



# **How can organisations justify enterprise architecture in a recession?**

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## How can organisations justify enterprise architecture in a recession?

Over the past decade many companies, government agencies and academic institutions across the world have made significant investments in enterprise architecture. This move was largely spurred by two factors. The first was the Year 2000 challenge. Faced with the task of modifying program code that relied on a two-digit year field, many systems managers were shocked to find what a poor understanding they and their people had of their organisations' existing IT applications and data. Then, for a large number of companies, the dot.com boom spawned a host of loosely constructed, rapidly implemented and inadequately documented systems that added further complexity to the mix.

Setting up a formal enterprise architecture function was an obvious way for organisations to impose the necessary discipline on a situation that was clearly out of control. This function was typically charged with two main tasks: first, enabling better understanding and control of the installed base of applications, databases and technology platforms; and second, providing an architectural framework and a set of rules to coordinate and guide the design and sourcing activities of individual business change projects.

Today, however, as the economic downturn is forcing organisations to prune their IT budgets and shelve major business change projects, the value of enterprise architecture is being seriously questioned. All too often top managers regard it as an expensive overhead activity of little relevance to their immediate cost-cutting challenges.

There are two main reasons why this negative attitude can prevail:

1. Enterprise architecture is often associated with the design of a future operating model that will result from planned major changes in business processes. When times are hard, such long-term interests usually take a back seat and quick-fix initiatives take priority.
2. By its very name, 'enterprise architecture' implies building a comprehensive view of the entire business operating model. Organisations in survival mode are more interested in surgical measures focused on selected areas of the business, than in the development of elegant, all-embracing business models.

At times of crisis, it can make perfectly good sense to seek immediate tactical gains at the expense of the longer term strategic interests of the business. A decision to dispense with enterprise architecture, however, could be counterproductive even in respect of the short term. This is because the enterprise architecture team has a potentially vital role to play in enabling the organisation to deal with the challenges of the downturn.

To address adverse trading conditions, enterprise architect work needs to be focused on initiatives that address the immediate business priorities, which are typically expressed in two simple questions:

- a) How can we make savings in respect of our current asset base?
- b) How can we get maximum value from the limited investment funds we still have available?

## Applying enterprise architecture to the organisation's cost-saving agenda

To help the organisation make short term savings, the enterprise architecture function should concentrate on the current state model of the existing business, rather than the future business operating model. Particular attention should be paid to those areas in the current state model where rationalisation of existing assets and business process simplification are likely to pay dividends in the short term. Time will be of the essence, so it will be important to resist the temptation to dive into excessive detail. Mapping and documentation of the current state model should therefore be carried out only to the level of detail that is necessary to enable appropriate management decisions to be made.

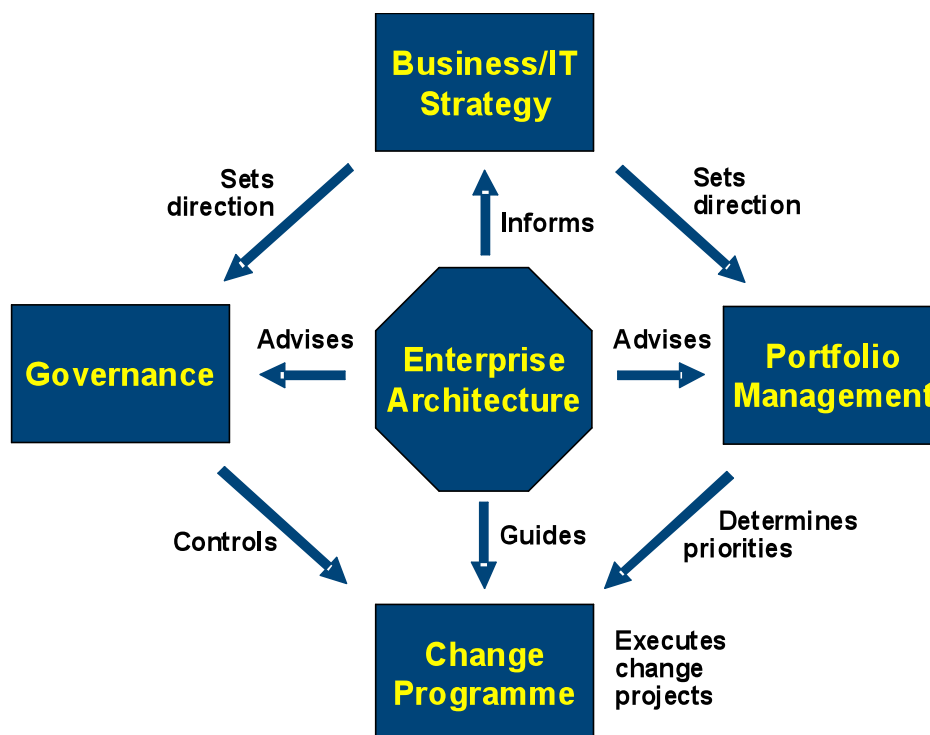
This change of focus, combined with use of a tool such as the Essential Architecture Manager to record relevant details of the current state, should provide a clear view of the relevant aspects of the underlying structure of the business and the related IT assets, and thus enable the organisation to make short-term savings:

1. Simply rationalising existing technology platforms, for example, by eliminating redundant servers, can lead to major cost savings. The media company that provided the original beta test site for the Essential Architecture Manager toolkit opted in the first instance to record its current technology assets and model their interdependencies. This exercise revealed inefficiencies, duplication and obsolescence in a number of areas, and it highlighted where early savings could be made.
2. A similar case can be made for understanding current IT applications and the business activities they support. This can reveal scope for rationalisation and simplification, which can in turn yield significant tangible benefits – for example, savings in licence fees and software maintenance charges.
3. Such an exercise can also reveal areas where applications or business processes are duplicated. While working with a financial services company, one member of the Essential Project Team used such a targeted architectural approach to demonstrate that a range of new financial products could be supported by the firm's existing systems portfolio: this completely avoided the need for a proposed new suite of applications.

## Using enterprise architecture to help prioritise spending on business changes

When times are hard, managers will be under pressure to make the best use of their available resources. IT governance mechanisms that may have degenerated over time into rubber-stamping committees suddenly acquire teeth, as spending across the business comes under greater scrutiny. Project portfolio management is also likely to be seen as an important way of prioritising business change initiatives, and therefore managing demand for IT systems and services.

As the diagram below indicates, enterprise architecture provides crucial support for all of these activities. By documenting the business and IT structure and by exposing the interdependencies between business activities, information, applications and technology platforms – in respect of both the current state and the future business operating model – it can provide managers with critical information on which to base their decisions and handle the potential risks. By focusing effort on the areas covered by the project portfolio, the enterprise architecture function can also play an important role in identifying scope for re-use of existing business process elements and IT assets, and in ensuring alignment of all the change initiatives. Finally, the overview information that an effective enterprise architecture can provide will be particularly important at a time of crisis, when decisions are likely to be made under unusual time pressure.



Where the enterprise architecture function ideally fits\*

\* Diagram courtesy of the Leading Edge Forum Executive Programme.

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If the enterprise architecture function is able to quickly move its focus to the areas suggested above, it should prove to be a real asset to the business in these difficult times. If not, enterprise architecture activities will inevitably be treated as low priority and easily expendable. The eventual consequences of running down the function are easy to predict. Without the coordinating influence of the enterprise architecture team, individual projects will evolve their own IT solutions, duplication and inconsistencies will abound, and the complexity of the installed base will increase, storing up problems for the future. Also, skills and knowledge built up over many years will be lost as enterprise architects are laid off or else redeployed to take on project work seen as having greater urgency and relevance.

In short, now is the time for smart enterprise architects to lift up the drain covers, rather than scan the distant horizons. Those who are sensitive to their organisations' current business priorities will hopefully then still be around to contribute to a more strategic agenda when better times return.

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