Architecture-Based Enterprise Portfolio Management

From Strategy to Implementation

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• Service line manager
  **Enterprise Architecture**

• Responsible for BiZZdesign’s EA proposition

• Enterprise architect, trainer, coach, project manager

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Organizations increasingly need to deal with time-pressured **business improvements** and high-impact **transformation** in a truly complex business and IT reality.

BiZZdesign enables this by providing proven change capabilities through **integrated solutions** consisting of

• **professional services**
• **software**
• **training**
• **best practices**

**Building Strong Organizations!**
Take-Home Message

• The gap between **strategy development** and **execution** should not be underestimated.

• **Capability-based planning** helps making strategy more concrete.

• **Enterprise architecture** closes the remainder of this gap, and ensures alignment and coherence.

• **Enterprise portfolio management** breaks down information silos and allows managing large enterprise landscapes on **business value**.

• This is a very powerful combination!
The Challenge

- The ‘Digital Enterprise’ requires **major business transformations**
- Few organizations have a **systematic** and **reliable** way of translating a business strategy into action
- The **speed of change** makes strategy implementation even more difficult
- Organizations invest in **many disciplines**, to improve their transformation capability and effectiveness
- A **lack of coherence** between these disciplines compromises their success
Background “ArchiPharma” Client Case

• Large international pharmaceutical organization
• Geographically spread locations
• Result of many mergers and take-overs
• Want to become the leading provider of healthcare services in the world
Necessity for Change

• External
  – Large and upcoming competitors
  – Strict and changing regulations

• Internal
  – Enormous legacy application landscape
  – Heterogeneous processes, products, databases, ...

➤ How to do a successful transformation on this scale?
What is Enterprise Portfolio Management (EPM)?

- **Enterprise portfolio management** manages the enterprise landscape (projects, capabilities, assets, services, etc.) in portfolios
  - Group things of the same type based on some criteria,
  - manage this set as a whole,
  - providing an enterprise-wide overview,
  - that supports analyses and comparisons,
  - resulting in consistent and informed decision-making at all levels

- Manage on **business value**, not only on cost
Connecting Strategy and Execution

- Business capability map
  - Identify key business capabilities based on strategy
  - Decompose each key business capability
- Project and program portfolio
  - Define programs that realize desired capability increments
  - Decompose programs into projects

- 12 key capabilities, 200+ programs & 5000+ projects
Gap Between Strategy and Projects

- Many project deliverables are not aligned with the strategy
- Projects with similar deliverables
- Projects with contradicting deliverables
- Programs with a solution unrelated to the strategy
- Strategy parts not reflected in any program
- Unclear what the effect is of application rationalization

➢ How to manage this large transformation?
Enterprise Architecture & Portfolio Management

- Enterprise architecture:
  - modeling as-is and to-be situations
  - analysing gaps and defining roadmaps for business transformations

- Enterprise portfolio management complements this by:
  - Quantitative analysis of as-is and to-be situations
    - Defining metrics on calculating costs, risks, benefits,..
  - Create an organized overview of large enterprise landscapes based on business criteria

➤ These overviews and analyses allow coherent, informed decision-making, prioritization, and planning
ArchiMate Models to Tie the Knot

Aim

Goal

Requirement

Core element

Project

Design

Enterprise architecture

Realize

Portfolio management

Strategy management
Relating Goals & Capabilities to Target Architecture & Programs

**Business Goals**
- Centralize information
- Harmonize processes
- Consolidate applications
- Professionalize asset portfolio management

**Business Capabilities**
- Customer

**Architecture Plateaus**
- Governance, Risk and Compliance - target
- Asset management - target
- Asset management

**Change Programs**
- Improve global access to databases
- Homogenize process
- Harmonize billing process
- Application rationalization
- Installment of APM process

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Modeling Strategy

Centralize IS

Improve information sharing

Facilitate resource sharing

Eliminate local variance

Centralize information

Harmonize processes

Consolidate applications

Customer management - target

Governance, Risk and Compliance - target

Maximize customer value

Professionalize marketing process

Professionalize project portfolio management

Sales & marketing management - target
Business Capability Map

- Product management
  - External R&D
  - In-house R&D
  - Product safety
  - Product roll-out
  - Product portfolio management
  - Product quality control
  - Product acquisition
  - Product innovation
Capability Based-Planning: Capability Increments in Different Dimensions

- Technology
- Product
- Process
- People

Process:
- Process adaptability: 2.0
- Process maturity: 1.0
- Process performance: 2.0
- Process variance: 1.0

Product management - baseline
Product management - target
Capability Map & Analysis
Architecture Analysis: from As-Is to To-Be
Programs and Projects

• Programs comprise projects, including their relations
• Per project, cost, value, risk and status (approved, in progress, etc.) are important
• Aggregate program-level metrics can be calculated
Portfolio Definition: Organized Overview

**Back office applications portfolio**

**Description**
Back office applications

**Owner**
Director IT back-office

**Goals**
- Eliminate paper
- Rationalization
- Reduce document handling

**Metrics**
- Costs
- Business value
- Technical value
- Risk

**Dashboard**
- TIME analysis
- Cost overview
- Risk overview

**Front office applications portfolio**

**Description**
Front office applications

**Owner**
Director IT front-office

**Goals**
- Reduce in-house developed
- Good customer support

**Metrics**
- Costs
- Business value
- Technical value
- Risk

**Dashboard**
- TIME analysis
- Cost overview
- Risk overview

**Strategic applications portfolio**

**Description**
Strategic applications

**Owner**
CIO

**Goals**
- Great Business-IT alignment
- Strategic alignment
- Top performance

**Metrics**
- SLA compliance
- Strategic value
- Costs
- Business value
- Technical value
- Risk

**Dashboard**
- TIME analysis
Adding Data to the Architecture

Contract administration

Planning administration

Infrastructure costs

Quality data

Architecture repository
Portfolio Dashboard: Actionable Information

- Tolerate
- Invest
- Eliminate
- Migrate

ASCTrac® WMS
Backbase CXP
PLANON
Smart Documents
Customer Data Access

Risk overview
Application Landscape with Life Cycle Advice
Application Landscape Transition 2012-2016
Application Landscape Cost Development

Cost reduction

2012 2014 2016
Summary

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- This is a very powerful combination!
Questions?

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