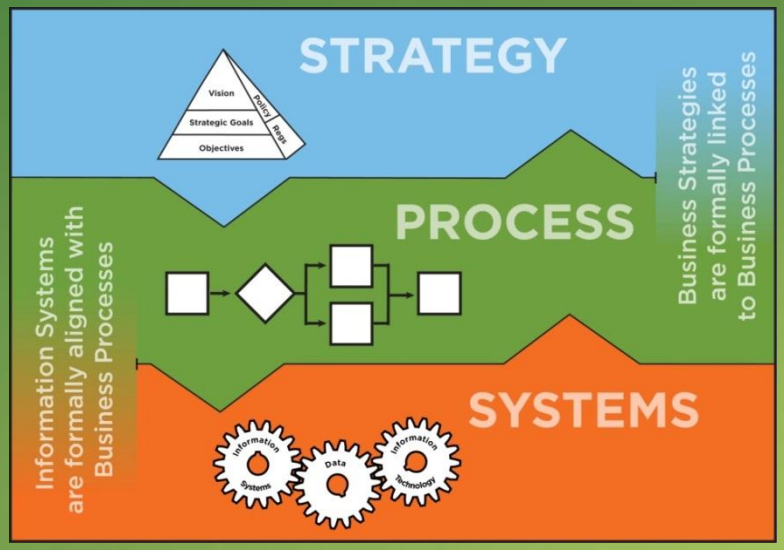
AIT Technology Event



Managing the Extended Enterprise: An Enterprise Architecture Approach

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Presentation Overview

- **Objective – Present the critical components for planning and managing complex programs, and relate these components to new supply chain management concepts**
- **Outline –**
  - Enterprise Integration
  - Extended Enterprise Integration
  - Enterprise Business Architecture
  - Supply Chain Control Towers
  - R&D and Implementation Challenges
  - Summary and Conclusions

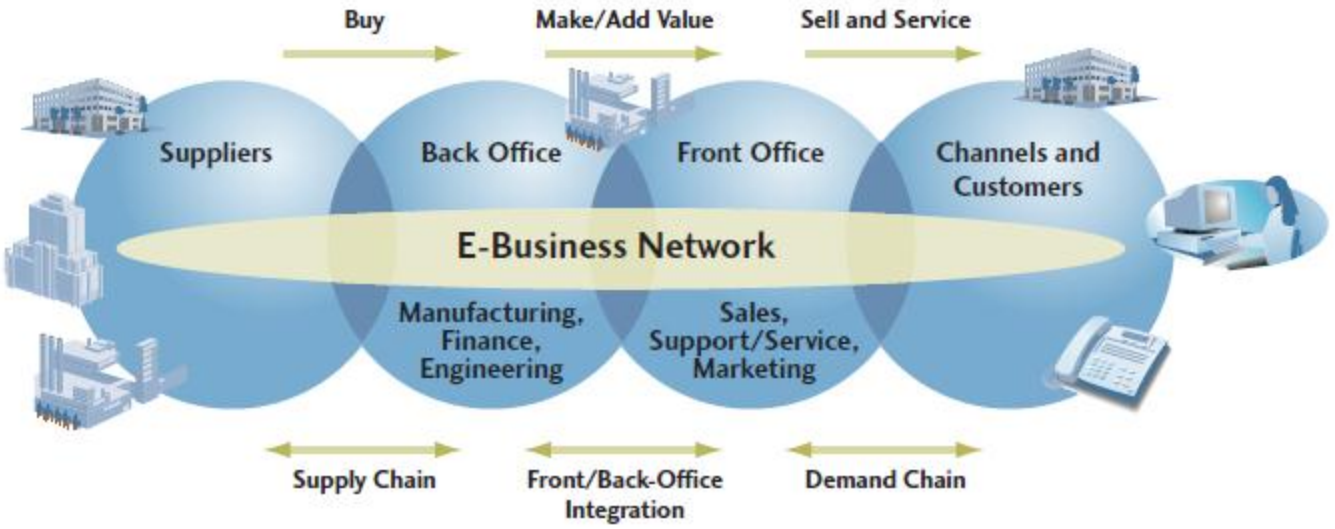
Enterprise Integration

- Enterprise Integration is the vertical and horizontal alignment of plans, business processes, data, and information systems across organizational and functional boundaries to provide competitive advantage.
- The process of achieving Enterprise Integration includes all managerial and technological factors that enable end-to-end business process integration.
- The end result is a customer oriented management structure with information systems that are formally aligned with business processes, providing near real-time access to relevant information.

Extended Enterprise Integration

The extended enterprise is a loosely coupled and self-organizing network of firms that combine their economic output to provide products and services offerings to the market

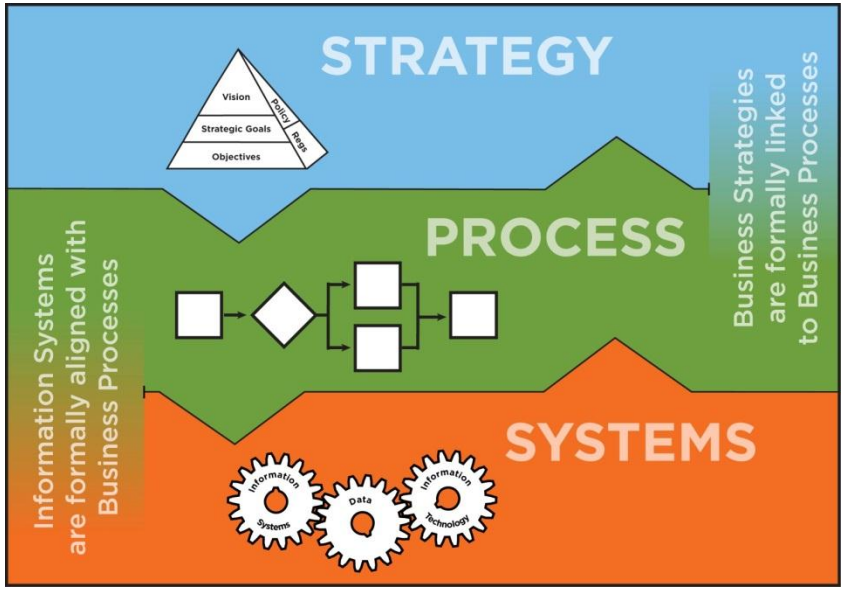
The Extended Enterprise
Source: Yankee Group, 2007



Extended Enterprise Integration is inter-enterprise integration. Intra-enterprise integration is extended to incorporate other entities into the integration domain. These other entities include customers, suppliers, partners, and other organizational claimants.

Enterprise Business Architecture

- Enterprise business architecture is a detailed extension of the strategic planning process.
- The EBA translates an enterprise's business vision, strategy and objectives into a structure that can be used to support the implementation of effective enterprise change by aligning business processes and priorities with IT solutions.
- The IT governance process defines a collaborative, shared planning process where EBA teams work with business and IT stakeholders to define a future-state vision in terms of planning objectives, requirements, principles, constraints, and models.



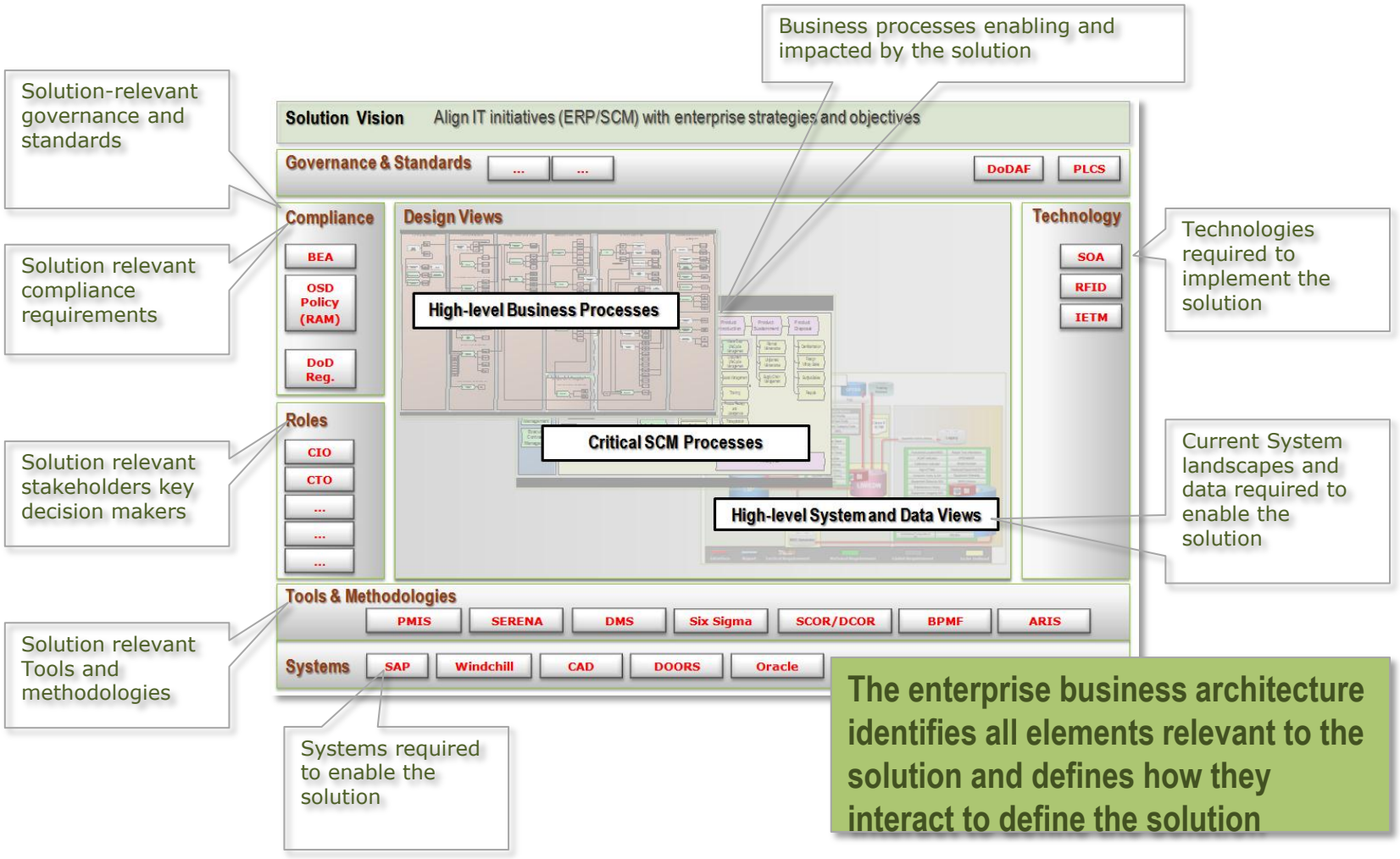
EII Solution Framework

Gartner estimates that by year-end 2014, 50% of Global 1000 organizations will support EBA as a collaborative business & IT effort

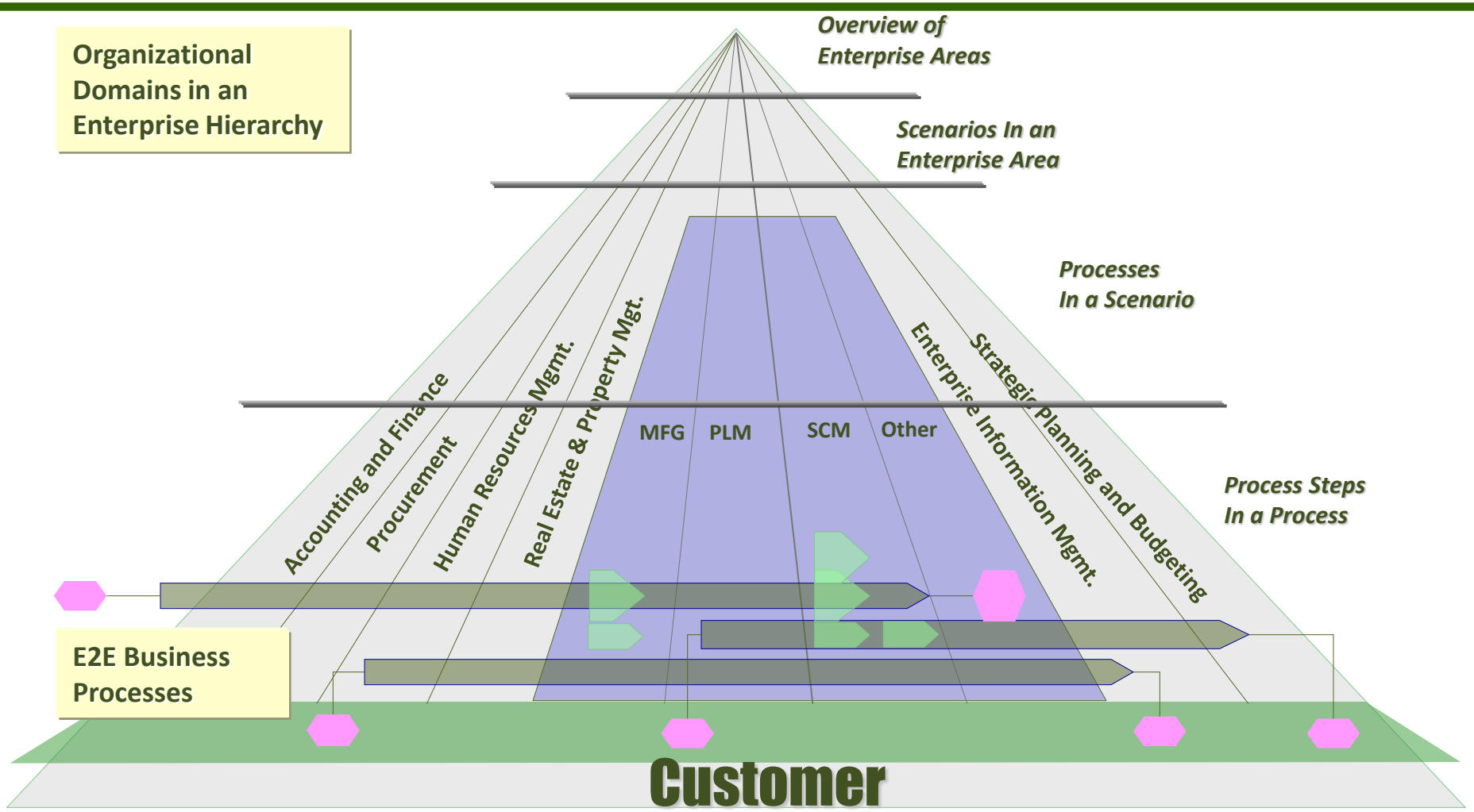
Why Enterprise Business Architecture?

- **Executive expectations are different than the expectations of the IT organization**
  - Executives expect efficiencies in the IT organization (e.g. Interface cost minimization is a requirement, not a competitive advantage)
- **Permanent and increasing changes in business requirements**
  - As customer requirements change, executives want the ability to quickly and efficiently realign IT to meet the requirements, which is a tremendous effort for IT departments to keep up with the changes
  - Business aims at flexibility and agility as a source of competitive advantage; IT organizations strive for efficiency and stability and not flexibility and agility
- **Increasing revenue and profitability are critical objectives that must receive a high priority from both the Business and IT**
- **The only solution is to identify and implement IT investments that meet the agility and flexibility requirements of the Business, but can also be delivered at a lower cost**
  - EBA is a powerful tool for planning and solving problems to meet the objectives of both the Business and IT
- **The Enterprise Business Architecture is the plan for ensuring that investments are focused on aligning IT with business.**

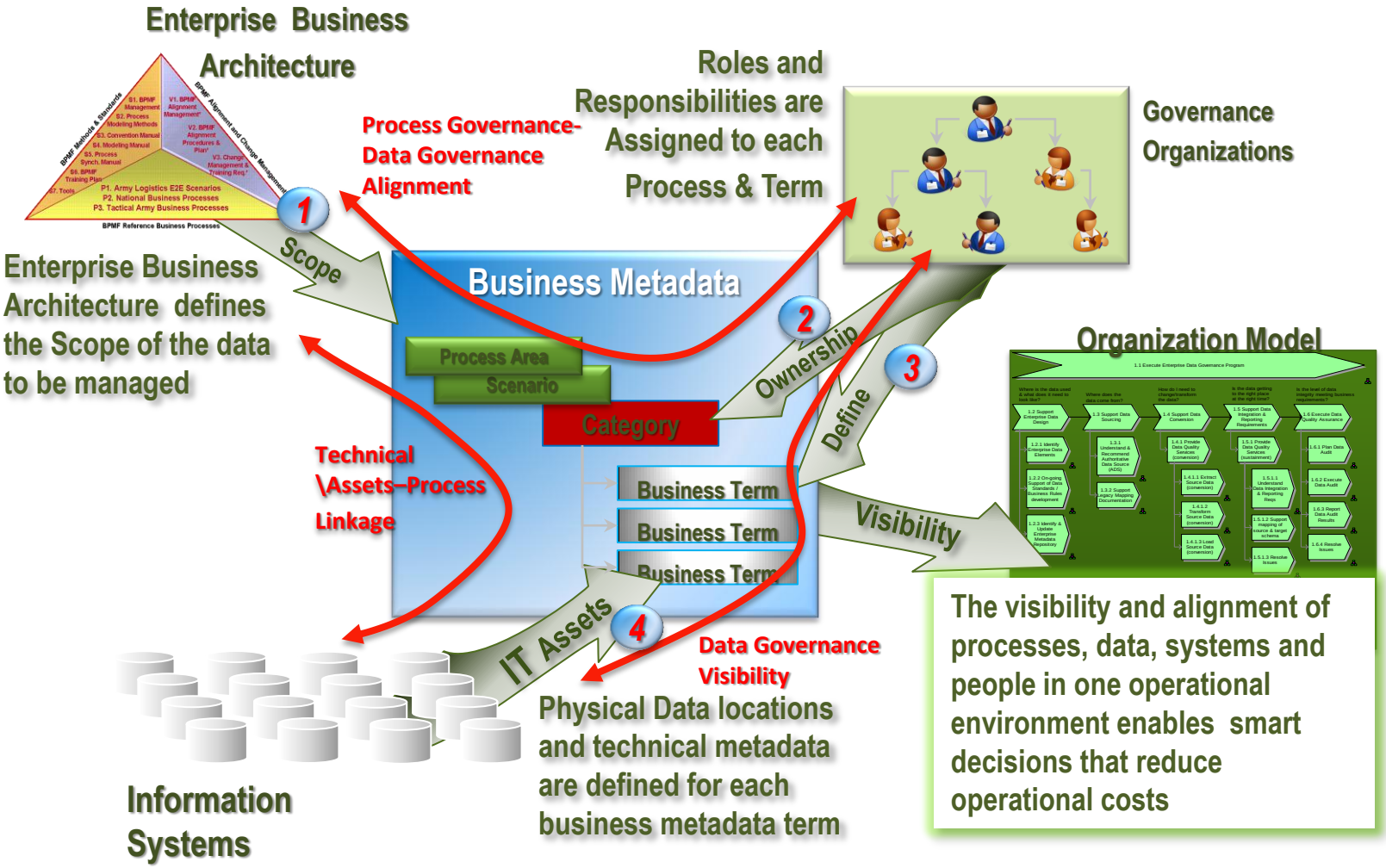
What is the Content of an Enterprise Business Architecture?



The Role of End-to-End Business Processes



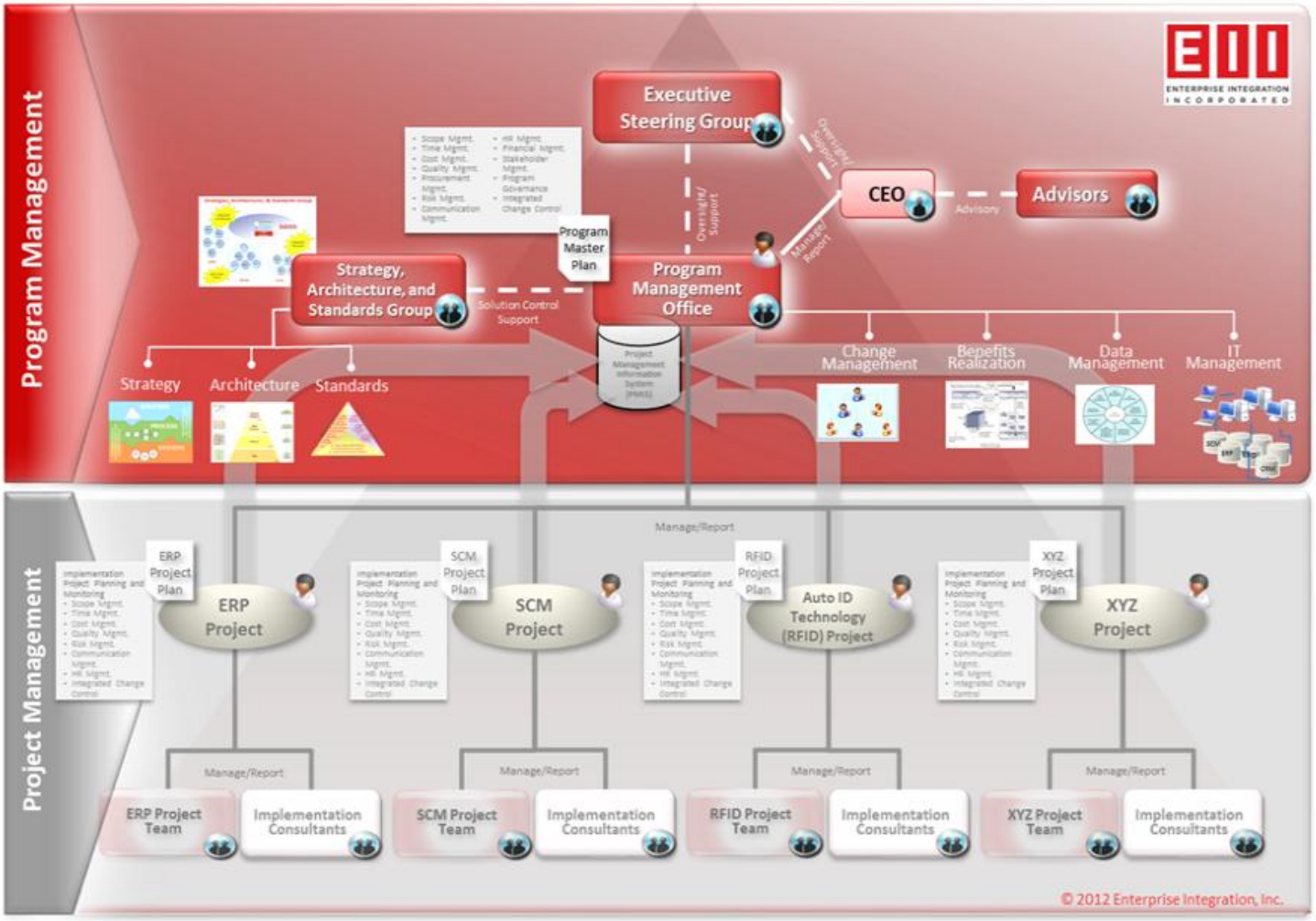
A Complete Architectural Solution



Governance

- **Governance is the establishment of a structure to manage an initiative**
  - Managing is used in its broadest sense, and it includes monitoring and controlling
  - Compliance is the execution of a sequence of procedures underneath the governance model
- **For Extended Enterprise Integration, the following governance categories are critical:**
  - Program Governance
  - Project Governance
  - IT Governance
  - Business Process Governance
  - Data Governance

A Complete Governance Model



The Control Tower

- Enterprise Business Architecture, Extended Enterprise Integration, and Governance are the critical components for defining the "Control Tower"
- The Aberdeen Group defines the Control Tower as a solution having a centralized view with the ability to "drill down" to the root cause of a problem and resolve the problem from that view
- The objective is to remove as much latency as possible from the supply chain, because latency results in inventory buffers that result in delays in shipments that drive up costs.

The Control Tower

Source: Kinaxis

Control Tower R&D Implementation Challenges

- **The technologies required to implement a Control Tower solution already exist**
- **Enterprise Business Architecture and Governance provide the planning mechanisms**
- **Participation from suppliers and customers is a barrier that requires careful consideration**
- **Research Focus**
  - Why should suppliers participate? Especially small- and medium-sized enterprises?
  - What are the incentives that drive participation?
- **There is an analogy from 2000 – Trading Exchanges!**
- **Those lessons learned are the focus of our R&D efforts in building and deploying Control Tower solutions**

Summary

- **The presentation reviewed three topics**
  - Enterprise Business Architecture
  - Extended Enterprise Integration
  - Governance
- **The argument was made that the three topics are critical for Enterprise Planning & Management**
- **The presentation introduced the concept of a Supply Chain Control Tower**
- **The argument was made that the three topics are critical for Control Tower Planning & Management**
- **Control Tower implementation challenges were discussed**

Thank You

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