CONSULTING SERVICES

TIBCO Service-Oriented IT Organizational Structure Best Practices: An Introduction

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HIGHLIGHTS:

The information described here is part of a series of introductory best practices reports for deploying a successful SOA. Other TIBCO reports in this series include:

- TIBCO SOA Governance Best Practices: An Introduction
- TIBCO SOA Project Organization, Staffing and Funding Best Practices: An Introduction
- TIBCO Services Life Cycle Best Practices: An Introduction
- Designing Services in an SOA Using TIBCO BusinessWorks

This document introduces SOA organizational issues and provides a model for a service-oriented IT organizational structure.

This series is part of a larger in-depth set of best practices that support TIBCO's proven delivery methodology, the TIBCO Accelerated Value Framework, which is used by our TIBCO Professional Services Group to help our customers minimize risks, accelerate delivery and enable a quality integration and SOA strategy and deployment.

Contact TIBCO Professional Services Group for more details on the topics presented in this report and to find out how we can help you develop and deploy an SOA that best meets your unique requirements and environment.

Service-Oriented IT Organizational Structure

TRADITIONAL IT ORGANIZATIONAL ISSUES

According to Forrester, traditional IT organizations are typically structured to support vertical business units and applications. IT roles, responsibilities, skills and budgets are focused on discrete projects that address specific business activities. This focus highlights the view that IT is simply an order taker.[1] Traditional IT organizations present a number of issues that will likely prevent them from being able to work effectively with the business to realize the opportunities and benefits of an SOA and establish and execute an effective corporate integration program.

In the traditional IT organization, projects are scoped and implemented without fully recognizing the core business processes that span business units. Without an enterprise view, organizations lose the opportunity to implement the most effective solutions.

In addition, typically the business requests enhancements to existing applications as a way to address immediate business needs quickly. This, along with a lack of shared vision between IT and business areas, results in enhancements to applications without fully considering the underlying business processes. Thus opportunities to radically improve business processes are overlooked.

[1] Forrester Trends: SOA Will Change How IT Works, May 31, 2005

This narrow focus on individual IT projects, applications and vertical business unit needs, results in application knowledge being valued over the knowledge of core business processes and domains. In this environment, the strategic contribution that IT could make through an SOA and enterprise integration is drastically reduced.

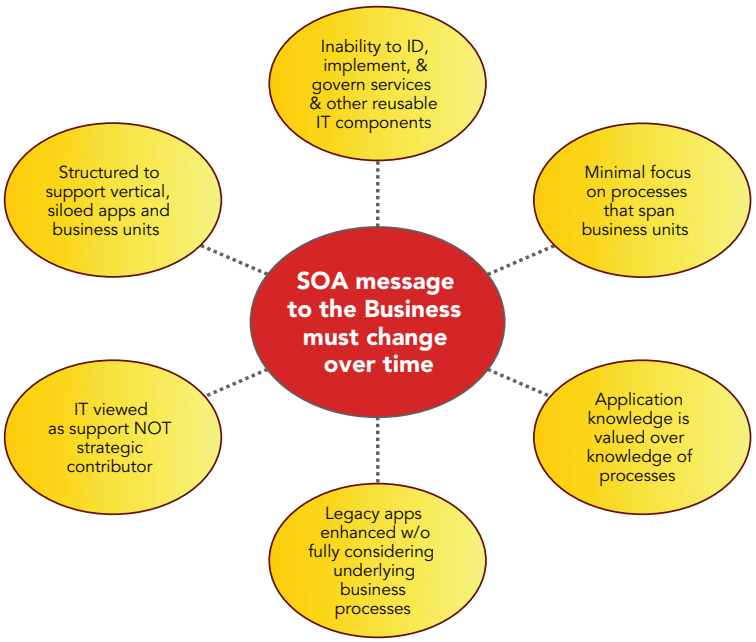


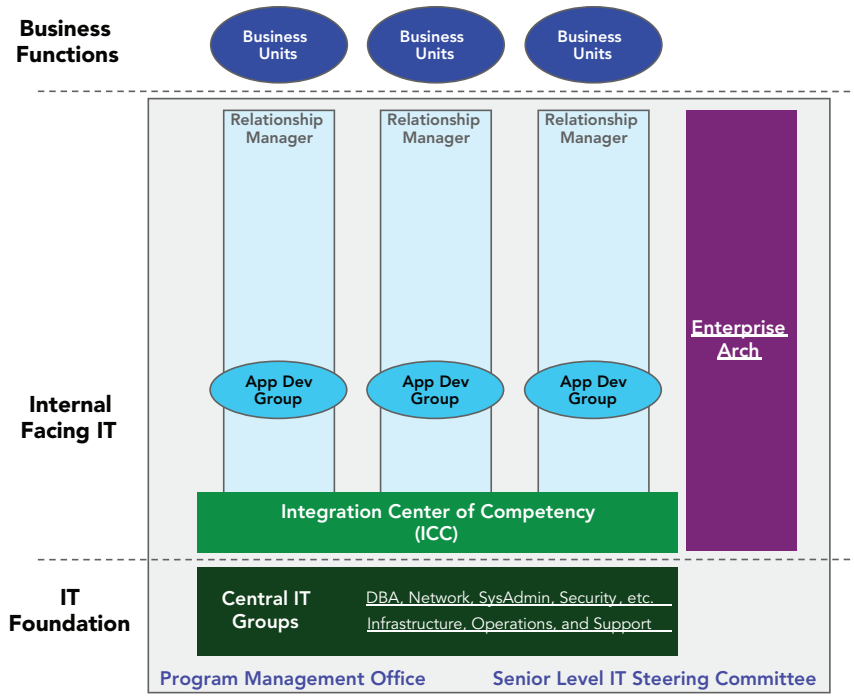
Figure 1.
Traditional IT Organizational Issues

In order to capitalize on the opportunities of an SOA and enterprise integration, IT organizations must shift their focus to business processes and services.

TRADITIONAL IT ORGANIZATIONAL STRUCTURE

The figure below depicts a traditional federated IT organizational structure. The federated IT organization is the most commonly found structure in large IT shops.

Figure 2.
Traditional IT
Organizational Structure



At the bottom of the diagram are the central IT groups. In a non-federated IT organizational structure (e.g. decentralized) these groups may be found in each business unit and/or geography.

Next is the Integration Competency Center (ICC). Gartner states that having the right IS organization is more important than having the right technology and that most of the successful integration projects during the next five years will involve creating a new IS function: the ICC. They go on to say that over time the need for this group will become more obvious as enterprises find themselves managing more integration technologies and encountering increasing overlaps in integration solutions. And Gartner predicts that by the end of 2005 more than half of all large enterprises ($1 billion or more in revenue) will have an ICC, an increase from approximately 30 percent in 2003 (0.7 probability). Gartner's

view is that a well-run ICC will have a positive payback for almost all midsize or large-scale integration scenarios, regardless of whether the enterprise uses any commercial integration broker, BPM or other integration middleware products.

The enterprise architecture (EA) group currently is not a common entity in most traditional IT organizations. But as we will discuss later in this document it is critical to an effective corporate integration program and SOA strategy. It is included in Figure 2 to demonstrate that IT organizations are beginning to recognize the need for this group by admitting the ineffectiveness of the stove-pipe business unit funded approach when trying to move toward an SOA.

The horizontal nature of the ICC and the central IT groups indicate that they provide their technical service across business units. The vertical nature of EA indicates that its focus is primarily technical but does not have the insight into the business that it needs to be most effective.

The various business units are depicted at the top, each having an application development group focused on them and their applications. Relationship managers act as liaisons between the business units and IT.

Most large IT shops also have a program (or project) management office and senior level IT steering committee. However, their role and effectiveness vary widely from one organization to another.

SO-IT ORGANIZATIONAL STRUCTURE

The figure below depicts an IT organizational structure that is service oriented.

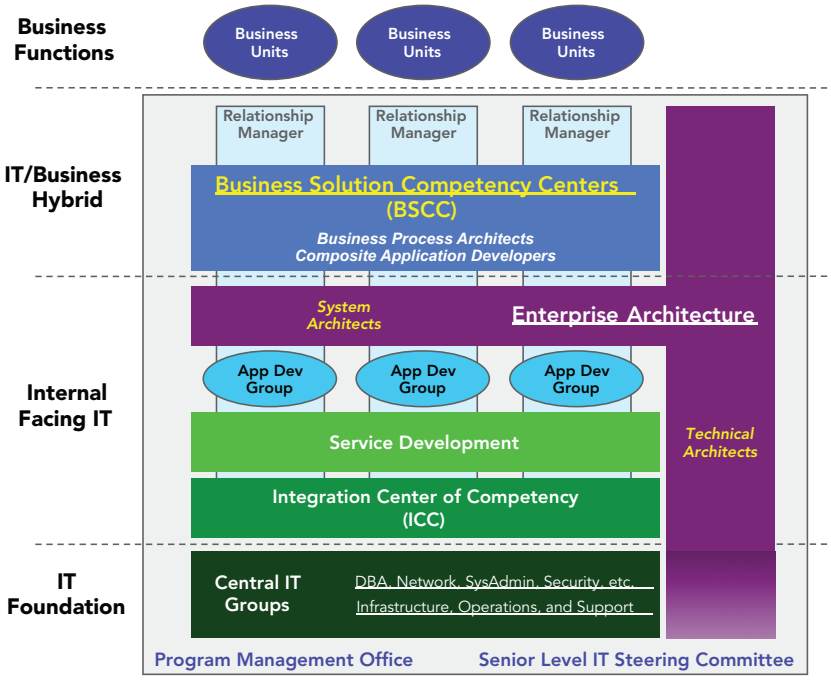


Figure 3.
Service Oriented IT
Organizational Structure

There is no change to the central IT groups and the ICC, as their function and role remain the same.

In a service-oriented IT organizational structure, the enterprise architecture (EA) group has evolved from primarily a technical focus to a more business focus. EA is responsible for enterprise architecture, the SOA strategy, and end-to-end technical business process designs that span multiple business units. This is demonstrated by the horizontal and vertical nature of EA. The lighter shading at the bottom of the EA block indicates that it should take on a greater role in defining and governing the architecture and technical strategy of the central IT groups.

The service development group is the provider of services. It develops, tests, and provides librarian functions for all services. Its primary customers are the

Business Solution Competency Centers (BSCCs). In some organizations it may be appropriate for the service development group to be part of the ICC.

BSCCs are responsible for end-to-end functional business process design and business process implementation. As such, they are consumers of the services provided by the service development group. A BSCC typically focuses on one or more business domains[2] and enables the development of the related end-to-end business process vision, skills, mindset and shared knowledge. This is very difficult to achieve inside of siloed business units. A BSCC can be a shared resource pool or consist of virtual teams from across a traditional IT organization. The BSCC typically has a dual reporting structure: 1) to the IT functional lead responsible for IT delivery and 2) to the BSCC lead that has responsibility for the business domain's end-to-end processes.[3]

The EA system architects and BSCC business process architects (BPAs) work together to ensure optimum end-to-end business processes – the system architect having the technical perspective and the BPA the business perspective.

In a service-oriented IT organization, the relationship manager (RM) is in the best position to help move the SOA strategy and vision forward with the business units. The RM must be the business optimization and innovation champion. This role must shift from the vertical business unit and application focus of a traditional IT organization to that of a champion of IT's involvement and value in optimizing business processes within the context of the IT vision. The RM is key in developing and communicating the IT strategy to the business units and the business strategy to IT. The RM must evolve from simply a problem solver and liaison to a true collaborator with the business. The RM needs to gain credibility by demonstrating an understanding of not only the technology, but business domain as well. Furthermore, in order for RMs to be most effective, they should be invited to become part of the business unit strategy team.

The senior level IT steering committee and the program management office (along with the ICC and EA group) have a significant role to play in IT governance.

[2] A Business Domain in this context is a set of people, processes, information, and systems that all work collaboratively to achieve some business objective

[3] Forrester Trends: SOA Will Change How IT Works, May 31, 2005

VARIATIONS ON THE SO-IT ORGANIZATIONAL STRUCTURE

Variations may be required for each of the following types of IT organizational structures:

Figure 4.
IT Organizational Structure Types[4]

Project-based	All IT resources are centralized under a single reporting structure with centralized resource allocation (staffing). The organizational structure is built around resource pools. Line managers are replaced by source managers.
Federated	IT takes on a hybrid structure. A centralized IT organization supports all infrastructure and enterprisewide applications, usually in a shared services environment. Individual business units maintain their own applications development organizations and budgets for BU-specific systems.
Decentralized	IT is decentralized by business unit, operating group, subsidiary, or geography. Each of these entities has its own CIO, IT organization, and IT budget. There is little or no attempt to coordinate across units or with corporate. Corporate IT supports the corporate HQ staff and perhaps some enterprise applications.
Centralized	IT is centralized under a single enterprise CIO. All IT systems and budgets reside at the corporate level.

The best practices described in this section are based upon the federated structure, which is the most common IT organizational structure.

[4] Forrester Best Practice: IT Governance Framework, March 29, 2005

Group Organization

The following diagrams provide an overview of the composition of the key groups that comprise the service-oriented IT organization.

BUSINESS SOLUTION COMPETENCY CENTERS

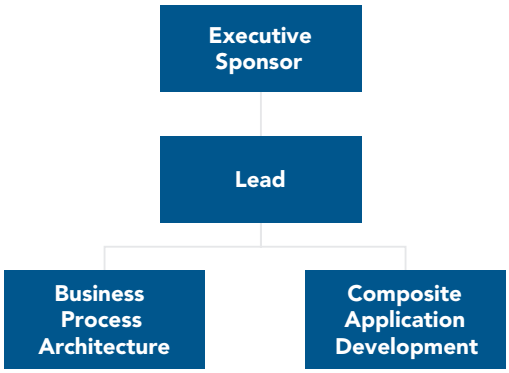


Figure 5.
Business Solution Competency Center Organization and Roles

ENTERPRISE ARCHITECTURE

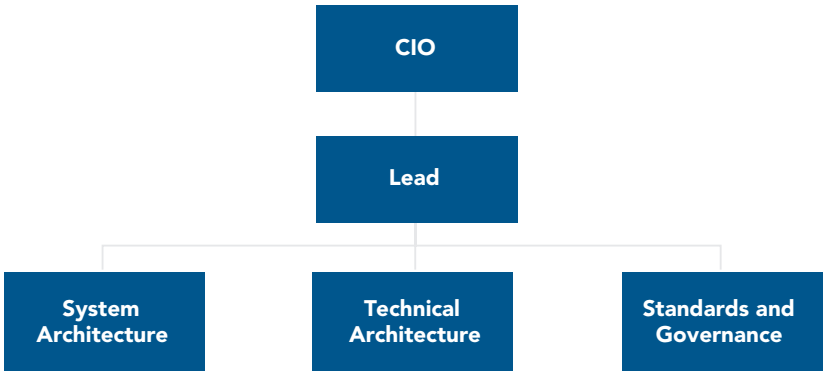


Figure 6.
Enterprise Architecture Group Organization and Roles

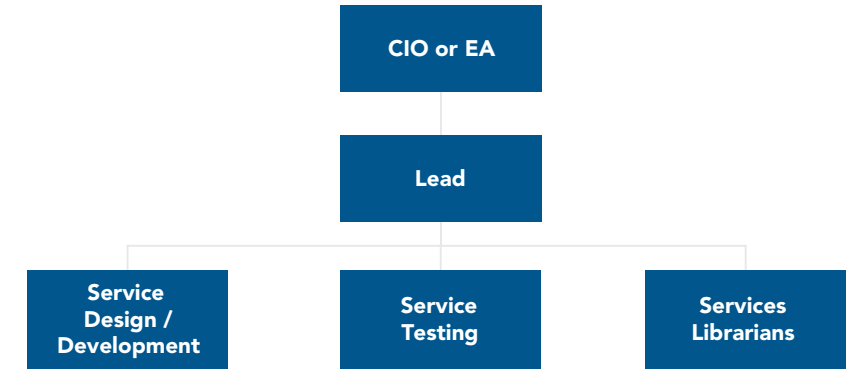


Figure 7.
Services Development Group Organization and Roles

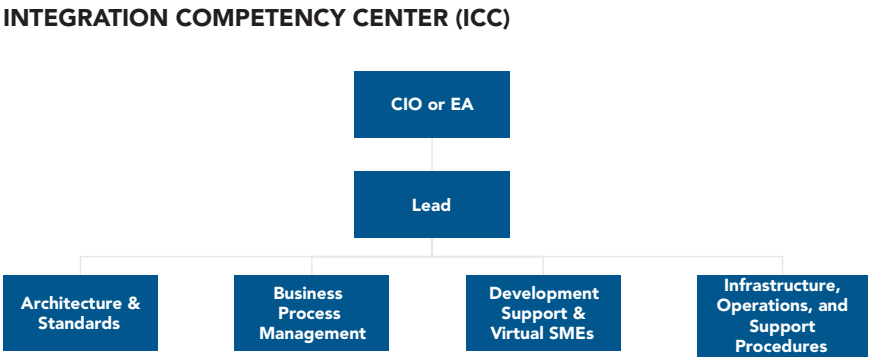


Figure 8.
ICC Organization and Roles

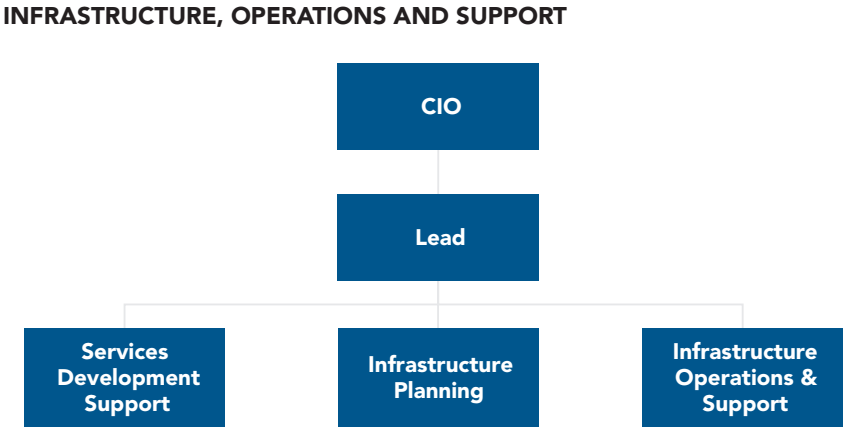


Figure 9.
Infrastructure, Operations and Support Organization and Roles

For More Information

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