Sucoso Knowledge Exchange: Navigating Digital

Establishing Enterprise Architecture Capability at Group Level within a Conglomerate

Executive Summary

By very nature conglomerates are characterised by co-existence of diverse business priorities, business capabilities, business processes, application portfolios, data entities, technology standards, risk appetites and decision structures all supporting the common group level corporate goals. As information is valued more than any other asset in the era of digital knowledge economy, connecting information assets embedded within business unit silos can greatly help corporate as well as well business unit leaders accelerate their journey towards desired goals, respond to and capitalize on disruptions, and navigate through their individual strategy maps holistically.

Establishing enterprise architecture (EA) capability at group level although beneficial in realising this boundary-less information exchange across the enterprise, diverse socio-techno-politico-economic environment of conglomerate makes it challenging.

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This approach paper, through the EA journey of ABC Corporation, throws light on the strategic and tactical nuances of establishing a customer-centric and value-creating Group EA capability.

The Challenge

The Centre of Excellence (CoE) team entrusted with shaping the technology led transformations at ABC Corporation got interested in trying out Enterprise Architecture methodology as a strategic tool to support the diverse transformation needs of its internal customers which are essentially diversified businesses with different reporting structures, growth objectives and operational performance needs. The CoE team soon realised that the Group EA capability, being a process driven initiative, is perceived as a major cost-centre by individual businesses. Also, there were implicit signs of resistance to share the control and adapt to new dotted lines of influence that would be created as a part of new horizontal structure.

Diverse Business Needs

Over the years, ABC Corporation has witnessed organic as well as inorganic growth through mergers and acquisitions and has become a global conglomerate with business interests spanning telecom, retail, manufacturing and fintech sector.

Rapid growth in the telecom sector over the past decade gave the Telecom unit a position of influence on the corporate board. With improved autonomy and budgetary powers, the Telecom unit's reliance on the group level functions became loosely coupled. The Telecom unit has been running its independent EA capability to support mergers and acquisitions and regulatory requirements for quite some time. As the sector is witnessing consolidation, the unit is exploring new frontiers in data based value added services.

The Retail unit has been experiencing unprecedented changes in the business models because of e-commerce boom and rapid pace of innovations in the customer experience technologies. Given the time pressure to bring new offerings to the market, the Retail unit has adopted agile delivery approaches which have produced heterogeneous systems landscape. Minimising technical debt and improving operational efficiencies has now become paramount important to lead the future growth for the unit.

The Manufacturing unit has established global footprint with operations spanning multiple continents. Although slow in technology adoption, it's touted as a new growth area for the corporation. The unit has implemented costly ERP system to streamline its supply chain operation across the globe and is now looking to improve bottom-line performance through the adoption of pay as you go cloud based solutions. Some legacy applications in the unit are approaching end of life. The unit also likes to experiment with emerging technologies such as Internet of Things and Automation to lay the foundation for smart manufacturing.

The FinTech Services unit is relatively new baby in the conglomerate and is looking to leapfrog its competition through the innovative use of technologies to shape new business models. The unit operates in a regulated segment and has regulatory obligations to fulfil. It also has a mandate to minimise risk exposure to the group. The unit has partnered with external organisations not controlled by the corporate body and is looking to establish robust interfaces with the partner organisations.

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The Approach

Stakeholder Profiling

With a view that the success of Group EA capability in building a collaborative knowledge platform for decision makers would depend on the majority buy-in from key stakeholders both at the corporate and business unit level, the CoE team decided to map out the motivations of the stakeholders in favouring or hindering the establishment of the Group EA capability. This gave the direction to the CoE team on where to focus their energies.

The CoE team mapped the profiles of business units across 5 parameters, namely – Influence, Risk Appetite, Rate of Technology Adoption, Legacy Footprint and Perceived Interest in Group Level EA, as seen in the Figure 1.

The Telecom unit, being a seasoned campaigner, is likely to have greater influence within the leadership ranks than any other business unit. Being a regulated sector, the FinTech Services unit is most risk-averse. The consumerisation of technology has brought faster rate of technology adoption within the Retail unit than others. With machines of varying vintages and conditions and traditional MES products in operation, the Manufacturing unit has a substantial legacy footprint. The Retail unit, given its change conducive culture, has a positive outlook towards the Group EA initiative.

Leveraging Internal Influences

After assessing the business profiles, it was realised that although the Telecom unit might not be interested in sharing control with the group level function, their prior experience with Enterprise Architecture can provide valuable learning to the group level EA capability. The CoE team decided to tap into the board level influence of the Telecom unit and involved the Telecom unit's EA owner as an internal champion for the group level EA board. Through this involvement, the CoE team improved its chances of securing top management support for the group level initiative.
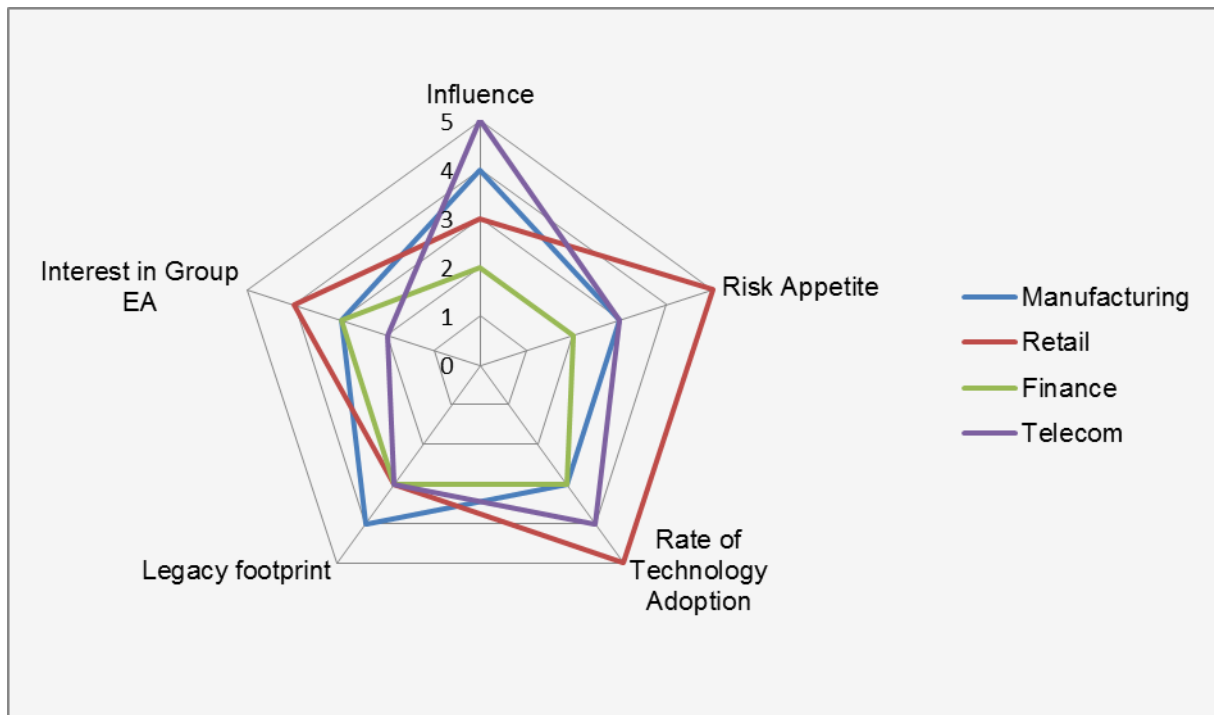

Figure 1: Business Profile Map for Group EA Initiative

Segmenting

Given the varied needs and profiles of individual businesses, the CoE team decided to utilize the segmenting approach to achieve customer centricity and buy-in from the retail, financial and manufacturing units for the group level EA capability.

For retail, with its interest in improving operational efficiency and reducing technical debt, the CoE team built an EA business case around application rationalisation while highlighting the cost savings that could be achieved through consolidation, reuse and de-duplication of functionality.

For Manufacturing, with its large investment in the ERP system, the CoE team built an EA business case around maximizing asset reuse, modernising legacy systems and achieving cost savings through cloud migration. Manufacturing being new growth area, the prototyping support on emerging technologies was also offered to drive application innovation.

For Finance, with its drive for innovation, risk management and collaboration, the CoE team built an EA business case around innovation facilitation through emerging technology adoption, GRC reporting and integration.

Targeting Low Hanging Fruits and Leveraging Initial Leanings

While having an eye at a larger initiative, the CoE team picked up a business area where they had deep domain expertise that could be leveraged to achieve quick turn around on relatively common demands from the horizontal EA function.

The CoE team had 'show stopping' deep domain knowledge of the manufacturing sector and as the Cloud adoption was on radar of majority businesses, the CoE team decided to prove the value of EA capability by shaping the cloud migration roadmap for the Manufacturing unit.

By doing so, the CoE team could develop repeatable knowledge on the cloud platform architecture which they could leverage across different business units.

As the complexity of EA projects started increasing, the Governance Board decided to adopt the EA software tool to facilitate collaboration, manage asset inventories and enable KPI reporting.

Defining Governing Principles

As the group level EA initiative started finding traction, the CoE team involved the key stakeholders across business units in defining the common governing principles for the Group EA capability.

Setting up the Enterprise Architecture Governance Board

With increased scope of the group level EA function, the CoE team set up a formal Group Architecture Board with its own budget to manage the day to day operation of the EA capability and to groom the next generation of architects.

Utilizing the Right Size Enterprise Architecture Software

As the complexity of EA projects started increasing, the Governance Board decided to adopt the EA software tool to facilitate collaboration, manage asset inventories and enable KPI reporting. The tool selection was carried out based on the availability of skill set, technical support, feature alignment, end-to-end traceability and future product roadmap. The tool helped the team in reaching to wider enterprise audience with greater actionable insights for impact assessment and risk mitigation.

On-boarding the Left Out Business Segments

The Group EA capability, through its cross-cutting insights, could unearth synergistic opportunities between the fintech and telecom sector to co-innovate the next generation ecosystem platforms.

The cross-collaboration over the Group EA knowledge platform also led to the implementation of Customer 360 initiative for the Retail unit which improved its top-line performance.

With Group EA capability now contributing to both bottom-line and top line performance of individual businesses (typical performance contribution as seen in the Figure 2), it has now become a de facto advisory unit to steer the technology led business transformation programmes across group businesses.
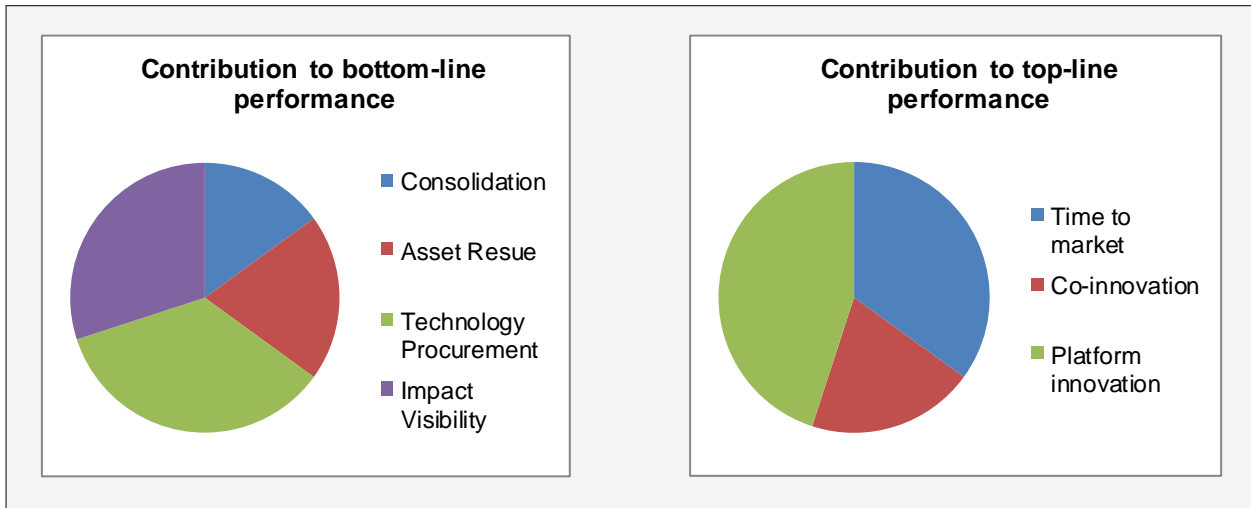

Figure 2: Group EA's Performance Contribution

Summary

Teams establishing Enterprise Architecture capability at the group level should be ready to navigate through diverse socio-techno-politico-economic environment with agility. Making the Group EA initiative relevant in the Digital Era requires a shift from the linear business process management thinking to the networked digital enterprise integration thinking. Value driven partnerships need to be built across and beyond organisational boundaries to realise the Group EA vision of creating a Digital Knowledge Platform for boundary-less information exchange.

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