mega

OPERATIONAL GOVERNANCE SOLUTIONS

Helping organizations reach operational excellence by reducing the costs and risks of their operating models.

Powered by HOPEX

“How well an organization’s operating model is executed is a crucial factor in how competitive and profitable the business is.”

When I think about where I would like to take MEGA International, I think about our customers. We are currently serving 2,700 customers in more than 40 countries. When we want to know what the market has in store for us, we listen to what our customers are saying. Our top priority is to ensure that our clients’ investments are capable of evolving in line with their changing needs and delivering long-term returns.

In today’s challenging economic climate, managers are under increasing pressure to achieve high-level precision in their operational governance. How well an organization’s operating model is executed is a crucial factor in how competitive and profitable the business is. Management performance is now measured according to how well an organization balances operating costs, risks, and capacity for innovation.

At MEGA International, we have achieved a leadership position in enterprise architecture. From this, we determined that to provide more comprehensive value to our customers, the next step was to use this foundation to develop a holistic operational governance offering capable of:

- Optimizing an organization’s operational and application architectures
- Controlling the costs of the IT assets deployed across an organization
- Continuously adjusting system operations based on the level of risk perceived by employees.

Our R&D department has created such an offering – a new platform, HOPEX, that encompasses all the software needed for effective operational governance.

This new platform marks a profound change in our product lineup to addresses a full set of inter-related challenges. The HOPEX platform makes it easy for managers within different corporate functions to work together to implement a common governance policy. It also gives employees across an organization the tools they need to play a more active role in achieving operational excellence.

Lucio de Risi, Chairman & CEO, MEGA International

Over the past 25 years of my career I have met many CIOs. They have shared their concerns and those of their staff with me. I truly admire these people, who never cease to impress me with their ability to understand complex problems in a constantly-shifting environment.

In the early 1980s, information systems gradually spread throughout organizations and IT managers spent most of their time selecting the best assessment methods and finding software that could enhance their organizations' productivity. The two decades that followed were marked by an explosion in information and communication technologies, and IT managers' job descriptions changed radically. Much as machines drove the industrial revolution at the turn of the 19th century, information technology reengineered numerous organizations at the turn of this century. The primary goal was to get everything done electronically. IT managers were no longer asked to find ways of "doing things better," but of "doing things differently". In addition to keeping abreast of countless new technologies – including how they worked alone and in combination IT staff also had to adapt to a world in which companies' operating models (where IT plays a key role) underwent rapid, almost constant, transformation.

Today, the speed at which organizations are going global has created additional challenges. Managers must now fill a cross-functional role that spans business transformation, new technologies, change management (especially in multicultural environments), cost cutting, and risk management.

In a world where significant returns are harder to come by, and low-cost sourcing has reached its limits, organizations are seeking genuine cost savings as a way to boost their profit margins for the long-term.

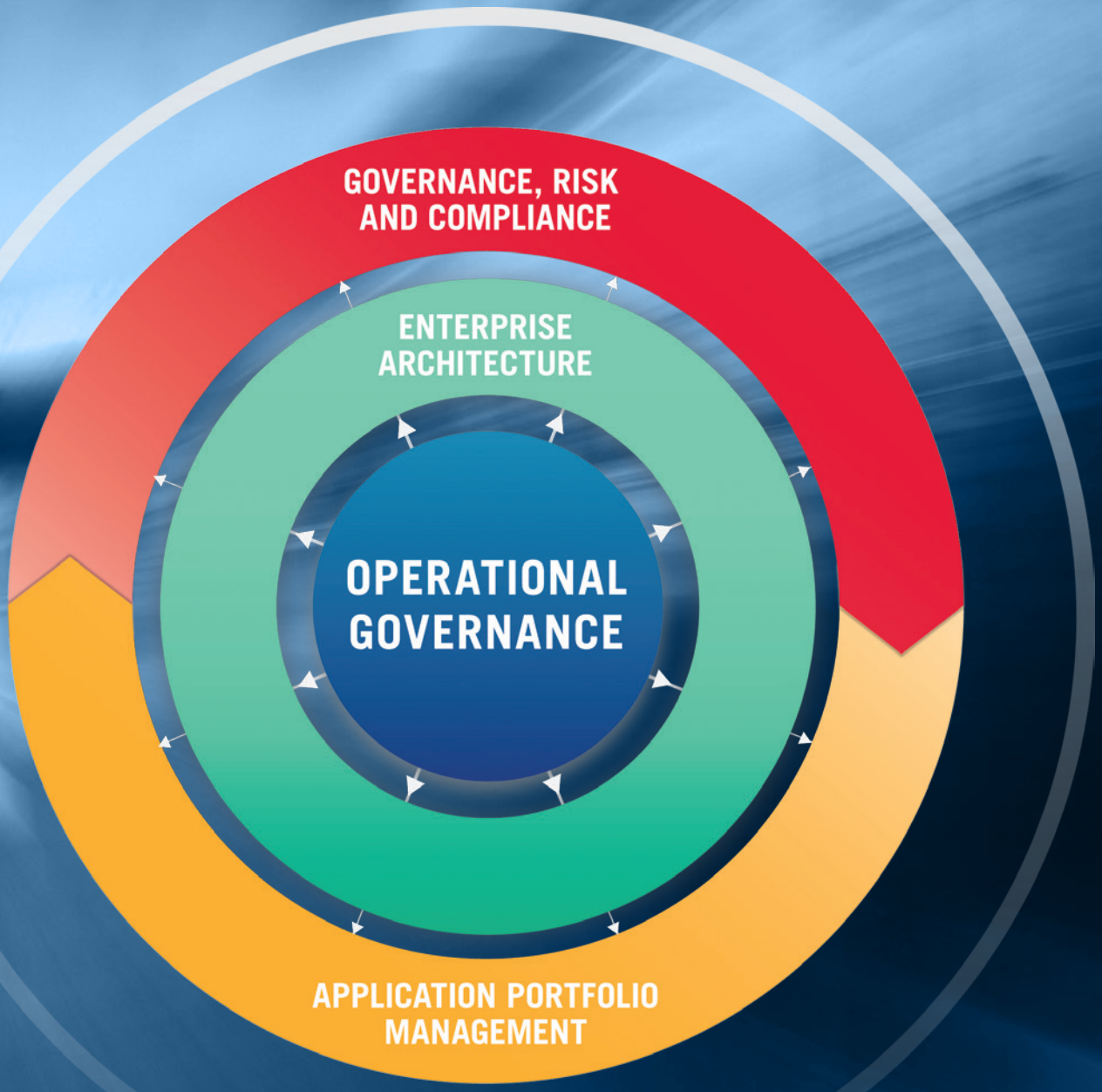
Given these challenges, the quest for operational excellence is emerging as a top concern of executives. At MEGA International, we are now pleased to offer CIOs an integrated set of operational governance tools to help them continuously improve the operating models they manage.

François Tabourot, Executive Vice President, Strategy, and Co-founder of MEGA International

Enhancing
OPERATIONAL GOVERNANCE

Thanks to globalization, many businesses are experiencing rapid growth – but at the cost of increasingly complex operating models. Many businesses find they need to adapt their operating models and risk management and internal control policies to suit the individual countries where they are expanding. At the same time, the widespread adoption of information technology means that a number of different IT resource architectures are often allocated to the same type of application. When coupled with the growing pressure on IT departments to cut costs, it becomes clear that today's businesses must ensure not only that their enterprise architecture has been optimized, but also that the corresponding IT resources – which may be even more important than the enterprise architecture itself – have been optimized as well.

Therefore, operational governance requires optimizing an organization's enterprise architecture and the management of its operational assets. MEGA International offers integrated software that combines architecture capabilities and management features, including application portfolio management and governance, risk, and compliance.



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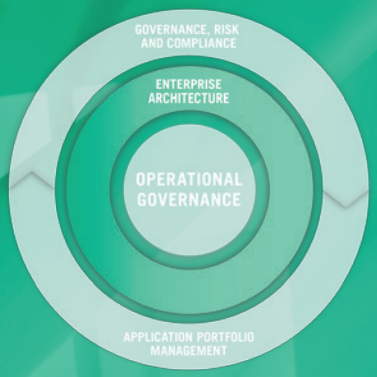
ENTERPRISE ARCHITECTURE



START WITH A SOLID PRACTICE

Architecture practices, too often considered a "production-oriented" technique used to generate computer programs, can better be described as the art of representation. Developing a system architecture entails modeling an existing system, or a potential new system, resulting from a particular change scenario. It is done when organizations need to document, design, and/or transform their systems. A system architecture outlines the components of a system with the goal of making the interfaces between its various components as efficient as possible.

MEGA International's architecture software can be used to model architectures at three complementary levels:

BUSINESS ARCHITECTURE

In our solutions, enterprise architecture encompasses both business architecture and application architecture. It can generate business architecture models at multiple levels, providing crucial support to managers and consultants in their restructuring projects. From strategy analysis and operational model development to risk management and internal controls, our business architecture models can give managers valuable decision-making insight. Because every piece of our software uses the same repository, managers can measure the impact of a given transformation on the organization's overall business architecture at any time.

Business architecture models can also be used to generate more structured documentation of existing business architectures. Since business architecture models take company-level objectives into account, they can help managers find ways to improve their IT systems' architecture so that it better meets their business needs. The ability to view an organization's application architecture through the lens of its business architecture is essential for making an operating model more efficient. In addition to using sophisticated modeling techniques, our software also ensures that the various models are consistent and integrated into a single solution that gives managers the insight they need to make important decisions.

Business architecture models can be compiled in a repository, which can then be used to generate high-level management reports and dashboards. These models are crucial to any assessment of an organization's IT architecture. However, they also offer valuable risk management insight by outlining and measuring the operational risks to which the company is exposed.

APPLICATION ARCHITECTURE

Application architecture is a key tool for IT managers. When application architecture modeling is done according to best practices, it has the power to help managers optimize their organization's IT landscape. An example of this would be the ability to pinpoint the needs for interfaces among applications. Application architecture modeling can also be used to group like objects together to produce a clear, shareable representation of the organization's application portfolio, data architecture, and infrastructure resource architecture.

One of an application architect's main contributions is to ensure that the structure of an IT system allows for optimal efficiency and resource sharing across the organization. An architecture with the most efficient possible dependencies among applications, data, and technologies results in an IT system that is agile and can be deployed consistently across an organization.

When used in conjunction with business architecture modeling, application architecture modeling is a unique source of business intelligence that can enhance managers' decision-making. Enterprise architecture, as defined above, lets businesses assess their operating models' capacity for transformation. It also gives IT managers the analytical and forward-planning tools they need to fulfill their operational governance responsibilities.

APPLICATION BLUEPRINT

To develop a new application or create documentation for an existing one, software developers must first be able to describe the application's architecture and the internal functioning of the application and its resources. While the underlying principles of application blueprint development are the same as application architecture, special models are now available for application blueprinting that allows developers to work at a more granular level. At MEGA International, we have incorporated these types of modeling capabilities into our application blueprint software.

In an effort to get applications to users more quickly, organizations sometimes turn to agile methods or implement comprehensive business software suites.

However, formal specifications are still the best way to integrate an application into an organization's enterprise architecture and limit the medium-term IT maintenance costs. To meet the specific configuration documentation needs of major ERP software (like SAP® Solution Manager), we have integrated our blueprint models into our repository. Thanks to this two-way integration, users can work with software configuration blueprints directly in MEGA. Because our architecture software is fully integrated, users can perform a holistic analysis comparing the application blueprints with all views of the corresponding enterprise architecture. Full control over these "big systems" is, of course, one of a CIO's operational governance responsibilities.

GOVERNANCE, RISK AND COMPLIANCE

One notable consequence of the recent global financial crisis is an increase in risk aversion in society in general and at businesses in particular. This trend has gone hand-in-hand with an increase in litigation. Today, organizations are implementing expansive risk management policies that include processes for identifying, assessing, and mitigating key risks. Most risk management initiatives are consistent with efforts to achieve operational excellence, even if the risks are often addressed as a set of specific, yet complementary challenges.

OPERATIONAL RISK MANAGEMENT

Public companies and companies operating in the finance industry are required to identify their key solvency risks, determine the probability of one or more of them materializing, and assess the impact such an incident would have on their operations. This is done using statistical models developed from data from past incidents, ones that incorporate various ad hoc mathematical methods and models. The goal is to calculate the capital needed to cover each risk and ensure that the company has acquired the appropriate insurance policies.

At MEGA International, we have developed incident management software to help companies comply with these new regulatory requirements. Our software can be used to build a loss data collection and generate models and calculation tools for company actuaries. Integrated into the HOPEX platform, the software leverages the taxonomy from our architecture solutions to structure a company's loss-related data according to its enterprise architecture and business strategy.

More specifically, our comprehensive operational risk management (ORM) platform covers the Basel III and Solvency II requirements for advanced ORM, as well as all shareholder protection requirements.

THREE LINES OF DEFENSE SOLUTIONS

ENTERPRISE RISK MANAGEMENT

When it comes to achieving operational excellence, risk management is a core issue. That's why today's operational governance solutions are designed to help companies effectively balance risk, financial performance, and capacity for innovation.

It is easy to understand why cutting the cost of insurance policies and building up capital buffers are so important for today's companies. To thrive, they must also reduce the likelihood that a risk will materialize, and minimize the potential impacts if it does. Therefore, risk management is mainly an operational concern, and companies' internal control systems are often designed for this purpose.

INTERNAL CONTROL AND COMPLIANCE

Internal control systems can arise from new regulations, in which case they are part of an explicit compliance initiative rather than an implicit risk management policy. They can also arise from a company's proactive decision to implement a robust governance system. Either way, setting up an internal control system requires generating a complete risk map that includes a thorough assessment of the company's exposure to risk. Only then can risk mitigation measures be implemented and their performance tracked.

Regardless of whether a company's internal controls relate to the generation of financial data or the production of products and services, developing a library of internal control procedures and testing their implementation and effectiveness wherever the company is exposed to risk are valuable steps toward ensuring your operations perform at an optimal level.

INTERNAL AUDIT

As corporate board members are subject to an increasing volume of criminal liability, boards are demanding a greater effort from their companies' internal auditing departments to verify governance-related data. This trend is reflected by the steady increase in the number of internal auditing assignments being commissioned.

Regardless of their size, most internal auditing departments must draft an annual auditing plan that focuses primarily on the company's key risks for the period. The integrated approach inherent to the 'three lines of defense' model is particularly appropriate for developing such an audit plan, since it takes into account a company's strategy, operating model, and risk management policy. This holistic approach goes beyond the trio of corporate governance, risk management, and compliance to incorporate elements from an entire enterprise architecture.

To be able to properly carry out the vast number of auditing assignments they are tasked with, internal auditing departments must be equipped with specialized software that will boost their productivity.

Auditors and risk managers advocate the use of the 'three lines of defense' model that stresses the importance of addressing processes, risk management, internal controls, and internal auditing simultaneously.

MEGA International is the only software ven dor on the market to combine enterprise architecture, risk management, internal control, compliance, and audit software into a single platform. MEGA's operational governance solutions are fully aligned with the 'three lines of defense' model and the COSO framework.

Our solutions address key regulatory requirements like Sarbanes-Oxley in the US, Compliance Law 262/2005 in Italy, and AMF regulations in France, as well as regulations related to product and service quality.

APPLICATION PORTFOLIO MANAGEMENT

The approach for optimizing an organization's application portfolio rests on a few simple concepts. First, you can't optimize what you don't know. That's why organizations should implement an ongoing inventory process targeting the IT assets that fall within the scope of their optimization project. This inventory process should be designed to meet two separate but complementary criteria:

– First, turnaround times must be compatible with the IT assets' lifecycles. In other words, the data used to generate the transformation scenarios must be as up-to-date as possible.

– Second, the inventory of IT assets and the links among them must be exhaustive and aligned with the corresponding enterprise architecture taxonomy.

Organizations should also implement cost control and risk management policies based on the type of optimization they want to achieve. These policies should start with alignment and coverage issues, and allow for a quantitative analysis of the application portfolio transformation project. In particular, these policies should include the rules for aggregating and breaking down the costs and risks associated with the hierarchy of IT assets, a crucial element of the quantitative analysis.

Application portfolio initiatives should involve a wide range of specialized skills from across the IT department and the organization as a whole. Ongoing application portfolio optimization can only succeed if the people possessing these different skills work together effectively via a dedicated operational governance platform. IT managers in charge of highly decentralized applications should be asked to perform the inventories, while IT resource architects are tasked with describing the decentralized nature of the application portfolio as well as the links among applications.

Corporate finance staff provides the relevant cost structures and risk profiles. Finally, transformation specialists should be brought in to recommend transformation scenarios based on analyses at a level of detail appropriate to the organization's objectives.

MEGA International's HOPEX platform lets these different functions work together and leverage their complementary views of their organization's IT assets. The *Powered by HOPEX* signature of our solutions guarantees the full integration and consistency between all components. The entire system works together seamlessly while providing specialized work environments for each project team member, from the enterprise architect to the application portfolio manager.

Today, achieving a position of leadership – and staying there – largely depends on the effectiveness of an organization's operating model and the resources allocated to operational excellence.

MEGA International's solutions can help organizations meet today's operational excellence challenges.

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