Agile Enterprise Risk Management, Architecture, Transformation, the Cloud and Agile/DevOps

Description

If you were going to put an addition on your home, you wouldnâ€™t have your contractor just start demolition near where you thought you wanted the addition to go, build what seemed to make sense and hope that the project would ultimately meet your expectations. Instead, you would hire an architect who would either obtain or recreate plans for the existing structure and draw up plans for the new version. Then, he or she would create a work plan for how the project would be executed, based on the materials, techniques, equipment and personnel to be used. Risk management would inform both the design of the new addition and the workplan for building it and specify what risks should be monitored throughout the project.

There are numerous parallels between building a home addition and evolving your company, with the exception that updating your home is a discrete project and evolving your company should be a continuous and perpetual process. The risk controls that you employ to ensure the results of your construction project are executed but then become moot when the project is completed. Risk management you perform as you evolve your company must be continuously reviewed and revised as context changes. However, if your ability to update your risk management posture cannot maintain pace with the evolution of your company, there will be gaps that could result in unnecessary negative outcomes or missed opportunities.

As I suggested in my previous article, *Agile Enterprise Risk Management* is essential for companies to be sustainable. Below, I will discuss some of the elements that go into achieving it.

Architectureâ€”the Blueprints for Everything

In your home remodel, the building plans show all of the elements and systems in the house and how they interactâ€”the weight-bearing walls, the HVAC, electrical and plumbing systems and where the windows and doors are. Similarly, Enterprise and Business Architecture show the structure of your company in terms of Value Streams, Capabilities, Processes, Systems, People and how they all relate and interact. Technical Architecture shows your infrastructure, applications, data repositories, structures and flows and other relevant elements. Both home remodeling and enterprise evolution require as-is and to-be blueprints as input to planning for how to transition efficiently and safely.

Transformation vs. Change

Many people use these terms interchangeably but I would like to differentiate them. *Change* is, well, change. Companies often just react to threats, needs or opportunities by changing, ad hoc. *Change* may relieve immediate pressure but leave technical or other form of debt in its wake. *Transformation* is an intentional, choreographed process by which the enterpriseâ€™s architecture is transitioned to a new state. *Transformation* is performed mindfully, with consideration given to the interrelationships of the elements of the architecture with intent to balance the benefits, costs and risks of the transformation and minimize negative side effects, such as technical debt. Ultimately, *transformation* minimizes both

short- and long-term risks as compared with *change.*

Digital Transformation is a hot topic these days (and one beyond the scope of this article) that may be widely misunderstood. The ultimate goal of Digital Transformation is the ability to deliver a companyâ€™s customers digital services and products on top, alongside or independent of traditional products and services. Itâ€™s quite possible to do that by *changing*, perhaps just bolting new groups and technologies onto the existing enterprise, but that ultimately generates debt and becomes unsustainable. *Transforming*, on the other hand, results in a foundation that enables agility and enhances responsiveness, which are critical to remaining competitive. To go back to my home renovation example, *change* is what happens if you let your contractor run your project; *transformation* is what happens when you have an architect do it.

Cloud and Agile/DevOpsâ€”the Toolkit

Cloud-native services (another subject beyond the scope of this article) is the substrate upon which a digital company should be built. In a world in which everything is evolving at a rapid pace, cloud-based services can be *transformed* where more traditional infrastructure can only be *changed*. Cloud-based computing and storage capacities can be stretched elastically with little lead time and remain consistent with the overall architecture, while traditional infrastructure must be expanded in pre-determined chunks, often with significant lead time and long-term commitments. Cloud capabilities can help to turn what might otherwise be a *change* into a *transformation*.

Agile and DevOps are techniques and enabling technology that facilitate collaboration between business product owners and managers and developers. Experimentation and rapid serial refinement is a critical element of digital product and service development and Agile approaches and DevOps development practices underlie them.

Risks of building and delivering digital solutions mainly cluster around the balance of achieving velocity and avoiding technical debt, which ultimately undermines velocity of subsequent development or enhancements. Having a defined architecture and the discipline to evolve via *transformation* and not *change* is seminal to success at Digital Transformation and achieving sustainability for your company. Architecture, Transformation, the Cloud and Agile/DevOps are important elements of a successful business transformation to increase agility. It is on these that I will hang the framework of Agile Enterprise Risk Management in future articles.

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