How the 3rd platform affects the Architecture

Johan Hallberg
Research Manager

November 2014 @ KTH
IT Evolves and is more mature than ever(?) – “everyone” is using IT

Educated Consumers

Mobile Customers

Business focused CIO’s

Transformation
Nordic ICT Investment Drivers 2015 – 2016

Q: What are the most important business challenges for your company in the next 1-2 years? (Prioritize: 1st, 2nd and 3rd)

**Line Of Business priorities**

- Improve productivity/efficiency (45%)
- Optimize business processes (36%)
- Enhance customer experience (33%)

Q: What are the top 3 challenges for the IT department in your company in the next 1-2 years? (Prioritize: 1st, 2nd and 3rd)

**IT Priorities**

- Develop solutions to improve business processes (41%)
- Reduce cost (36%)
- Aligning IT systems with business processes (34%)

Source: IDC 2014 - Nordic CxO Study

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Who am I?

Johan Hallberg

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- 14 years at Ericsson, SW Dev -> Global Product Manager @ Global Services
- 3 years as Product Manager @ global software companies
- 10 years as Management Consultant & CIO/EA Advisor in the Nordics
- 1 year at IDC
The IDC Difference

**Experienced**
- IDC is the oldest and most trusted IT advisory firm in the market

**Global**
- 1,100 analysts worldwide covering technology issues
- 110 countries covered in 54 offices located throughout world

**Insightful**
- Decision making content based on methodologies built for 3rd platform
- Unbiased, fact-based, research you can trust
- Experienced technology and industry experts

**Personalized**
- Concierge client service
- Client driven research agendas
- Inquiries addressed in a timely manner and tailored to your business
IT’s Technology Evolution

and Changing Relationship with the Business

1964
- Hardware
- Software
- Services
- Telco

1st Platform

1981
- Hardware
- Software
- Services
- Telco

2nd Platform

2006
- Cloud
- Big Data/Analytics
- Mobility
- Social Business

3rd Platform

IT Goals: Information Management to Business Innovation
IT Role: Chief Information Officer to Chief Innovation Officer
IT Relationship with the business: Orchestrated

IT Goals: IT Agility to Business Agility
IT Role: MIS to Chief Information Officer
IT Relationship with the business: “Aligned”

IT Goals: Systems to Services
IT Role: Data Processing Manager to MIS
IT Relationship with the business: IT is a silo
The IT Industry's 3rd Platform for Innovation and Growth

Continuous Industry Transformation

Future of Work
Immediacy

Abundance
New Buying Centers

Efficiency
Personalization

3rd Platform
Millions of Apps • Billions of Users • Trillions of Things

2nd Platform

1st Platform

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IT’s 3rd Platform is a Business Platform

My functional area is becoming more tech savvy and we feel comfortable driving our own IT projects 43%

The link between technology and business results is increasing and my functional area feels a sense of urgency to implement new technology initiatives 40%

We are able to access technology more easily because of cloud computing 39%

Business Leaders are taking control of their technology because it is integral to their outcomes
Introducing The Driverless Prototype Vehicle

1. Seats 2 Passengers
2. No Steering Wheels
3. No Brake Pedal
4. No Gas Pedal
5. Top Speed: 25 mph
How they **engage** with customers

The speed at which they deliver products and services

How they **innovate**

Their overall resiliency

The **reliability** of their operations

With such high stakes, the business is increasingly driving technology initiatives.
Use Case: IT-enabled Processes, Services & Products is our End Game

IT-enabled Business Processes
Automating Business Processes

IT-enabled Services
Transforming Business Processes

IT-enabled Products
Creating IT-enabled Products
Innovation Requires Stepping Out of Our Comfort Zones

62% IT-enabled Business Processes
  Automating Business Processes

20% IT-enabled Services
  Transforming Business Processes

18% IT-enabled Products
  Creating IT-enabled Products

Source: IDC 2014
IT’s 3rd Platform is Transformational
3rd Platform Requires a Different Sourcing Model

By 2016, 80% of the IT budget will be based on providing service integration for a broad portfolio of internally and externally sourced IT and business services.

2nd Platform Vendor Sourcing Models
- Transactional Model
- Short Term
- Buy
- Build
- Run
- Risk Management Contracts

3rd Platform Vendor Sourcing Models
- Relationship Model
- Long Term
- Acquire Capability
- Integrate
- Data Driven Management
- Trusted Relationship Contracts

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Shadow IT: What You Don’t Know Will Hurt You

According to IT
Percent of Technology Spending that is Shadow
6%

According to Business
Percent of Technology Spending that is Shadow
16%

By 2017, Less than Half of IT Organizations Will Still Be Centralized . . .

Source: 2013 SIM International, IT Trends Survey; N=280
Architecture Value Framework

3rd Platform Business and IT Transformation

- IT Strategy
- Portfolio Management
- Business / IT Alignment
- Strategy to Execution

Enterprise Scope       Consistency   Clarity   Cost + Complexity   Risk Mitigation

Value Proposition

Enterprise Architecture
3rd Platform Reference Architecture

- Security Framework
  - Performance Framework
  - Data Warehouse
  - Business Analytics
  - Big Data

- Integration Framework
  - User Experience (Systems of Engagement)
  - SOA Infrastructure
  - Business Processes
  - Enterprise Resources and Systems of Record (ERP, data, etc.)

- Enterprise Infrastructure
  - Enterprise Technology Architecture
  - Enterprise Application Architecture
  - Service Architecture
  - Data/Information Architecture
  - Strategic Business Architecture

- Additional Components
  - IT as a Service
  - Big Data & Analytics
  - Mobility
  - Social Business
  - Internet of Things
  - Cloud
  - IaaS
  - PaaS
  - SaaS

IDC - Analyze the Future
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Architecture Perspectives

- Architecture Effectiveness
- Architecture Domains
- Architecture Programs and Processes
- Architecture Deliverables
A New Technology World Requires New Methodologies

IDC MaturityScape provides a structured way to identify current levels of maturity, and the gap between where an organization is and where it needs to be to maintain competitive balance or achieve industry superiority.

IDC MaturityScape Benchmark enables organizations to compare maturity against peers, pinpoint where peers are more advanced, and identify the benefits achieved as one moves to more advanced stages.
IDC’s Enterprise Architecture MaturityScape

Fragile and Inflexible Architecture
Lack of EA results in fragile and inflexible IT systems that cannot incorporate 3rd Platform technology. Inconsistent processes and data create unnecessary costs and complexity.

Ad Hoc

Opportunistic

Standardized Architecture
EA supports standardized platforms that enable better results for some LOB and utilizes 3rd Platform solutions. Integration issues limit end-to-end processes and 360 degree views.

Business Outcome
“Make it better”
Projects benefit from lower costs, faster time-to-market

Business Outcome
“Quick and dirty”
Wasted time, money, and opportunity.

Repeatable

Business Architecture
EA supports reduced operating costs and increased reliability. Consistent business-critical information and process. 3rd Platform solutions deliver value with minimal disruption.

Business Outcome
“Make it consistent”
Acquisition and retention of business’ end customer through operational excellence

Enterprise Wide Architecture
EA supports enterprise-wide interoperability, improved decision making, and portfolio management. IT provides timely business response based on data analysis and system flexibility. 3rd Platform solutions drive business initiatives.

Business Outcome
“Make it actionable”
Business excels in strategy, planning, and execution

Managed

Strategy-to-Execution Architecture
EA supports outstanding strategy-to-execution, portfolio, and information management. Strategic deployment of transformative 3rd Platform solutions yields ongoing enterprise market leadership.

Business Outcome
“Make it differentiated”
Business has sustained competitive and game-changer advantage

Optimized

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## IDC’s MaturityScape Dimensions

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Sub-Dimensions</th>
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<tbody>
<tr>
<td>Leadership</td>
<td>Vision &amp; Innovation</td>
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<tr>
<td>Business</td>
<td>Business Strategy</td>
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<tr>
<td>Technology</td>
<td>Mobility &amp; Social</td>
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<tr>
<td>Organization</td>
<td>Community of Practice</td>
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<tr>
<td>Deliverables</td>
<td>Processes &amp; Methodology</td>
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</table>
Are You Transforming Your IT Org Fast Enough?

47% of Organizations are Operating at an AdHoc or Opportunistic Level

N= 139
Source: IDC’s Enterprise IT Benchmark Survey, May-June 2014

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## Enterprise Architecture Self-Assessment

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Stage</th>
<th>Ad Hoc</th>
<th>Opportunistic</th>
<th>Repeatable</th>
<th>Managed</th>
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<td>Technology</td>
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<td>Organization</td>
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<td>6%</td>
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<td>21%</td>
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<td>Deliverables</td>
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<td>7%</td>
<td>31%</td>
<td>31%</td>
<td>24%</td>
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N= 139  
Source: IDC’s Enterprise IT Benchmark Survey, May-June 2014
## Assess and set Your Targets

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- **IT Capability Maturity**: Indicates the level of IT capability maturity.
- **Business Need/Target**: Indicates the level of business need or target.

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Survivors and Thrivers

- **Fragile and Inflexible Architecture**
  - Lack of EA results in fragile and inflexible IT systems that cannot incorporate 3rd Platform technology.
  - Inconsistent processes and data create unnecessary costs and complexity.

- **Business Architecture**
  - EA supports standardized platforms that enable better results for some LOB and utilizes 3rd Platform solutions.
  - Integration issues limit end-to-end processes and 360-degree views.

- **Enterprise Wide Architecture**
  - EA supports enterprise-wide interoperability, improved decision making, and portfolio management.
  - IT provides timely business response based on data analysis and system flexibility.
  - 3rd Platform solutions drive business initiatives.

- **Strategy-to-Execution Architecture**
  - EA supports outstanding strategy-to-execution, portfolio, and information management.
  - Strategic deployment of transformative 3rd Platform solutions yields ongoing enterprise market leadership.

- **Business Outcome**
  - "Make it better": Projects benefit from lower costs, faster time-to-market.
  - "Make it consistent": Acquisitions and retention of business’ end customer through operational excellence.
  - "Make it actionable": Business excels in strategy, planning, and execution.
  - "Make it differentiated": Business has sustained competitive and game-changer advantage.

- **Survivors**
  - 16% of Survivors are Operating at an AdHoc or Opportunistic Level

- **Thrivers**
  - 59% of Thrivers are Operating at a Repeatable, Managed or Optimized Level

N= 139
Source: IDC’s Enterprise IT Benchmark Survey, May-June 2014

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Will You Survive With No Architecture?

Architecture is about Business Leadership

- Thrivers
- Survivors
- Business Architecture
- Enterprise Architecture
- No Architecture
- Technology Architecture

Business Financial

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Taking the Maturity Model Journey: Move to Repeatable

Opportunistic
(Standardized Architecture)

1. Raise enterprise architecture at IT senior leadership level. Empower the team
2. Work with business to articulate a vision of the company's future
3. Create or expand enterprise architecture to integrate 3rd Platform solutions
4. Manage 3rd Platform components and architectural deliverables in a repository
5. Integrate 3rd Platform architectural governance into existing governance processes
6. Collect metrics and share facts

Repeatable
(Business Architecture)

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How you communicate with the business is just as important as what you communicate.
Enterprise Architecture Essential Guidance

3rd Platform is a major disruptor for the enterprise ecosystem

- Build your reference model and vision to enable strategic business transformation
- Assess your maturity level in the 5 dimensions
- Define your architecture roadmap to address requirements and gaps
- Make it a cross-functional priority
- Use Architecture as a strategic agent of change and communication
Any Questions?
Thank you for your attention!

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