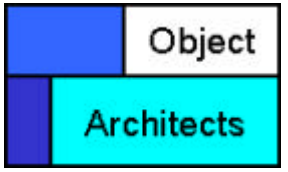

Enterprise Level Architecture Management
Part IV: Mergers and Other Typical Decision Situations

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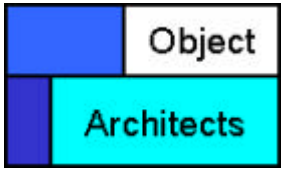
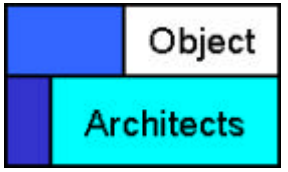


Contents

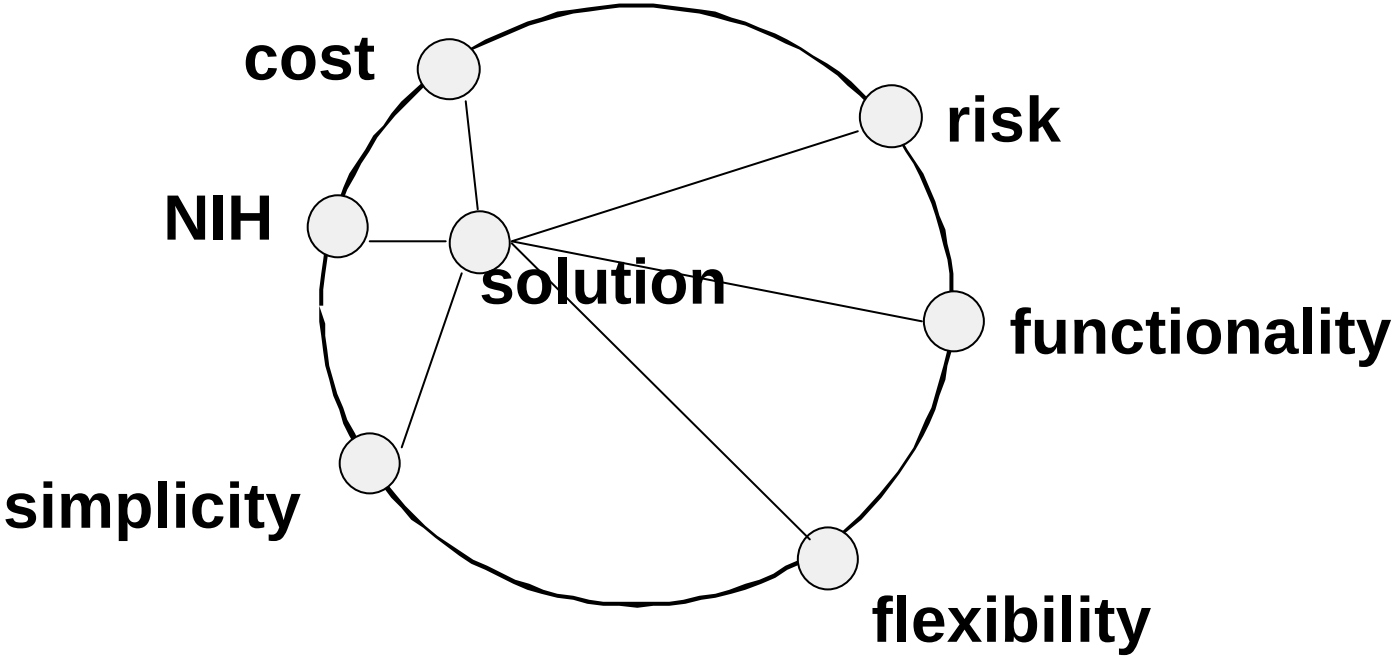
- forces
- a few patterns
  - One Infrastructure / One Application Wins
  - Keep the Data – Toss the Code
  - Early Decision



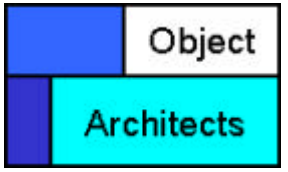
Forces

- cost, synergies and economies of scale
- socio cultural forces
  - who‘s the boss?
  - NIH syndrome
- risk
- functionality
- nonfunctional requirements

on the nature of forces ...



Why would you want to merge two financial institutions

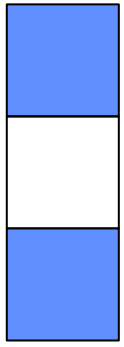


typical edp cost / premium ratios

5%+

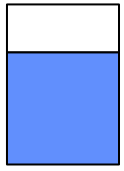
Small insurance
<~ 1 billion Euro

2,5 – 3,5%+



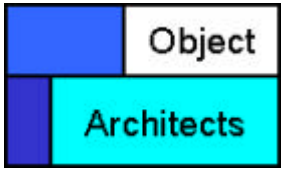
medium insurance
~ 5 billion Euro

1,5 – 2%



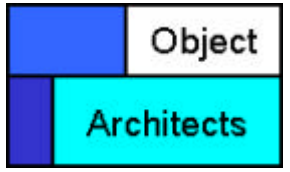
Large insurance
~20 billion Euro

why would you want to merge two financial institutions



- multi-channel approaches open multiple new channels to spend more money on the same customers
- Low costs allow you to offer the same products for a lower price
- There are significant economies of scale in the financial industry ..

there are significant economies of scale in the financial industry ..

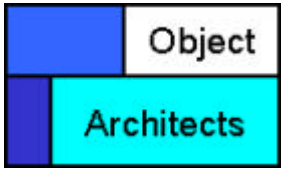


large
German bank

+ „large“
Austrian bank

merged bank

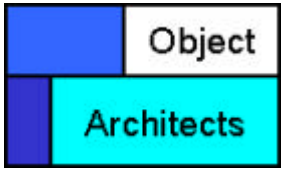
socio-cultural forces
who‘s the boss?



- Bank A „buys“ Bank B in a „merger of equals“
- Bank A‘s managers are slightly more equal than Bank B‘s

- which system will be chosen?
  - => depends
- who will head the joined edp department
  - => make a guess ✍

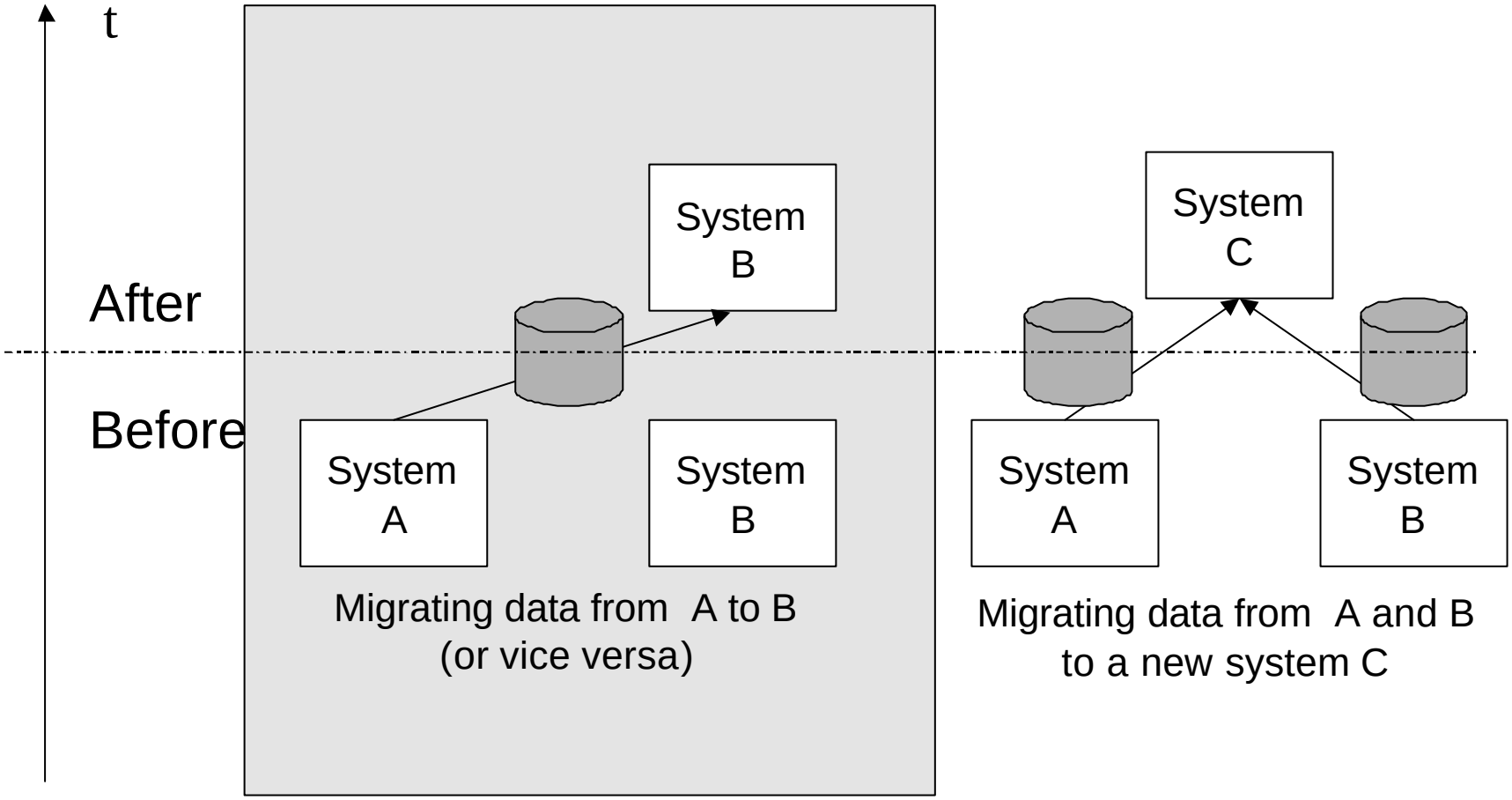
socio-cultural forces
NIH syndrome



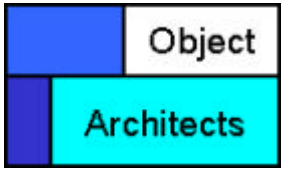
- whose solution will a developer prefer?

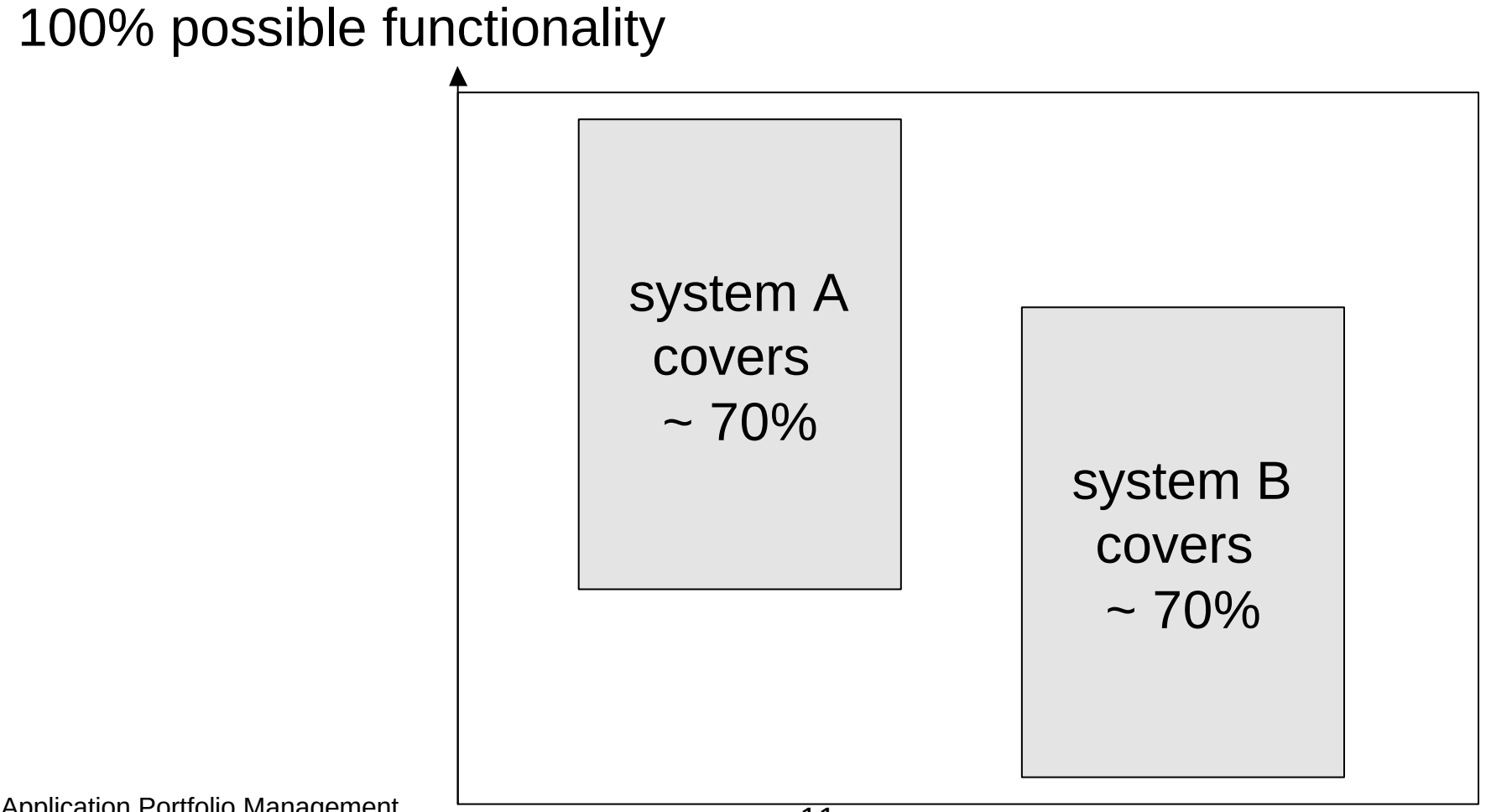
- his own solution?
- another developers solution?
  - that threatens to put him out of work
  - that will put him out of charge
  - that means that he has to learn a lot of new things ..

risk: which migration scenario has lower risk?

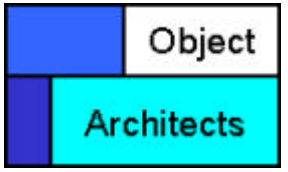


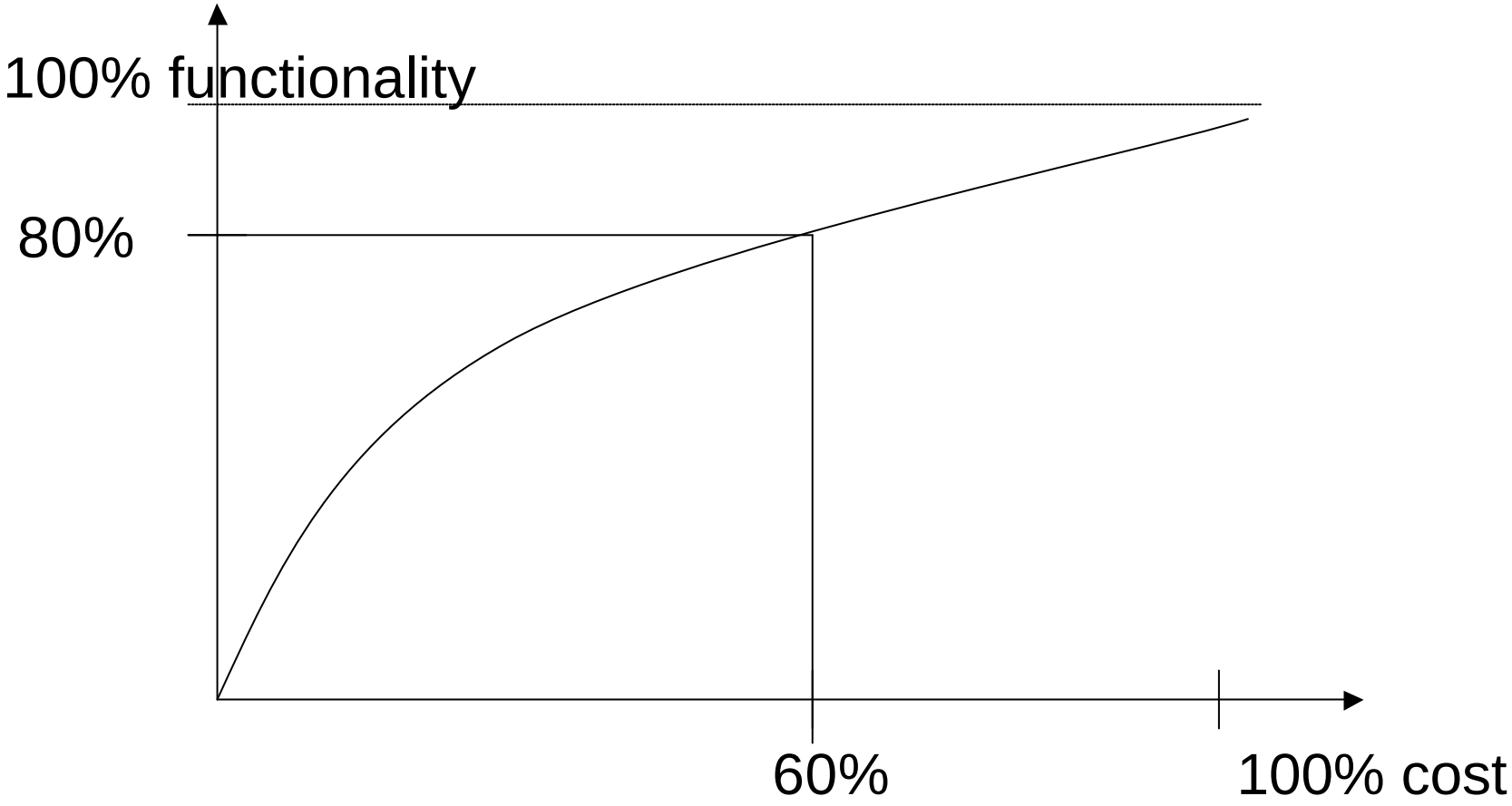
functionality: compare two established systems



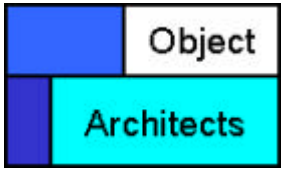


80/20 principle
a.k.a. good enough



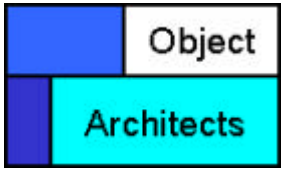


The last two slides imply ...

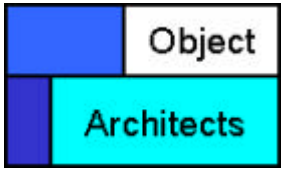


- often it does not really matter which of two established systems you choose – at least from a standpoint of functionality ...
- never try to merge a 100% solution from two 70% solutions using code level reengineering ...
- never try to build a system with 100% functionality – it‘s too expensive

and finally ...

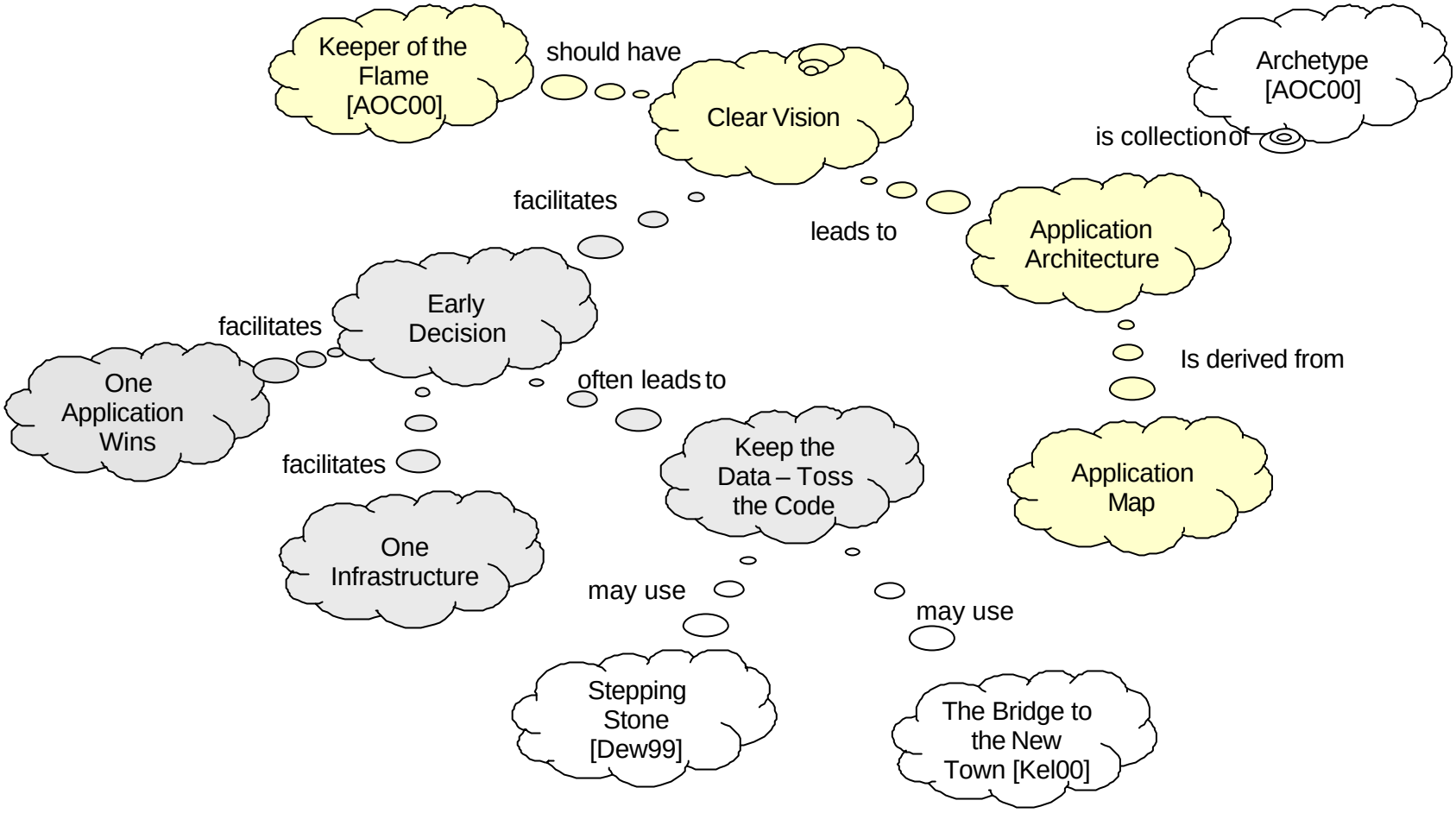


- there‘s also technology and nonfunctional requirements such as ...
  - technical quality
  - maintainability
  - ...
  - ..
  - .
  - object-orientation

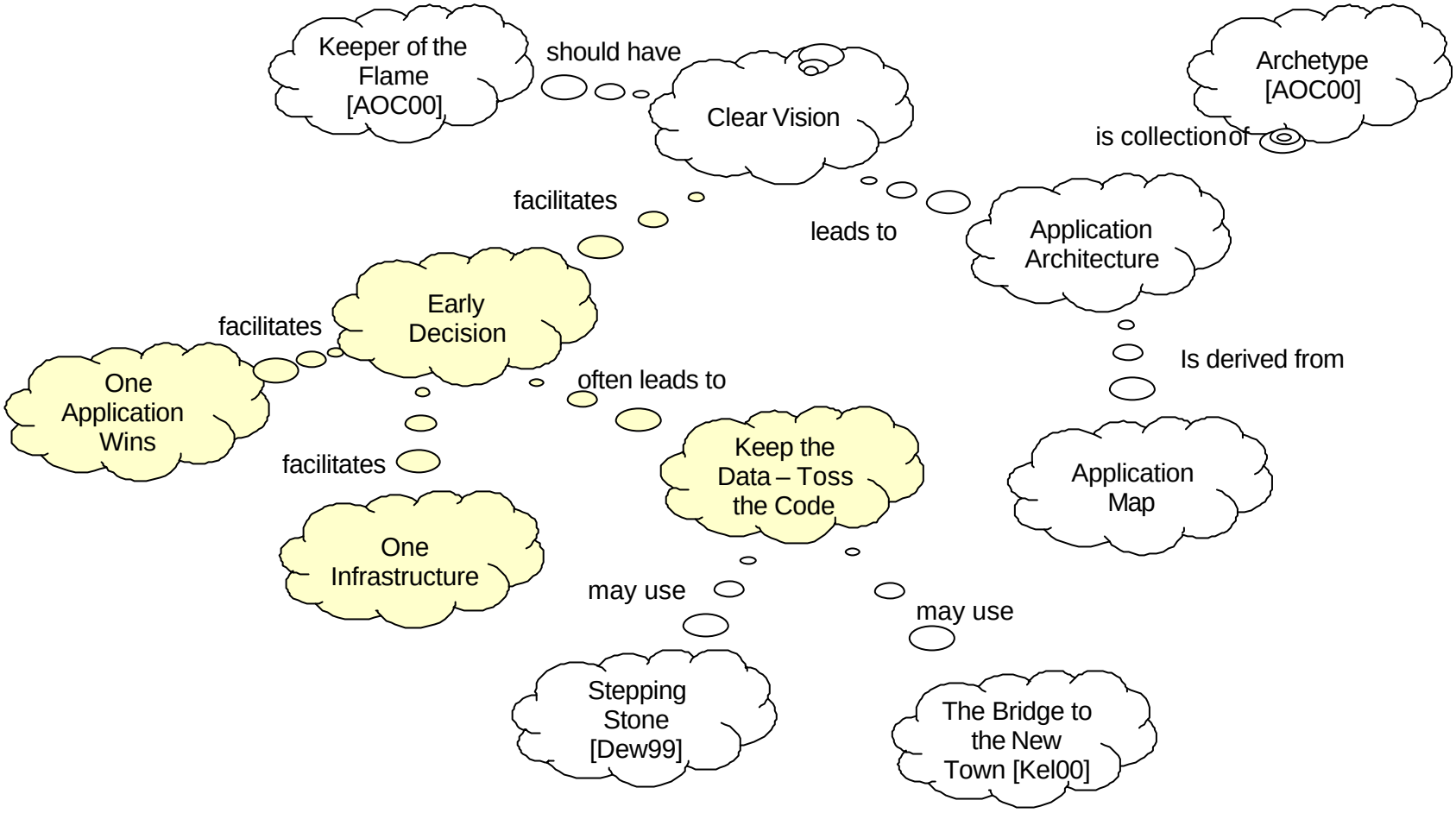


a few patterns

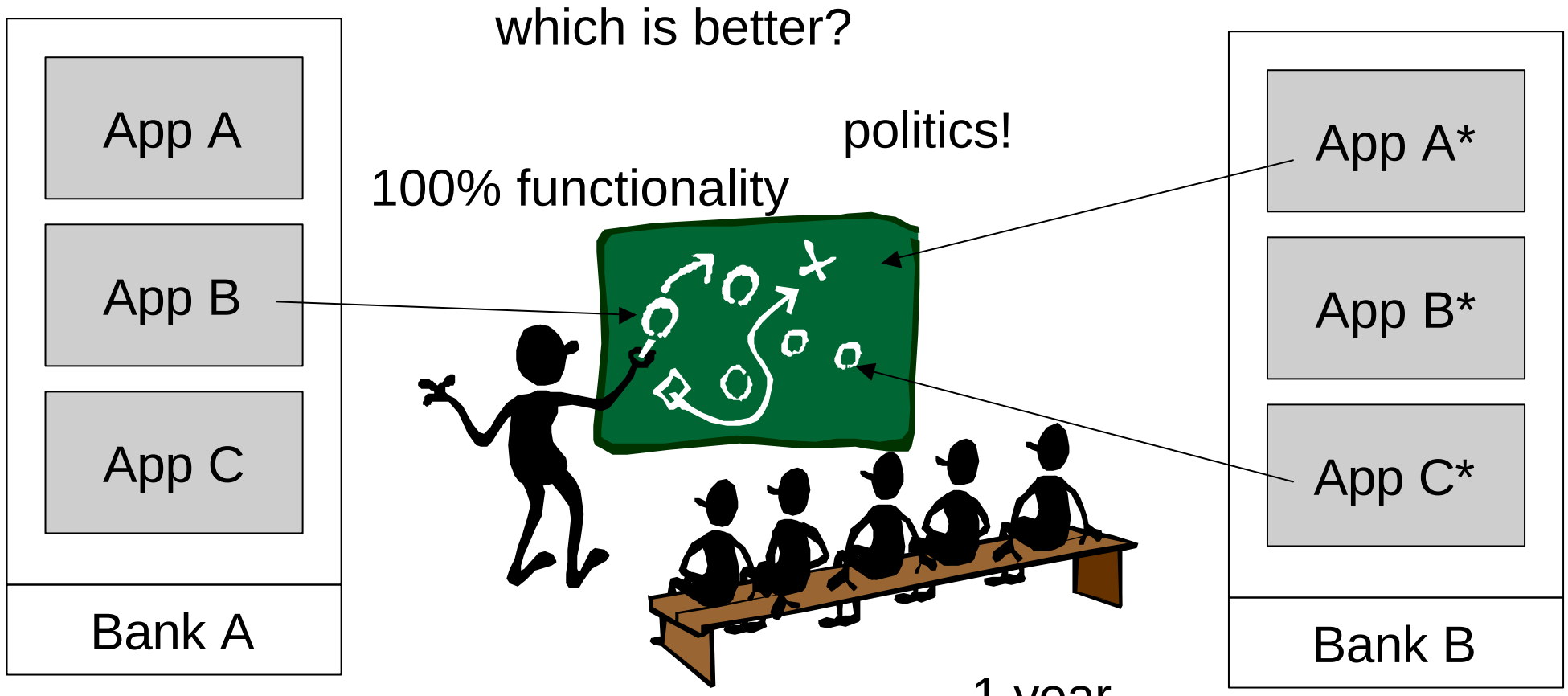
a few important patterns ... from the architecture part ...



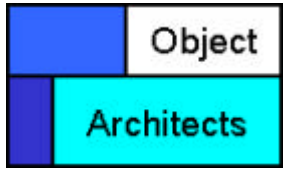
and the ones we will discuss in this part ...

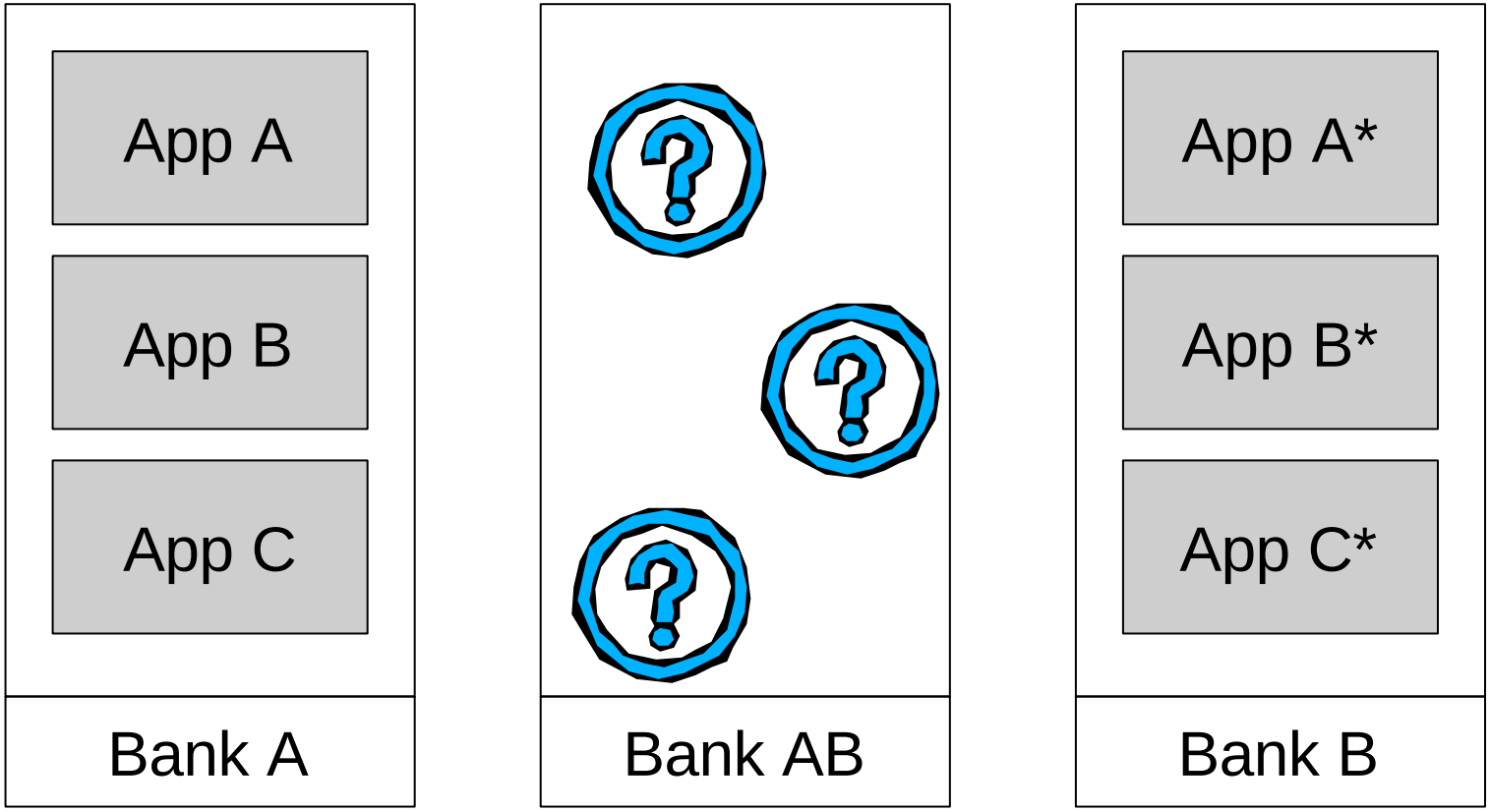


after the merger
a series of workshops starts ...

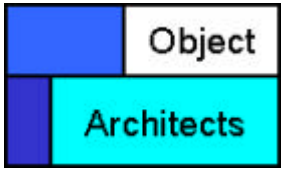


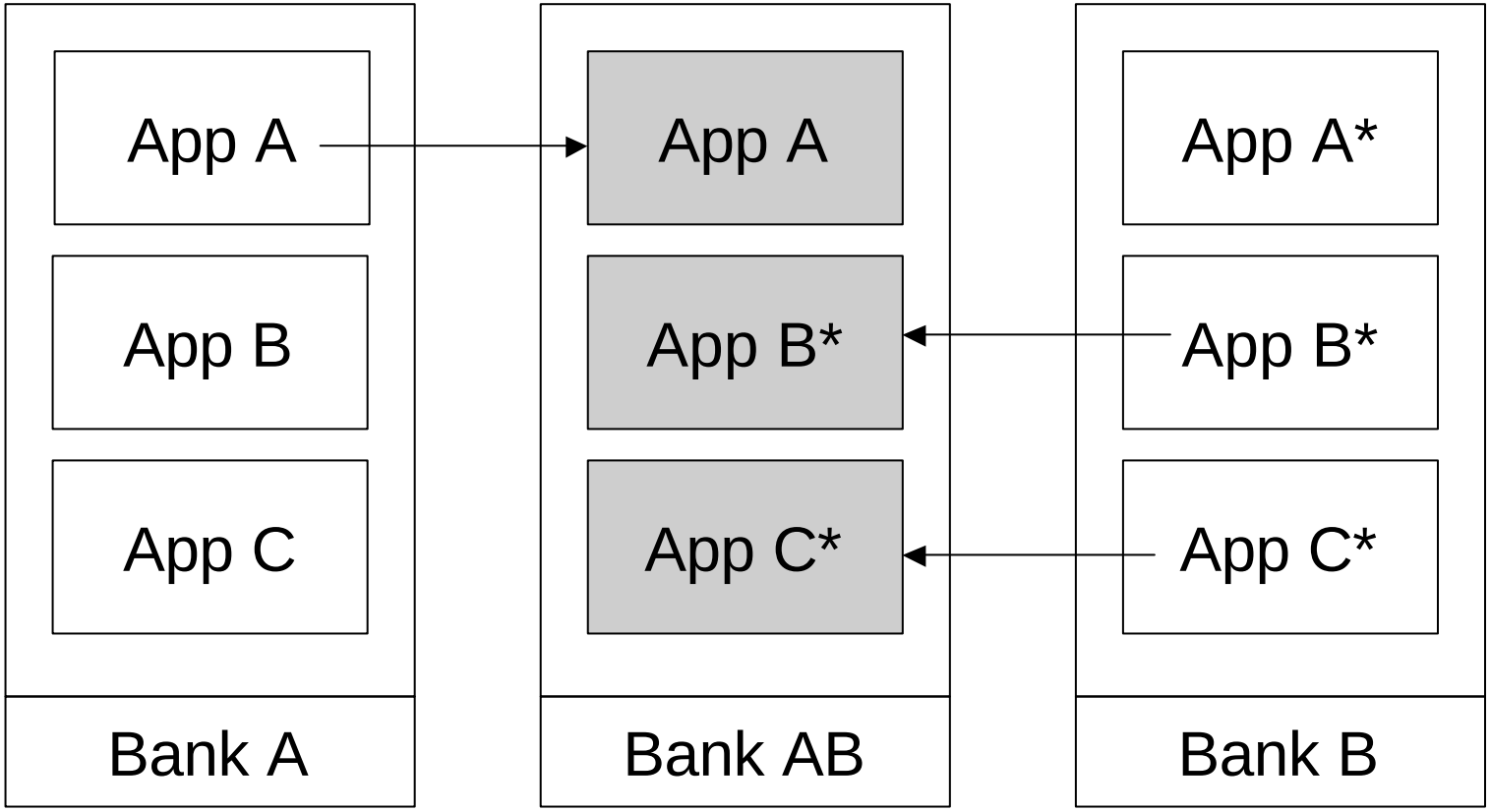
pattern: one infrastructure
pattern: one application wins



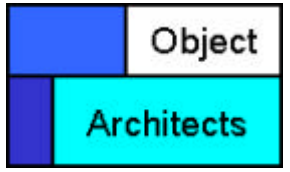


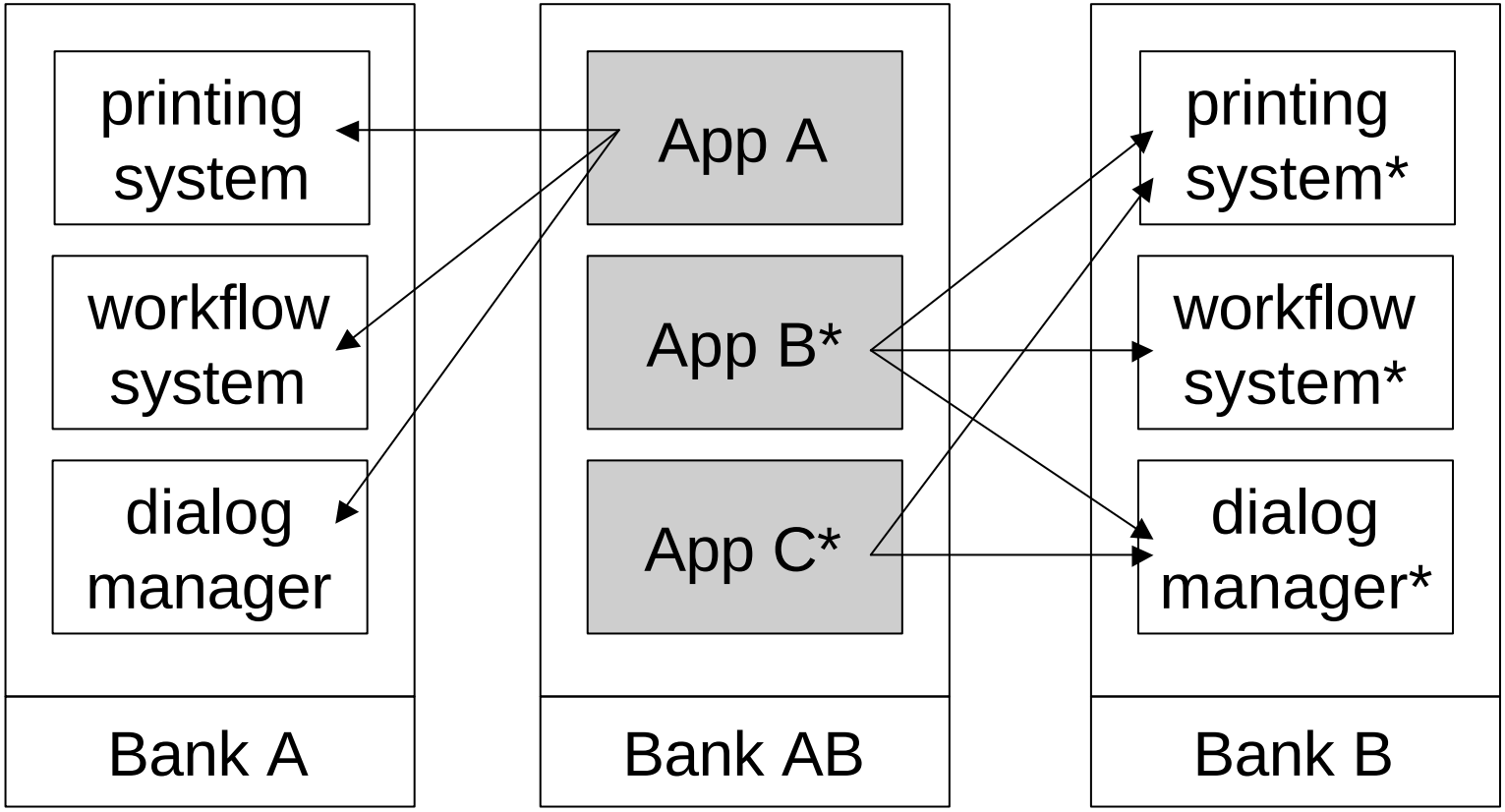
one might think it is a good idea to use the best from Bank A and Bank B ...





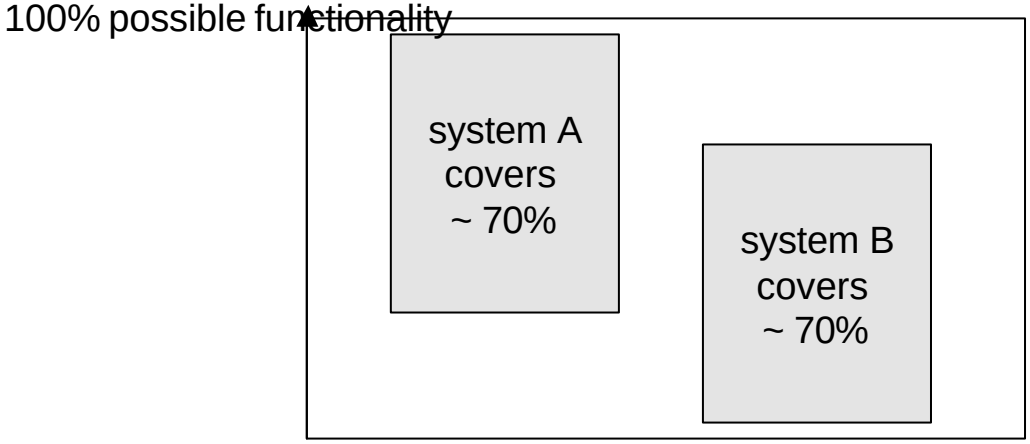
but .. each system uses infrastructure like workflow, dialog managers, printing ...





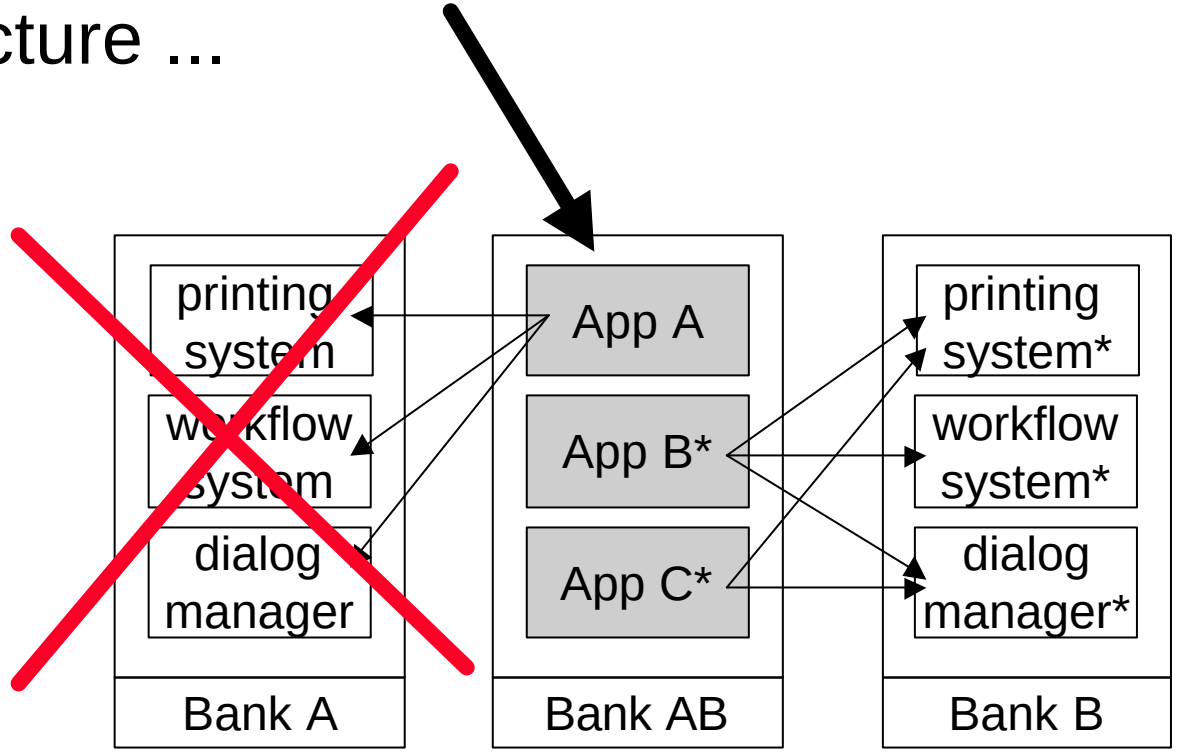
therefore ..

- try to avoid a mixed portfolio
- if the two systems are well established and support the business in a sufficient manner, functionality is not really a question – because it does not matter, which 70% you have ..



other downsides of the „mixed approach“ are

- you need code level migrations to kick out one set of infrastructure ...



pattern: early decision
decide fast and hard ...

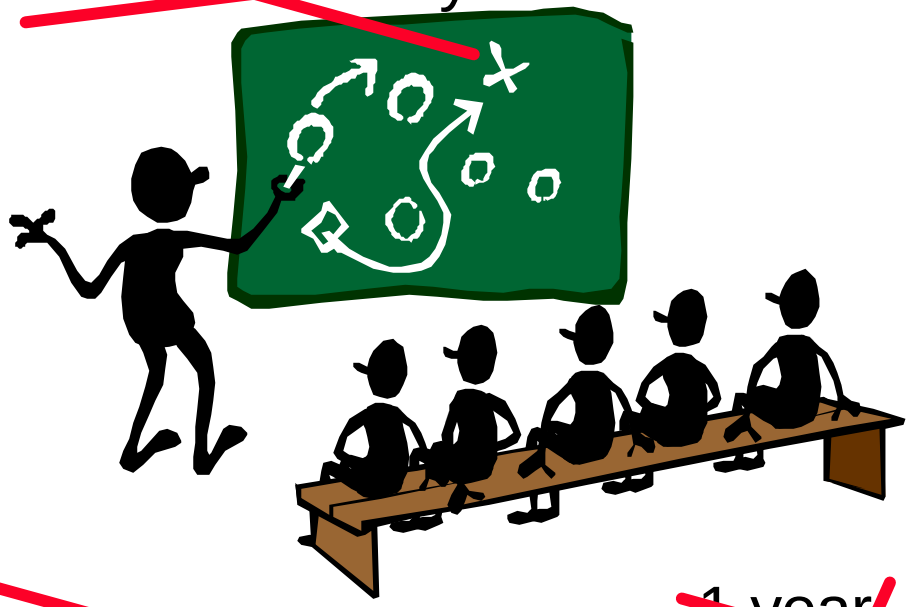
Object
Architects

App A
App B
App C
Bank A

which is better?

politics!

100% functionality

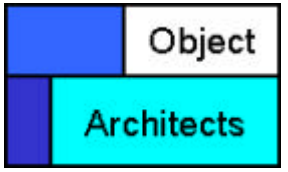


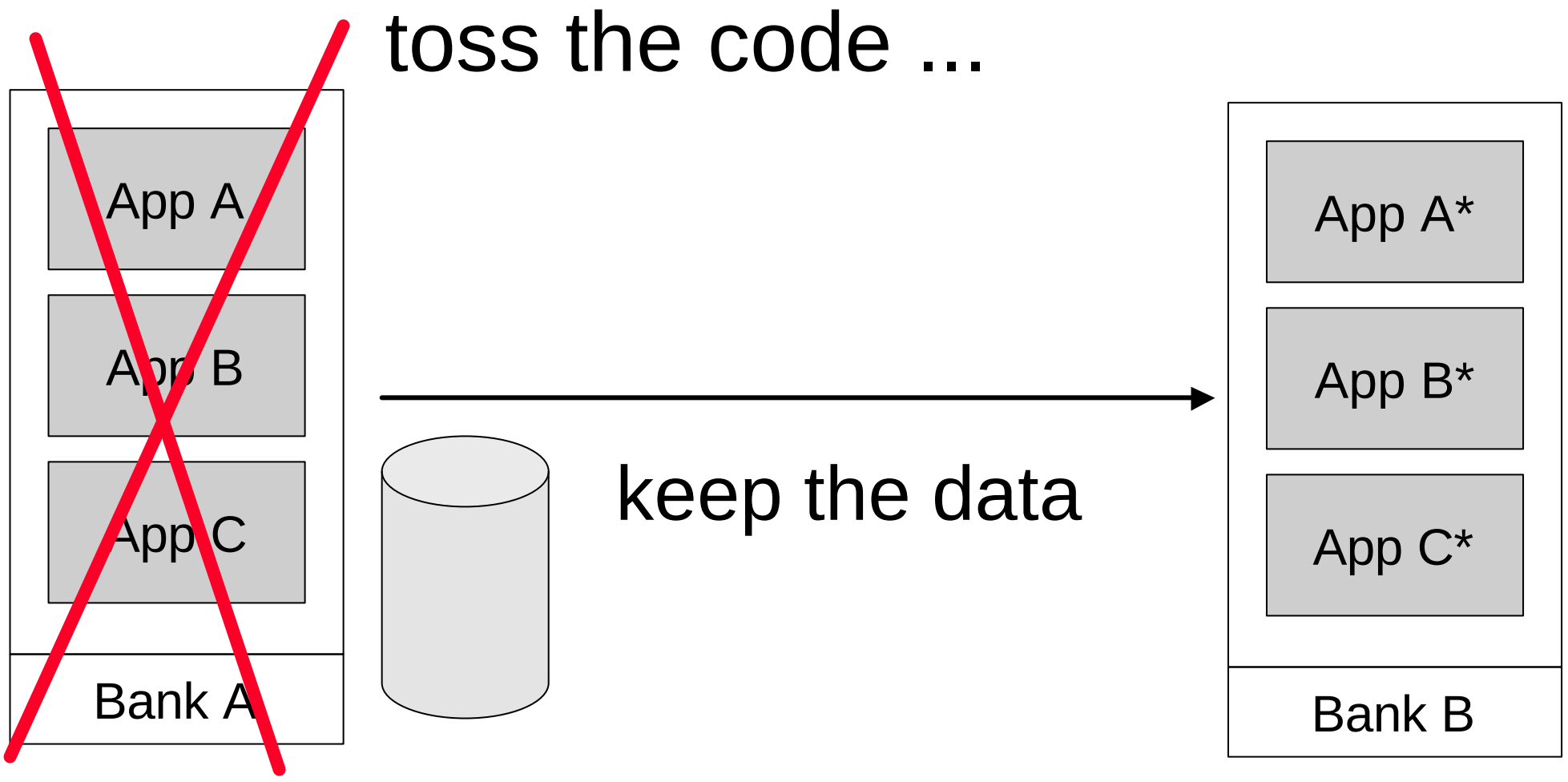
NIH syndrome

1 year decision process

App A*
App B*
App C*
Bank B

pattern: data migration





disclaimers

- pure radical solutions are seldom really good
- 1 year of workshops might not add value – no workshops at all might lead to a fatally bad decision and might also accumulate unnecessary political resistance