



GUIDE

# Navigating Turbulent Times With Digital Business Optimization

Stay Effective and Competitive Through New Enterprise Architecture



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## Introduction

# What Is Digital Business Optimization?

Our current economic climate makes it imperative for organizations to fortify themselves against leaner times and heightened competition. So while it is impossible to predict economic cycles, **digital business optimization** can help businesses deal with today's challenges and better prepare for potential threats.

Before taking you through our top tips on guarding against downturns and turbulent times, it is first necessary to understand digital business optimization and how it connects back to digital transformation. Often digital transformation gets lost in a muddle of buzzwords, so here is a quick overview to understand where business optimization fits in.

In practice, digital change initiatives usually fall into 1 of 3 main stages of digital transformation: **enablement, optimization, and transformation**. Understanding which applies to your organization's current strategic needs is important.

# The 3 Different Stages of Digital Transformation

1.

## Digital Enablement

Beginning a Digital Foundation

- Shifting an aspect of the business from analog to digital, manual to automated
- Usually happens in different areas of the business at different times, resulting in complex and fragmented processes, systems, and data

2.

## Digital Optimization

Maximizing Your Resources

- Integrating digital tools to enhance productivity and grow existing revenue streams, maximizing current spending and improving efficiency
- Enhances how the business operates through creating modular plug-and-play, standardized digitized services
- Uses automation to consolidate data and leverage it as a competitive asset

3.

## Digital Transformation

Exploring New Approaches to Business

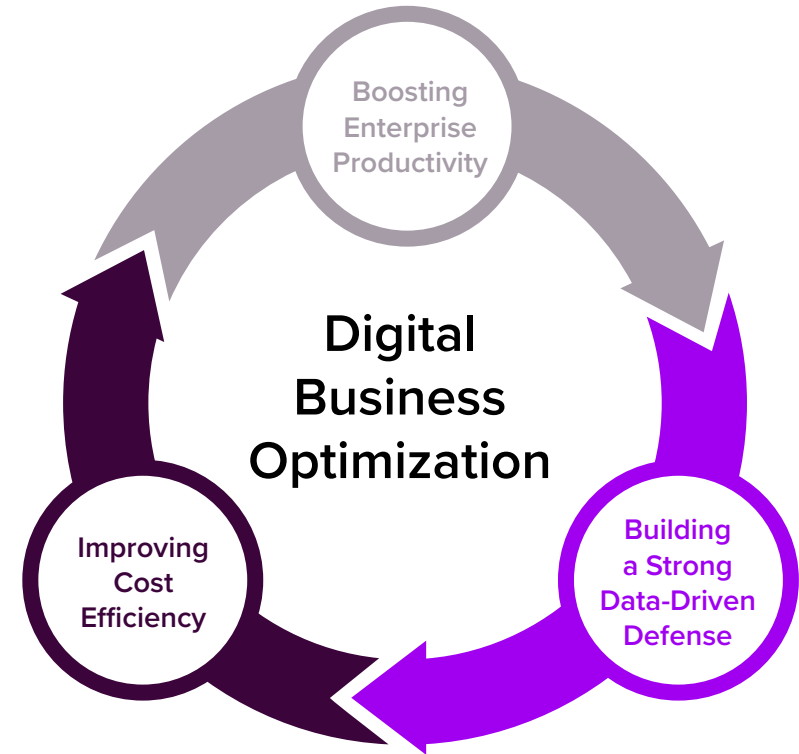
- Leveraging digital tools to radically change a business model or offering
- Driven by the need for business transformation rather than technological factors
- Usually undertaken by businesses with a strong technological foundation to identify new opportunities



## Optimization Through New Enterprise Architecture

Our proposed approach to business optimization has 3 pillars: **boosting enterprise productivity**, **improving cost efficiency**, and building a strong **data-driven defense**.

**Boosting enterprise productivity** and **improving IT cost efficiency** makes your organization leaner and more agile. While **cybersecurity** does not contribute to revenue growth, it ensures that the business is not left open to costly, disruptive vulnerabilities, ensuring business continuity and successful delivery of value for the organization.



The 3 Pillars of Business Optimization

## Boosting Enterprise Productivity

Key enemies of enterprise productivity are **a lack of accurate information** and **challenges in communication**. Businesses need one source of truth for reliable data and insights into specific business challenges, and [new Enterprise Architecture \(EA\) tools](#) can provide this.



## How New EA Helps Boost Enterprise Productivity

Key Challenges Harming Productivity	Solutions Through New EA
Lack of overview on how business operations are interdependent and how value is created or delivered. No insight into efficiency across platforms, applications, and processes.	A data-driven overview to understand how applications, people, and processes interconnect, initiatives align with strategy, and which capabilities are most critical in the business.
No clear and common language across the business to identify where to begin with improving productivity and what the priorities should be.	A structured, up-to-date understanding of all the key building blocks in high-priority value streams and processes through <a href="#">Business Capability Modeling</a> .
Excessive digital clutter or “application sprawl” causes inefficient decision-making and operations.	A swifter, automated process for <a href="#">Application Rationalization</a> that helps weed out overlaps and redundancies in applications.
Overcentralized decision-making overwhelms decision-makers who lack full insight into how decisions affect the wider organization and core business processes. Time-consuming, and unclear which information is most critical in a given decision.	A convenient access point for information that is key to a specific decision, reliably kept up-to-date through automation. Creates dynamic visualizations based on data to aid <a href="#">cross-organizational collaboration</a> and communication. Empowers teams throughout the organization to contribute their domain expertise and enrich the decisions of others.

## Key Challenge: Application Sprawl

Enterprises today leverage hundreds of applications across teams and revenue streams. Unfortunately, most digitalization happens in a piecemeal way as enterprises grow. Digital acquisition is often reactive and not according to a unified technological strategy. This results in **disjointed digital enablement** and a complex, inefficient application portfolio.

As such, inefficiencies can occur in:

- Decision-making due to the overwhelming number of applications and platforms to draw data from
- An overly complex landscape due to superfluous integrations increasing structural complexity
- IT spending as applications and infrastructure could overlap and linger long after being made redundant

It seems logical and straightforward enough to purge the applications that aren't bringing value to the organization, but the difficulty is in determining this more concretely. There are 2 key perspectives to consider when assessing an application's worth:

**Business value:** How an application brings value to the organization and how vital it is to enabling business capabilities. Includes consideration of an application's effectiveness, role in the supporting organization's mission, utilization, and complexity of use.

**Technical fit:** How an application supports the organization's technical ambitions and objectives. Includes consideration of an application's technical requirements, dependencies, scalability, and vulnerability to security attacks.

Disjointed digital enablement makes this assessment challenging because the information needed is often not readily available, and application ownership is unclear. So how can your organization get this information and the insights it needs?

## Improving Cost Efficiency

Businesses and employees alike are fatigued by “cost-cutting,” recession or not. Cost-cutting takes a predominantly financial approach, lacking insight into how your business creates value through investments.

Businesses should instead consider [strategic cost management](#) to reallocate and reduce costs while creating value. Enterprise Architecture can be the crucial bridge between an accounting standpoint and project execution, empowering you to streamline and simplify without compromising the business.



## Solution Through EA Techniques: Application Rationalization

[Application Rationalization](#) will help you realign IT assets with the business and ensure resources are not wasted on duplicate applications. Outlined below is the traditional process for application rationalization and what the empowered approach with [new EA](#) will accomplish.

### Traditional Process

- Combine hundreds of data sources, interviews, and survey data manually, usually conducted by the organization's IT department
- Map dependencies in Powerpoint or a similar platform to profile and score applications manually
- Conduct separate Excel analysis to find rationalization potential

Time needed to identify applications for rationalization: **approximately 2 months**

### With New EA Tools Like Ardoq

- Automate data collection and consolidation
- Process data with the platform engine
- Leverage automated data augmentation, crowdsourcing data through surveys, and automatically identify data quality issues
- Get instant recommendations from the collected data

Time needed to identify applications for rationalization: **approximately 3 weeks**

With Ardoq, a company can save 50%<sup>1</sup> of the time they might usually need to identify rationalization candidates. We have seen that a mid-sized company can save \$0.5-1 million<sup>2</sup> annually in application portfolio cost and approximately \$150,000<sup>3</sup> from a more efficient analysis process.



## The Benefits of a Leaner Portfolio

Application Rationalization does not only help you shortlist “quick wins” for swift savings. The run-off effects of having fewer applications include reducing:

- Cost of maintenance by simplification
- The complexity of the portfolio and support processes
- Money wasted on applications that have become redundant and are unused
- Doubt about the value of current application investments
- Total cost to the business of application ownership

The best part about undertaking Application Rationalization is that it continues to deliver value with every successive iteration. If made part of the organization’s routine, every round will uncover new capital to reinvest while keeping your IT portfolio streamlined and value-focused.





## Building a Strong Data-Driven Defense

When the budgets are tight and the business has to focus inwards, it can be easy to forget about other costly external risks. No amount of optimization can compensate for the damages from a cyberattack, so maintaining a strong cybersecurity defense is vital when the cost of being compromised can easily roll into the millions. IBM's annual [Cost of a Data Breach Report](#) found the average data breach cost has risen 2.6% from \$4.24 million in 2021 to \$4.35 million in 2022. Cybersecurity breaches are also disruptive, harming business continuity.

New EA tools like Ardoq are a powerful addition to your [cybersecurity risk management efforts](#). Here are several ways Enterprise Architecture can help you assess risk and reduce your exposure:



## Leveraging New EA to Build Business Resilience

Key Priorities for Cybersecurity Risk Management	Defensive Measures Through New EA
Identifying your critical capabilities so you can focus security efforts on these high-priority areas of the business.	<ul style="list-style-type: none"> <li>• <a href="#">Business Capability Modeling</a> and <a href="#">Business Capability Realization</a> to help you understand what your capabilities are and how they connect to applications and data.</li> <li>• <a href="#">Digital Twin of an Organization</a> and <a href="#">Scenarios</a> - Create a virtual simulation of your organization. Leverage this simulation to test out potential breaches, and identify which parts of the organization are most exposed.</li> </ul>
Knowing where in the world your data is, how it is managed, and where it is used. Growing data streams increases the complexity of data governance. Much harder for organizations to understand their data flow.	<ul style="list-style-type: none"> <li>• <a href="#">Data Lineage</a> can be used to understand where your data is created, used, and stored.</li> <li>• Enables compliance auditing and ensures data is stored and processed as required, such as for GDPR compliance.</li> </ul>
Reduce potential vulnerabilities. The more applications you have in your portfolio, the greater the exposure.	<ul style="list-style-type: none"> <li>• <a href="#">Application Rationalization</a> helps you trim down your application portfolio and improve documentation so you can reduce your exposure to potential software vulnerabilities.</li> </ul>

## Conclusion

# Pick Your Battles

Our 3-pillar approach to **digital business optimization** (boosting enterprise productivity, improving cost efficiency, and building a strong data-driven defense) covers many actionable tactics leveraging the power of new EA tools like Ardoq. At the same time, we know that organizations are always crunched for time and resources to act on them all. You should consider which of these tactics would make the greatest impact and are most relevant for your organization.

Treat this guide as an overview to help **start conversations with key stakeholders** and different teams. The pain points of every organization are unique, and so accordingly, the next best step can only be decided on through greater cross-organizational collaboration.

Furthermore, our recommendations here are just the tip of the iceberg when it comes to unlocking value through IT investment and EA. Our tool is a powerful and flexible platform for managing changes, big and small, equipping IT organizations and EA teams with insights that can benefit the whole organization's decision-making and planning processes.



See how Ardoq can empower your organization to be leaner, better, faster.  
Swiftly identify and eliminate inefficiencies in the business and IT.

[Contact Us for a Free Demo](#)

[ardoq.com](https://ardoq.com)

# Reference Materials

1. These figures were developed based on our experiences and conversations with our customers. It provides some indications of the potential savings that Ardoq could bring to your organization at different scales and stages. Please note that aspects like your starting point, the use cases you implement, and how you use Ardoq will cause variations in results. Therefore, these numbers should only be used as a rough guide to your savings. A full ROI calculation is a much more comprehensive process and would require us to evaluate all of the Ardoq services in use, your exact spending on these services, the time you have invested in additional training, and several other factors.
2. Gartner estimates 15%-25% savings from IT cost optimization. Business case assumes 500 applications (custom and SaaS) and an average OPEX of \$7,500 (license, hosting, maintenance).
3. Savings compared to application portfolio optimization with the traditional approach, assuming a working team of 3 persons and an hourly consultant rate of \$200. Source: Ardoq customer research.