Value of EA in Global Modernization Program

Shrikant Palkar
Director and
Enterprise Architect
Costco WholeSale

Vish Vishwanathan
Managing Principal,
CC& C Solutions

Open Group conference, Mumbai -Feb 2013

Costco

- Membership based wholesale retailer
- About 28years in business
- Unique business model
  - Pay before you shop
  - Limited number of items
  - Restricted mark-up for ALL items

Costco Today

- Annual Sales of over $100Billion
- 618 warehouses in 8 countries
- $146Million average sales / warehouse
- 89M Sq.Ft.(1,45,000 Sqft /warehouse)
- ~174,000 employees worldwide
- >2M transactions / day
- 65M Members, 89% Renewal Rate

C&C
C C and C Solutions
"Enabling businesses to Connect, Communicate and Collaborate"

COSTCO WHOLESALE

The Landscape

- Costco has embarked on a multi-year Technology Modernization and Business Transformation Effort
- IS Division as enabler of business is targeting
  - Large monolithic information systems developed over two decades → Loosely coupled, distributed, nimble systems
  - Technology from eighties → Browser based, mobile enabled, future ready business and technology architectures
  - People with deep business knowledge, set in very established ways of managing systems → Staff with deep knowledge, re-skilled to new technology, modes of thinking while preserving "culture"

Key Transformation Goals

- Improve quality and time to deliver for business solutions
- Improve business efficiency
- Enable globally integrated business
- Reduce risks from technology debt
- Enable business innovation

A modernization & transformation team was created to spearhead the effort

EA @ COSTCO

"Changing the engine on a racing car going 100 kmph on the highway "

C&C and C Solutions
"Enabling businesses to Connect, Communicate and Collaborate"

COSTCO WHOLESALE

SCOPE of EA ACTIVITIES

Scope of EA Activities

- City Planning – Strategy, Road maps
- Home Building – Projects, Business Delivery
- Construction – Hand holding, skill development

Evolution to EA

- People challenges :
  - Building EA competency (core plus extended teams)
  - Bringing everyone onto the same EA page
  - Practical EA training, on the job mentoring and hand holding
  - Communicating and collaborating with all other teams
  - Locating the right external skills
- Process challenges :
  - Understanding the priorities and KPIs for modernization initiatives and linking to the EA strategy
  - Retrofitting & positioning a few large enterprise-wide projects already underway
  - Aligning and linking existing business capability initiatives currently undertaken into the new EA Framework
- Technology challenges :
  - Selecting and implementing the right tool – not too complex and still functionally adequate

EA - Timeline

Early Days

- Modernization & Transformation Team

Structure -1

- Enterprise Architecture Team (EA + Domain)
- Strategies definition
- Architecture Decisions
- ALM & SDM

Structure -2

- Business Architecture Documentation
- EARB
- COEs

Formal structure

- Global infrastructure plan
- TOGAF Adoption,
- Troux Tool
- IDA

SELLING

EA Repository – Using TROUX

- To capture all the baseline building blocks across all the architecture layers
- To establish links between all the layers of architecture and portfolio of programs
- To be the repository for all the artifacts and deliverables
  - Goals & strategies
  - Principles, Rules & Guidelines
  - Templates
  - Standards
  - Reference models
- To generate reports for architectural and management visibility

trouxo
let's talk about results

C&C
C C and C Solutions
"Enabling businesses to Connect, Communicate and Collaborate"

COSTCO WHOLESALE

ADM as a Process Model

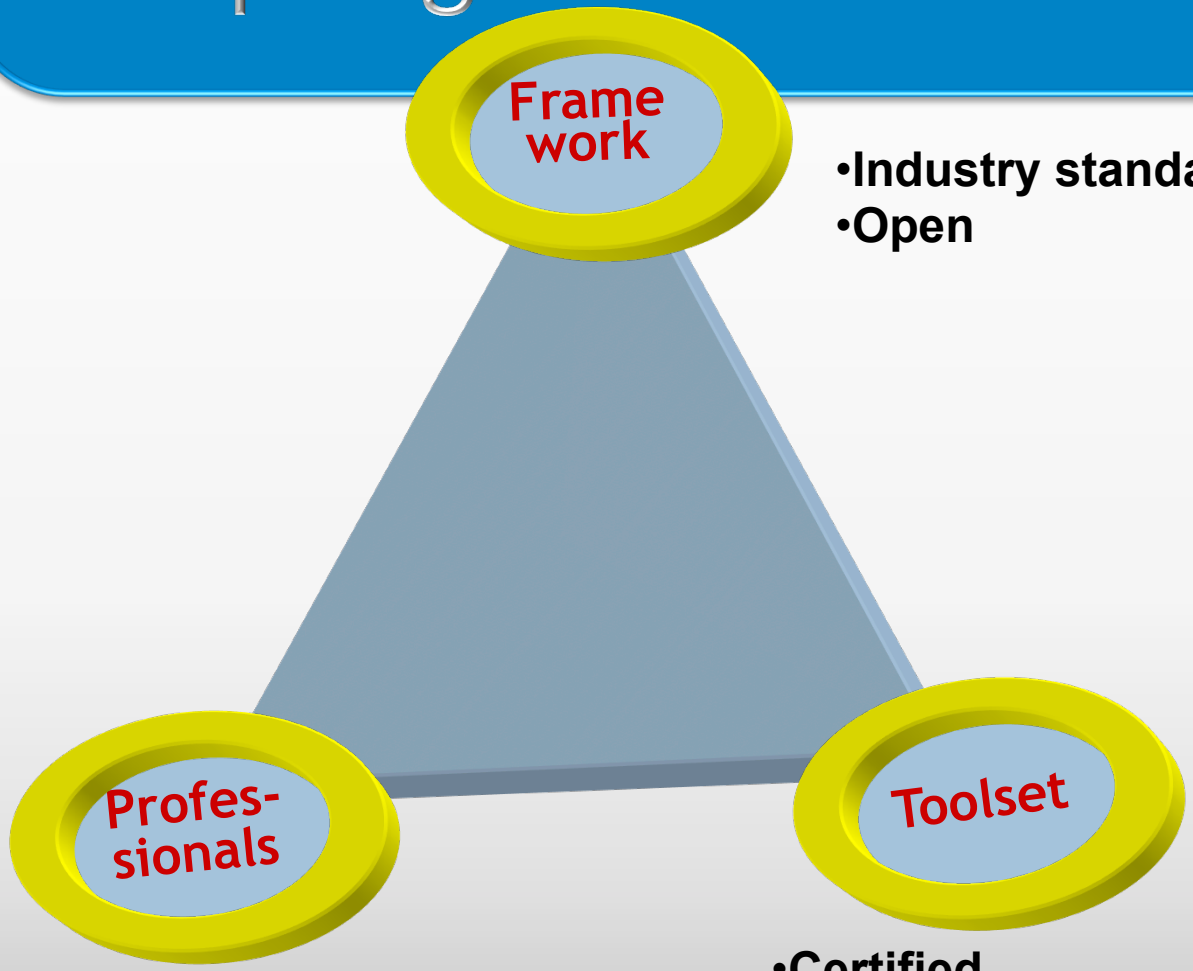
Website

- A Website
  - To navigate through the various ADM phases
  - To provide details to execute/implement ADM for Costco projects
- Coverage - ADM phases including
  - Objectives
  - Inputs
  - Steps/Tasks
  - Outputs (Mandatory & Optional)
  - Techniques
  - Templates for artifacts and deliverables

Examples of EA Work

- Business Capabilities Map
- Supply Chain Reference Model
- Reference Application Architecture
- Network Architecture

Adopting TOGAF



- Industry standard
- Open

- Certified
- OJT

- Certified
- Comprehensive

C&C
C C and C Solutions
"Enabling businesses to Connect, Communicate and Collaborate"

COSTCO WHOLESALE

EA Priority Focus

Strategic, Tactical or Both?

Upstream

- Hook directly into business strategies
- Offer tools for prioritizing modernization projects
- Show quick wins mapping into business capabilities

BUSINESS DRIVEN

Mid stream

- Build effective EA teams
- Enhance competencies
- Provide a continuous learning platform

EA DRIVEN

Downstream

- Provide strategic context to current projects
- Enhance EA aligned project deliveries

PROJECT DRIVEN

EA – ADM Adoption Strategy

Current IT activities relevant to EA

Business –
Good documentation of Business Capabilities

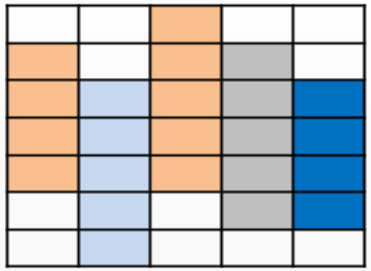
Application –
SAP (about to start) & others

Data –
Only project based;
Wants to do EA focused;
Busy with current project related activities

Infrastructure –
IBM based SOA reference models;
Not much done in EA area

TROUX Repository

Modernization Initiative



POS + SAP + Others

- Business
- Application
- Data/Information
- Infrastructure

P & A

6 months

1st Cycle
Learning, customization, creating principles, concepts, models, repository, tools Foundation

0 to 6 months

2nd Cycle
Improving template, checklists, best practices, adding more models/ artifacts

6 to 9 months

3rd Cycle

9 to 12 months

12 + months

C&C and C Solutions
"Enabling businesses to Connect, Communicate and Collaborate"

COSTCO WHOLESALE

ADM Journey – Project 1
SELLING

SCOPE:

- Selling is defined as "Anywhere a good or service can be purchased directly from Costco"
- The process begins when a member or customer finalizes his or her purchase decision
- The process is complete when payment is finalized
- Refunds may be considered as part of the process, including the determination of the refund amount and refunding the member or customer, up to the decision as to whether the returned item is re-saleable or not re-saleable.

- Improvements in participation based on lessons learnt from POS POC project
- Customization based on available Building Blocks
- Better understanding and improvements in the , validation & creation of EA artefacts
- Reusability of information from the POS POC project resulting in faster turn around
- Use of TROUX tool to capture Building Blocks and link them

Business Architecture Framework

4+1 Views

Capabilities
What we do

Processes
How we do it

Drivers/Goals Objectives

Facades
Who we do it with

Entities
The things involved

Pilot Project 1 - SELLING
Business Architecture Framework TOGAF® links

4+1 Views

Links to technology capability building blocks

Links to system / application building blocks

Capabilities
What we do

Processes
How we do it

Drivers/Goals Objectives

Links to Integration building blocks

Links to logical data building blocks

Facades
Who we do it with

Entities
The things involved

Project 2 - BCM

BCM

- IS Services that support Business Functions and processes that are deemed critical and (or) having a negative impact to business as a result of a serious service disruption(local disruption or a major disaster)
- Critical business processes/functions and the inter dependencies between them
- Organization's awareness of risks to critical business functions due unavailability of IS services
- Identifying business functions that need to comply with various federal and state regulations relating to availability of information and taking appropriate measures to satisfy such regulatory requirements

Lessons Learned

- Business involvement is critical
- EA is not an ivory tower
- Bi-focal vision is essential – tactical as well as strategic
- People are the most important component

C&C

C C and C Solutions

"Enabling businesses to Connect, Communicate and Collaborate"

COSTCO WHOLESALE

THANK YOU !