> Organizations are being disrupted by the uncertainty of economic headwinds and the opportunity of artificial intelligence. To keep enterprise architecture relevant, EA leaders must evolve the EA team and practice.

Overview

The history of technology is, for the most part, a story of evolution. But every now and then, there is a major turning point. When Steve Jobs announced the first iPhone in January 2007, it heralded a major turning point and the arrival of the smartphone, which in turn set the stage for the rise of social media. The ChatGPT 3 release in November 2022 marks another turning point; we can divide history of the world into pre-ChatGPT and post-ChatGPT. Suddenly, AI has captured almost everyone's imagination. While it's still in its very early days, organizations around the world are looking closely at AI in all its forms to see how they can innovate their business and operating models.
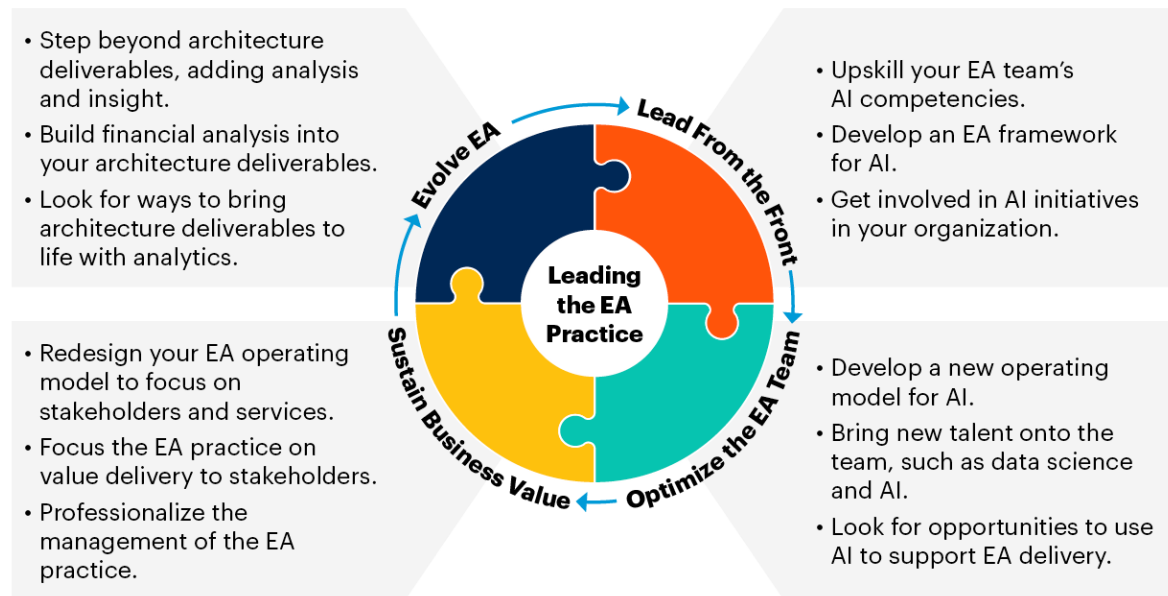
At the same time, we have seen economic headwinds bite. [1] There has been record inflation in many countries, often a result of economic policies of the pandemic, along with extreme weather events caused by climate change, as well as conflict and a breakdown of trust between the west and its partners. This has set the stage for a possible recession. Organizations are reeling from high interest rates, looking to redesign their supply chains, and unable to plan ahead. The focus is, once more, on reducing costs and becoming more adaptive and resilient.

Into this mix of technological optimism and economic distress steps the enterprise architecture team. The EA team plays a key role in technology innovation and execution. Architecture is central to an organization becoming adaptive and resilient through composable design, efficient processes and carefully designed deliverables. However, to add value to their organizations, EA leaders must evolve their teams and the EA practice, so that what it has to offer suits this new, dynamic environment.

So how can EA leaders respond? In this research, and the attached presentation, we will set out the actions that EA leaders can take. These are summarized in Figure 1.

Figure 1: A Guide to Leading the Enterprise Architecture Practice

A Guide to Leading the Enterprise Architecture Practice

- Step beyond architecture deliverables, adding analysis and insight.
- Build financial analysis into your architecture deliverables.
- Look for ways to bring architecture deliverables to life with analytics.

- Upskill your EA team's AI competencies.
- Develop an EA framework for AI.
- Get involved in AI initiatives in your organization.

- Redesign your EA operating model to focus on stakeholders and services.
- Focus the EA practice on value delivery to stakeholders.
- Professionalize the management of the EA practice.

- Develop a new operating model for AI.
- Bring new talent onto the team, such as data science and AI.
- Look for opportunities to use AI to support EA delivery.

Evolve EA · Lead From the Front · Sustain Business Value · Optimize the EA Team · Leading the EA Practice

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Major Trends Affecting EA Leaders

Looking ahead to 2024, we can see three trends affecting EA leaders:

- **External threats impact enterprise growth** — In our recent Economic Headwinds Survey, respondents were asked to identify the external threats affecting their organizations. Key among these were supply chain disruptions due to extreme weather events caused by climate change, resource scarcity and political instability. Many organizations are reassessing supply chain and offshoring arrangements. Disruptive technology is the second major factor, and the rise of artificial intelligence is the key consideration. While this is a powerful technology, it is still unclear exactly what the benefits and risks of this will be. Cybersecurity is a major concern as organizations become more spread out and networked, since artificial intelligence also increases the risk of security breaches.

- **AI and machine learning are driving change and uncertainty** — While generative AI has captured the popular imagination with the promise of innovative solutions to business and real-world problems, multiple concerns have been raised. They range from the civilization-ending risk of AI to the more practical concerns of job losses, a deluge of misinformation and privacy issues. At this stage, both the benefits and risks are uncertain, and it will take time for these to unfold. However, organizations can't rely on a wait-and-see approach. To avoid being left behind, many executives feel they must make a start, even in a limited way, on evaluating and developing AI in their organizations.

- **Organizations are trying to get ahead of the aggressive pace of change** — As both economic headwinds and the rise of AI drive uncertainty, it is hard, if not impossible, for organizations to develop meaningful long-term plans. As a result, the focus of many organizations' business strategy is to become more adaptive and resilient. This involves developing more composable business and technical architectures, becoming more responsive through "democratization," pushing decision making out to business units, and developing new, flexible working practices. This requires a lot of change, much of it complex, which must be planned and managed.

Challenges Affecting EA leaders

As the major trends play out, EA leaders will face four key challenges over the next 18 months:

- **EA faces multiple different demands and priorities** — The demands on the EA team are increasing and becoming more varied. EA leaders and their teams are involved in a wide range of organizational challenges — everything from informing digital strategy, helping cut costs, supporting environmental, social and governance (ESG) development, and modernizing the IT platform, to name but a few. Most teams have multiple, often competing objectives. But the reality for most EA leaders is that EA teams tend to be small, and there's no sign of that changing. The challenge for EA leaders is to focus the EA team's efforts on the right activities and deliverables and to avoid the pressure to be distracted, while at the same time not disappointing key stakeholders.

- **Constrained investment in EA is set against increased demand for its services —** our Economic Headwinds Survey showed that for the most part, EA budgets are keeping pace with inflation. Put simply, EA leaders do not have funds to invest in new team members or tools. So they need to find a way to deliver more with what they have. This often involves developing closer partnerships with other teams such as business analysts, the program/project management office (PMO), applications and the like. The aim is to get help where possible, and spread some responsibility where it makes sense. The challenge for EA leaders will be to focus their team on key deliverables, and where possible, to do this collaboratively.

- **Six primary domains of AI where EA lacks credibility —** EA teams can play a central role in the design, development and implementation of AI tools and solutions in their organization. However, to do that, EA will need to raise its credibility in six key areas; these include expertise in data analysis and design to support the training and operating of AI models, the ability to identify opportunities for AI in the business, and sensitivity to legal and ethical considerations. The challenge for EA leaders is to build their team's skills and credibility in these key areas.

- **Enterprise architects must step beyond EA deliverables, adding analytics and insight —** one of the main criticisms of EA deliverables is that they are often static, offering limited insight. It is possible for EA teams to take another step and add further analysis into a deliverable to provide additional insight for stakeholders. For example, we may take our business capability model and overlay a total cost of ownership analysis to show where the money goes, or we may take a customer journey map and overlay an analysis of real customer behavior. There are lots of opportunities for adding some data science into EA. The challenge for EA leaders is to identify where this make sense, what types of analysis would be useful to stakeholders, and to develop the ability to conduct that analysis.

Recommended Actions

The enterprise architecture leader's agenda for 2024 and beyond should emphasize the following prioritized actions. Each is an opportunity for the enterprise architecture leader to exhibit their executive competency and develop a mature EA practice. Enterprise architecture leaders should:

- Upskill and develop competencies in AI quickly

- Become early adopters of AI tools in EA

- Redesign their EA operating model to support democratization

- Upgrade EA deliverables by building their financial analysis skill set

Evidence

[1] **2023 Gartner Cross-Role Navigating Economic Headwinds Survey:** This survey was conducted online from April through July 2023 among 614 IT leaders. It involved enterprises with growth moderately to severely affected by one or more external threats (inflationary pressures, supply chain disruptions, cybersecurity risks, talent and skills shortages, etc.) in 2022 and 2023. IT leaders who participated in this survey represented infrastructure and operations (I&O), applications, enterprise architecture (EA) and technology innovation, strategic portfolio management, and IT sourcing procurement and vendor management functions. Enterprises involved were from North America; Europe, the Middle East and Africa (EMEA); and the Asia/Pacific (APAC) region, across industries and companies with $500 million or more in annual revenue.

The primary objective of this research was to determine actions that IT leaders across these roles must take to help enterprises navigate economic headwinds. IT leaders self-reported functional performance relative to CIO expectations and enterprise performance relative to CEO expectations regarding the impact of economic headwinds on their enterprise's growth. Gartner used statistical modeling to determine specific actions that significantly increase the likelihood of exceeding functional performance relative to CIO expectations amid economic headwinds. The effect of each action on performance was modeled using various multivariate regressions with controls.

Recommended actions have a statistically significant impact on performance. The analysis further reveals how effectively or consistently IT leaders should perform these actions to achieve desirable outcomes. By adopting these actions, IT leaders can build effective IT functions that outperform functional performance relative to CIO expectations. These effective IT functions help enterprises navigate economic headwinds and outperform their enterprise performance relative to CEO expectations. Disclaimer: The results of this study do not represent global findings or the market as a whole; rather, they reflect the sentiment of the respondents and companies surveyed.

Document Revision History

Leadership Vision for 2023: Enterprise Architecture - 3 October 2022

Leadership Vision for 2022: Enterprise Architecture - 16 August 2021

Leadership Vision for 2021: Enterprise Architecture - 22 October 2020

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4 Evidence-Based Practices EA Leaders Must Adopt to Navigate Economic Headwinds

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

4 Top Practices That Help EA/TI Leaders Add Value to Artificial Intelligence Initiatives

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

5 Steps to Create a Flexible Team Structure That Enables Enterprise Architecture Value Delivery

Quick Answer: How Can Enterprise Architects Help Their Organizations Become 'Democratized'?