Agenda

1. Today Business Environment
2. CIO as Leader to be Adaptive & Agile
3. What is Adaptive Enterprise
4. How can we get there
5. Ref Model for Adaptive Enterprise
Old World vs. New World

- Originality
- Efficiency
- Secrecy
- Silo oriented

- Diversity
- Agility
- Transparency
- 360” Alliance
Bridges connecting Business and IT

**Measurable Enterprise Business Performance**

Customer-centric Business Process Innovation

Agile Business & IT Alignment

Customer

Business

IT
Management’s big role

% increase in total factor productivity

Improving management Practices increases productivity
More than investing in IT ...

… while doing both
Yields highest increase

Source: London School of Economics (Analysis of 100 companies in France, Germany, United Kingdom, and United States)
Expectations from CIO on LOB not met

Source: McKinsey and Club Informatique des Grandes Enterprises Francaises (Cigref) survey of CEOs and CIOs

- Identification of IT investments required to implement business-unit strategy, with backing of CIO
- Support and monitoring of major IT Projects – for example, participation in steering committees
- Validation of IT budget, major investments
- Crisis management when, for example, IT projects break down
- Assessment and monitoring of benefits derived from IT projects

% of respondents

‘What involvement do you expect from your business units with respect to information systems?’

‘What is their actual involvement?’

Very high High Low Very low

0 25% 50% 75% 100% 0 25% 50% 75% 100%
Group managed for growth tends to focus on IT’s strategic value rather than just its cost.

Integrated IT group acts as service for business unit, often with CIO reporting to CFO.

Agenda

Today Business Environment

CIO as Leader to be Adaptive & Agile

What is Adaptive Enterprise

How can we get there

Ref Model for Adaptive Enterprise
The New CIO Leader: Setting agenda & deliver result

Evidence
- Inclusion in business planning
- Good access to informal networks

CIOs Have Emerged From the Tough Economic Times as Trusted Operational Leaders

I have the respect of my peer “C” Level executives

I have the trust of the CEO and the board, and can influence them

The role of CIO is taken seriously at executive level

Senior business managers think IT investments are business critical

I am being asked to lead business transformation projects

Source: Gartner EXP CIO Survey, 2004
CIO Relationship with LOB/CEO

- **Influence**
  - **Transactional**
  - **Partnering**
  - **Trusted Ally**
  - **Business Leader**

- **IT value**

CIO moves to non-IT role (e.g., COO or CEO)
# These Relationships Are Characterized by Different Behaviors

<table>
<thead>
<tr>
<th>CEO EXPECTATIONS</th>
<th>CEO / CIO INTERACTIONS</th>
<th>CONTENT OF INTERACTIONS</th>
<th>CIO Role</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trusted Ally</strong></td>
<td>Information Technology enables competitive advantage</td>
<td>Executive co-creation</td>
<td>Entrust the CIO with the enterprise future direction</td>
</tr>
<tr>
<td><strong>Partnering</strong></td>
<td>Information Technology enables business strategy</td>
<td>Strategic engagement</td>
<td>Incorporate the CIO and IT capabilities into strategic plans</td>
</tr>
<tr>
<td><strong>Transactional</strong></td>
<td>Information Technology enables business operations</td>
<td>Tactical planning and operations</td>
<td>Ensure IT support for business processes</td>
</tr>
<tr>
<td><strong>At Risk</strong></td>
<td>Information Technology provides basic services</td>
<td>Issue resolution</td>
<td>Address IT performance or service issues</td>
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</table>
### Build a Journey on the Executive Success Cycle

<table>
<thead>
<tr>
<th>Area of Focus</th>
<th>LEAD</th>
<th>SHAPE DEMAND</th>
<th>SET EXPECTATIONS</th>
<th>DELIVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trusted ally</td>
<td>Take on high-impact business leadership roles</td>
<td>Work at exec level to shape business strategy</td>
<td>Embed expectation management capability at all levels</td>
<td>Establish CIO succession plan</td>
</tr>
<tr>
<td>Partnering</td>
<td>Behave as a business strategy leader</td>
<td>Proactively engage business leaders on business strategy</td>
<td>Cement process for expectation management</td>
<td>Establish clear IT strategy and strategy process</td>
</tr>
<tr>
<td>Transactional</td>
<td>Behave as a business process leader</td>
<td>Proactively engage business leaders on IT enablement of business initiatives</td>
<td>Spend significant time with business leaders resetting expectations</td>
<td>Strive for IT service excellence put dashboard in place</td>
</tr>
<tr>
<td>At-risk</td>
<td>Behave as an IT services leader</td>
<td>Ensure understanding of business needs</td>
<td>Agree metrics for IT service levels for current and new services</td>
<td>Focus on delivering on mission critical services</td>
</tr>
</tbody>
</table>
# CIOs in Transactional Relationships Must Reset LOB/CxO Expectations

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<td>Cement process for expectation management</td>
</tr>
<tr>
<td><strong>Engage on business strategy</strong></td>
<td>- Formulate opinions on strategy and show IT’s contribution</td>
<td>- Create strategic options using IT for business managers</td>
<td>- Schedule time with the CEO and stakeholders to discuss strategy</td>
</tr>
<tr>
<td><strong>Improve processes</strong></td>
<td>- Improve IT processes, including dashboard and expectation management</td>
<td>- Identify opportunities for IT to improve business processes</td>
<td>- Help business managers with process modeling and design</td>
</tr>
<tr>
<td><strong>Understand the business</strong></td>
<td>- Spend more time with business managers to learn their business</td>
<td>- Spend time with customers, suppliers and partners</td>
<td>- Consider formal education, or mentoring, for self</td>
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A Leader: Interlocking Business and IT Processes

Plan
Strategy & Architecture

Build
Systems Development

Run
Services & Infrastructure

Business Needs

Business Solutions
Commercial

Business Solutions
Technical

Business Information
Management

Business Value

Business Streams
IT Functions
Maxims and Opportunities

Integrate Business Strategy and IT Options and Opportunities Into IT Strategy

From business value, Maxims

Business Strategy

Maxims Governance

“Demand Side”

Value:
What are the business problems and opportunities we want to solve and create with existing and emerging technologies?

From technology value, Opportunities

Visioning & Prototyping

Emerging Technologies

“Supply Side”

Innovation:
How can we use technologies in new ways to create different types of value?

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Today Business Environment

CIO as Leader to be Adaptive & Agile

What is Adaptive Enterprise

How can we get there

Ref Model for Adaptive Enterprise
Return on IT: The Traditional Model

Manage Costs:
- Lower operations and acquisition costs
- Manage fixed costs

Mitigate Risk:
- Ensure security and continuity of business operations

Increase Quality:
- Improve levels of availability and response time
- Extend service levels across the enterprise
**Business Agility: the added dimension**

**Manage costs:**
- lower operations and acquisition costs
- manage fixed costs
- optimize fixed vs. variable costs
- manage cost of change

**Improve agility:**
- enable the IT environment to adapt to changing business needs

**Mitigate risk:**
- ensure security and continuity of business operations
- risk of innovation
- impact of technology implementation

**Increase quality:**
- improve levels of availability and response time
- extend service levels across the enterprise
- agility as service level
- ability to change the service as well as deliver it
An Adaptive Enterprise is one that can quickly respond to and capitalize on change for business advantage. It is the ultimate state of fitness: business and IT perfectly synchronized. Key elements include infrastructure, management and control, business applications and business processes.
1. Measure, assess and maintain a dynamic link between business and IT.

2. Architect and integrate your heterogeneous IT environment

3. Manage and control your business processes, applications, and IT environments.

4. Extend and link your business processes and applications horizontally—from suppliers through to customers.

5. Delivers business and technology innovation for today and tomorrow.
Adaptive Enterprise Reference Model

Primary Element

Business processes

EXTEND & LINK
- Suppliers
- Employees
- Customers

Applications

ARCHITECT & INTEGRATE
- simplify, standardize, modularize, integrate

Infrastructure

Infrastructure services
- Security services
- Registry services
- Web services
- Grid services

Virtualized resources
- Virtualization
  - Sourcing
  - Sharing
  - Pooling

Resources
- Servers
- Storage
- Clients
- Printers
- Network
- Content
- Environment

MEASURE & ASSESS
- time, range, ease

MANAGE & CONTROL
- assess, advise, act
Adaptive Enterprise Principles

- **Simplification**
  - reduce number of elements
  - eliminate customization
  - automate change

- **Standardization**
  - use standard technologies and interfaces
  - adopt common enterprise architecture
  - implement standard process

- **Modularity**
  - break down monolithic structures
  - create reusable components
  - implement logical architectures

- **Integration**
  - link business and IT
  - connect applications and business processes
  - within and outside the enterprise

**Additional Principles**

- **Heterogeneous IT**
  - “Simplification”
  - “Standardization”
  - “Modularity”
  - “Integration”

- **Management**
  - Responsiveness
  - Virtualization & Utilization

- **IT Infrastructure**
  - Interoperability
  - Management/Modification/Change
  - Agility
Adaptive Enterprise Metrics

**Metrics**

- Context
- Agility
- IT
- IT

**Business processes**

- Suppliers
- Employees
- Customers

**Applications**

- Simplify, standardize, modularize, integrate

**Infrastructure**

- Time, range, ease
- Assess, advise, act

**Suppliers**

**Employees**

**Customers**

**Extended & Linked**

- Business processes
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Adaptive Enterprise Services

- Simplify
- Standardize
- Modulize
- Integrate

Cross Industry Biz Service

Adaptive Strategy & Architecture Service
- Agility Assessment
- Enterprise Information Strategy
  - Enterprise Architecture
  - Enterprise Integrity
  - AAA
  - ANA

Adaptive Infra & Mgmt Service
- ITSM
- IT Consolidation
- Business Continuity
- Virtualization
- Enterprise Security

Sourcing Service
- On Demand
- Financial
- Managed
Adaptive Enterprise Service Components

Business

Technology

AAS

BVA

Feedback & Other Business Unit

Why?

What?

How?

With What?

Reference Model

Business Unit

Business Process

Application

Infrastructure

Internal lines of business and functions (e.g. HR, F&A)
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Ref Model for Adaptive Enterprise
Darwin Architecture for FSI

Business Processes

- Bank
  - Suppliers
- Insurance
  - Employees
- Securities
  - Customers
- Card

Next Generation Front Office

Next Generation Middle Office

Next Generation Back Office

Infrastrucure Service

Virtualization/Management

Adaptive Infrastructure

EXTEND & LINK

ARCHITECT & INTEGRATE
simplify, standardize, modularize, integrate

MEASURE & ASSESS
time, range, ease

MANAGE & CONTROL
assess, advise, act
Darwin Architecture for FSI:

NG - Front Office

NG - Middle Office

NG - Back Office

NG - Infrastructure