

Enterprise Architecture: The Business Issues and Drivers

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Integrating enterprise architecture into the business is an issue facing many enterprises. To ensure IT capability is in tune with business needs, enterprises need a new method of synchronizing enterprise architecture with the business.

ANALYSIS

The Issue

"Enterprise architecture" is a term that is often used but rarely examined. People talk of enterprise architecture as if it is easily understood by technology and business professionals alike. In reality, technology professionals have a wide-ranging view of enterprise architecture — starting from a structured family of technical guidelines including concepts, principles, rules, patterns and interfaces, and the relationships among them, to use when building a new IT capability. In contrast, business professionals tend to ignore the term as an IT-only issue. Rather, they talk in terms of business models, business processes and, sometimes, the business architecture.

The enterprise architecture refers to how the IT components fit together, just as a business architecture describes how the business is put together. In reality, they are opposite sides of the same coin — joined completely. Just as one can talk of differing "city" styles for an enterprise architecture, so too the business architecture can be defined in terms of organization type, strategic capability and so on. For example, a business architecture to support a financial-services company focusing on a value discipline of customer intimacy will be different from that for an operationally excellent manufacturing company (for an explanation of value disciplines, see "Brands: Net-Liberating the Masters of the Fourth Value Discipline," <http://www.gartnerg2.com/research/rpt-0901-0118.asp>).

Of course, the enterprise architecture itself will also be different. But do we need an enterprise architecture style and business architecture style? No — there should be one business architecture that relates to the rules by which the business is put together, and this includes the IT elements that we call today the enterprise architecture. The reason for this need is simple — because the rate of change in the business environment is causing organizations to have to synchronize these two activities to reduce unnecessary delays and to do it cost-effectively.

In this Spotlight, the case is made for ensuring that the enterprise architecture is fully integrated with the business architecture — and not something defined solely by the IS department in response to its view of the enterprise's future needs. In so doing, enterprises ensure the strategic nature of an enterprise architecture. In this, the enterprise architecture should be viewed as an asset — not in terms of hardware, software and so on, but in terms of enabling a strategic capability for the business.

The Business Environment

During the past few years, information and communications technology (ICT) has not only pervaded the way a business can automate its processes, but extended to how customers, partners and regulatory reporting interact with the organization. Research undertaken by GartnerG2 in October 2001 shows that business leaders are concerned with the following aspects of their business:

1. Attracting and retaining loyal customers
2. Planning and designing the strategy for the business
3. Building a responsive, flexible organization
4. Using technology for competitive advantage
5. Focusing on core competencies
6. Increasing speed to market

In today's business climate, this need to be flexible, agile and highly responsive to market changes is leading many enterprises to rely increasingly on ICT — and to enable the "real-time enterprise" paradigm. However, many organizations are being restricted in the business opportunities they can exploit because of a lack of cost-effective ICT deployment.

This theme is examined in Jorge Lopez's "Strategy of Acceleration: Time to Change Culture and Architecture," <http://www.gartner2.com/research/rpt-0702-0124.asp>, in which he states that the acceleration of the pace of business change will expose the inability of current structures to capture new opportunities or respond to new challenges.

Jorge Lopez also examines how organizations should view the business benefits of enterprise architecture. In "Return on Enterprise Architecture: Measure It in Asset Productivity," <http://www.gartner2.com/research/rpt-0702-0119.asp>, he seeks to share a vision of the growing importance of enterprise architecture between now and 2007, and he calls for abandoning any return-on-investment considerations in its funding. Rather, he suggests that organizations should think about enterprise architecture investment as a form of an asset where allowed by audit rules — and benchmark it to ensure the best use of the investment by the enterprise.

The importance of welding enterprise architecture to the strategic destiny and assets held by an organization is compelling because of the changes in market forces outlined in Jorge Lopez's GartnerG2 research. With this assertion, the need to understand how an enterprise should reconcile the IT and business parts of the enterprise is made.

Organizational Governance

In his GartnerG2 report "Enterprise Architecture: Far Too Important to Be Left to the IT Team," <http://www.gartner2.com/research/rpt-0702-0130.asp>, Alexander Drobik argues that an enterprise architecture and the business architecture need to be codeveloped and not sequentially approached, particularly where IT is an important enabler and change agent in the market served by a given enterprise. He concludes that enterprises should define a business architecture that contains and integrates both the way the business is put together and the corresponding enterprise architecture.

In this, the normal way of linking business model to business process, to IS strategy, to IT architecture is avoided. Any change to the business model and business processes is supported by the rules of how the business is put together, and by a corresponding ability of the supporting IT environment. The issue of the IT environment not keeping pace with the business environment is thus avoided. To realize this vision, enterprises are advised to have a CEO-appointed position created that ensures that the overall business architecture objectives are defined and implemented.

On a related note, Colleen Young examines the issues associated with "Obtaining Management Buy-In for Enterprise Architecture." This research develops the argument for segmenting and involving the stakeholders at an early stage. In this, the primary tactic is to make it clear what benefits will arise from their participation both for their organizational areas and themselves. With this approach, many of the inhibitors to developing architecture can be overcome at the organizational level.

Features

"Strategy of Acceleration: Time to Change Culture and Architecture" (<http://www.gartner2.com/research/rpt-0702-0124.asp>) — The pace of business is accelerating, exposing flaws that inhibit response to new business opportunities and challenges. **By Jorge Lopez**

"Return on Enterprise Architecture: Measure It in Asset Productivity"
(<http://www.gartner2.com/research/rpt-0702-0119.asp>) — Enterprise architecture is a strategic asset, and its added value to the enterprise should be measured using strategic financial measures. **By Jorge Lopez**

"Enterprise Architecture: Far Too Important to Be Left to the IT Team"
(<http://www.gartner2.com/research/rpt-0702-0130.asp>) — The business model and enterprise architecture should be codeveloped, and not sequentially approached, to form an overall business architecture. **By Alexander Drobik**

"Obtaining Management Buy-In for Enterprise Architecture" — Obtaining management commitment for enterprise architecture requires the engagement of many stakeholders throughout the enterprise. **By Colleen Young**

This research is part of a set of related research pieces. See "Enterprise Architecture" for an overview.

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