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### An Asset-Oriented Perspective on Enterprise Architecture

After going through many of these discussion threads, I'm somewhat overwhelmed by the various perspectives held about and within Enterprise Architecture (EA). I'm assuming this is so because of the multi-faceted aspects of EA -- both in EA the concept, EA the practice, and EA the thing.

The main point of this discussion thread is to shift focus to another important aspect of the enterprise that I hardly hear discussed in EA circles, and that is: the underlying assets within the enterprise. When I speak of enterprise assets, I'm implying both tangible assets (like building, hardware, computers, etc.) and intangible assets (like software, knowledge, information, etc.). Assets, as we all know, are able to be valued... this has been an established practice by appraisers and/or valuers for many years.

For example, when a business enterprise is about to be acquired or liquidated, one of the first activity done is to assess the value of all assets in the business -- the objective being to get some sense of the enterprise's perceived worth, both to internal and external stakeholders. Since asset valuation is an established craft -- and there are several valuation methods around -- why should we not be able to get on-going 'enterprise value' assessments while the EA is operational? This would be useful information for intervention design or business strategy overhaul.

So, the challenge questions to all:

- 1) Can or should the EA be oriented around an asset-based paradigm to better assess the real value of the enterprise?
- 2) Are there value-add in doing this? If so, what would be the challenges or obstacles to overcome? If not, why not?

I would be preemptive in saying I see tremendous business benefits in 1), as well as improved value proposition for EA, if this approach is taken. In addition, with the now established norms of EA being viewed from multiple perspectives -- e.g. business, information, technology, etc. -- an asset-oriented approach would play well in this context since assets cross-cut the various perspectives.

Your thoughts are most appreciated.

Posted 11 months ago |

## Comments (9)



**Lian Guan**  
 Director/Chairman at ACSIP  
 (Association of Chinese Senior  
 IT Professionals)  
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Enterprise asset management (EAM) may be a separate discipline but it has strong linkages to Enterprise Architecture domain such as configuration management, data management (information is enterprise assets) etc. However, I wouldn't build the value of EA on EAM as the latter has too much connotation on the physical part of asset value as supposed to the intangible value ( or liability for that matter) which architecture brings in. For instance, two organizations both have Websphere and ESB, depends on how the organization implements the pair, the long term value may be drastically different than their physical asset value in accounting terms.

Posted 11 months ago |



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@Lian: My focus is not so much on the technology side of EA, but on the holistic view of the EA, spanning its many segments -- e.g. business, information, technology, etc. Yes, Enterprise asset management (EAM) is a separate discipline in itself, but since EA also embodies a 360-degree view of the enterprise -- at least that's my preferred way of looking at EA -- why then can't another perspective be taken to focus on the asset side of the enterprise via EA?

Let's explore the technology segment of the EA using the Websphere and ESB example you have cited. One [intangible] asset would be the resultant software system(s) that is built using these two technologies. Its cost would vary based on implementation method, style, or technique used -- however, its 'asset value' in (or to) the enterprise is another thing.

Other intangible assets would be the knowledge, skill, information, etc. that the organization harnesses after utilizing the software system(s). There are also tangible assets like building, chairs, desks, computer hardware, devices, etc. that may come into play as a result of the software system(s) built using Websphere

and ESB. So, the total 'asset value' contribution to the enterprise would be the sum of all these assets, with each having their asset value varying over time.

My objective is to figure out how EA can be oriented around this kind of asset-based paradigm. This whole idea came from an IT Intangible Asset valuation exercise I was involved in a few years ago.

Posted 11 months ago |



**Badar Munir**

Chief Architect, i3 Technologies  
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Good discussion indeed.

Carvel, I agree with you. May I suggest that other than linking EAM to IT Architecture part of EA, you can also linking it with Business Architecture aspect of EA as well. Business Capabilities, Services, Processes and roles are also directly linked to not only IT Architecture but EAM as well.

Badar

Posted 11 months ago |



**Alan Frye**

Solutions Architect at Benefitfocus.com  
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I have taken the asset perspective for the past 4 years or so. For me, it is a valuable perspective whether you are applying a services-oriented approach for business modeling or for technical implementation. It is about modeling not only the assets within the organization, but also describing them and organizing them in a structured manner as well as providing instructions for how they can be accessed so full value realized. I developed this view after working in financial services where IT assets reign in the top three asset groups for an enterprise in terms of value and cost (challenged only by human resources and property). Therefore, I must caveat my view as it is still very technology/IT based.

This gets at the core of what IT planning should be providing for an enterprise - ensuring all assets, including the intangibles, can be fully leveraged. I believe that IT strategists and planners (which is what EA is really about) are being negligent when they are not able address such alignment. Otherwise, you are just mud-balling successive solutions rather than truly planning and leveraging existing value.

Having said that, and having begun a journey looking at this approach, it is not necessarily an easy task. To take it as far as you suggest, to merge with traditional asset management, would be a noble target, but perhaps not one you would put all faith (or initially advertise future value). I believe you have to roadmap your way to that level of maturity.

I co-authored a paper describing a piece of work I sponsored on applying a structured asset approach to SOA with a strong focus on the business perspective a while back. We were mostly focused on addressing semantic dissonance, but we described the value of this in terms of "unleashing" the assets of the organization by being able to describe, discover and access them. Find a presentation on the paper here (full publication is pending): <http://tinyurl.com/d4uzfv>

One thing missing from this specific paper that was part of the work was developing a "services portfolio management and assessment" approach. We shamelessly leveraged asset management techniques to provide this information.

Posted 11 months ago |



**Roy Varughese**

Architecture Consultant  
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EA because of its organisational breadth and change perspectives has a potentially bigger role to play in the "financial modelling" in IT. The Operations (or Lights-On, Business-as-usual) part of IT in many orgs tend to employ various valuation and costing models for tangible assets, including software.

However valuing data-assets is less well understood and practised and is an area that EA can help define transparent methods that business stakeholders understand.

Total Cost, Risk (or Value at Risk) and Real Options are closely related cousins of Valuation - where EA has a role to promote well designed and transparent tools (i.e. ones that will pass the scrutiny of finance professionals).

In the current recessionary climate we are increasingly using all three in highlighting the impact of choosing different paths (including the current favourite of "Do Nothing")

Posted 11 months ago |



**Carval Swaby** you  
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@Badar: My comment about the IT Architecture side citing Websphere and ESB was in response to Lian's comment. To admit, I'm somewhat bias towards a business-centric EA rather than an IT-centric EA... so I'm in complete agreement with your comment.

@Alan: I'm assuming you are referencing asset value from a service-oriented (as in SOA) perspective. While this perspective might have some technology undertone, yes, we should be able to garner asset value by having a well-defined, structured service model. IMHO this approach would mostly benefit operational aspects of the business -- i.e. it's mostly value-enabling or value-facilitating for the enterprise. The question I would now pose is: what are all these 'service assets' worth to the enterprise? In other words, what are their value-contribution to the overall enterprise asset value? There maybe ways to arrive at the answer, however difficult. This is essentially what I'm after.

@Roy: Yes, valuing data-assets is not well understood, nor is it consistently practiced by leading asset valuation firms. On the other hand, information derived from raw data can be of extreme value -- in fact, this is one of Google's core competencies. So we have the dilemma of an asset having intrinsic 'perceived' value (e.g. what it can be sold/salvaged for independently) and the value that other assets (e.g. people/knowledge, information, technology, etc.) contribute towards it acquiring this 'perceived' value. These are important issues when considering IT rationalization, process re-engineering, and yes, enterprise asset valuation.

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Shifting back to the IT side of the fence, there is an excellent article by John Tillquist and Waymond Rodgers titled "Using asset specificity and asset scope to measure the value of IT" where they outlined an approach to assess IT asset value-contribution to the enterprise. I would strongly commend this read to everyone.

Posted 11 months ago |



**Alan Frye**  
Solutions Architect at  
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Yes, valuation is very difficult, but you can start with the business benefits defined in the business case when the asset was introduced and applying techniques such as those Roy mentioned.

We began by developing a benefits realization framework for the addition of services which included a taxonomy of benefits.

We had to address the notion that information assets are considered to carry only potential value, not real, directly convertible value (e.g. able to sell on open market). Therefore, to arrive at the value for the business, we promoted benefits realization plans that were more utilization based to demonstrate the value. It is not a measure of specific value, but we felt that moving from an understanding of contribution of value to assignment of valuation would be the next adjacent step.

The journey is not yet complete, but it is moving toward a more specific valuation approach by first providing empirical benchmarks against business performance.

A caveat here is that this requires a relatively high level of maturity and rigor for an enterprise (not just IT) to develop plans and business cases to the required detail, then follow through on benefit realization plans.

This is part of roadmap. It is not just about developing the approach, but also the nurturing organisational learning aspects.

We were in that situation with a relatively low maturity, hence the references to the journey. It is also a challenge addressing this from the IT side as it is seen as the tail wagging the dog.

Another final point to consider will be capturing unpredicted value via emergent strategies and trends. Such occurrences will be missed in predictive planning techniques and should not be seen as outliers, but embraced. Again, especially for information assets, this is where utilization based measurements can play a part. We tinkered with the idea of real options analysis and used it as a based to proceed, but realized we were not yet ready.

Posted 11 months ago |



**Ben Clohesy**  
Business Performance  
Consultant  
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One of the aspects to creating an asset based approach is being able to create a portfolio of 'things' to work on - and also creating a way to help people work on those things. Working with Alan on the work he mentions we found that we were able to embed concepts of architecture into the work of the business analysts - in essence to provide them with assets that they can use to work with in developing the architecture.

Any way in which we can get the broader organisation to help in developing the Enterprise Architecture is a good thing - too many architects end up protecting

'their' assets, I think... you need to let them fly, be free...

Defining the value to the business is pretty hard - really the only way is to get some activity happening on the assets and demonstrate their usability.

Cheers,  
BC

Posted 11 months ago |



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@Alan: I like the idea of setting the ground rules or benefit framework for new assets entering the enterprise. However, in majority of the cases, the assets are already in place and the challenge question becomes what value are they currently delivering right now? And how can this value be ascertained?

I also like the point you made about "... capturing unpredicted value via emergent strategies and trends... this is where utilization based measurements can play a part". This is an excellent point that I was not even considering. Nonetheless, if the proper mechanisms are put in place such that asset values are able to be garnered in real-time, then this will be of tremendous value to CxO level folks. Good point!

@Ben: With any new concept, it's usually best to complement it with with a mapped-out approach as to how it will be put to practical, beneficial use. That is, a plan of action or portfolio of 'things to work on' should be defined and put into execution. But even before we can get to this point, the concept must be sold first, stressing its value proposition and practicality to the business, however difficult this may be.

The point is, a seed has to be planted, then nurtured to see how it might evolve. I'm attempting to plant the Asset-Oriented viewpoint of EA to see how it could be nurtured to evolve into something valuable to the enterprise.

Posted 11 months ago |

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