Enterprise Level Architecture Management
Part I: The Challenges

Wolfgang Keller, Plattform-Management,
Generali Office Service & Consulting AG, Wien

Email: wolfgang.keller@generali.at
http://www.objectarchitects.de/
Challenges

Contents

• geographical Distribution versus Synergies
• Portfolio Size
• Merger-mania
• New Channels - Same Cash
• One-Stop Financial Supermarkets
One of many definitions for the term software architecture

The software architecture of a program or computing system is the structure or structures of the system, which comprise software components, the externally visible properties of those components, and the relationships among them.


Why is this interesting?
Challenges of Architecture Management

• How do we manage the software application landscape for a larger member of the financial industry
  • so that all existing user requirements shall be fulfilled
  • new requirements will be fulfilled in a minimum amount of time
  • the company is open for new products and sales channels
  • so that you have low costs and high synergies in a group
Challenge: Geographical Distribution vs. Synergy

one IT service provider for:

- Austria, Netherlands, Czech Republic, Poland, Slovakia, Slovenia, Romania
Discussion

• the group described here is a mid to small size European subgroup of Generali Group with roughly 2 Billion Euros premium
• but don‘t worry - the other examples also hold for larger corporations
• Similar situation translated to the U.S.: A company wants to have subsidiaries in Latin America.
Challenge
Size of the Software Portfolio...

project size 14,500 FP – Phoenix life system alone

but there are also property, auto, and health insurance systems. Sales force laptops, call centers, internet sales
Background Literature

Applied Software Measurement: Assuring Productivity and Quality
by Capers Jones
Discussion

• a typical software portfolio for a larger European insurance has a price tag of 200 - 500 million Euros.
• as a smaller group needs processing capabilities similar to the big players there are economies of scale and therefore it can be rewarding to merge companies.
• Cost ratios range from 1,2% - 3,0% - 5% (large, medium, small company) EDP cost per dollar premium.
• Large companies could offer cheaper products - if they want to :-)

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W. Keller
Challenge: Permanent Restructuring

Observation: You will be restructured again before you have managed all the consequences of the last restructuring process your company went through 1999 - 2001

1999 - 2001 merger of EDP systems for IU and Generali

end 1999 Generali / Lloyd are transferred to AMB group Germany

1998 Generali Triest buys AMB Group Germany
Discussion

- nobody cares for a „NO“ or „we are not ready“ from an IT department
- top management does not care about your opinion about what is a reasonable project with reasonable risk. If you don‘t manage to do it anyway you get fired.
- the raise of death march cultures
Background Literature


by Edward Yourdon
Experience shows: You have never done the job.. all you have is a portfolio that can be further improved
Example Portfolio after merging the IT departments of IU and Generali
Challenges: New Sales Channels and the Internet

sales laptops

paper

back office
Challenges
New Sales Channels + Internet

web dialog
brokers
laptops
gateway-server
web dialog
back office
middleware
call-center

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Heterogeneity: Variants of an Application Architecture

- POSS platform: Visual Basic
- AdiPlus platform: Powerbuilder
- Finas platform: C++

sales laptops
back office

- host systems
- Phoenix fat client
- SLS host/Java
The Role of Backend Systems

Change goes on ...

- multi channel architecture – what’s that?
- one-stop financial supermarket
- What does this all mean for your backend systems
Multi Channel Architecture
What's that?

One Face to the Customer
My financial service provider ...
Multi Channel Architecture

What’s that?

As a customer I decide which channel I will use and when ...

Channels

Sales

web interface

call center

others

One Face to the Customer

My finanical service provider ...
Multi Channel Architecture
What’s that?

as a customer I’m not interested in how they do this ...

Channels

backend systems

call center

others

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One-Stop Financial Supermarket

shopping

Meet customers will do business electronically

Mark Anderson  Staff Writer

Technology changed financial services big time in the 1990s. It's going to do it again in the decade to come.

Meet large financial companies will offer a broad menu of services, from banking and insurance to financial planning and investing.

For computers, the delivery systems will change. Rather than going to the office of a stockbroker, an insurance broker, or a bank's personal contact with financial institutions will increasingly be via the Internet, telephone, or personal computer.
One-Stop Financial Supermarket

• the one-stop shopping idea for financial products is not quite new ...
• the only question is: How do you implement it?
• Idea: Combine products from several vendors (best from your group :-) and integrate them into a single customer experience ..
One-Stop Financial Supermarket

- web interface
- call center interface
- sales force interface
- others ...

- dialogs, integration, middleware

- bank account machine
- online trading machine
- property insurance machine
- others ...

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One-Stop Financial Supermarket

- multiple sales channels
- middleware
- product factories
The Role of today’s Back-Office Systems in such an environment

- they become „product factories“ that can be integrated in many shops
- they must be usable in a headless fashion - without the user interface
- interfaces must be defined in a clean way
  - no classic „3270“ transactions
  - but services that make sense
  - best supporting an XML interface
Your Tools

how do you deal with these challenges?
Different Trades ... Different Tools ...

- managing the architectures for product factories
  - Architecture at an Enterprise Level (Part II)
  - Application Portfolio Management (Part III)
- managing mergers
  - Mergers and Other Typical Decision Situations (Part IV)
- managing the integration of product factories
  - Enterprise Application Integration (Part V)