Future-State Enterprise Architecture Definition Primer for 2024

> Organizations seek a balance between managing cost and performance while investing to innovate and grow the business. Chief enterprise architects must guide business and IT stakeholders to improve profitability through technology innovation investments that enhance enterprise productivity.

Scope

This initiative covers the enterprise architecture discipline with attention on the business architecture domain and how it can inform business and IT strategy, planning and execution decisions.

Topics in this initiative include:

- **Build the Business Architecture Foundation:** Establish the discipline of business architecture, including appropriate deliverables.

- **Evaluate Disruptive Threats and Opportunities:** Assess forces and trends to create scenario plans that inform the organization's desired future state.

- **Enable Capability-Based Strategic Planning:** Facilitate business-outcome-driven strategic planning using business architecture guidance.

- **Facilitate Business and Operating Model Change:** Analyze the business architecture landscape to identify and enable business and operating model changes.

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Analysis

Figure 1: Future-State Enterprise Architecture Definition Overview

Future-State Enterprise Architecture Definition
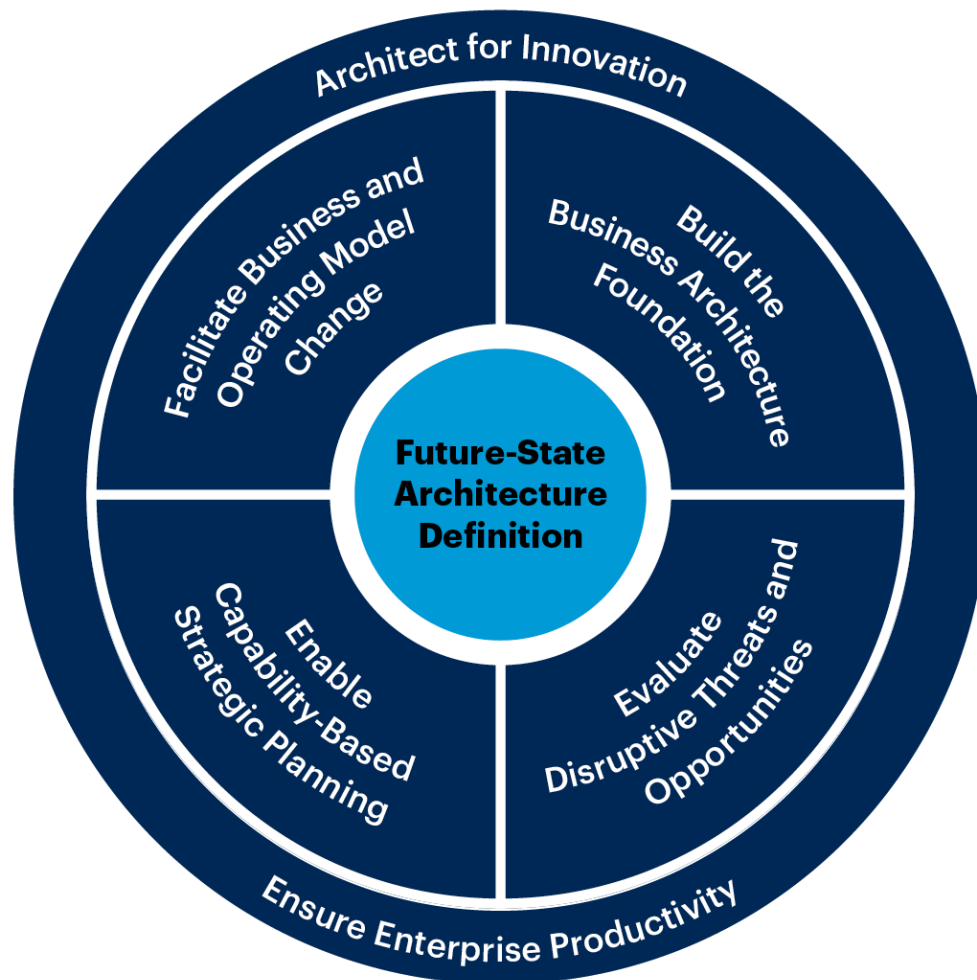
Source: Gartner
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For the past several years, organizations have navigated volatility, uncertainty, complexity and ambiguity (VUCA). The effort has come at a cost. The 2023 Gartner CEO and Senior Business Executive Survey shows signs that business fundamentals are pressuring corporate profitability. In fact, CEOs report profitability is now investors' top focus through 2024, while the fixation on revenue growth has declined sharply. [1]

Organizations must find ways to improve profitability. However, traditional measures like cutting costs and increasing prices will prove futile against today's economic conditions:

- **Cost-cutting** that targets payroll and technology, which are key drivers of productivity, results in declines in profitability. Total factor productivity recently experienced the largest decline since 1982. [2] Generative AI and other emerging technologies offer promising potential to offset declines in human productivity due to aging populations and declining fertility rates. [3] Identifying and committing to smart productivity investments is essential, but doing so will prove difficult against competing demands for cost reductions.

- **Price hikes,** beyond inflation adjustments and without product or service enhancements, will only boost profitability temporarily. In fact, ignoring innovative product or service enhancements ultimately leads to stalled sales growth. Breakdown in innovation management is a key driver in organizations' decline. [4] Fortunately, there is no dearth of innovative technology for organizations to take advantage of today. [5] Organizations must develop a structured approach to innovate against their business and operating models to improve profitability, while managing the risk introduced from these innovations. [6]

The 2024 Gartner Board of Directors Survey reveals future talent and skills shortages, along with the evolving need for human and machine workforce as the top two internal factors of uncertainty and risks to growth in 2024 to 2025. [7]

AI is changing the human and machine relationship, but the extent of that change is still unknown. However, the usage of AI to spur both productivity and game-changing innovation is required for organizations to solve upcoming challenges this year. In 2024, chief enterprise architects (CEAs) must help business and technology leaders transform and modernize their organizations to deliver on profitability and growth expectations.Note: This initiative is one of three EA-related initiatives. The other two corresponding initiatives can be found at Enterprise Architecture Delivery Primer for 2024 and Enterprise Architecture Operating Model Primer for 2024.

Topics

Reshaping business and technology capabilities that drive transformation and modernization efforts will require CEAs and their heads of business architecture (BA), enterprise architecture (EA) and IT architecture to focus on three key themes. The first theme is **orchestration**. CEAs must facilitate and advocate for business unit and functional leaders to design fit-for-purpose plans and roadmaps that drive execution. Remember that only 20% of business partners are highly engaged in strategic planning. [8] Second is **innovation**. Innovation management can make or break organizational growth. CEAs must enable democratized experimentation with and scaling of emerging technologies like AI to identify new ways to improve profitability. Finally, the third theme is **productivity**. Human productivity is declining at a pace not seen in decades, and the new relationship between humans and machines is unfolding in real time with little certainty of the final result. CEAs must redesign operating models for a new era of digitally dominant productivity.

Our research in this area addresses the following topics:

Build the Business Architecture Foundation

For CEAs to be successful in driving greater innovation and productivity enhancement, they must start with a BA lens. The BA discipline is not optional. CEAs should work with their heads of BA to ensure foundational deliverables, such as capability models, value streams, business processes and journey maps, are fit-for-purpose and consumable. These deliverables set the stage for enhancement recommendations that can be delivered to various stakeholders, from chief executives to operational fusion teams.

Questions Your Peers Are Asking

- What is BA, and how can it inform business and IT strategy, planning and execution decisions?

- How do I develop BA deliverables — including roadmaps, value streams and journey maps — that are consumable and meet the expectations of business and IT leaders?

- How do I combine various BA deliverables to effectively make recommendations that help achieve business and IT leaders' targeted business outcomes?

Recommended Content

⚷ Some recommended content may not be available as part of your current Gartner subscription.

- Design a Better Digital Business With the Business Architecture Landscape

- Quick Answer: How Can We Deliver Consumable Business Architecture Guidance to Stakeholders?

- 5 Ways to Upgrade Your Business Architecture Practices

- Tool: Business Architecture Activities and Deliverables Close the Strategy-to-Execution Gap

- Benchmark Data: Business Architecture Guidance Must Become More Consumable

Planned Research

- How to mature the BA discipline

- The future direction of BA

- The role of FP&A in BA deliverables and recommendations

Evaluate Disruptive Threats and Opportunities

VUCA will continue to define this decade, and likely beyond. CEAs must help business and IT executives facilitate responses to technological, political, economic, social, trust and legal trends and concerns (TAPESTRY). CEAs should have their Heads of BA examine the interactions between these trends by developing scenario plans to inform an organization's future state.

Questions Your Peers Are Asking

- What is my role as a CEA in evaluating disruptive threats and opportunities?

- What do effective scenario plans look like, and how can I develop them?

- How can I work across my organization to extend an analysis of threats and opportunities beyond a technology lens?

Recommended Content

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- The Gartner Trendspotting Framework: Driving Operations, Innovation and Strategy

- Toolkit: Use Scenario Planning to Guide Your Strategies and Plans

- Case Study: How EA Enhances Digital Business Competitiveness (Johnson Matthey)

- Hype Cycle for Enterprise Architecture, 2023

- Complexity, Chaos and Confidence: A Tapestry of Trends Across Brave New Worlds

Planned Research

- Predicts 2025: enterprise architecture

- The role of a CEA in evaluating disruptive forces

- Generative AI use cases for scenario planning

- Tapestry of trends report by Gartner Futures Lab

- How to create disruption tests to reassess future-state direction

Enable Capability-Based Strategic Planning

CEAs must help the organization make smarter technology investment decisions across a growing number of complex portfolios of products, services and capabilities. This begins with instructing their heads of BA to develop and scale a capability-based planning process that includes the appropriate business unit and functional leaders. The group must work to identify targeted business outcomes and plan ways to realize those outcomes through capability gap analysis and maturity assessment, resulting in actionable roadmaps.

Questions Your Peers Are Asking

- What is a capability-based approach to strategic planning, and how do I develop a repeatable process for it within my organization?

- How do I conduct capability gap analysis to identify new capability needs and create plans to develop them?

- Which business and technology capabilities should I be evaluating now to help my business and IT leaders stay ahead?

Recommended Content

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- 8 Best Practices for Creating High-Impact Business Capability Models

- Case Study: Interconnected Business Capability Mapping (Medtronic)

- **Tool: Advanced Roadmapping for Business Architecture**

- **Total Experience Transformation Starts With Business Architecture — Presentation Materials**

- **Role of Business Architecture in Digital Business: Benchmark Data**

Planned Research

- Digital business capabilities you need to develop today

- AI use case on analyzing business capability health

- Applying BA deliverables to improve M&A processes

Facilitate Business and Operating Model Change

Improving profitability through productivity and innovation investments cannot be done ad hoc. Investments must be targeted to specific elements of the organization's business and operating model to drive the right types of transformation and optimization. CEAs must rely on their heads of BA to analyze the various models that make up an organization to identify these changes and facilitate their execution in collaboration with enterprise and IT architects.

Questions Your Peers Are Asking

- How should I consult with business and IT leaders to shape a bold future-state vision for our organization?

- What is a BA landscape, and how do I help business and IT leaders drive change across the necessary models to realize our future-state vision?

- How can I help rearchitect business and operating models for productivity, innovation and value delivery?

Recommended Content

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- **Quick Answer: Which Macroeconomic Trends Will Impact My Business Model Transformation?**

- **Architecting for Business Ecosystems and Business-Led Innovation — Presentation Materials**

- Execute Sustainability and ESG With Gartner's Business Capability Model

- 7 Actions Enterprise Architecture Leaders Must Take to Navigate Economic Headwinds

- Infographic: How Enterprise Architecture Leaders Can Navigate Economic Headwinds

Planned Research

- Architecting for productivity enhancement

- The CEA's role in setting future-state direction

- How to conduct financial and economic modeling

Suggested First Steps

- Evolve Enterprise Architecture Into an Internal Management Consultancy

- IT Score for Enterprise Architecture and Technology Innovation

- Enterprise Architecture Activity Guidebook

- Leadership Vision for 2024: Enterprise Architecture

- Predicts 2023: Enterprise Architecture Charts New Path for Postdigital Era

Essential Reading

- 13 Best Enterprise Architecture Practices to Ensure Program Success

- Design a Better Digital Business With the Business Architecture Landscape

- Architecting for Business Ecosystems and Business-Led Innovation — Presentation Materials

- Tool: Total Experience Scoping Guide

- The Gartner Trendspotting Framework: Driving Operations, Innovation and Strategy

Tools and Toolkits

- Toolkit: Enterprise Architecture in a Box 2.0

- Tool: Business Architecture Activities and Deliverables Close the Strategy-to-Execution Gap

- Toolkit: Workshop for Constructing an Initial Business Capability Model

- Toolkit: Enterprise Architecture Value and the I&T Operating Model Optimizing Patterns

- Tool: Construct a Winning Value Proposition for EA as an Internal Management Consultancy

- Ignition Guide to Scanning and Evaluating Emerging Technologies

- Ignition Guide to Building a Customer Experience Journey Map

- Ignition Guide to Creating a Business Capability Model

- Ignition Guide to Conducting Scenario Planning

- Ignition Guide to Strategic Planning for IT

Evidence

[1] **2023 Gartner CEO and Senior Business Executive Survey:** This survey was conducted to examine CEO and senior business executive views on current business issues, as well as some areas of technology agenda impact. The survey was conducted from July 2021 through December 2021, with questions about the period from 2021 through 2023. One-quarter of the survey sample was collected in July and August 2021, and three-quarters was collected in October through December 2021. In total, 410 actively employed CEOs, and other senior executive business leaders qualified and participated. The research was collected via 382 online surveys and 28 telephone interviews. The sample mix by role was CEOs (n = 253); CFOs (n = 88); COOs or other C-level executives (n = 19); and chairs, presidents or board directors (n = 50). The sample mix by location was North America (n = 176), Europe (n = 97), Asia/Pacific (n = 86), Latin America (n = 40), the Middle East (n = 4) and South Africa (n = 7). The sample mix by size was $50 million to less than $250 million (n = 58), $250 million to less than $1 billion (n = 81), $1 billion to less than $10 billion (n = 212) and $10 billion or more (n = 59). Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[2] Nonfarm Business Total Factor Productivity Down 1.2 Percent in 2022, U.S. Bureau of Labor Statistics.

[3] Complexity, Chaos and Confidence: A Tapestry of Trends Across Brave New Worlds

[4] Overcoming Stall Points

[5] We Shape AI, AI Shapes Us: 2023 IT Symposium/Xpo Keynote Insights

[6] Gartner's 5-Phase Approach to Help EA Leaders Master and Apply AI

[7] **2024 Gartner Board of Directors Survey on Driving Business Success in an Uncertain World.** This survey was conducted to understand the new approaches adopted by nonexecutive boards of directors (BoDs) to drive growth in a rapidly changing business environment. The survey also sought to understand the BoDs' focus on investments in digital acceleration; sustainability; and diversity, equity and inclusion. The survey was conducted online from June through August 2023 among 285 respondents from North America, Latin America, Europe and Asia/Pacific. Respondents came from organizations with $50 million or more in annual revenue in industries except governments, nonprofits, charities and nongovernmental organizations (NGOs). Respondents were required to be nonexecutive members of corporate boards of directors. If respondents served on multiple boards, they answered questions about the largest company, defined by its annual revenue, for which they are a board member. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[8] **2022 Gartner Strategy Adaptive Planning Survey:** This survey was conducted online in March 2022 among 140 strategy leaders. The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested and administered by our quantitative analytics and data science team.

Document Revision History

Digital Business Strategy and Plans Primer for 2023 - 8 August 2023

Related Priorities

Initiative Name	Description
Enterprise Architecture Delivery	This initiative covers practices and deliverables that guide the implementation of enterprise architecture (EA) through governance, digital solutions, platforms and foundations.
EA Operating Model	This initiative covers the EA operating model (value proposition, stakeholder engagement, skills and roles, metrics) to help leaders better decide for improved productivity and profitability.

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