

On April 15, 2004 we have changed our name to Capgemini.

To help you achieve measurably faster, better and more sustainable results we have taken this opportunity to formalize our core strengths into what we call the Collaborative Business Experience.

Our clients tell us that what makes Capgemini different is the unique, collaborative way in which we help them take advantage of opportunities and solve their problems. Collaboration has long been a recognized cornerstone of our approach to business and is part of our DNA. We believe that success and collaboration go hand in hand and we have been a pioneer in developing collaborative practices such as our innovative Accelerated Solutions Environment (ASE), which helps companies create rich strategic and technology solutions in record time.

Why do we place so much emphasis on collaboration?

We believe that collaboration is the business imperative of our time. For a decision to be both relevant and effective in today's complex and unpredictable environment, few companies can succeed alone.

In our work with thousands of the world's best companies we have found that there are four key elements to successful collaboration: Targeting Value, Mitigating Risk, Optimizing Capabilities and Aligning the Organization. However, Capgemini's Collaborative Business Experience is not a one-size-fits-all approach. The more complex the challenge and the situation, the more collaboration is required. We adapt the level of collaboration based on the nature of your needs and complexity.

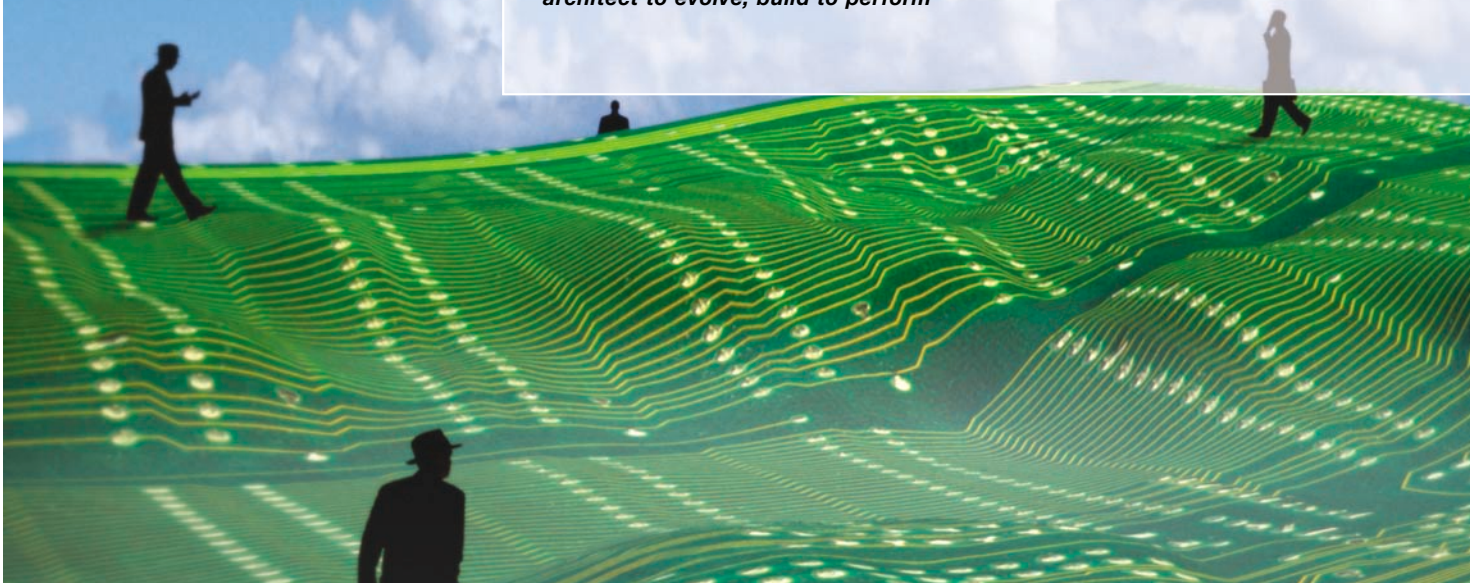
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## adaptive IT: permanent volatility

### point of view

*architect to evolve, build to perform*



# The Case for IT Agility and Ecosystem Integration

Volatility is now a permanent feature of business life.

Three major forces have interacted to speed up the rate of change and present a serious challenge to traditional business decision-making practices.

- Growing connectivity, affecting the employment market, customer relationships, business partnerships and internal processes.
- Increased deregulation, causing greater price fluctuation, easier entry and exit to the marketplace and knock-on effects to all businesses through changes to the operation of core service providers, such as utilities.
- Key importance and increased mobility of knowledge, leading to

faster employee turnover, easier scaling up and down of businesses and growing significance of intangibles, including human expertise.

Although change is normal, the growing and increasingly technology-driven speed and unpredictability of change have pushed many enterprises to the very limits of manageability. We can no longer predict the future. Instead, we have to develop adaptive responses, attitudes and techniques in order to create value, no matter how unstable the market environment may be. In this way, the “problem” of technology innovation can be more clearly seen for what it truly is: a potential source of opportunity, fuelling a virtuous circle of positive change.



### The New Landscape

Business strategy and technology capability are now so closely linked that it is impossible to separate them. IT investments should no longer take place after strategic decisions are made and they do not exist simply as enablers of core processes. Adaptive IT is about using technology as a force for *value creation*. Adaptive IT enables us to use technology-driven strategies as a way of delivering business value quickly and reliably, despite the growing volatility of the market environment around us.

The biggest change we need to deal with now is the need to plan across the entire value chain and not just focus on the processes, functions and relationships that exist within any given enterprise. In reality, few businesses have yet worked out how to unlock the full potential value in their ecosystems in order to become more competitive and more profitable. A key reason for this is very often the massive inertia built into their current IT infrastructures.

In search of value, the enterprise needs to open up its ecosystem and make rational decisions concerning what capabilities to in-source, outsource, co-source or keep flexible, ready to move from partner to partner as circumstances change. In this intensely fluid environment, a conventional IT infrastructure acts like a dead weight, dragging on the entire business. Where business vision and strategy development needs to be fast, open, flexible and (in a word) *adaptive*, traditional IT planning and investment policy are often the enemies of speed, adaptiveness and rapid value creation.

### The Need for Adaptive IT

Adaptive IT is a way of looking at all aspects of IT strategy, investment and management, and differs fundamentally from established practice in some key respects. These include:

- Focus on the entire value web (not just on the enterprise), doing this despite inevitable rapid changes in the scope and format of business relationships within the ecosystem.

- Concentrate on value creation (not just on managing IT spend).
- Be aware of the strategic context for everything you do (including all tactical decisions concerning execution).
- Be religious about standards (but be perfectly agnostic about individual technologies and applications).
- Shift towards brokering and orchestration (making creative use of services-based architectures and frameworks).
- Focus on continuous adaptation (and not planned replacement).

In a world of permanent volatility, value creation is based on intelligent use of ecosystems. Creating value from increasingly fluid partnerships can only happen in the context of extremely open IT frameworks. Generally speaking, these simply do not exist in most businesses and most marketplaces today. In the average enterprise infrastructure, a large number of individual applications are linked together by a complex matrix of relationships, bringing together divisions and departments, connecting key processes and managing entry and exit points between the core enterprise and its range of business partners and customers.

Changes and improvements obviously can be and are achieved by skilled technology professionals in companies of every kind and in every sector. It is clear, however, that the sheer complexity of these systems leads to such inertia that the law of diminishing returns inevitably comes into effect. Where speed is needed, the infrastructure slows you down. Where responsiveness to unexpected events is needed, the system requires careful long term planning. Where relationships may change on a weekly basis (and even more frequently, in some cases), the system requires long-term commitment by partners, with corresponding impetus for long-term relationships. In the average large enterprise, value creation has become the art of the possible; and the possibilities are largely defined by *what your IT will allow you to do*.

### The Key Characteristics of Adaptive IT

Adaptive IT is about transforming the entire enterprise in order to make it more agile, flexible and more capable of adapting to a constantly changing market environment. This does not by any means need to be carried out on an enterprise-wide basis. A step-by-step approach is both feasible and practical. So what needs to change? In practice, Adaptive IT affects five dimensions of activity: infrastructure, information, applications, processes and organisational structure.

- **Technology infrastructure** moves away from a proprietary approach to become a set of standards-based services driven by business needs.
- **Information assets** are central to the Adaptive IT vision. They need to be made constantly available to authorised users within a fluid, extended and yet totally secure ecosystem environment and no longer locked within applications that hinder their recombination and reuse.
- **Applications** cease to be rigidly defined proprietary products and instead become a collection of services comprising utilities, engines and user interfaces, capable of a flexible and responsive approach to developments in the ecosystem.
- **IT processes** also undergo a major change within the context of Adaptive IT, accelerating the delivery of value and becoming both more rigorous and disciplined in the way they are applied, and more flexible and innovative in the way they are developed.
- **IT organisations** redefine themselves around capabilities, not as executors of specific applications and processes but as business advisers, resource brokers, relationship managers, architects and engineers, delivering an end-to-end service that is seamless to the user.

Adaptive IT is a break from the past in being value focused not feature focused. It serves business strategy while also fuelling it. It does not restrain or restrict value creation or creative vision. So where does the

difference lie? In the Adaptive Architecture model, there are several key layers of activity.

- Channels that can be opened as required to any authorised parties. That includes long-term users (employees and strategic partners) and temporary users (occasional suppliers, customers).
- A process layer that manages workflow across the entire ecosystem. This defines who has access to which processes at what level and when. In-source, co-source, outsource: these become flexible concepts capable of instant redefinition, as required by value-based strategic decisions.
- Data that can be held as an integrated knowledge base, capable of being used as authorised by any designated personnel within the entire value chain.
- Application services that can be developed, added, deleted, enhanced and opened to users in appropriate ways, again without need for freedom inhibiting long-term commitments to proprietary tools whilst allowing organisations to leverage legacy investments.

This model opens up the path to a future in which adaptive enterprises can vary their own geometry, and can open and close flexible business relationships as needed based purely on the drive for value creation. IT no longer restricts the directions and speeds in which the enterprise can move; it becomes, instead a platform for value creation.

### Benefits

It takes little imagination to understand some of the key benefits that successful implementation of Adaptive IT can bring. Put simply it means that:

- There is no practical difference between services and capabilities inside the enterprise and those that exist outside it. The ecosystem is now what matters.

- This enables leadership teams to engage in an uninhibited quest for superior value wherever it lies.
- Redefining the boundaries of the company (what should be in and what should be out) is an obvious aspect of this approach. In this regard, transformational outsourcing becomes a much more readily available source of fast value creation than could otherwise be the case.
- It also becomes easier to seek out best value in the marketplace, and replace these sources of supply or partnership when better ones appear.
- For users within the entire ecosystem, the main advantage is that you can now supply precisely the services that are most useful, not those that the infrastructure will permit you to provide.
- Given the new role of Adaptive IT practitioners as brokers and orchestrators, it is possible to identify best sources of key components, combine these in the right configurations and then deliver faster, cheaper and more reliably.
- When services change, the most important technique involved is recombination of components into different configurations.

Key characteristics, therefore are: *focus on value creation*, based on an *open view across the entire ecosystem*, rooted in a *standards-based* approach that renders traditional IT investment strategies (still overwhelmingly applications-based) obsolete. As Adaptive IT is technology agnostic, it is possible to use existing legacy systems as the basis for a more adaptive future, freeing enterprise investment strategy from the costly “upgrade logic” imposed by proprietary systems.

### How and Why?

Few if any companies would turn down the chance to realise these benefits in the short term. Yet all of them are right to be extremely cautious before rushing into any strategic decisions regarding their IT investments. The risks involved are too

serious to be taken lightly. Besides, the whole world has started to talk about the need to “be adaptive”. We all want to be more adaptive. If it were that easy, presumably a lot more companies would be making a lot more profit than is currently the case. Here is our position on how to start the process of value creation through IT and how to avoid some of the pitfalls that currently exist.

- First, the concept of Adaptive IT is deceptively simple. It is hard to argue with the underlying premise, which is based on replacing applications-centric, proprietary IT strategies with an open, fluid and standards based approach. The difficulty lies not in noting the potential benefits but in *actually making it work*.
- The promise of open architectures has been made often during the past decade and the failure to deliver against the promise has bred understandable cynicism in the marketplace. The difference today lies in the growing maturity and reliability of key common standards and standards-based architectural approaches. At last the talk can be turned into action and the promise can be delivered—for the first time ever.

Talk is easy, however, but delivering on the promise is more difficult. Cap Gemini Ernst & Young has carried out original research in Adaptive Architecture, based on one of the largest technology architecture practices in the world, and is accepted as an equal partner in developing proven delivery strategies by all the key technology leaders. A number of existing engagements provide real world references to the achievable benefits from Adaptive IT today. We believe that such a track record is a basic requirement for selection as a reliable delivery partner for services based on Adaptive IT.

#### The Cap Gemini Ernst & Young Approach

There are no fixed rules about where to start in using Adaptive IT but a reliable approach to the future now exists, involving a evaluation of current status (adaptive



review), agreement on priorities and delivery strategies based on business priorities.

Cap Gemini Ernst & Young has the ability to deliver on the adaptive promise by mobilising delivery resources across the entire technology-driven value chain, including transformational outsourcing, B2B/supply chain, CRM, and technology implementation. Through all of these delivery practices, we are able to put our Adaptive IT point of view and experience to work in creating value today for our clients. Adaptive IT is now helping to improve competitive performance by organisations as diverse as government departments, large automotive companies, leading telecommunication companies and a range of financial services institutions.

Finally, Adaptive IT is a key element within Cap Gemini Ernst & Young's point of view for the Adaptive Enterprise. To investigate this thinking in greater depth, look also at Making Enterprises Highly Adaptive (strategy), Transformational Outsourcing and Adaptive Supply Chain.

