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The State of Enterprise Architecture

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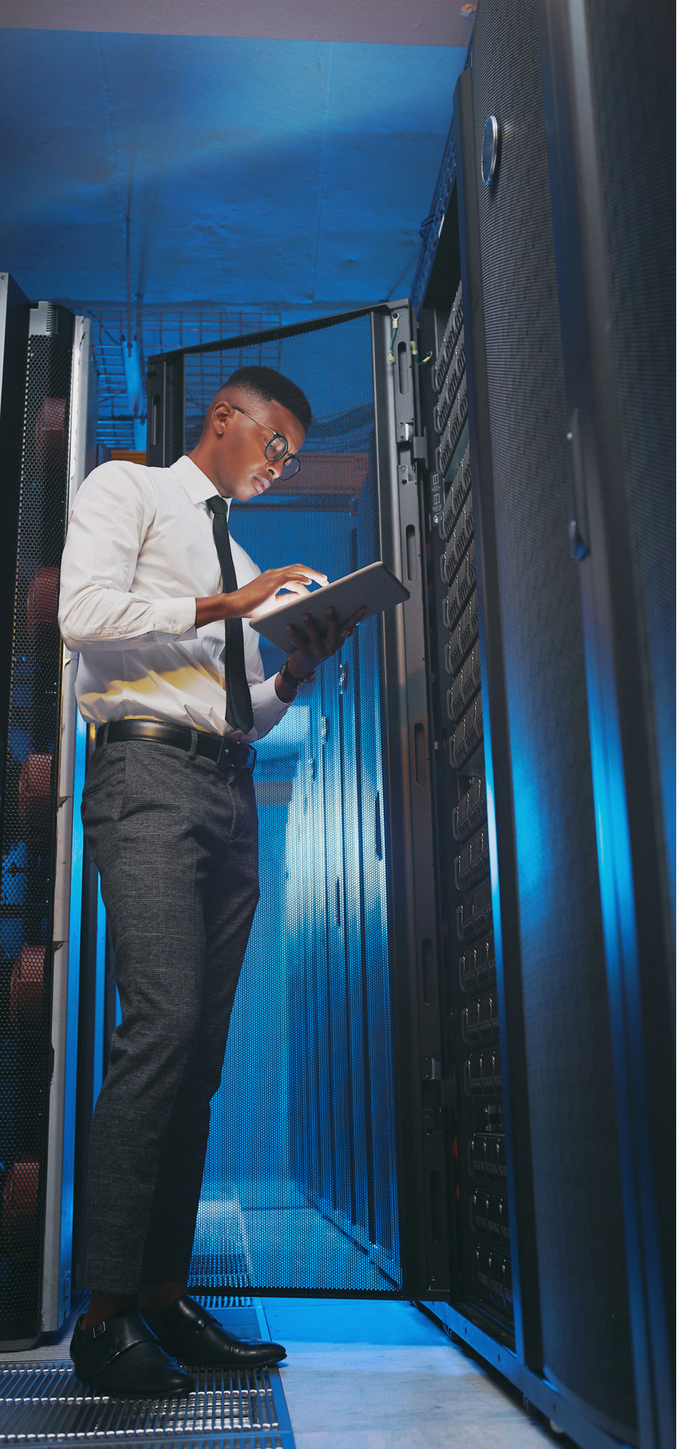

Research Objectives

Organizations continue to evolve their enterprise architecture (EA) practices with the rapid shift to a digital-first economy. This research aimed to quantify the urgency with which organizations are evolving their EA teams and to determine the state of enterprise architecture as well as the value EA practices are delivering to stockholders. In addition, this research looked to answer the question, how can the next generation of EA tools help enterprise architects accelerate the transition from an academic practice based on frameworks to a more operational practice focusing on tangible business outcomes?

To gain insight into these trends, ESG, on behalf of MEGA International, surveyed 300 IT professionals focused on enterprise architecture at organizations in North America (US) and Western Europe (UK, France, Germany).

THIS STUDY SOUGHT TO:

Understand the current state of enterprise architecture challenges.

Determine the benefits of automation and AI in enabling EA teams to accelerate enterprise architecture projects

Investigate how EA teams interact with their tools and their business stakeholders for better outcomes.

Establish the future plans and outlook for EA solutions.

KEY FINDINGS

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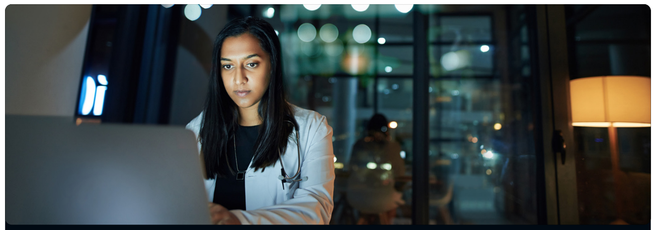
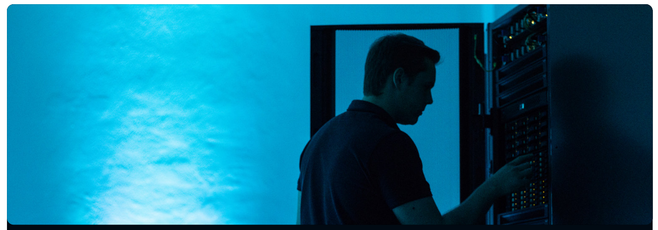
EA challenges exist in alignment, collaboration, project length, and cost

EA teams have difficulties aligning and collaborating with business stakeholders, and projects take too long and end up costing more than expected.



Risk, compliance, and governance gain the most from EA

Value creation is high when EA partners with data governance and governance, risk, and compliance (GRC).



EA investment will increase

Investment and funding are at nearly the right levels. Organizations continue investment in tools for collaboration.

Modeling unlocks many EA use cases

EA teams seek more user-friendly and automated modeling tools.

The state of enterprise architecture: there's a lot of work still to do

EA today is about collaboration, IT-to-business value mapping, and measuring success.

Bright spots: the future of enterprise architecture

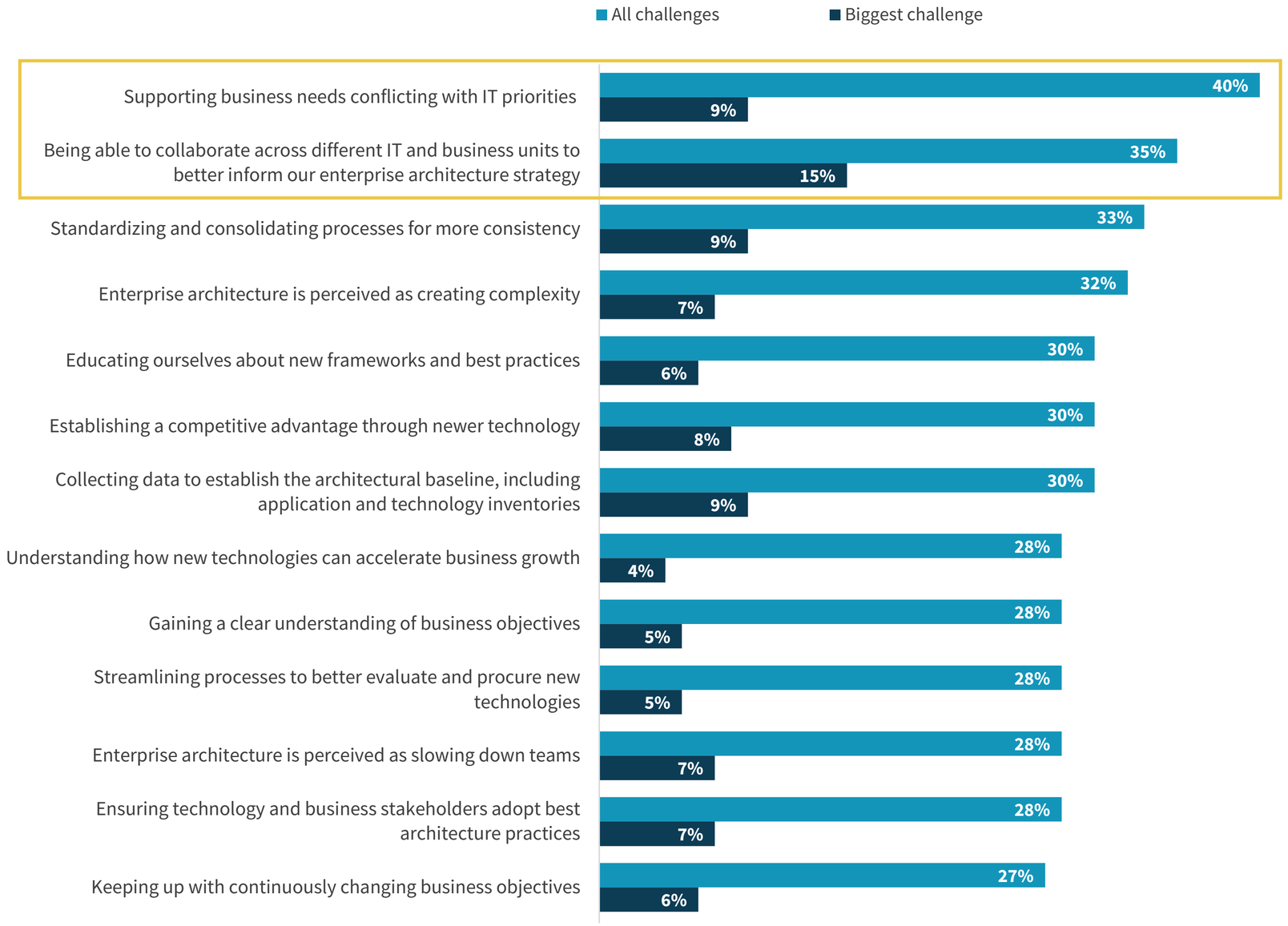
Automation and AI will play a critical role in the future of EA.

EA challenges exist in alignment, collaboration, project length, and cost

Challenges for the EA team abound

The most frequently cited challenge is supporting business needs that conflict with IT priorities, which is a major challenge that can lower business trust in EA. The biggest challenge—and one of the most commonly cited—is navigating the existing silos between the IT and business stakeholders, allowing for the ability to collaborate and inform their enterprise architecture strategy. This has been made worse as applications become more componentized.

Challenges organizations face related to their EA practices.



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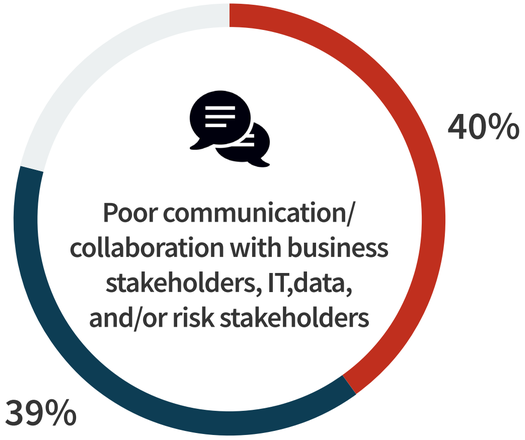
Organizations frequently struggle with communication across the business and identifying the right technologies to meet project goals

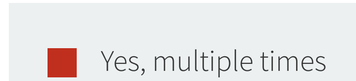
Over the past 12 months, 79% of organizations say poor communication and collaboration between EA teams and business, IT, data, and risk stakeholders has happened at least once.

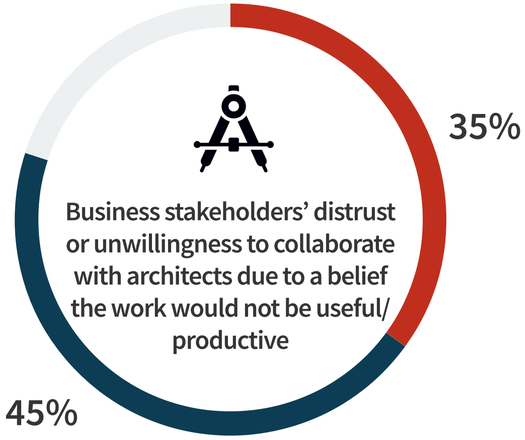
Eighty percent of organizations say they are having difficulties driven by business stakeholders' distrust or unwillingness to collaborate with architects due to a belief that the work would not be useful or productive.

This challenge can make EA teams struggle for success, as shown by the 77% of organizations saying that projects take longer than anticipated, and the 78% saying projects cost more than anticipated. Longer project times and higher costs continue to aggravate the relationship with business stakeholders.

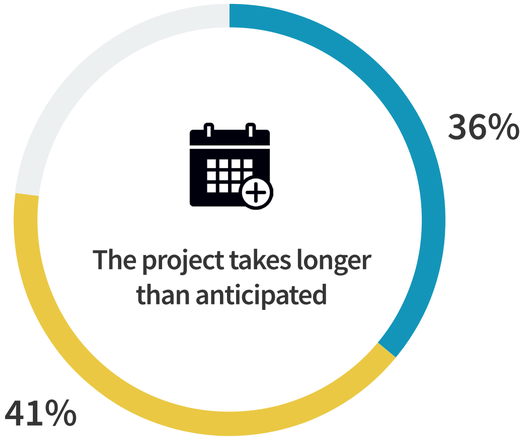
Frequency with which issues have arisen related to EA over the past year.

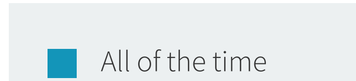


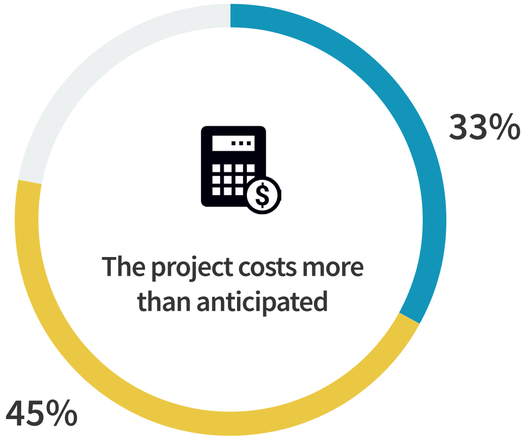




How often EA projects get off track.







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Risk, compliance, and governance gain the most from EA

EA engagement is high across functional teams

EA teams collaborate regularly with many different functional areas across the organization. Nearly ninety percent of EA teams are actively partnering with each of the business units of the organization. Top areas where you expect EA teams to partner most, such as product engineering, research and development, application development and operations, and cybersecurity top the list for engagement. The next two most engaged functional areas are:

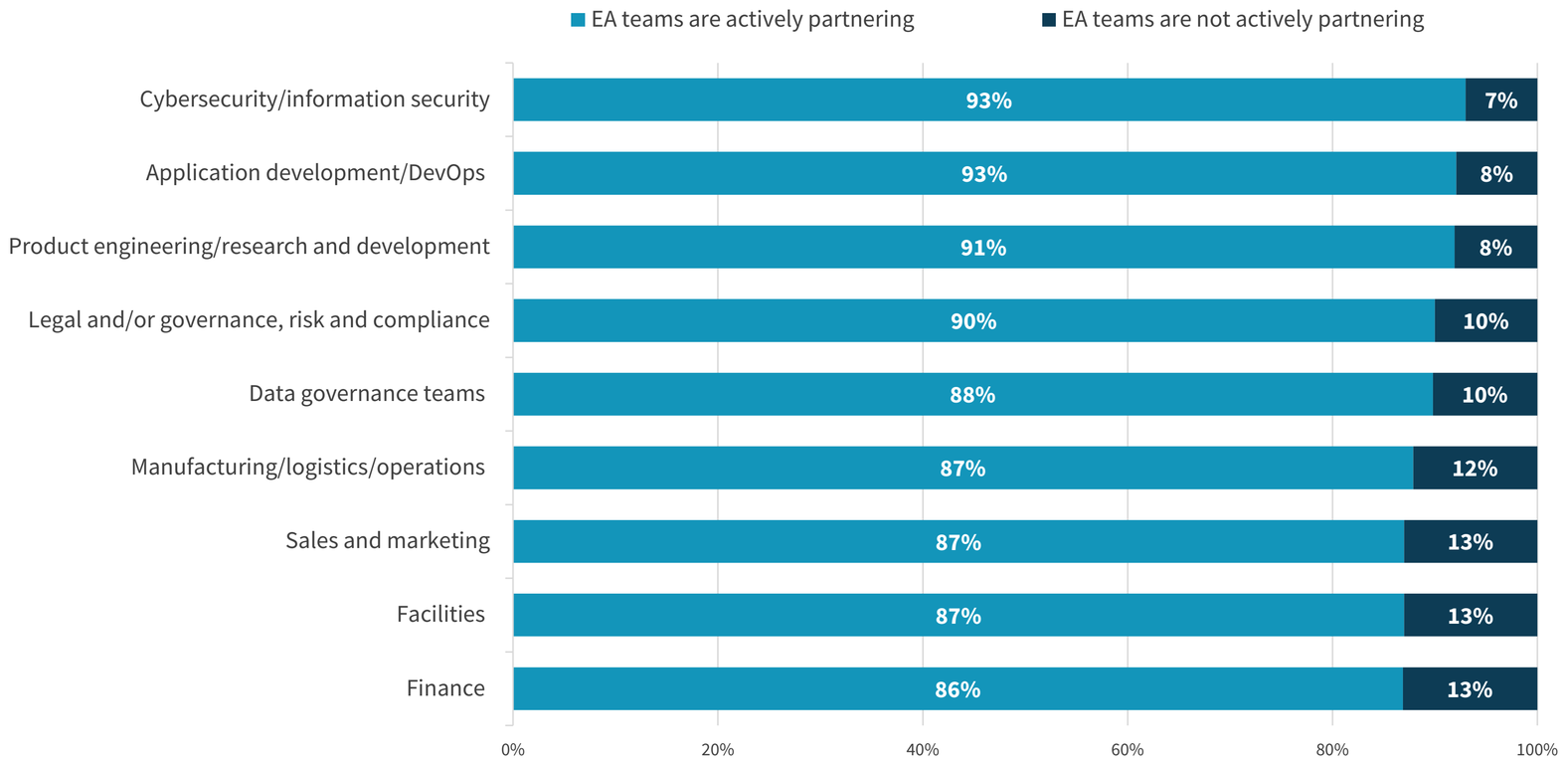
- Governance, risk, and compliance (total engagement is 90%).
- Data governance (total engagement is 88%).

This is important, as EA is seen as a bridge between GRC and data governance teams to the rest of the organization, ensuring that services and applications are built with these in mind.

Nearly 90%

of EA teams **are actively partnering with each of the business units of the organization.**

Level of collaboration between EA teams and other lines of business.



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But the most critical partnerships exist with security, product, and app dev teams

The most critical partnerships with EA are security, product engineering, and application DevOps. This makes sense, as organizations try to ”shift-left” their security to be more integrated with engineering and application DevOps. This is a point of collaboration, and EA plays an important role in bridging the gap between the organizations and tools.

Building on the functional areas where EA teams collaborate most, we see that 77% of organizations say that the collaboration between GRC and EA teams is delivering value to IT risk management efforts. This makes sense, as EA teams become the conduit, translating and mapping GRC processes and requirements to application infrastructure and operations procedures. And EA teams can provide visibility on data and operations to GRC teams for compliance and audit, which can speed their processes.

Where are EA’s most business-critical partnerships?

32%

Cybersecurity/
information security

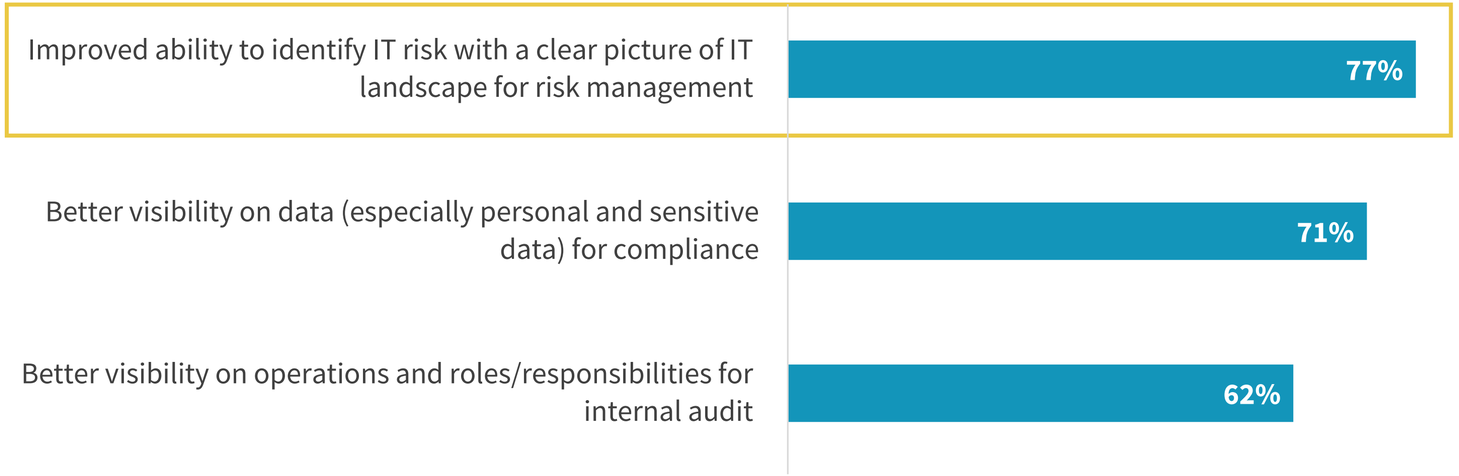
19%

Product engineering/
research and development

16%

Application
development/DevOps

Benefits from EA and GRC team collaboration.



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Identifying which applications capture, use, or modify data is the most frequently cited way EA teams interact with data governance teams

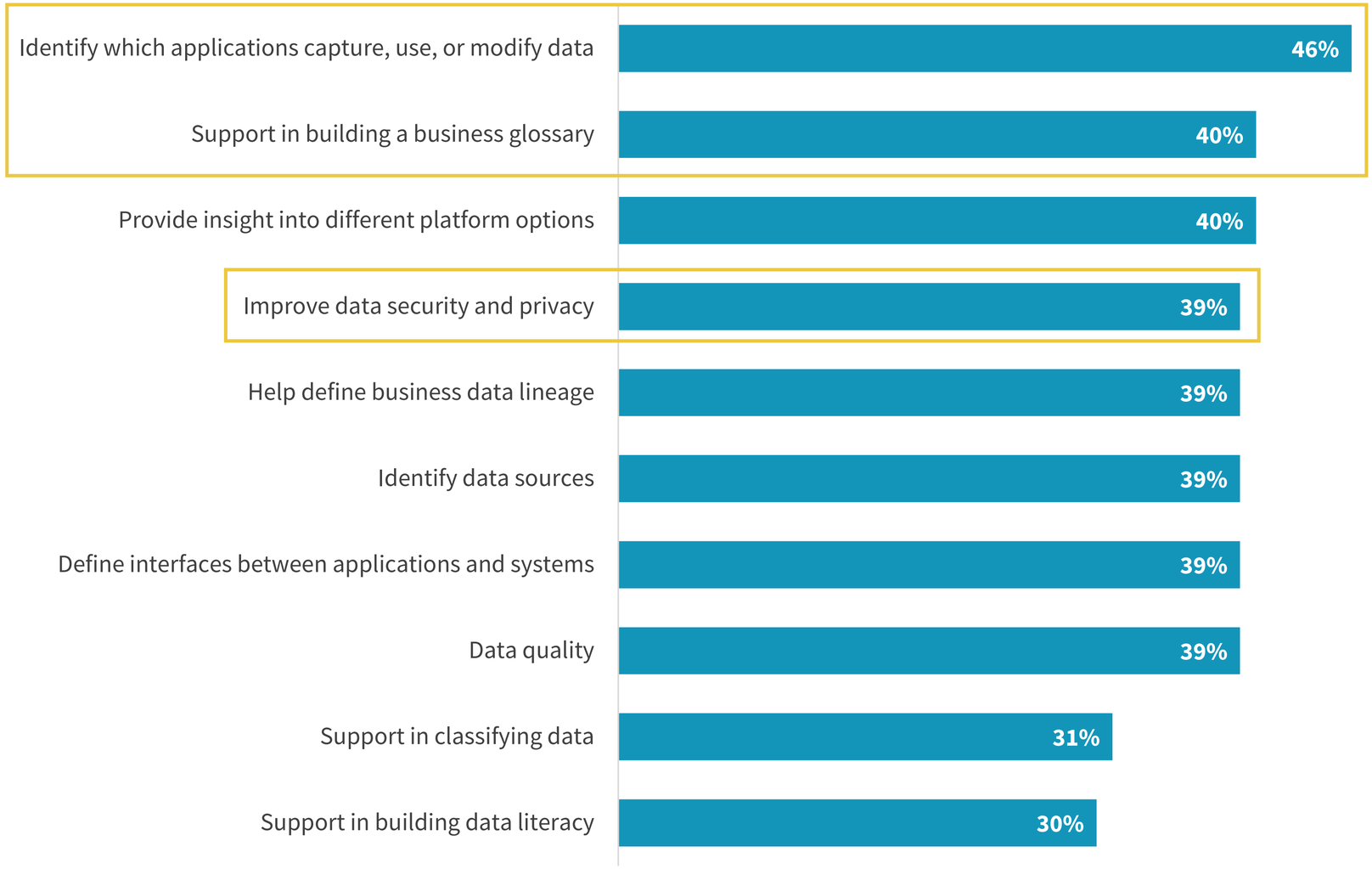
We wanted to understand how EA teams interacted with data governance teams. EA teams play a major role in understanding how the data is used and transformed. This shows us that EA teams can:

- Be the source of information on which applications capture, use, or modify data.
- Help build a business glossary.
- Provide platform insight that ties to the above two.
- Help to improve data security and privacy.

We found that many of the organizations saw security and privacy as a major point of coordination and collaboration, aided by EA teams with GRC teams.

This was even more true for EA teams that were tech-centric in their approach versus those that were business-centric in their approach.

How EA and data governance teams work together.



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EA investment will increase

Budget trends are up

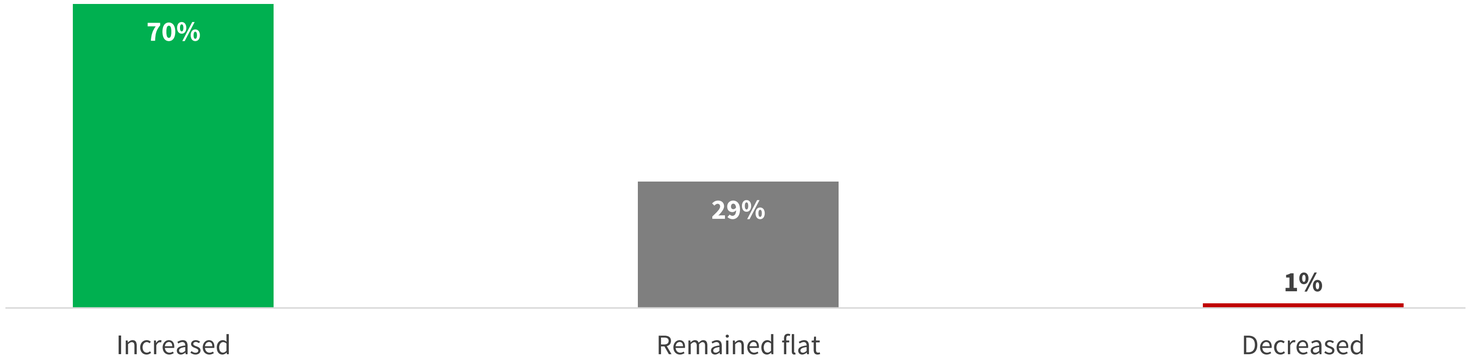
Respondent organizations are

2.3x more likely

to have increased budgets versus holding them flat or decreasing them.

On budget, organizations are 2.3x more likely to have increased budgets versus holding them flat or decreasing them in the current fiscal year. On average, organizations' budgets have increased 15.7% year-over-year. Looking ahead, organizations aren't done investing in EA tools, with 97% of organizations expecting to make one or more significant EA investments over the next two years. Organizations are making investments in multiple tools because they believe they need a number of capabilities to solve for new and emerging architectures.

EA budget trends: this fiscal year versus last.



97%

of organizations **plan to make at least one significant EA-related tool/platform investment** over the next two years.

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Modeling unlocks many EA use cases

70% of EA agree

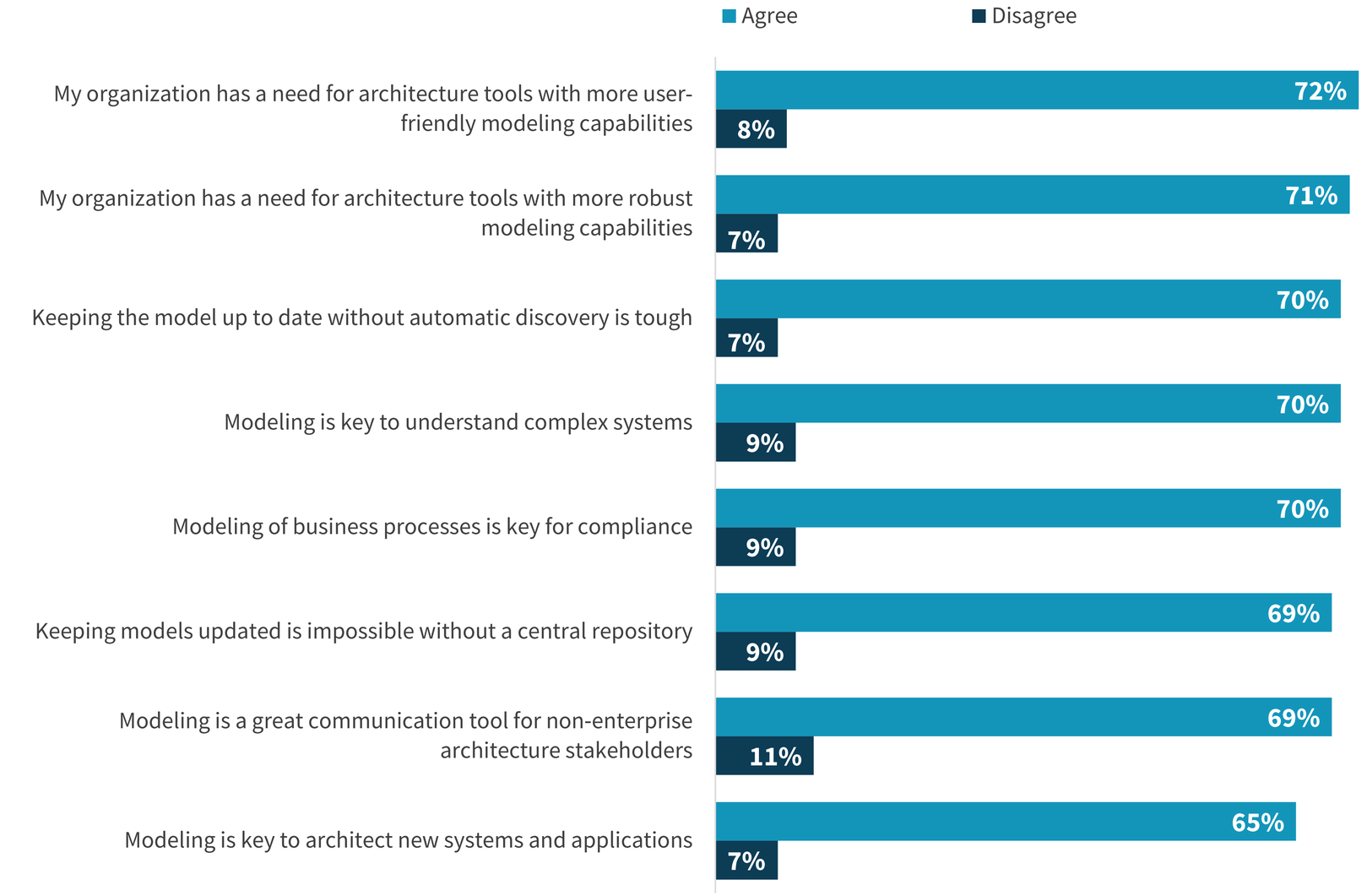
and see value in leveraging modeling capabilities.

Modeling is a “must have” to help enterprise architects model business processes and applications and understand complex systems.

Modeling is also seen as a great communication tool for non-enterprise architecture stakeholders.

EA teams expect more robust modling capabilities delivered by user-friendly tools using automatic discovery to quickly initialize models.

The value of modeling for enterprise architects.



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The state of enterprise architecture: there’s a lot of work still to do

Is the current state of EA too technology-focused?

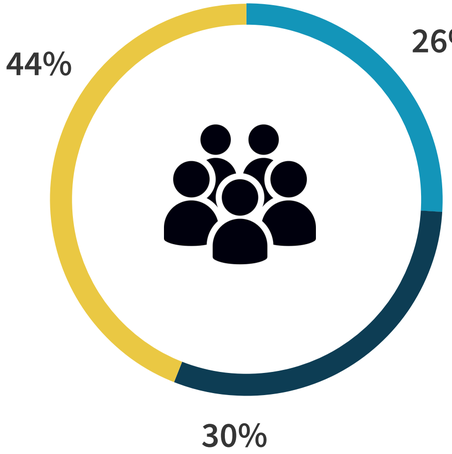
Over 2 out of 5

organizations have a **technology-first** orientation to EA

56% of organizations have evolved to have a business-first orientation to EA or to weigh business and technology equally, but 44% of organizations remain focused primarily on technology.

This could explain why so many business stakeholders are still not fully trusting EA to support them, with 56% of organizations believing that EA is a trusted or influential business partner.
59% of organizations are “always” or “ most of the time” consulting their EA teams, with only 18% of these organizations always including EA teams in the business discussions.

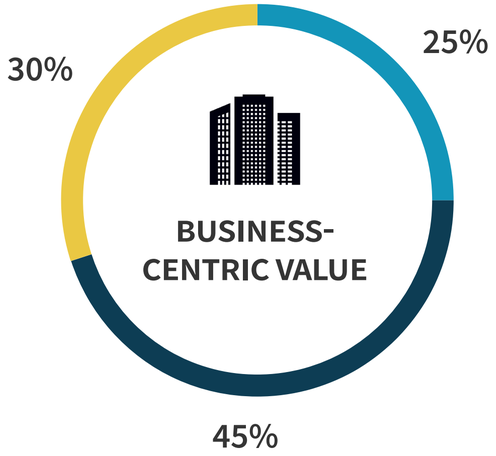
How organizations orient their EA teams.

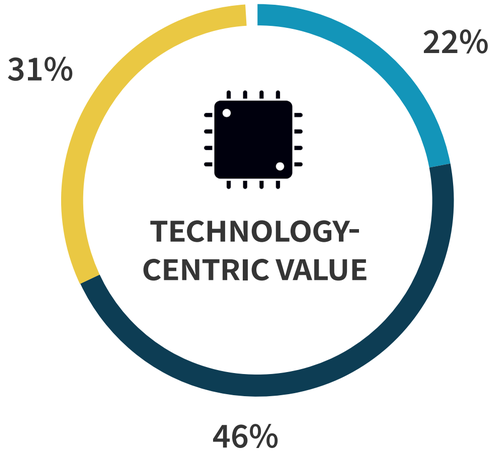


- We have a business-first orientation to EA – our organization prioritizes an understanding of business goals
- We weight business and technology equally in our approach to EA
- We have a technology-first orientation to EA – we prioritize an understanding of our data, software, and systems’

How well EA practices deliver value to the organization.

Very well Adequately Needs improvement





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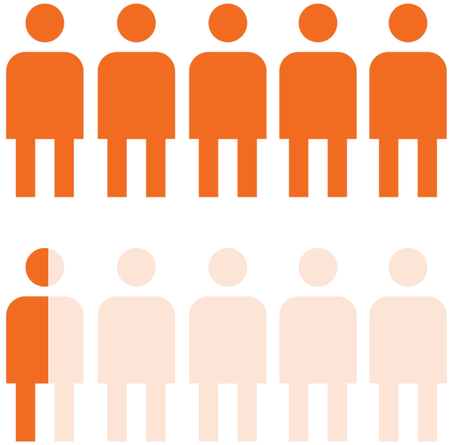
EA teams that are seen as trusted resources have more executive buy-in, create documentation that accelerates requirements discovery, and use data more intelligently.

EA teams expect to make a difference by helping organizations make the right decisions based on data and supporting agility. The research showed that organizations measured success on many key performance indicators. The most important factors allowed organizations to gain business agility and visibility, beyond adhering to implementation methodologies.

EA teams seen as trusted resources are more likely to cite:

- **Executive buy-in:** 39% vs. 27%.
- **Documentation to accelerate requirements discovery:** 43% vs. 31%.
- **Intelligent data use:** 49% vs. 35%.



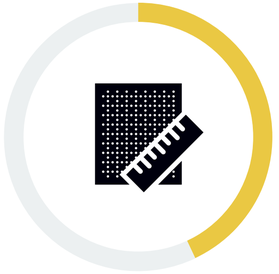
56%

of organizations indicate their business stakeholders **would rate EAs as trusted or influential.**

Key factors in successful EA projects.

Utilization of data to make informed business decisions quickly,

43%



A cohesive and comprehensive blueprint to determine the business processes, information systems, and technologies in place,

43%

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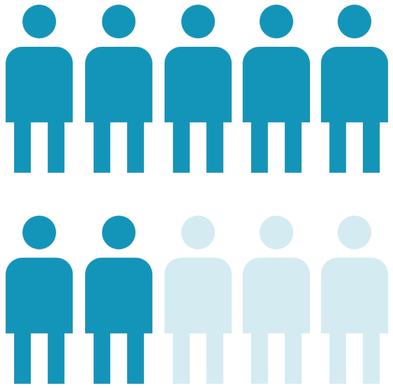
EA teams are delivering business-centric and technology-centric value to their organizations.

70% of respondents feel that EA is delivering value very well or adequately. Yet areas of improvement remain on both sides.

On the business-centric side of EA teams' delivery: 30% say EA team needs improvement when it comes to giving business teams the data they need to make informed decisions versus the 25% that report that their EA team is delivering value very well.

On the technology-centric value that EA teams deliver: The most interesting area of improvement needed by EA teams is the ability to reduce costs by identifying redundant systems and workflows, with just under one-third of organizations (31%) reporting that their EA team needs improvement in this area.

> "The most interesting area of improvement needed by EA teams **is the ability to reduce costs by identifying redundant systems and workflows.**"



7 out of 10

respondents feel **their EA teams deliver value in the key areas they identified, though there is room to improve.**

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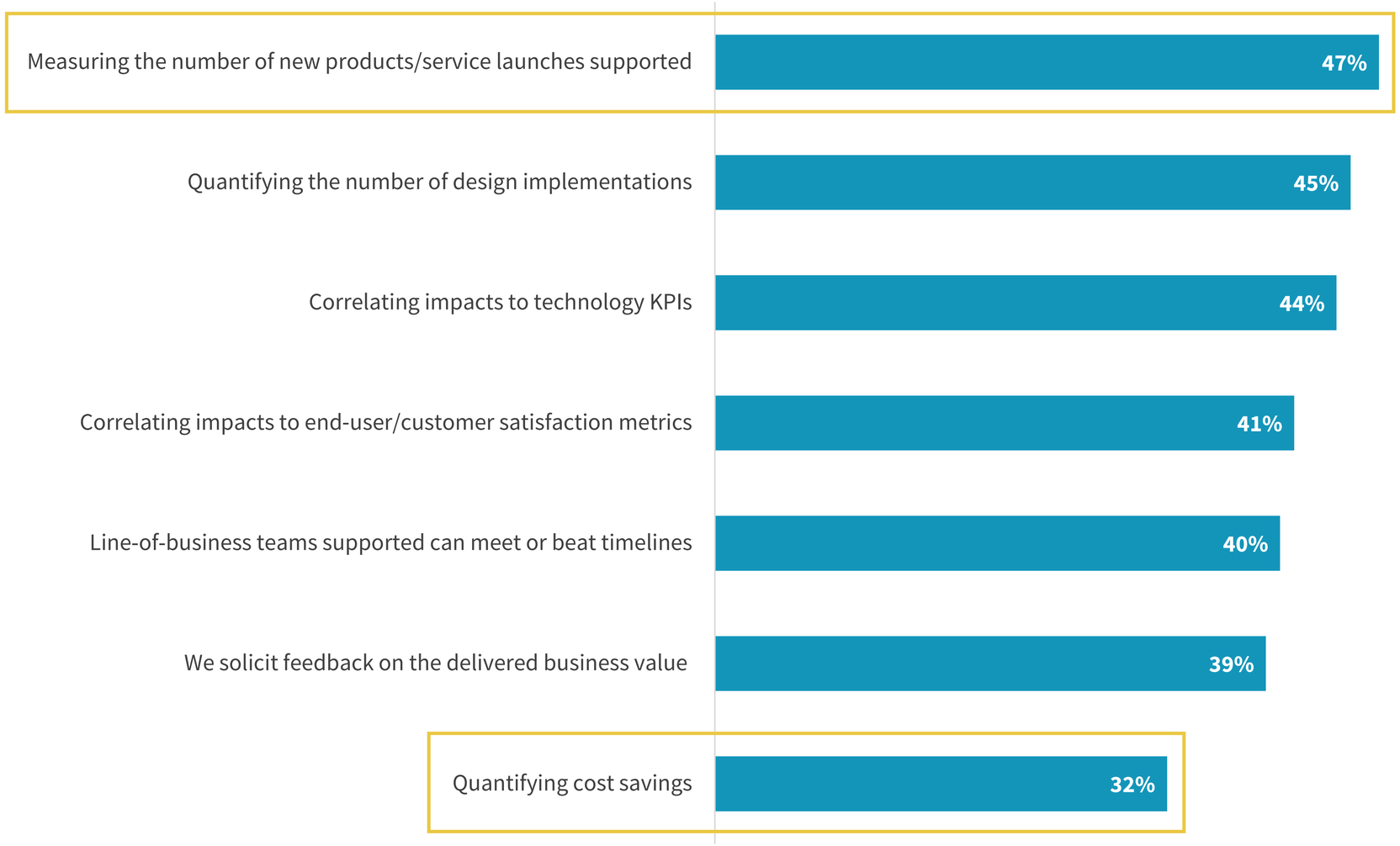
EA projects' success is determined by their impact on innovation and tech performance

In the ever more competitive world, organizations are measuring EA success on the ability to help the organization deliver more products or services more quickly. This ties to the theme of EA being focused on making the architecture more agile and reducing barriers.

A measurement further down the list is quantifying cost savings. ESG believes it is important but hard to measure this KPI with accuracy. As we have seen in other questions, cost matters, but it is very difficult to measure against a backdrop of evolving application architectures being deployed across multiple clouds.

How EA value is measured.



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Bright spots: the future of enterprise architecture

Automation and AI have the greatest potential to ease EA activities

More automation and the use of intelligent services, such as AI, enable organizations to be even more agile and make quicker decisions.

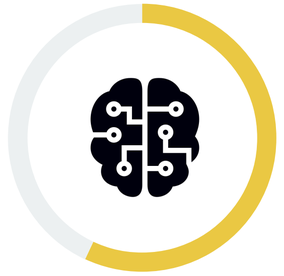
Automatic discovery is seen as solving the difficult task of tracking and tracing applications as they become more microservice-built and containerized.

AI will top the investment priorities but is quickly followed by any analytical tool that can gather data for business decision-making, such as customer journey analytics.

Most promising technologies to improve EA project outcomes.

Automatic discovery of applications and technologies,

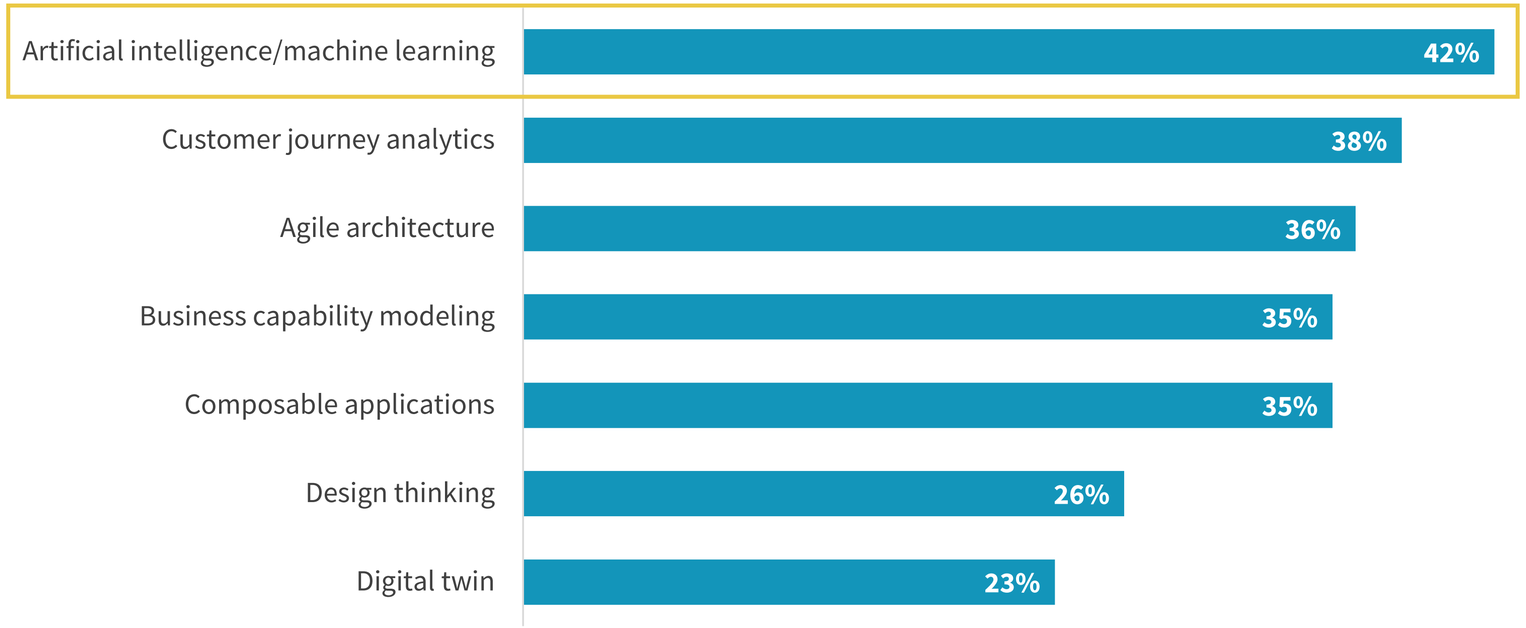
57%



Artificial intelligence/ machine learning

57%

Technologies EA stakeholders are most confident their organization will invest in.



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The Bigger Truth

Based on this data, ESG found that enterprise architecture teams need to do more to establish trust with the business sides of their organizations. This was clear in the challenges EA teams faced aligning and collaborating with business stakeholders. The collaboration between EA teams and GRC and data governance teams is seen as a bridge between these teams and the rest of the organization. This collaboration ensures that applications and services are in line with the expectations set by these teams from the start. Similarly, security and privacy are major points of coordination and collaboration, aided by EA teams.

As budgets increase for EA teams, organizations continue making investments in multiple tools because they believe they need several capabilities to solve for new and emerging architectures. One of the features that organizations are investing in is modeling, which is seen as a “must-have” capability that must be user-friendly and more robust. EA teams still need improvement when it comes to being able to support the business stakeholders first or at the same level as technology stakeholders. On the business side, organizations believe EA teams can improve giving business teams the data they need to make informed decisions. On the technical side, EA teams can improve the ability to reduce costs by identifying redundant systems and workflows.

EA teams look to the future and leverage technology, such as AI and automation, to enable their organizations to be even more agile, delivering value in a microservice, containerized infrastructure that is delivered as code.

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MEGA

SEE THE BIGGER PICTURE

MEGA International is a global SaaS software company with offices in 11 countries. The company provides leading software solutions for Enterprise Architecture, Business Process Analysis, Governance, Risk and Compliance, and Data Governance to guide organizations in their business transformation initiatives. MEGA created a collaborative SaaS platform, HOPEX, that offers a single repository to help companies collect, visualize, analyze, and communicate information to better plan and adapt to change. With 350 multicultural dynamic employees, MEGA supports more than 2000 clients in 52 countries.

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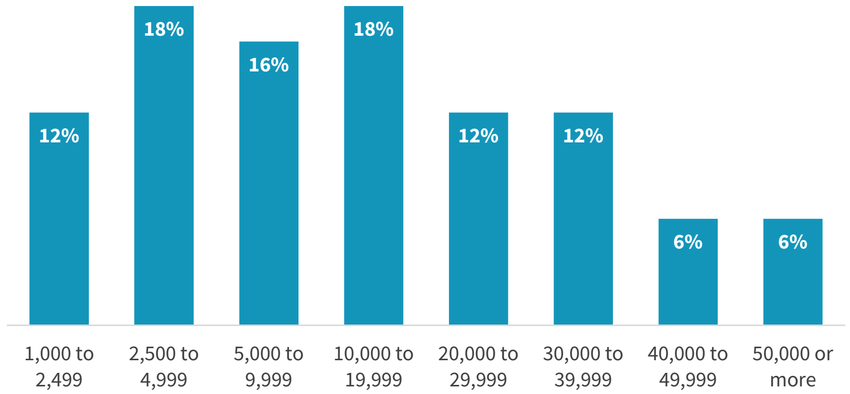
Research Methodology and Demographics

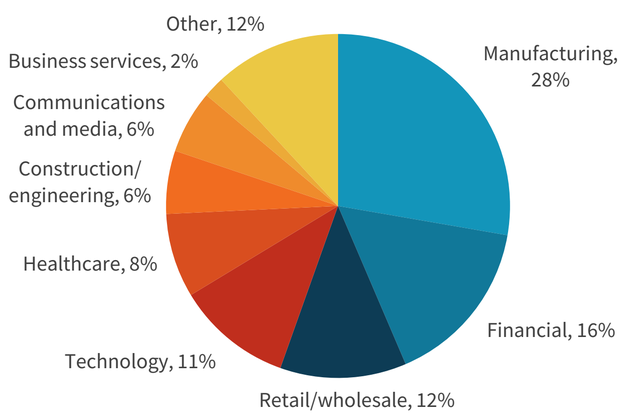
To gather data for this report, ESG conducted a comprehensive online survey of predominantly IT managers (99% of respondents) at enterprise organizations with a day-to-day focus on enterprise architecture. The survey included respondents based in North America (50%) and Western Europe (50%).

After filtering out unqualified respondents, removing duplicate responses, and screening the remaining completed responses (on a number of criteria) for data integrity, we were left with a final total sample of 300 IT professionals.

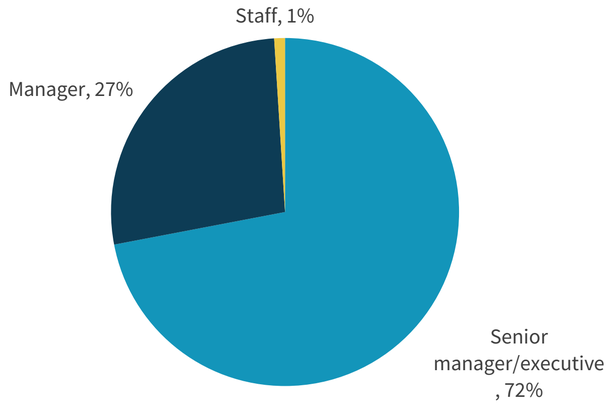
RESPONDENTS BY NUMBER OF EMPLOYEES



RESPONDENTS BY INDUSTRY



RESPONDENTS BY SENIORITY



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