



We need solutions, not technology

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Business requirements for IT

- Growing business intimacy with IT
 - Operations are being automated – pushed to the customer or the partner – or outsourced to low-volume countries
 - All this needs IT to happen
- Time-to-market
 - Two-year IT projects are too long, 6 months is the current standard
- Flexibility in business support
 - Whatever gets implemented probably needs to be changed
- Increased integration requirements
 - Legacy will not go away, M&A, alliances, outsourcing, divestments add another factor of uncertainty
- Need for multiple channels
 - More than one access channel is the norm, both technical and business channels need to be considered
- Continuous change in technology
 - Systems are technically outdated already when they go alive



Why does the old approach feel better

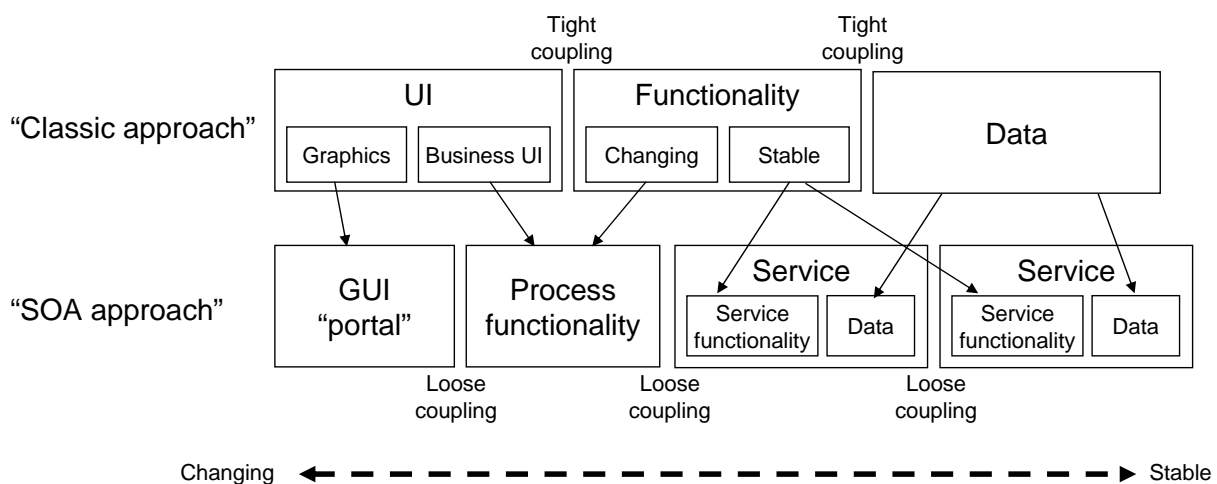
- Predictable
 - There are always “quick wins” that can be implemented with the existing platform
 - New technology projects are almost always late and overly expensive
- Can start with low-hanging fruits – and fast
 - Low-hanging fruits may already provide sufficient short-term benefits for the business
- Planning is typically well founded and the business case is understandable
 - No competing religious groups with different views
 - No complex drawings confusing the business people
- Measurable tangible results promised and delivered
 - Can you resist this?

Making the business case: real vs. illusory benefits

- Real benefits
 - Short-term OPEX reduction – run the business with less resources and lower costs (either IT or non-IT)
 - CAPEX optimization – maximize the life span of legacy IT
 - Increase revenues – enable the sales of new services/products
 - Increase business effectiveness – allow business to focus on the right things
 - Business agility – gain new markets/customers
- Illusory benefits
 - Improved overall architecture – Why?
 - Ability to renew tools/applications – Why?
 - Create new apps faster – Why?
 - Long-term OPEX reduction – Who cares, the business landscape will be different in one year’s time anyway?

What is SOA

- “Service Oriented Architecture is an architectural style whose goal is to achieve loose coupling among interactive software agents. A service is a unit of work done by a service provider to achieve desired end results for a service consumer.” – Dr. Hao He, W3C Web Services Architecture Working Group





How does SOA claim to solve the business requirements

Requirement	Solution
Business driven IT	Added flexibility and loose coupling enable more ways to address business needs without facing IT limitations
Time-to-market	Loose coupling allows quick changes in GUI and process functionality to provide new user-level services on top of existing back-end services.
Business flexibility	Loose coupling allows quick changes in all layers without the need to change other layers
Integration needs	Loose coupling is easier to use in systems integration. The ability to chain services allows the integration of any type of an external functionality.
Multiple channels	The GUI portal layer allows for multiple technical channels. The process functionality layer allows for business channel variations.
Technology change	Loose coupling allows technology changes in any of the layers without affecting the other layers.




What happens in reality

- The up-front investment typically does not bring any new functionality, business savings, etc.
- The infrastructure gets new components – but nothing seems to go away
- IT staff and developers must learn new on top of everything else
- Workstations, servers, operating systems must be updated, upgraded, changed and harmonized
- Project headaches caused by running normal business improvements in parallel with infrastructure improvements
- “SAP projects do the same, but at least with functionality “



High-level challenges / solutions

- Investment size
 - The investment cannot be compared to individual applications – it should be compared to the business benefits and the right owner should be found to recognize this (not always existing)
- Ownership
 - Infrastructure and architecture needs a real owner in the organization – if one is not available, it should be created
- Unclear business link
 - SOA could be a “secret agent in the IT” for the business to get the required flexibility – this could be communicated to the business users and there needs to be a direct link between SOA project and business management
- Too generic definition for SOA
 - SOA can mean many things for many people – each organization should clearly define its own meaning of SOA and communicate it to all stakeholders; do not be afraid of nailing down the technical details – it is the only way to get the implementation off the ground



Proposal to focus better: “SOA is not a tool for everything – but an enabler for business agility”

- A key success factor for today’s companies is agility
 - “Radical incrementalism” = rapid waves of near-term (6- to 12-month) operational and organizational initiatives brought into focus by a shared view of a company’s much longer-term (five- to ten-year) strategic direction*
 - Essential element of agility is the ability to change the underlying business processes
 - IT is often one of the major obstacles for business agility as it nails down the business processes that depend on it
- SOA is the technology enabler for loosely coupled business processes
 - Isolating the business process layer allows it to be changed independently of the other (less flexible) elements of the architecture
 - Ability to select and reuse the most appropriate context-independent back-end services enables further flexibility in the SOA approach
- => SOA could be one of the key elements for increasing business agility

* John Seely Brown, John Hagel III, Flexible IT, better strategy, The McKinsey Quarterly, 2003, 4



Summary

- Business requirements for IT are getting tougher
 - Legacy IT is stretching to cope with them
 - Outsourcing and big-bang-ERP-implementations provide escape routes for business management
- Traditional approaches are still the norm
- Business case for SOA is not obvious at all (except for infrastructure vendors)
- Proposal to focus SOA better – tool for business agility