2008 Open Forum for Standards Developers

Service Oriented Standard Development

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Agenda

❑ Standards are Products

❑ Products are Standards

❑ Competition is natural

❑ Cooperation is necessary

❑ Tower of Babel

❑ Get Service Oriented

Full Disclosure – all about me…

- ❑ My point of view professionally
    - — 30 years in software design and development (hardware is merely a tool for my evil designs; users are my victims)
    - — Almost all in financial services
    - — Much of it in COTS
    - — Way too much of it as one of "those guys" in management or enterprise architecture
    - — *Inclined to generalize - which makes me good at standards!*

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Full Disclosure – all about IFX

❑ IFX is the best SDO in the financial services industry

— we created a Service Oriented Standard before SOA was an acronym

— we have had the brightest analysts in the industry participating in IFX

— we are all of 10 years old!

But this is what we tell everyone on the elevator…

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Mission of the IFX Forum

The mission of the IFX Forum is to develop and promote adoption of an open, **interoperable** standard for electronic financial data exchange.

The IFX standard is designed to meet the **business** requirements of the **global** financial services industry in the areas it addresses.

Members all over the world

IFX and other SDOs

❑ Roots in NACHA, BITS

❑ MoUs with - and Liaisons to -
  — X12F
  — ACORD
  — ISTH
  — EACT/CAST
  — ISO 20022
  — ISO TC68/SC7

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Standards are Products

- ❏ Standards – and Products – both have…
    - — Target markets
    - — Customers - satisfied, dissatisfied, unsatisfied
    - — Development Life-cycles
    - — Features - useful, marginal, legacy, planned, missing, etc
    - — Installed base

If Standards are Products, then…

❑ Standards Developers are product developers

❑ …and Standards Development Organizations (SDOs) are product development organizations

❑ Which means they (we)…

— have vested interests

— have pride of authorship

— have organizational politics

— need money and spend money to further our interests

We <u>mirror</u> the commercial environment

but Products are Standards, too…

The companies with products that have (or wish to) become de facto standards exert strong influences on SDOs and their products

— they are on our boards

— they tell us exactly what will and won't work

— they fight proxy wars in our work groups

— they use SDOs as shell organizations to promote their preferences – and compete with independent standards

So, clearly we <u>are part of</u> a commercial environment!

What differentiates SDOs from mere "companies"?

❑ For one thing, they join us; we don't join them

❑ For another, we often have Government Sanction or support

❑ Oh, yeah, and they fund us, we don't fund them

But mainly, it's our approach to Products and Services

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The Pace of Product Evolution

❑ Unlike other products, standards serve best when they change slowly, or incrementally.

❑ So where 'design by committee' is the enemy in commercial development, it is *almost* an asset in standards development…

— *it is certainly de rigeur*

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We Serve the Greater Good!

❑ We mediate and mitigate the differences across corporate, national and governmental boundaries

❑ We are the Global Architects to the Enterprise Architects

❑ As individuals we convince our corporate sponsors that we are at the table representing their interests and we fight annually for the budget to continue to do so.

But we really just want to make the world a better place - for everyone!

Vulnerabilities

❑ Technology can overtake us

❑ SDOs or Standards can be used by industry

    ▪ as facades of independence for preferred products

    ▪ as cost barriers to entrance (think EDI)

❑ Members migrate away because we (the SDO) have served our purpose creating a stable environment

❑ Membership may be given grudgingly because we are government sanctioned, but commitment is weak

❑ Subject matter expertise gets lost through attrition

Competition arises

❑ When our 'products' overlap

❑ When competing for member time and money

❑ When the environment evolves faster than we can and 'legacy' becomes a burden

❑ When de-facto standards gain traction in the market

Some of these factors drive us toward alliances; or Coop-etition

Some don't…

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Passive (Complacent?) Competitive Reactions

- We've been around since the Ark landed; we'll be around when the sun explodes
- We have billions of members on several planets
- We're embedded in thousands of products
- Their members are our members, too - but more committed to us
- We have better support!
- Ignore them, they'll never survive
- They lack mostof our features
- They serve a different segment
- They can't live without us
- We're the ANSI standard!
- We're the ISO standard!

Active Competitive Reactions

- ❑ Get embedded in thousands more products
- ❑ Add support options and improve support
- ❑ Spend some of the bankroll on PR
- ❑ Become the ANSI standard!
- ❑ Become the ISO standard!
- ❑ Gain governmental support.
- ❑ Absorb or acquire the upstarts
- ❑ Form Strategic Alliances

Coop-etition: Where do we start?

❑ Standards interact…

- with each other
- with the technical environment
- with the regulatory environment
- with other specialists in their space
- with their customers' products

❑ Tower of Babel

- FASB, EU, SEPA, USA, NACHA, SWIFT, ISO nnnnn, X9, X12, IFX, FIX, etc., etc., etc.

Real Obstacles

- ❑ Our architectures and our legacies can't be easily cast aside.
- ❑ We don't make the rules when governments are involved
- ❑ Corporations can be fickle
- ❑ Incompatible business models
- ❑ Complexity of the environment

Service Oriented Cooperation

Who is served by the standard you develop? How?

Is that audience going to get <u>everything</u> they need from you? Or your standard?

Can you identify the other Service Providers in your customers' value chains? Can you get them to agree on your view of the picture?

If we can agree on the boundaries of our islands, perhaps we could be building bridges…