articulating key information requirements necessary to achieve strategic objectives (see "Powering Change With Enterprise Information Architecture"). As the business addresses times of change, the CRV becomes a living document that's continually updated to reflect evolving future requirements. Through the EA process, EA teams become instrumental in working with business leaders to assess whether business sectors are profitable or may need to be divested if conditions dictate.

Effective delivery of the required information is critical. Even if the right information exists, it provides little value to the business if it doesn't reach the right people at the right time. The EA process — specifically the CRV, EIA and enterprise business architecture (EBA) — provides insight into the business processes, people and technologies required to deliver information, and enables key business decisions by illuminating not only information, but also the business channels and technologies required to make it useful.

EIA and EBA working together also enable the evolution toward a more robust, "data-driven" management culture, especially pertaining to corporate performance management and pervasive business intelligence. Usable and shared enterprise information working together with business processes will position enterprises to make more-informed decisions in the future, and position the enterprise to capture the opportunities presented by the economic recovery.

## **3. Loss of Government and Business Trust — EA Has the Right Perspective**

Increased attention to investor and public confidence, as well as issues of trust, have become top priorities for senior executives. Companies that were once believed to be stable have gone under. Our entire economic system has been exposed because of a lack of transparency. The need for accurate and timely business information has never been greater.

Maintaining trust requires transparency, integrated decision making, and coordinated responses across organizational boundaries and business entities, and needs to be supported by people, processes, information, and technology to facilitate enterprise decision making and responses. EA artifacts — including the business context and its link to business, technology and information viewpoints — represent the key components used in the EA process. The process uses these components to articulate the organization's future-state architecture, to minimally document the current-state architecture, and to close the gap by providing road maps for moving from the current state to the future state. Business leaders should use the EA team and these artifacts to gain a comprehensive understanding of these interdependent components to make informed business decisions. In addition, coordination is a hallmark of the EA process, which focuses on facilitation, communication and cross-team relationships. Business leaders should engage enterprise architects to understand, articulate and ultimately enable delivery of the enterprise future state (see "Predicts 2009: Banks Must Confront Reputation and Performance Issues").

## **4. Complex and Unstable Globalization — The Business Needs EA Insights**

As the gaps between developed and emerging nations (perceived or real) broaden, globalization becomes more complex. The unknown impact of potentially increased regulation in the U.S. and in Europe makes the global landscape more uncertain. Business leaders must be poised to deal with uncertainties more quickly and effectively than in the past. Since companies that were perceived to be "too big to fail" actually did fail, various government or industry regulators may institute increased monitoring, compliance or intervention requirements.

Although the impacts of increased legislation and pressure for transparency aren't yet fully known, Gartner suggests that organizations adopt an increased focus on risk management. Consequently, more and more companies include risk identification and mitigation as key components of their business strategies. Business leaders should know that EA teams can be mobilized to provide pertinent information for understanding and mitigating IT risks in the future (see "Use EBA to Effectively Manage Business Transformation, Turmoil and Evolution"). The artifacts of the EA process illustrate the link between environmental trends and business strategies. This link provides the basis for the future-state architecture with its business, information and technology viewpoints.

Iteration is an important aspect of the EA process. The driving components of EA (environmental trends and business strategies) may evolve or change dramatically over time. Thus, it's important for subsequent EA artifacts to be updated to reflect the change. When the EA process remains iterative, the artifacts can be useful in illuminating the impact on the future state and the subsequent gap analysis. As a result, knowledge gained using this approach is important input for understanding the potential impact of risk (cost and complexity) as well as the subsequent risk mitigation. Business leaders should work closely with EA teams to better understand the potentially broad impact of risk-driven decision making. As globalization and risk management continue to be objectives for nearly all organizations, business leaders can gain significant value by understanding how EA artifacts can be used to measure the impact of these decisions.

## **5. Building Core IT Strength — EA Has the Right Business Focus**

Many business leaders perceive that current IT capabilities often constrain business changes. The immediate focus for business leaders is how to survive current economic pressures while remaining agile during rapidly changing events. Consequently, it's critical that all IT disciplines understand how to work together to produce the right solutions at the right time.

EA practitioners often possess senior-level or advanced understanding and experience in one or more IT disciplines, including application development, infrastructure, database, project management, strategic planning or IT management. They understand the objectives of the business, and their goal is to look across the business, information, and technology viewpoints and focus on the future state, while optimizing at the enterprise level. In addition, EA practitioners have a solid understanding of key business strategies as well as the impact on the future state, the current state and the gaps.

Business leaders should view EA practitioners as instrumental in working across teams (business and IT) to ensure that strategic goals can be achieved. In addition to their respective IT skills, successful enterprise architects work to consistently develop their facilitative talents, which include understanding and managing the expectations of diverse stakeholders, and bridging the gap between business and IT. Through governance, oversight, and enablement, EA teams apply their unique skills and talents to help the organization meet current demands and future business needs.

Jorge Lopez also contributed to this research.

## **RECOMMENDED READING**

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"Use EBA to Effectively Manage Business Transformation, Turmoil and Evolution"

"CEO Concerns 2009: Dealing With the Downturn"

"Gartner Business Executive Survey, 2009"

"Executive Summary: Creating Enterprise Leverage: The 2007 CIO Agenda"

"Best Practices for Managing Enterprise Information"

"Powering Change With Enterprise Information Architecture"

"Predicts 2009: Banks Must Confront Reputation and Performance Issues"

"Toolkit: Bank XYZ Common Requirements Vision"

This research is part of a set of related research pieces. See "What the C-Suite Needs to Know About EA, and What the EA Team Needs to Know About the C-Suite" for an overview.

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