Methodology and Technology Services

THE ENTERPRISE NEWSLETTER

Issue No 25:

STRATEGIC BUSINESS TRANSFORMATION ENABLEMENT

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PERTH, AUSTRALIA – March 26, 2004: Earlier issues of TEN have separately addressed concepts of Enterprise Architecture and also of XML and Web Services for Enterprise Integration. This issue we will discuss the changes that are necessary for Strategic Business Transformation Enablement.

Clive Finkelstein
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STRATEGIC BUSINESS TRANSFORMATION ENABLEMENT

The most critical issue facing Government, Defense and Commercial enterprises today is the rapid pace of change in almost every industry. With the rate of technological change increasing, together with today's budget and competitive pressures, enterprises must be able to change rapidly ... often just to survive - let alone succeed.

The need for transformation from today's inflexible business environment to an agile enterprise that can change direction rapidly has never been greater. Yet the structures, processes and systems that we have today are inflexible: they are incapable of rapid change. More computer hardware, or software, or packages, or staff, or outsourcing are not the solution. They are part of the problem.

The solution requires Business Transformation Enablement. It needs methods for rapid business change – with systems that also change in lock-step. This is not a computer problem. It is a business problem. It needs strategic direction from senior management and strategic planners, with these directions then translated into rapid action by business experts working with IT experts.

Strategic Business Transformation Enablement requires skills that enable senior managers, together with their planners, business managers, business experts and IT staff to work together to transform your enterprise – as each group has its specific expertise to contribute.

The methods to achieve this are being successfully applied by many enterprises today. But the methods require new thinking. The tried and true ways no longer work. We need new ways to make the required business transformations.

Our current systems development methods have served us well in developing operational Information Systems in the period of managed change that we had up until the 90s. But now the pace of change is much, much faster than we ever anticipated when those systems and warehouses were first built.

Historically these systems have been difficult to change. The systems and databases that we built in the early years of the

Information Age to enable our organizations to be more responsive to change are now monolithic and resistant to change. Today, they inhibit the ability of our organizations to change rapidly in order to compete … sometimes even to survive. We are chained to inflexible systems that can no longer respond to the rapid change environment of today – let alone the even greater change environment that we will soon find ourselves in tomorrow.

We need to build more flexible systems for the future that can change easily, rapidly, and often. To achieve this, the systems development methods that we use should take a different focus for the future. They must be able to identify potential future changes early. We must also build systems and databases differently … so that they can be changed rapidly to support vital business changes. These changes must be capable of being made within weeks, even days – not in years as is the case today.

Systems Development Strategies for 21st Century Enterprises

In the last issue of TEN ([TEN#24](#)) we discussed *"Systems Development Strategies for 21st Century Enterprises"*. We saw that business needs have been decided by reviewing the operational processes of the business. These processes were typically determined based on strategic plans defined many years ago, sometimes even a decade ago.

Yet in the early 90s we had no idea – not even in our wildest predictions of the future – that we would today be able to communicate instantly with customers, suppliers and business partners anywhere in the world, through the Internet. The environment that we accept today as the norm was way beyond our most fanciful imagination.

The strategic plans defined in the 90s did not anticipate that these organizations would today communicate with each other in seconds. They assumed communication would be as it had always been, by mail – or later by fax – with responses received days or weeks later. The most rapid response these business processes assumed was at best in hours. The operational business processes we still use today were never designed to respond in seconds.

Competition today demands systems that can change easily to support rapid business change. Many of these business changes may need significant change or redevelopment of systems. Yet most

of those systems were not designed for change. Existing systems may need massive modification to support essential business changes. Often it is faster to throw existing systems away and start over again by developing new systems from scratch. This is still slow and very costly.

The advantages and benefits of Technology were not clear in the early 90s to many senior managers. It was sometimes difficult to get funding approval for new projects and funding for the resources that are vital for success. But the Internet and the Year 2000 problem in the late 90s both demonstrated to management the dramatic impact – both positive and negative – that Technology can have on the enterprise.

Businesses must change, to compete with other organizations in their relevant markets. This is true for Commercial organizations, which compete with other organizations. It is true for Government Departments that compete with other Departments for government budget funding. And it is also true for Defense, which competes with hostile Defense forces, and also with friendly Defense forces for limited resources.

We must build systems that are designed to provide support for a future where the only thing that is constant … is change itself. This brings us to three very important principles for change:

- We must design for tomorrow based not on operational processes still used today. We have to design for tomorrow by using new activities and processes based on the plans defined for tomorrow.
- Our systems must be tailored for the environment of the Internet – which represents our present and our future – so that enterprises can respond in seconds or minutes, not in days or weeks.
- Our systems must be designed and built so they can accommodate rapid change, if they are to be able to support the rapid pace of change that enterprises are experiencing today and tomorrow.

Technology alone is not the answer. To achieve any degree of success in Enterprise Integration requires that Technology Integration be used within a coherent, integrated enterprise, through Business Integration. But we still have a long way to go in most enterprises to realize Business Integration.

The Need for Business Transformation Enablement

To appreciate what still has to be achieved, I discussed in TEN#23 (*"Enterprise Architecture for Enterprise Integration"* the concepts behind Adam Smith's book, *"Wealth of Nations"*, published in 1776. This book was the basis for the evolution of the Industrial Age enterprise. Its direction was correct for that Age, but its influence is still being felt in the Information Age enterprises of the 21st Century.

Most automated processes today assume that the technologies of the past still apply. The manual processes that they automate required paper-based forms that were mailed, or later faxed. So their automated counterparts are based on forms that are also printed to be mailed or faxed. On receipt at their destination, the data in these forms are manually reentered into relevant systems: with manual work; with extra staffing to do that reentry; with delays; with errors; and with large associated costs.

The problem is that automated systems that assume inter-communication with printed forms and manual reentry over weeks and days do not work well when asked to inter-communicate with electronic forms that bypass the need for manual reentry – and that complete in minutes, or seconds across the Internet. And what is the reason for this?

> *Today we have 21st Century Enterprises that utilize 21st Century Technologies …*
>
> *Yet most enterprises today still use 18th Century non-integrated Business Processes!*

Associated with the new focus of systems development methods, we see how enterprises have evolved to where they are today. Most organizations have adopted the manual processes of the past and automated them, with little or no change. They have not embraced the potential offered by Enterprise Architecture for Business Transformation Enablement.

The Role of Enterprise Architecture

I discussed the concepts of Enterprise Architecture in TEN#13 *"Enterprise Architecture for Senior Managers – Part 1"* and also in TEN#14 *"Enterprise Architecture for Senior Managers – Part 2"*. When Enterprise Architecture is used not only by the IT Department,

but also by Business Managers, it results in Strategic Business Transformation Enablement.

These enterprises transform their 18th Century processes into 21st Century reusable processes that are implemented once, yet are shared by all that need them. Instead of having to keep data up-to-date in every stovepipe system where that data exists redundantly, these new processes use integrated data that – once changed – is immediately available to all parts of the enterprise that share the data.

Previously, Enterprise Architecture projects required many years before any benefits or systems could be delivered. The methods that are being used today with Enterprise Architecture for Strategic Business Transformation Enablement deliver priority reusable processes into production in 3 month increments.

A PDF article titled: "The Zachman Enterprise Architecture" by Stan Locke provides further detail on Enterprise Architecture. This is at http://www.ies.aust.com/~visible/papers/ZEA-Locke.pdf.

I discussed earlier in this issue the problems associated with the manual coding methods that we have traditionally used. The technologies that are used to achieve rapid Enterprise Architecture delivery are based on Web Services and Service-Oriented Architecture (SOA) that automatically generate executable XML-based code in Business Process Management (BPM) languages. I will discuss these SOA and BPM technologies in the next issue of TEN.

Summary

Our systems development methods have served us well so far, but we have now reached a point where we should focus more on the plans for the future. We should no longer only address the operational processes we still use today … which reflect the plans set for the past.

Associated with the new focus for systems development methods, we saw how most enterprises have evolved to where they are today. We discussed that enterprises have adopted the manual processes of the past and automated them, with little or no change. As a result: We have 21st Century Enterprises … operating with 18th Century Processes.

This leads us to the following key principles for Strategic Business Transformation Enablement:

- We must design for tomorrow based not just on operational processes still used today. We have to design for tomorrow by using data, activities and processes based on the plans defined for tomorrow.
- Our systems must be tailored for the environment of the Internet – which represents our present and our future – so that enterprises can respond in seconds or minutes, not in days or weeks.
- Our systems must be designed and built so they can accommodate rapid change, if they are to be able to support the rapid pace of change that enterprises are experiencing today and tomorrow.

So what should you do now?

You can make a start towards Strategic Business Transformation Enablement by forwarding this newsletter to all executives and business managers, and IT executives that you feel should be aware of the important Business Transformation messages in this issue. They will want to hear these messages first-hand, in case-study-based interactive team sessions in the courses that are described below in Upcoming Courses.

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