mega

6 **Steps** to Building a Business Case for **Enterprise Architecture**

Forward-thinking business leaders have to maneuver through huge market shifts, unexpected competition, growing corporate complexity and evolving customer demands, which make it harder and harder to stay ahead of the competition and improve performance.

You know that business transformation can deliver the capabilities your company needs to overcome these challenges. You can produce a competitive edge through:

- **INNOVATION**
- **AGILITY**
- **OPERATIONAL EFFICIENCY**

- **ENHANCED DECISION MAKING**
- **IMPROVED COST GOVERNANCE**

You also know that your company could be the smartest and most innovative among its competitors, but **how do you convince executives to fund your idea for the way to get there?**

With competing priorities and limited budgets, how do you persuade key stakeholders that an investment in key business transformation initiatives will help the company tackle everyday challenges and propel it into the future?

HERE ARE SIX STEPS TO HELP YOU BUILD THE CASE
FOR BUSINESS TRANSFORMATION USING ENTERPRISE ARCHITECTURE

01 Define where you want to go

02 Define where you are

03 Identify your decision makers and stakeholders

04 Create your value statements

05 Show how enterprise architecture drives transformation for others

06 Demonstrate the value of enterprise architecture and ways to measure it

Step 1   Define where you want to go

WHAT ARE THE MOST IMPORTANT GOALS FOR YOUR COMPANY TODAY, IN SIX MONTHS, IN A YEAR, IN FIVE YEARS? DOES YOUR COMPANY NEED TO:

- Streamline operations
- Get costs under control
- Develop more innovative products and services

- Meet quickly changing customer desires
- Get to market faster
- Understand the potential effects of change on the company

WHAT WILL YOUR COMPANY LOOK LIKE IN FIVE YEARS? HOW DO YOUR EXECUTIVES DEFINE SUCCESS AND HOW DO THEY MEASURE IT?

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Stakeholders want to see the enterprise as it is today and imagine it in the future. Remember that each stakeholder or group may define success differently. Various metrics ... saving money, saving time, increasing revenues, reducing risks ... may have a different value for each stakeholder. It's up to you to translate the value you see in transformation via enterprise architecture into the benefits each stakeholder appreciates so you can gain approval for a company-changing initiative. Enterprise architecture can address executive business priorities if you begin with the end in mind.

HOW WOULD YOUR DECISION MAKERS ANSWER THESE QUESTIONS?
IF YOU AREN'T CERTAIN, ASK THEM.

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What are my company's business goals?

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Specifically how do we measure our success in these areas?

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Step 2 Define where you are

WHAT ARE THE MAJOR BUSINESS CHALLENGES THAT YOUR COMPANY FACES?
FOR EACH ONE, THERE IS A SOLUTION WITHIN ENTERPRISE ARCHITECTURE.

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Many enterprises can't match operations with customer expectations.

- The company is overly complex; there are inefficiencies, money that could be saved for better purposes and missed opportunities, but no one is sure where
- There's no comprehensive picture of the company's operations and resources
- The company is not agile enough to gain market share by retaining or winning enough customers; it can't respond faster than competitors

Enterprise architecture can provide:

- A clear view of the organization's processes, assets, risks and technology resources, how they interact and where improvements can be made
- The ability to model business capabilities, quickly assess how internal or external changes affect them and adjust them to meet market needs
- Customer journey mapping to understand each touchpoint and how to optimize all touchpoints from initial customer contact to purchase

Your company's future is murky, because there isn't enough accurate, shared information across the enterprise, nor the ability to determine how decisions today can affect future outcomes.

- Silos of information divide business groups and result in poor decisions
- There are unknown gaps in critical information needed by employees and business groups
- There's no ability to predict what the company will look like in one, two or three years based on certain decisions, because no one can estimate resource needs, operational changes or market shifts

Enterprise architecture can provide:

- A 'single source of truth' about the company's operations, maintained in a centralized repository that is easy for different roles to access and for groups to share
- Future roadmaps that link strategy with business outcomes, business groups with technology resources and decisions with information
- Accurate WHAT-IF, AS-IS and TO-BE scenarios that show the impact of change and trade-offs of decisions
- Role-based access to corporate-wide information for divisions, business groups, teams and individual employees who may need it

IT resources are a jumble of legacy applications, kludged together over time.

- Too much of the IT budget is spent on maintenance, with little left for innovation to support market opportunities
- With no long-term IT master plan, business groups practice shadow IT, obtaining their own resources

Enterprise architecture can provide:

- A complete view of technology resources to help the IT team decide when to acquire, retire or extend certain technologies to meet evolving company operations

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What are my company's challenges today?

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How can enterprise architecture help overcome those problems?

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Step 3 Identify decision makers and stakeholders

You already know who approves your budgets and technology purchases. But it is important to identify all of your stakeholders and find out what matters most to each of them.

For example, the average age of employees of a manufacturing plant may be 55, so it would be important to capture and transfer their knowledge easily to those replacing retirees. This transition also presents an opportunity to identify new efficiencies as new employees join the team.

The company may estimate that process improvements and knowledge transfer could produce $100,000 in savings because of faster new hire training and changes in processes. However, uninterrupted manufacturing, because of the smooth and seamless knowledge transfer, could be priceless to the manufacturing vice president.

How can the company get these benefits? By using enterprise architecture to capture current employees' knowledge and model the manufacturing processes to identify efficiency improvements.

Another company might have a jumbled IT system because of several mergers and acquisitions. The IT team knows there are many redundancies and old technologies, and doesn't have a good grasp on what IT resources support which business groups.

Streamlining the IT assets could free up money, but the CIO might consider it priceless because her team could devote more time to innovation without daily IT maintenance headaches.

HOW CAN THE COMPANY GET THESE BENEFITS?

How can the company get these benefits? By using enterprise architecture to model the technical infrastructure, identify deployed applications and functionality, map the technology to business operations and design an improved architecture.

What is priceless to your stakeholders? It is usually a solution to a problem, not a specific type of technology or a tool feature or report from a software program.

What problems are most significant to them and may be ready for an enterprise architecture solution?

Who are my stakeholders?

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Step 4 Create your value statements

Many try to sell a technology solution within the company by framing it in what they see as the most important features and functions, while budget decision makers really want to understand how it will advance business goals.

Technology solutions are typically proposed within enterprises using the standard **Features, Advantages and Benefits (FAB)** approach. But, if you focus first on features, your pitch may confuse or bore an executive, especially one who didn't come out of IT; he won't understand how these will solve his problem. If you speak about advantages along with features, your exec may even think these don't apply to your company's real needs.

Suppose you want a new car and you and your spouse make major purchase decisions jointly. Let's say you want a Ferrari and you explain because it is fast. But, your spouse doesn't care about a fast car and doesn't agree. So, you explain that it will get you to and from work in less time. Again, no sale because it doesn't matter to her that you spend less time commuting.

However, when you say that this fast car will save you time getting to work and allow you to spend more time with her and the family, you've finally described the benefit, and possibly something priceless, to your decision maker.

How about using FAB statements in a new way to increase your success in getting buy-in from your budget decision makers? Begin with what matters most to them, then let them decide how much more detail they want. This works quite well when you are proposing an enterprise architecture solution.

Using your company's challenges, goals and strategies, create your value statement for your decision makers and stakeholders, using the BAF (not FAB) approach.

HOW WOULD YOU DESCRIBE HOW ENTERPRISE ARCHITECTURE CAN DELIVER PRICELESS VALUE TO YOUR STAKEHOLDERS?

	EXAMPLE
BENEFIT	The enterprise will be more agile in meeting rapidly changing market demands and get to market faster
ADVANTAGE	Because we have a comprehensive view of company-wide operations, processes and resources and how changes in one area affects others
FEATURE	Which is accomplished by using an enterprise architecture tool to capture business operations data once and store it in an up-to-date central repository where it can be reused multiple times by different business groups

BENEFIT	The business will now _____ _____
ADVANTAGE	Because we can _____ _____
FEATURE	Which is accomplished by _____ _____

Step 5   Show how enterprise architecture drives transformation for others

Executives want to see how other companies have used a similar approach to achieve success. Most leading organizations are using enterprise architecture to drive transformation that leads to success. Sharing successes that others have achieved can help your executives become confident that your company can reach the same level of victory.

A consumer goods giant used enterprise architecture to drive a cost-optimization program, **realizing $150 million in savings** in just five years by transforming how the company worked from idea to shelf. The enterprise:

- Led a company-wide digital transformation program that reduced time to market by 20+%
- Increased IT asset optimization by developing roadmaps for **3000 applications** and related technologies
- Improved service delivery to internal customers by **75% in 7 years**

The health insurer of choice for nearly **50 million people saved $50 million after three years** of using enterprise architecture solutions. This industry leader streamlined operations, improved the customer journey and enabled information sharing across all business lines. The company:

- Focused technology investments on capabilities that improved time to market
- Eliminated silos of information that divided business units
- Provided critical strategic and operational information through an employee portal that's viewed **25,000 times per month**

A Fortune 50 insurance company achieved a three-year ROI of more than **300%** after using enterprise architecture and IT portfolio management solutions with 3000+ applications. The total financial benefit was close to $15 million, including:

- Savings from application consolidation, legacy software retirement and reduced professional services **($10.6 million)**
- Productivity gains from improved data collection and IT management **($1.1 million)**
- Cost avoidance by identifying and mitigating risks **($3.2 million)**

One of the largest US bank holding companies used enterprise architecture to generate savings of more than $15 million, gained from improved operations and fewer risks. MEGA's solutions allowed the company to:

- Improve the customer experience by pinpointing business activities to automate, such as customer onboarding, account opening and customer service
- Remove hurdles to efficiency, such as business unit silos
- Eliminate costly redundant applications supporting similar capabilities by evaluating more than **600 applications and 1300 technologies**, and linking them with standards and capabilities

WHEN CONSIDERING EXAMPLES OF SUCCESS THAT ENTERPRISE ARCHITECTURE CAN DELIVER, WHICH TWO WILL RESONATE BEST WITH YOUR EXECUTIVES:

(e.g. cost optimization, eliminating unnecessary applications, reducing time-to-market, improving customer experience)

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Step 6 Demonstrate the value of enterprise architecture and ways to measure it

Some executives measure their company's success in terms of enterprise value: sales revenue growth, profit margin, earnings per share. Others dive deeper and look closely at value by business unit: market share or customer retention. Still others expect every program to deliver a measurable benefit.

However your company determines the value of investments, every budget request to the CEO and CFO will be compared with others. Not all can be granted, so often the decision is made based on which ones can be expected to deliver the most value to the company. It becomes even more important to be able to show that the value of enterprise architecture can be measured and demonstrated in ways that have meaning to your executives and decision makers.

SOME OF THE BENEFITS OF ENTERPRISE ARCHITECTURE THAT CAN BE ESTIMATED IN ADVANCE MAY INCLUDE:

- Reducing IT costs through application portfolio management and retirement of wasteful technologies
- Determining the value of strategic technology investments before the investment is made
- Replacing cumbersome processes with more effective methods
- Evolving capabilities to meet future organizational needs
- Pinpointing problem areas in the customer journey

Which benefits of enterprise architecture are most important to your organization?

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How would you measure them?

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PUTTING IT ALL TOGETHER

Now you have a good grasp on company goals, your challenges, what's important to your stakeholders, a way to share the value of enterprise architecture with them, and how enterprise architecture can help your company achieve its digital transformation goals.

Because you understand the measurable returns of enterprise architecture, as well as the more intangible values … those priceless items … you have the building blocks to create your business case for enterprise architecture and help your company move forward confidently into the future.

Request to be contacted: www.mega.com/en/company/contact-us

ABOUT MEGA

MEGA International is a global software firm helping companies manage enterprise complexity by giving them an interactive view of their operations.

Executives gain the visibility and information they need to make the right choices for effective governance and for striking the right balance between capacity for innovation, cost optimization, and risk management. Backed by HOPEX software and MEGA services, companies can boost business and IT agility in today's disruptive business environment.

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