Tim E. Hall

The Business Side of SOA

SOA in Healthcare Conference

Fred A. Cummins

EDS Fellow

EDS an HP company

Business Value of SOA

- ***Economies of scale***

- ***Customer value optimization***

- ***Business-IT Alignment***

- ***Accountability and control***

- ***Process improvement***

- ***Capability innovation***

- ***Agile business adaptation***

EDS
an HP company

The Business Side of SOA

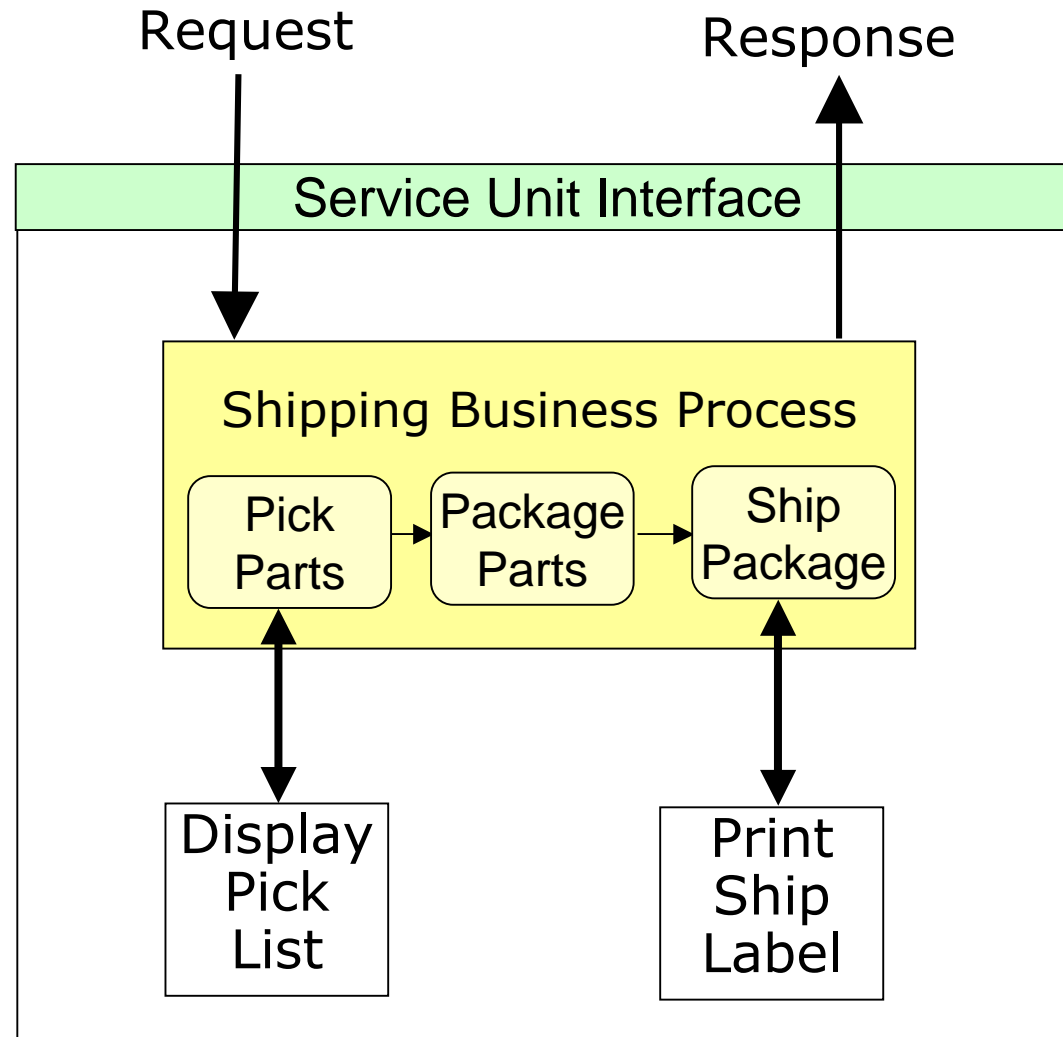Services are shared business capabilities with well-defined interfaces

- –Not a new idea: HR, procurement and accounting activities have done it for years
- –SOA technology supports optimization with electronic computing and communication
- –SOA provides a basis for full business alignment of information systems

EDS
an HP company

A *Service Unit* Provides *Services*

- A **service** is value delivered by a provider for a consumer

- A **service unit** is a business entity that manages a capability to deliver a service
  - Well-defined service and interface
  - Well-defined output and levels of service
  - May use other services
  - Must be loosely coupled
  - Must leverage IT for integration and automation

- Service units share capabilities across lines of business

EDS
an HP company

Business Process within a Service Unit

- People
- Processes
- Application(s)
- Tools
- Equipment
- Facilities
- Management
- Use of other services

Request

Response

Service Unit Interface

Shipping Business Process

| Pick Parts | Package Parts | Ship Package |

Display Pick List

Print Ship Label

Value Chains Provide Context for Services

- Service identification
- Transformation planning
- Service impact analysis
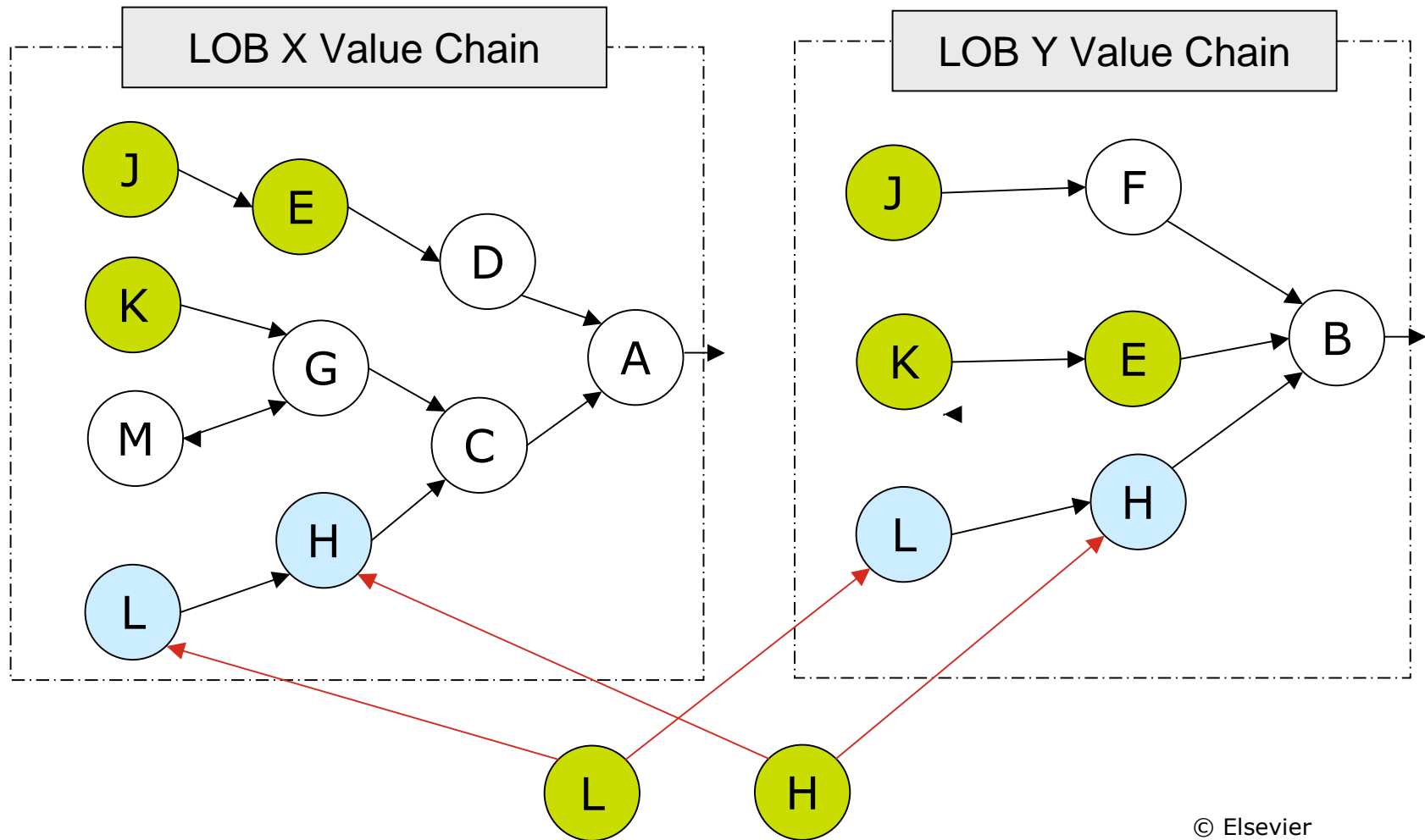- Service unit governance
- New line of business analysis

EDS
an HP company

Traditional Line of Business Silos

LOB X Value Chain
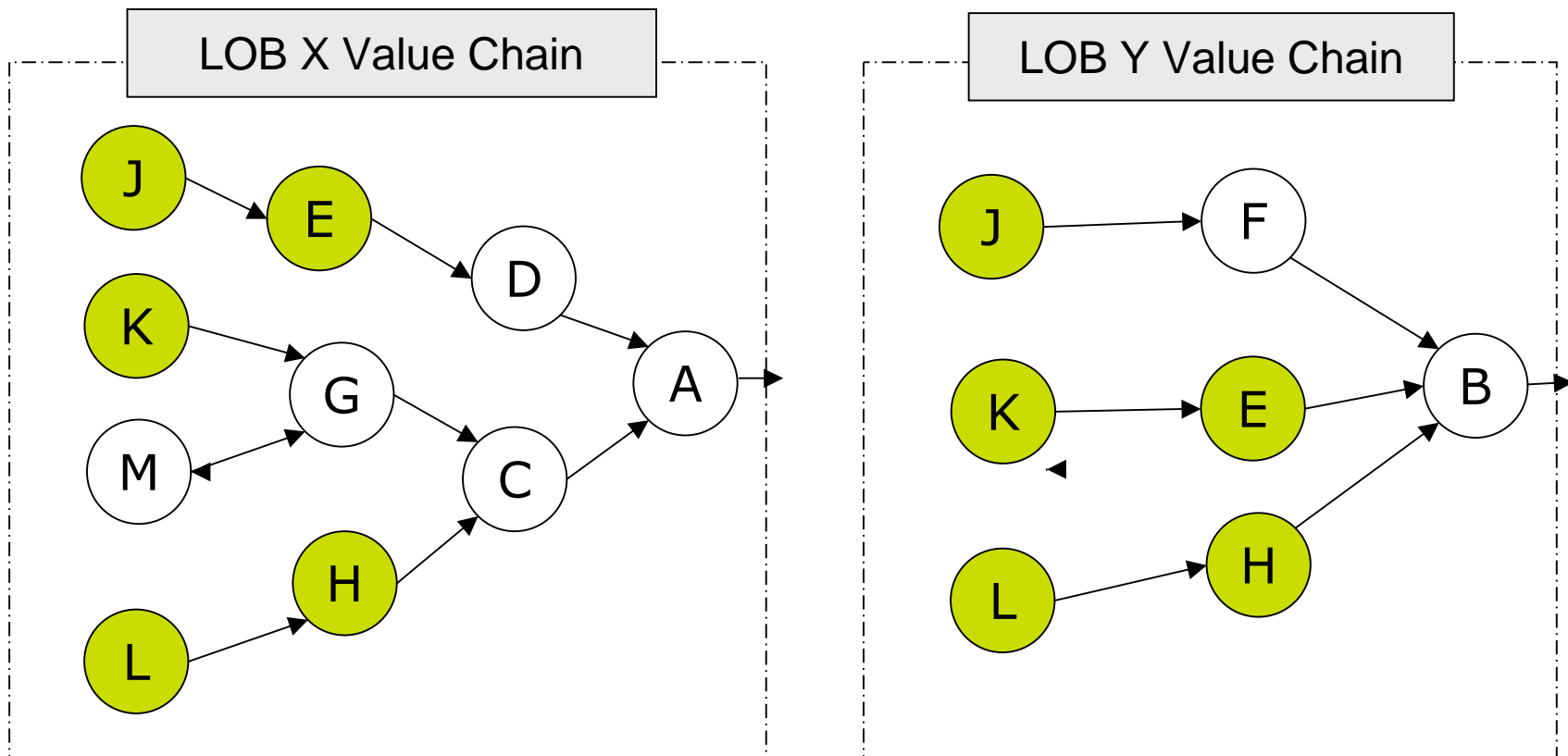
LOB Y Value Chain

© Elsevier

Duplicated business capabilities

EDS
an HP company

Shared Services

LOB X Value Chain

LOB Y Value Chain

© Elsevier

Consolidated Capabilities: Shared Services

EDS
an HP company

Service Unit with Business Process & Value Chain

Request

Response

Service Unit Interface

Shipping Business Process

Pick Parts → Package Parts → Ship Package

Products Inventory

Boxes

Customer Shipments

Display Pick List

Print Ship Label

EDS
an HP company
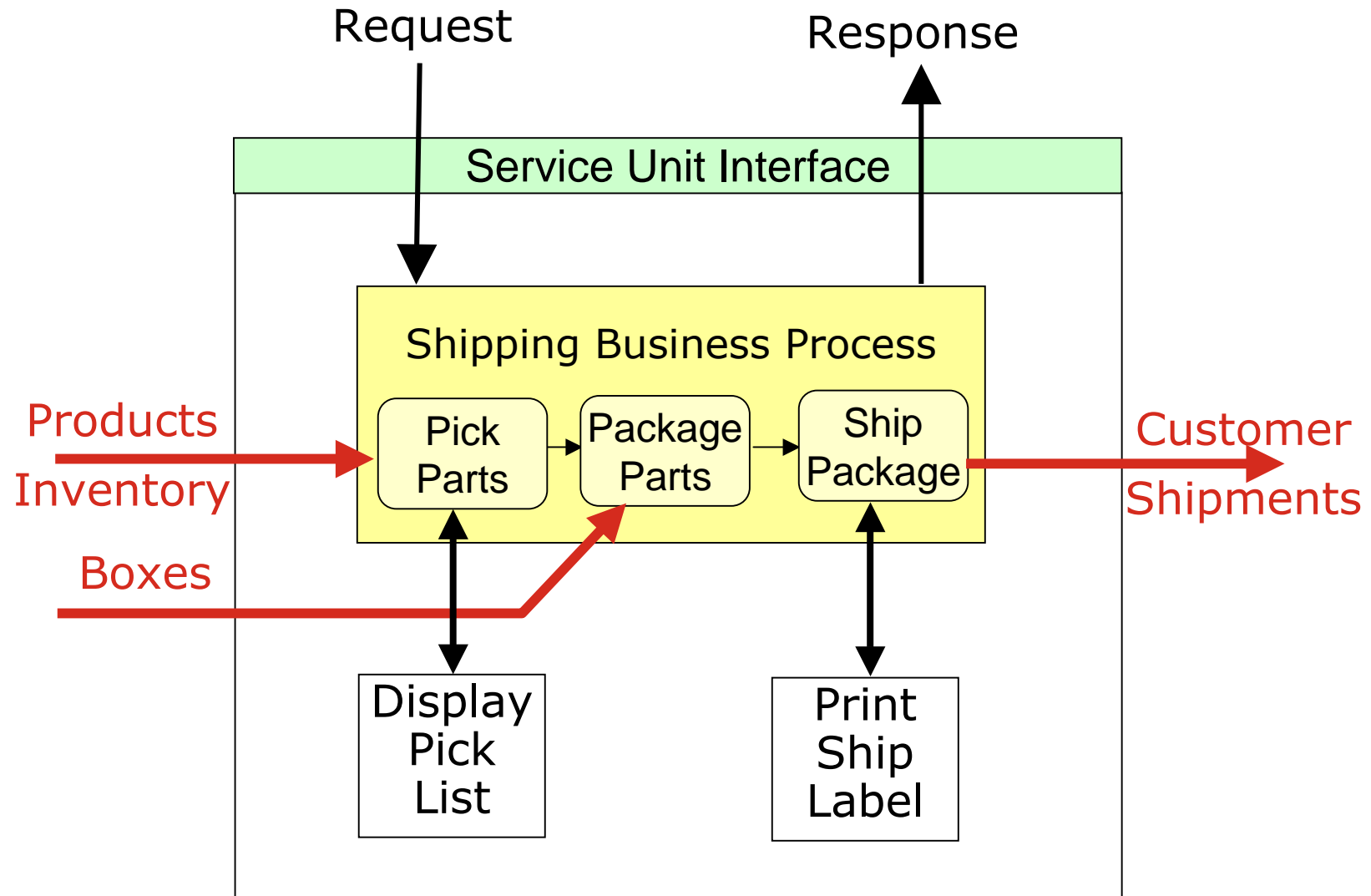
Detailed value chain

- Focused on an individual line of business or product
- A value chain activity
  - Represents the use of a business capability
  - May have dependencies on other activities
  - Contributes value in a work product
  - Defines use of a capability/service unit
- Supports cost and timeliness analysis

Service Unit Governance

- Service unit manages capability to deliver shared services

- Value chain defines accountability to <u>lines of business</u> for customer value

- Service unit is accountable to a <u>functional business organization</u> for resource optimization

- Multiple value chains (lines of business) define shared service requirements

- Value chain defines service requirements for a <u>new line of business</u>

- Value chain supports focused process improvement

SOA Matrix Management

Functional Organizations
(Service Providers)

Lines of Business
(value Chain Managers)
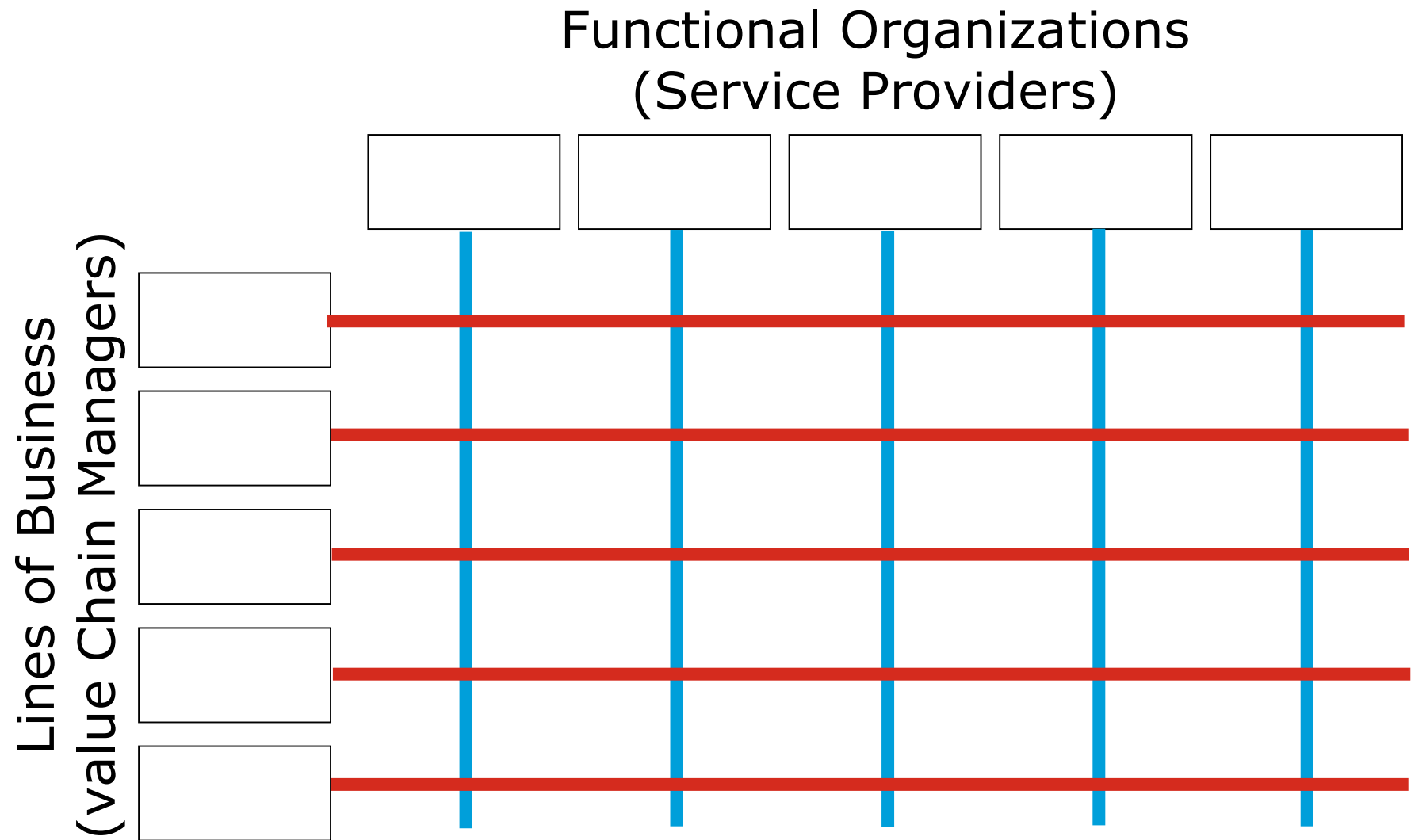
SOA Maturity Model Levels

5. **Agile**. The organization has a continuous change culture and defined business processes to adapt the enterprise are driven by recognition of disruptive events. Business changes primarily adapt business processes. (sense and respond)

4. **Measured**. Services are monitored and measured for cost, performance and quality and refined for enterprise optimization. The cost and value contribution of services to the value chain can be reported and analyzed. (value chain driven)

3. **Adopted**. The organization has a SOA infrastructure in place and is committed to standards. There is a system of governance to plan and manage transformation of the organization and to manage the definition and implementation of services. (top-down)

2. **Applied**. Top management is committed to SOA, the organization has developed a basic capability to design and implement services, and selected shared services have been deployed. (bottom-up)

1. **Explored**. An organization is aware of SOA and may be studying the potential impact or doing some proof of concept development. (status quo)

Getting Started

- *SOA maturity assessment*
- *Successful consolidations*
- *Basic SOA infrastructure*
- *Enterprise Logical Data Model*
- *Process automation experience*
- *Initial transformation team*

The SOA Maturity Model is the transformation planning guide

EDS
an HP company

Business Value of SOA

- **_Economies of scale_**
  - _Consolidation of similar capabilities_

- **_Customer value optimization_**
  - _Service unit contributions to customer value_

- **_Business-IT Alignment_**
  - _Automation and integration of service units_

- **_Accountability and control_**
  - _Consolidation and clarification of responsibilities_

- **_Process improvement_**
  - _Defined business processes and participant roles_

- **_Capability innovation_**
  - _Localized control of capability implementation_

- **_Agile business adaptation_**
  - _Rapid re-configuration of value chains_

EDS
an HP company

Book:

[Building the Agile Enterprise with SOA, BPM and MBM](#)

      1. The Agile Enterprise

      2. Service Oriented Architecture

      3. Business Process Management

      4. Business Rules

      5. Enterprise Information Management

      6. SOA Security

      7. The Agile Organization Structure

      8. Event Driven Agility

      9. Agile Governance

      10. Model Based Management

Contact: Fred A. Cummins
fred.cummins@eds.com

EDS
an HP company