



How to use the **TOGAF framework** to structurally improve the Finance & Risk function

Authored by:

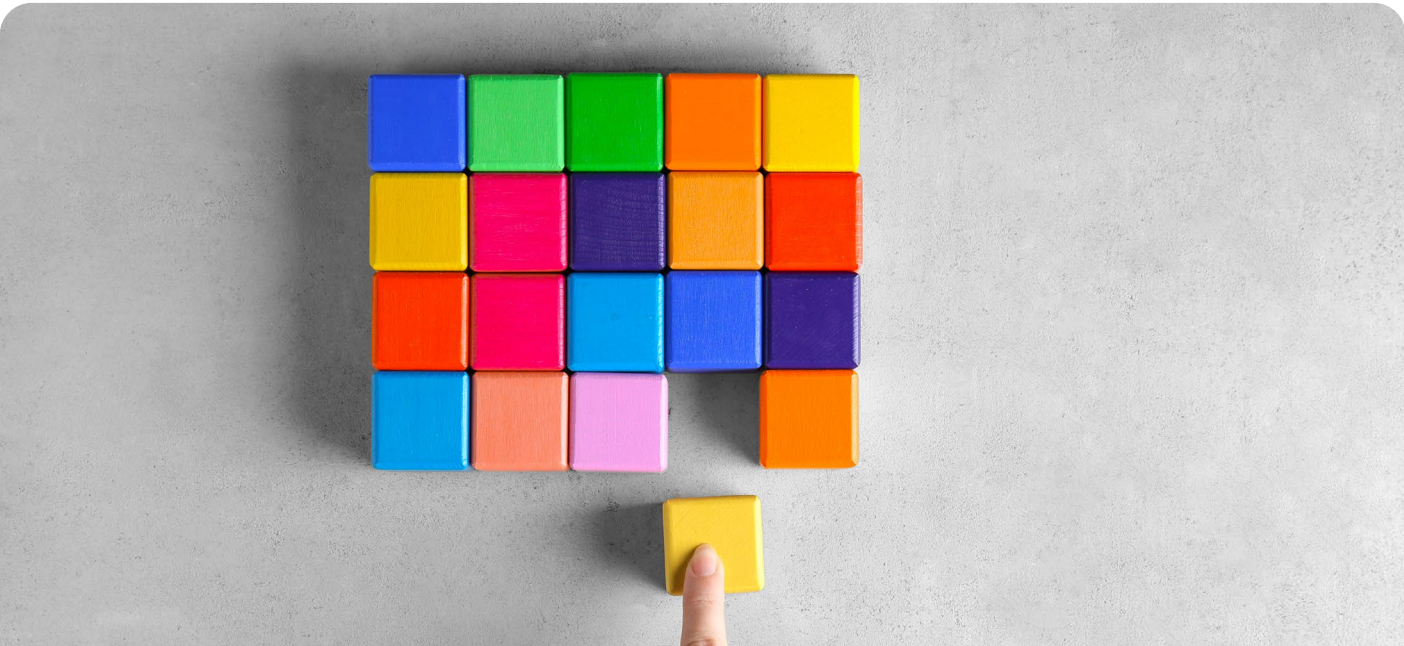
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A structural improvement is only possible with a holistic framework, known as The Open Group Architecture Framework (TOGAF), that brings all the parts together to support and advance the Finance & Risk transformation.

Abstract

In our last two papers in this series, we have established the need to have control over the reporting chain in Finance & Risk, and explored ways to identify and quantify the areas of inefficiency. The path to achieving the forementioned control lies in choosing a holistic approach which covers the entire reporting chain of the organization.

This paper explores one such approach, its pillars, picks out the best practices in our view, and explains how it addresses the key challenges faced by our different clients in getting the maximum efficiency out of the reporting chain with the F&R domain.

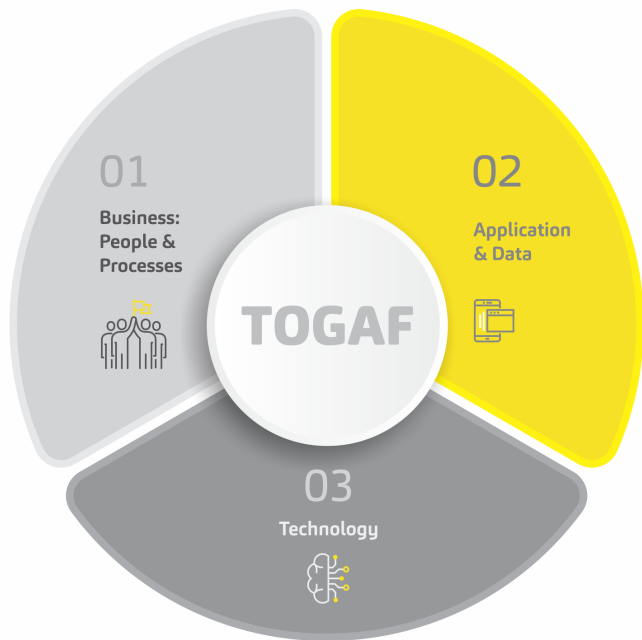


Introduction

Every transformation program involves 3 key steps prior to execution: defining the target state vision, assessing the current state and drawing the solution roadmap to achieve the target state. The solution roadmap is required to cover all aspects of the problems identified in the current state assessment exercise. While many solutions have been broadly tried with their own merits and demerits, TOGAF has proven itself to be

holistic especially for the banking domain, with a possibility of tailoring and adapting to the specific needs and areas of improvement for each organization. On that note, we would like to further dive into the various TOGAF pillars, key best practices with the maximum impact from our experience, and how they address the key challenges faced within the F&R domain.

Why use the TOGAF framework?



The Open Group Architecture Framework (TOGAF) is an overarching approach to design, plan, implement, and govern an enterprise information architecture. TOGAF is the global standard for developing an enterprise information architecture and, therefore, it provides an extensive outline of all the aspects to consider to structurally improve the Finance & Risk function. TOGAF ensures that the Finance & Risk transformation starts with agreeing on the strategic objectives and that, subsequently, all relevant dimensions are considered during development and realization.

At many banks, the Finance & Risk strategic objectives come down to being more effectively in control (over data) and, preferably, at a lower cost.

Synechron advocates using the TOGAF framework for the following main reasons (non-exhaustive list):

- TOGAF is a holistic framework that brings the different parts together
- TOGAF drives and facilitates management decisions and ensures full alignment of all stakeholders (business, IT, architecture)
- TOGAF creates common ground to meet all the parties in the end-to-end chain
- TOGAF translates business strategy & objectives into a tangible design and demonstrates how the department will operate
- TOGAF guarantees efficient and coherent choices in the design and changes of functionalities, processes, data and applications
- TOGAF provides an essential tool for syndicating and communicating the targeted (business) changes throughout the organization
- TOGAF ultimately derives its value by being an agreed 'contract' between the stakeholders involved



TOGAF framework used in practice

At the center of the TOGAF framework lies the Architecture Development Method (ADM). The ADM is a structured iterative process of eight phases to describe the development cycle of an enterprise information architecture.

From experience and best practices, the ADM can be best broken down into four categories:

Category: Strategy & Motivation

- Defining the strategic drivers that specify your ambitions:
- **Preliminary Phase:** Defining and understanding the organization context surrounding the enterprise information architecture to ensure effective and informed decision making.
 - **Phase A. Architecture Vision:** The business drivers – derived from the business strategy and goals – and design principles set the direction of the Target design and the Transformation roadmap.

Category: Baseline vs. Target Design

Designing the target state consistently across multiple dimensions (also known as a Target Operating Model) and describing the differences with the baseline (as-is) state. The design is created in the following phases:

- Phase B. Business Architecture:** Describe the organization and business needs. To develop the design consistently, it is necessary to obtain and validate definitions that describe the business and will be used in articulation of the blueprints. These definitions are typically based on available relevant information (e.g., policy documents). Set-up a business process model (a.k.a. capability model) -- by combining the business processes with relevant management dimensions -- to provide a common reference for all deliverables. The business process model will be used for taking strategic business/IT decisions.
- Phase C. Information Systems Architecture:** Create a blueprint of the data and applications architecture relevant to the business process model. The Target and as-is data and application architectures are plotted on the business process model. The blueprint describes the individual applications to be deployed, their (data) interactions and other relevant viewpoints & relationships.
- Phase D. The Technology Architecture:** Describe the IT infrastructure, processing, standards, etc. required to support the deployment defined in Phases B and Phase C

Category: Transformation roadmap

Defining an integrated roadmap by bringing together all the parts in the chain needed to successfully transform the Finance & Risk function:

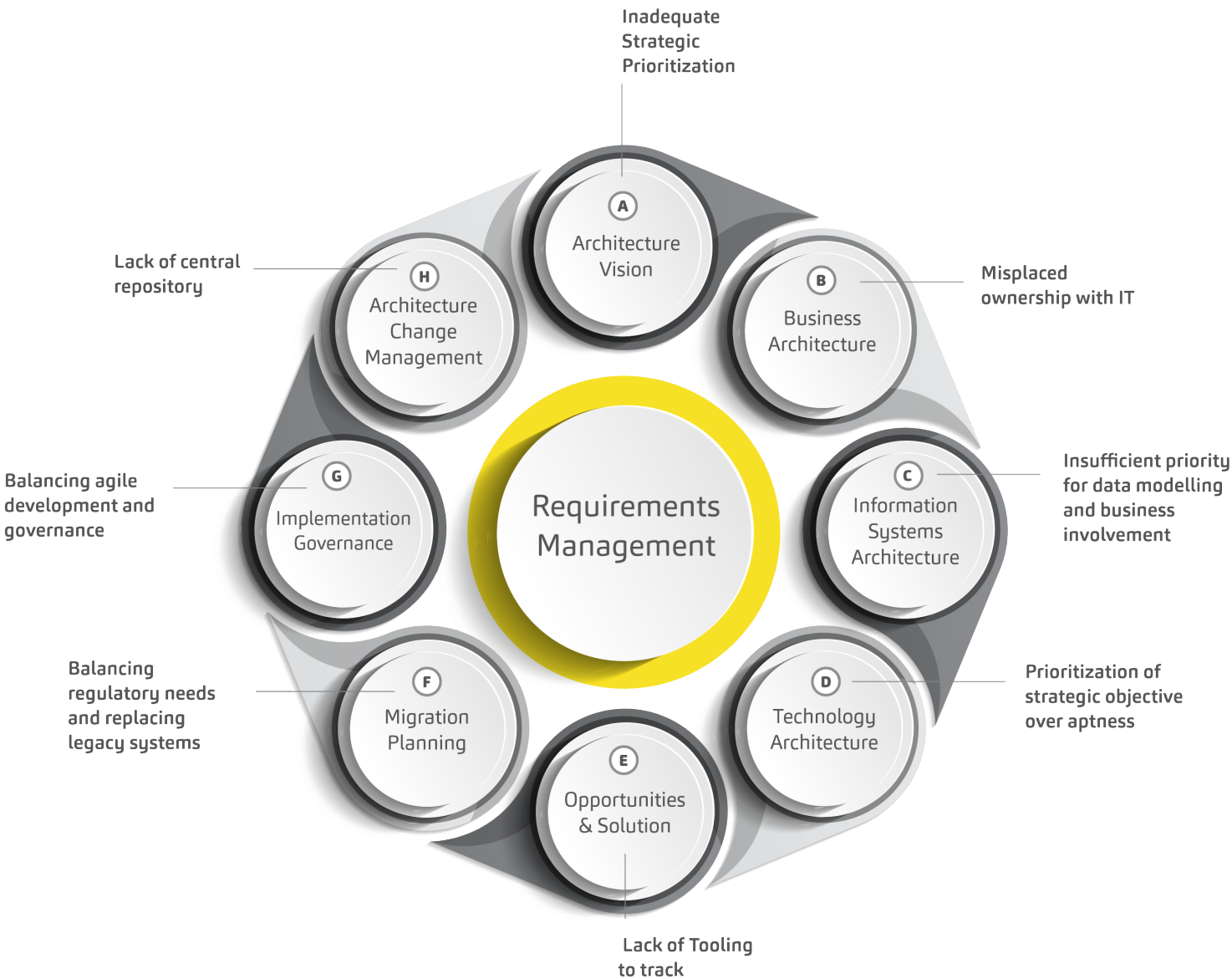
- Phase E. Opportunities and Solutions Phase:** Assess implementation options and define the logical order of change by always keeping the strategic priority setting defined in Phase A in mind. Additionally, changes required to comply with new regulations must be absorbed. Therefore, an overview of the expected regulations affecting the Finance & Risk transformation is created. An overall end-to-end transformation strategy is created.
- Phase F. Migration Planning:** Setting up and finalizing the integrated roadmap and translating it into a concrete implementation plan. This implementation plan describes all the parts, parties and products needed across the chain for successfully realizing the structural change.

Category: Transformation Governance

Setting up a proper transformation governance involving all parties in the chain required to realize the change:

- Phase G. Implementation Governance:** Set up implementation governance tailored to the governance framework already in place.
- Phase E. Architecture Change Management:** Set up a change management framework to ensure the enterprise information architecture (i.e., all steps above) are properly maintained during the entire transformation.

Ideal State to Achieve Control Over Finance & Risk Data



Typical challenges for the Finance & Risk Transformation (across all TOGAF phases)

From experience, we’ve found a wide range of challenges can typically arise during the execution of the TOGAF phases to structurally improve the Finance & Risk function. Here’s an overview of the challenges Synechron sees at many clients and how TOGAF can help addressing these challenges:

TOGAF Phases		Challenges Synechron sees at many clients	How TOGAF addresses these challenges
A	Architecture Vision	Being demonstrably in control is the top strategic objective. However, the client can have a strong overall commercial / client focused strategic mindset. Therefore, making sure the Finance & Risk transformation gets the right attention and priority is a challenge.	TOGAF ensures starting early with defining and agreeing on the strategic objectives (incl. priority setting) to specify the Finance & Risk ambitions. This is essential for making good choices in the target design, transformation roadmap and governance.
B	Business Architecture	Defining a clear business scope & need and getting the right business involvement is a challenge. Typically, it can be more an IT initiative. As a result, business scope and need are not properly defined and there is a disconnect between IT and business.	TOGAF gives you the tools and insight of all the different dimensions to consider for creating the end-to-end target design and highlighting the differences with the as-is situation. Following the TOGAF procedures ensures that issues / gaps are addressed early on and it creates awareness for all stakeholders.
C	Information Systems Architecture	Data modelling is done by IT with not enough business involvement. Does it meet all the business needs? The business does not always speak the ‘data’ and ‘application’ language while they always serve a business need.	
D	Technology Architecture	Cloud-first is an objective of the client next to the Finance & Risk strategic objective. The Finance & Risk strategic objective (being effectively in control, preferably at a lower cost) must be leading and that is sometimes forgotten. Is cloud always desirable for every solution? Does it always increase performance and reduce costs? For instance, data traffic between the cloud and on premise can very expensive.	
E	Opportunities and Solution (changes)	What is the most logical order given the external and internal demands and budget constraints? What are the dependencies? Given the priority setting, what are the most burning platforms and issues to maximize results within a short time?	TOGAF brings all the parts together for assessing & creating an overall end-to-end transformation strategy that meets the strategic objectives. Please note that an overview of the expected regulations affecting the Finance & Risk transformation is input (change must be absorbed).

TOGAF Phases		Challenges Synechron sees at many clients	How TOGAF addresses these challenges
F	Migration Planning (roadmap)	<p>Making improvements while meeting all regulatory demands is hard. Unfortunately, you also need to make changes on legacy systems. Is there always an overall integrated roadmap overseeing all things? Knowing where to focus and where not to gives insight, clarity and overall control. Shortcomings of not having an integrated roadmap:</p> <ul style="list-style-type: none">Not everyone has the same end in mindMissing an overall communication tool and integrated roadmap covering all relevant aspectsBlind spots. Not all parties in the chain are aware of their role and delivery responsibilityNot knowing how improving the Finance & Risk function is important and conditional for meeting client goals (Front-Office). The Finance & Risk function cannot be seen as standalone. If the Front-Office doesn’t trade, then no accounting and no liquidity and capital is required	TOGAF translates the transformation strategy into a concrete implementation plan that describes the role and delivery responsibility of each party in the chain. Therefore, it is an essential tool for communicating the targeted (business) changes throughout the organization.
G	Implementation Governance	A lot of different stakeholders, changes, and dependencies across the business. This requires an overall chain approach which is sometimes forgotten in the Agile way of working. Which change has a priority over others? Who safeguards the integrated roadmap and guarantees that it is updated regularly? Who makes the ultimate call if there are conflicting priorities within the Agile teams?	TOGAF shows that overall steering is vital for success. The integrated roadmap and implementation plan are key steering tools.
H	Architecture Change Management	There is no formal architecture committee / governance. As a result, proper documentation and decision making can be huge issue.	TOGAF explains why architecture governance is an essential for institutionalizing decision making and creating standards for execution.



Conclusion:

Use the TOGAF framework tailored to your needs

Synechron advocates using the TOGAF framework tailored to your needs to structurally improve the Finance & Risk function and be more effectively in control. TOGAF is a holistic framework that guarantees all aspects are covered. Combining TOGAF with best practices to tackle the wide range of challenges, makes it possible to support and advance the Finance & Risk transformation.

Each Finance & Risk transformation is unique and, therefore, each Finance & Risk information architecture Synechron helps create differs in the level of detail and complexity. Ultimately, Finance & Risk information architecture derives its value by being an agreed ‘contract’ between all the stakeholders in the chain involved. It gives overall direction, insight, and control to successfully improve the Finance & Risk function.

Sparked your interest?

At Synechron we are more than happy to explain how your organization can benefit from our experience in (re) designing processes. Over the years from our Finance & Risk Transformation, and Enterprise Architecture practices, we have helped numerous clients with the change to more resilient reporting processes and tighter data control.

About the Author



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