

CONVERGING BUSINESS AND IT TO TRANSFORM TO THE DIGITAL ENTERPRISE



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Companies today no longer have a choice in the matter—to attract and retain customers, companies must have a digital strategy. Whether it is about offering digital products and services, streamlining the underlying IT of internal processes or improving customer experience, innovative use of technology is determining market share. As a consequence, business models are being radically overhauled—not in baby steps but in big, monumental shifts. The repercussions vibrate throughout the whole enterprise—changing operating models, business processes and the operating modes of IT.

The Digital Enterprise imperative

Forrester talks about these shifts and the problems arising from it: “Business Process Management (BPM) initiatives frequently start with a tactical process improvement charter, but quickly shift to play a broader strategic role across the enterprise—often being tapped to help transform customer-facing business processes and increase operational agility. Unfortunately, many business process and Enterprise Architecture (EA) teams miss out on the broader opportunity because they failed to build a plan for shifting the BPM practice to deliver on new strategic drivers and business objectives.” (Source: “Design Your BPM Program To Meet Shifting Priorities,” March 2, 2015, by Clay Richardson)

“Essentially we live in a digital world where digital users demand digital infrastructures at home, in the company they work for, and last but not least, from the administrations they deal with.”

— “The Digital Enterprise – the Moves and Motives of the Digital Leaders,” **Karl-Heinz Streibich** | CEO, Software AG

In order to facilitate big transformation initiatives, business process executives need to understand large business concepts and translate them in terms of what they mean for different parts of the company. It's no longer about optimizing performance of the individual process. It's about re-thinking processes altogether: How do they connect across the enterprise? How do they relate to the customer experience? What is their context and location? How can IT help re-define processes into digital experience? What new processes are needed? Business process professionals need to start thinking about enterprise goals as a starting point for process design and not pre-defined behavioral outcomes.

Gartner identifies the megatrends that are driving transformation initiatives as such: "The Internet of Things (IoT), smart machines and mobility form a set of interrelated disciplines that will soon be of huge importance to business. They will drive efficiencies, unveil growth opportunities, and create new experiences for customers and constituents. They are among the pillars of digital business—creating new business designs by blurring the physical and digital worlds. Mobility, IoT and digital business are creating a massive interest in analytics technologies and disciplines. Meanwhile, enterprises recognize the true capabilities of cloud computing, especially in the areas of software as a service and cloud office." (Source: "Gartner's Hype Cycles for 2015: Five Megatrends Shift the Computing Landscape," 12 August 2015, by Betsy Burton, David A. Willis")

These forces are also having an effect on EA across the globe. "Enterprise architects must prepare for the increasing opportunity, responsibility and accountability that digital business will bring them. EA practices must evolve to include new approaches to developing architecture, such as "lean startup," along with new perspectives, such as business ecosystem modeling and customer journey mapping. What EA is in the digital era, and how EA adds business value, will need to change radically to meet the demands of the organization." (Source: "Follow the Leaders: Digital Business Is a Big Opportunity to Evolve Your EA Practice," 3 July 2015, by Marcus Bloesch, Betsy Burton, Mike J. Walker). EA practices must accelerate their efforts to become more business-oriented, architecting for business outcomes and not for the perfect standard platform. They need to prove themselves in their ability to purge traditional systems-thinking to make room for design-thinking in the sense of human experience and not solution design. Already existing EA capabilities will be needed more than ever before: holistic thinking, governance, planning, coordination of activities across the enterprise. Customer experience initiatives (should) span business silos and permeate all layers of the organization. EA needs to be there.

BPM and EA—not such strange bedfellows after all

Why are we focusing on BPM and EA here? Because it is these two corporate disciplines that will make transformation happen: EA plans it, BPM puts it into operation. The driver will be business strategy change such as "our customers are mobile and so the company must be as well if our goal is more revenue, churn reduction, brand positioning as protection against competition." And, thus, the marching orders for the day make their way to two separate corners of the organization for independent evaluation and execution. But today's Digital Enterprise initiatives virtually cry out for a convergence of EA and BPM. These two change agents have a symbiotic relationship but most organizations haven't realized it—yet.

BPM professionals need to start thinking bigger and more holistically. They need to understand the way processes throughout the whole company need to work together because everyone is—or should be—directly or indirectly—focused on improving customer experience. For this they need to understand the information and data surrounding processes: what’s available, what applications work together, how can they be brought together to support a process transformation, how do the systems fit together—in short, EA. And EA professionals need BPM support in understanding process and in measuring the results of transformation efforts. It’s a partnership that can bring immense potency to a company’s business transformation.

So if it’s a marriage made in heaven, why is there a falter at the altar? One reason is a divergence in their mandates—traditionally. Business process managers view individual projects as their responsibility: model and build a process, then optimize to the utmost. Enterprise architects view the whole company as their domain and endeavor to coordinate and govern. Another reason is that they stand in each other’s way. Architects consider major processes a hindrance to agility and look for ways to componentize the processes. Process managers can’t get IT budget for process improvement due to inflated application costs.

But cooperate they must and cooperate they will. There are indications in the market that this is happening. According to “The State Of EA 2015: Some Transformation, But Too Much Business-As-Usual,” a February 2015 Forrester Research report, “[improving] business processes and/or operations (e.g., to improve business results)” is steadily moving up the list of primary drivers for enterprise architecture and is becoming one of the top three in 2013 and 2014. But the Digital Enterprise imperative demands more than just improvement of business processes. EA needs to deliver enterprise context to BPM to enable prioritization of projects and, far more, to enable a high-level, enterprise-wide view of process.

Building the Digital Enterprise with Software AG

Help in establishing a collaborative environment for shaping compelling customer experience comes in the form of a BPM/EA integration platform from Software AG. Two market-leading products, ARIS for collaborative process analysis and Alfabet for EA, provide the interoperability needed to build the Digital Enterprise—from translating the Digital Enterprise strategy into enterprise operating model and business capability requirements, capturing the business model, defining the business processes and planning the IT landscape that supports them.

The integration of ARIS and Alfabet allows companies to close the gap between business and IT to create digital systems of differentiation that drive front-line agility. The solution provides a continuum of planning and management support from the highest level of business assessment and definition to the individual activities in IT planning and portfolio management. According to Gartner analyst Bruce Robertson in a recent report: “Don’t separate process and technology planning. Make sure future-state business process design working sessions include digitalization opportunities. In other words, don’t just automate today’s tasks and flows. Consider the new value desired and work backward to determine what work is needed to create and deliver that new value. Consider using business moments and other techniques to think outside the people-pushing-paper box.” (Source: “What Does It Mean to Digitalize Work?,” 4 May 2015, by Bruce Robertson)

Both ARIS and Alfabet provide great value on their own. ARIS enables the enterprise to: understand, analyze and transform business processes; discover and analyze variations in processes; improve business process performance; and reduce the costs of IT implementation by clearly documented processes.

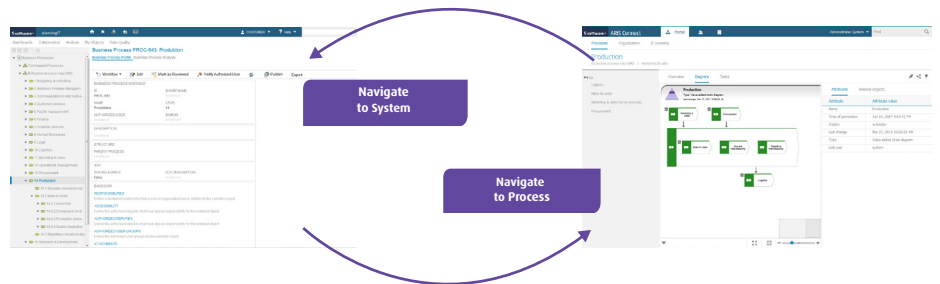
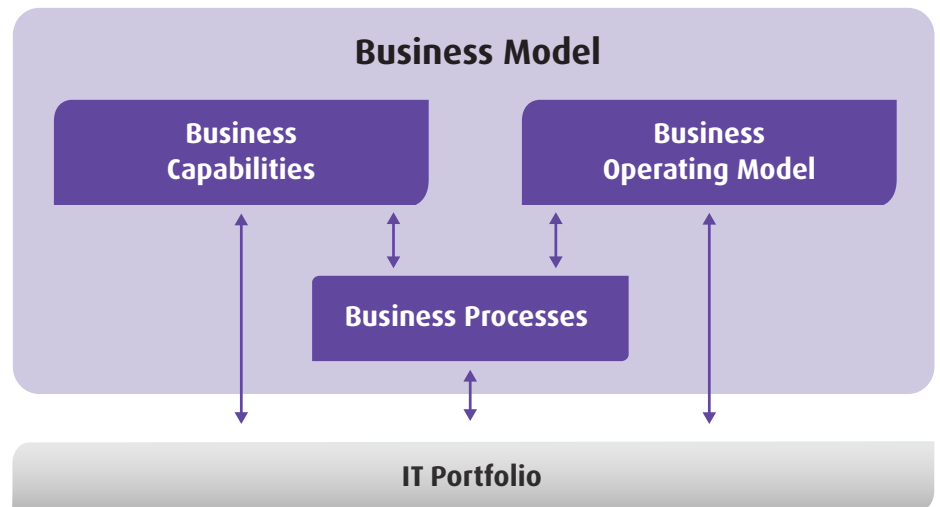
Business IT Transformation from Software AG

- Converge BPM and EA to ensure that IT delivers what business really demands
- Leverage IT to transform go-to-market execution for products and services
- Put business objectives at the heart of IT strategy
- Understand the impact of strategic and tactical business decisions to the IT landscape early on

With Alfabet, an organization can: have reliable information on applications, their integrations and how they support business; identify redundancy in IT support for business processes; plan IT consolidation which helps makes IT more agile; and move IT spending from operating applications to investing in business change. Together, however, ARIS and Alfabet greatly improve agility in providing digital business solutions by providing: tighter business-IT collaboration from inception to implementation of business solutions; clear insight into change impacts on process and IT; cost reduction through business and IT standardization; and revenue growth through customer focus and market differentiation.

Complementary capabilities and seamless integration

The interoperability of ARIS and Alfabet enables both business managers and enterprise architects to have a common reference and speak the same language. The vision of collaborating on transformation projects becomes reality. Relevant information aspects on business process analysis and IT management can be shared between the incumbent repositories of both products. For instance, applications residing in the Alfabet repository can be represented in the Business Process Modeling Notation (BPMN™) diagrams and Event-driven Process Chains (EPC) in ARIS. ARIS can, thus, deliver performance metrics on the usage of the applications to Alfabet for application portfolio analysis purposes. Likewise, high-level business processes from ARIS are represented in Alfabet and related to business capabilities and underlying IT to better understand the context of the business process.



The enterprise business architecture is the primary bridge between ARIS and Alfabet. Alfabet captures business capabilities and the operating model. ARIS covers design and management of business processes. Synchronized, they ensure that the IT portfolio in Alfabet is seen in the business context.

Business IT management at Wüstenrot & Württembergische Group

BPM and IT architecture management have a long tradition at W&W Group. With the aim of continuous process improvement and standardization, they bundled standard business functions for the whole W&W group in 2011 implementing a “Business Domain Architecture.” This was an important step towards managing and fulfilling governance regulations. W&W defined seven business domains for their group: controlling, sales, product provider, operations, shared services, IT and partners. IT architecture management with Alfabet has been practiced since 2009 at W&W Informatik. In 2013, the W&W Group “crossed the Rubicon” with the link between process, business domain and IT architecture management. The synchronization of process and application information—grounded in ARIS as well as Alfabet—was the next logical step towards a unified EA management approach.

Wüstenrot & Württembergische defined the following success factors for their business process and IT management:

1) Where to start—Different roles mean different starting points!

A transformation project involves many stakeholders and the different personas need to be considered from project inception. Business line managers will have a view onto individual processes and be concerned with reducing process costs and the need to measure process KPIs. The enterprise architect will have a high-level view of the whole enterprise and needs reliable information on how all the parts fit together. But the two views complement each other well and the two disciplines cooperating with each other can bring immeasurable value to the company. Before the purely technical tool integration, the organizational challenge of bringing the two parties to the table needs to be solved. Developing a common goal for the two groups—for example, a large business initiative—creates a motivation for the two groups to collaborate.

2) Define clear rules!

In order to orchestrate “who does what and in which order” you must define clear governance guidelines, including, for example:

- Clear modeling conventions in ARIS
- Definition of roles and their respective responsibilities, e.g., who has the data ownership (in which tool which information is maintained, by whom and how can regular updates be ensured)

This governance framework builds the basis for the data maintenance and synchronization process:

- ARIS is used for the maintenance of process information (processes, domains, information data, business object data, etc.)
- Alfabet is used for the maintenance of the IT-related information (applications, technologies, projects, business domains, etc. and how they relate to each other)

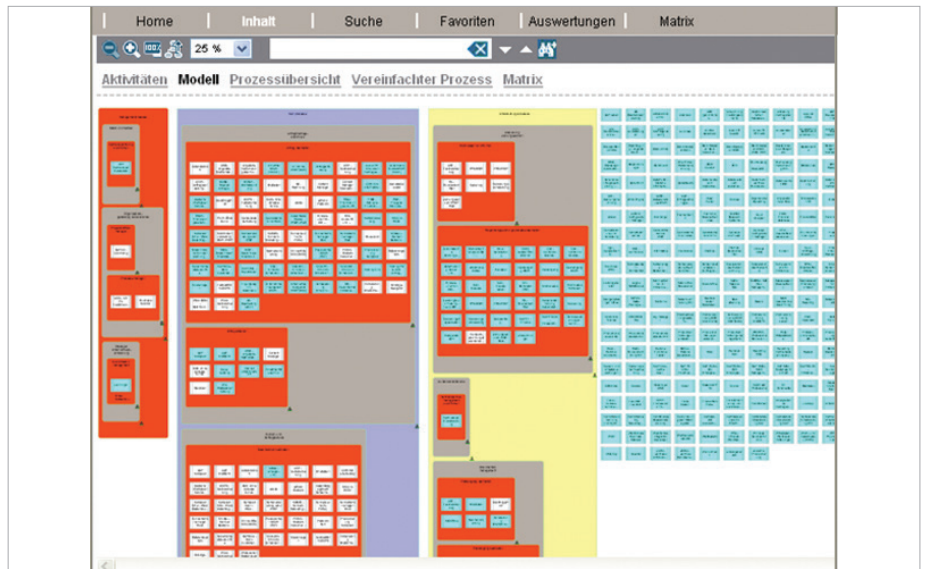


The W&W Group

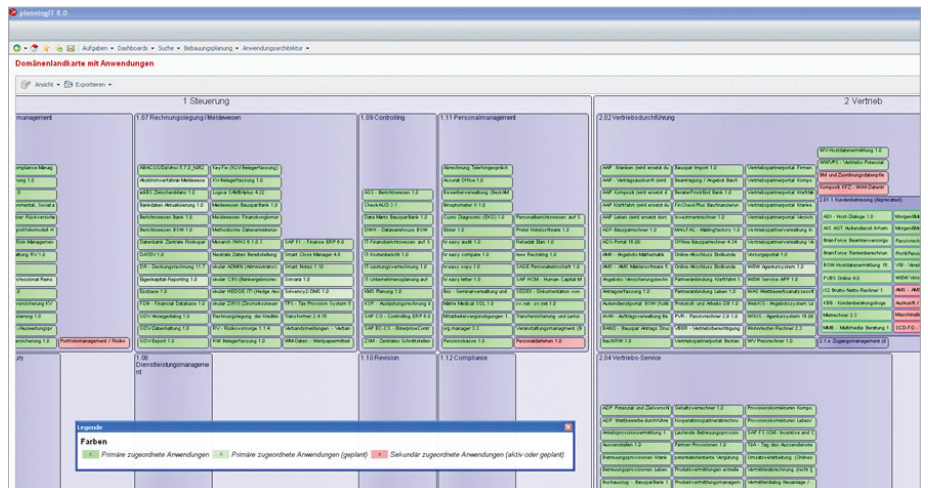
Merged in 1999 from long-established firms Wüstenrot and Württembergische, the Stuttgart-based company, now known as the W&W Group, rests on two strong pillars: insurance and a savings and loan association. W&W is a one-stop source for all its customers’ financial service needs and is “the financial specialist” for building wealth, home ownership and providing comprehensive financial and risk protection. Based on the expertise, commitment and proximity of its 6,000 field service partners, the W&W Group has earned the trust of over 6 million customers.

“The Alfabet-ARIS integration enables Wüstenrot & Württembergische to establish an integrated strategic planning approach at all levels of the enterprise architecture—from the processes down to the infrastructure.”

— Dr. Detlef Ruprecht | Wüstenrot & Württembergische AG, Head of Enterprise Architecture Management



Overview in ARIS: allocation of applications to their respective processes, synchronized with Alfabet. From here drill-down to the processes.



Overview in Alfabet: Business domain landscape with allocated applications. From here drill-down to technology.

“An essential point is that we can now evaluate the information that process and IT divisions need for their daily work in a common and in their respective context. This is important for a mutual understanding of the two groups.”

— **Edith Kneitz** | Wüstenrot und Württembergische, Head of ARIS

Using ARIS-Alfabet interoperability, Wüstenrot & Württembergische brings process and IT information together now. Formerly separated systems now enable analysis in one cohesive platform. The information base is more visible and reliable since the maintenance of the data is done only in one tool. The further planning of changes to the business and IT landscape has, thus, a reliable basis to work on.

With the interoperability of ARIS and Alfabet, the W&W Group is now able to provide:

- Transparency and high quality of the overall business architecture, the underlying process models and their variants in ARIS
- Defined, clear business domains as link between business and IT architecture
- An efficient and effective IT management through Alfabet

The interoperability of ARIS and Alfabet enables efficient business and IT management at the W&W Group, significantly strengthening their ability to offer innovative products and business support. The combination of two market-leading tools leads to greater transparency and understanding of the impacts of transformation demands. Alfabet provides ARIS with a reliable inventory of the applications, projects, technologies and other elements that make up the IT portfolio. This means that the impacts of process change are clearly understood. At the same time, ARIS delivers the critical intelligence to help W&W reduce process costs and transform the business. Clearly documented processes reduce the costs of IT implementation.

In the combined offering, ARIS and Alfabet allow business and IT to collaborate for true end-to-end business and IT improvement, guided by the necessary governance. This greatly paves the way of transformation towards the Digital Enterprise.

Need more information?

Talk to your Software AG representative about how to transform your business to a Digital Enterprise with ARIS and Alfabet. Or visit www.softwareag.com/resources for more white papers.

ABOUT SOFTWARE AG

Software AG offers the world's first Digital Business Platform. Recognized as a leader by the industry's top analyst firms, Software AG helps you combine existing systems on premises and in the cloud into a single platform to optimize your business and delight your customers. With Software AG, you can rapidly build and deploy digital business applications to exploit real-time market opportunities. Get maximum value from big data, make better decisions with streaming analytics, achieve more with the Internet of Things, and respond faster to shifting regulations and threats with intelligent governance, risk and compliance. The world's top brands trust Software AG to help them rapidly innovate, differentiate and win in the digital world. Learn more at www.SoftwareAG.com.

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