

Aligning Business Mission with Results

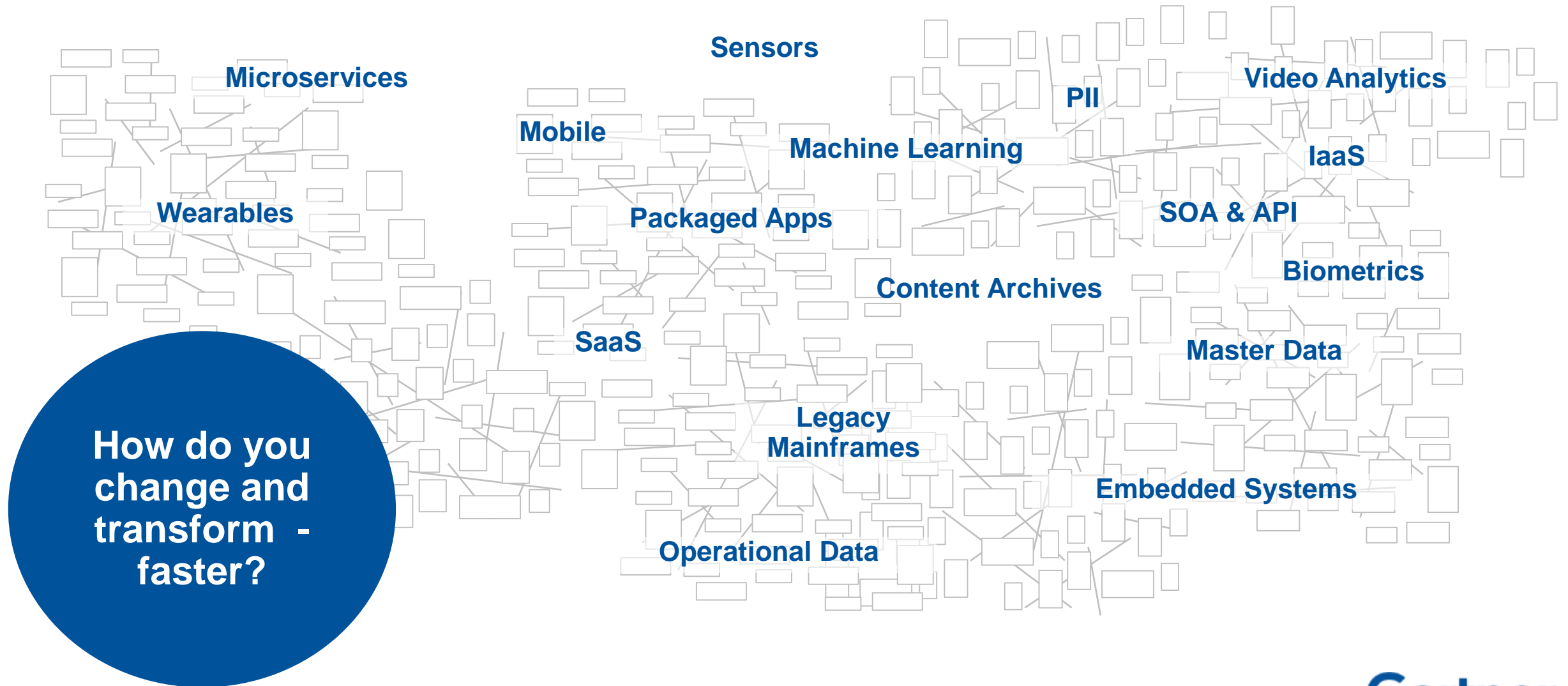
Business Capability Modeling and its Role in Enterprise Transformation

GARTNER CONSULTING

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Key Challenges of Today's Technical Ecosystems

20 billion apps and devices will be connected by 2020



Common Transformation Challenges

- Lack of a **common, stable** model for **all** decision makers to refer to
 - Each unit is looking to solve for their own “unique” needs
- Missing a standard, repeatable framework to gather data
 - With so many different types of apps & products, how do we prioritize quickly?
- Making data collection the objective
 - We can’t start until we completely populate our CMDB!



Do any of
these
challenges
sound
familiar?

Introduction to Business Capability Modeling (BCM)

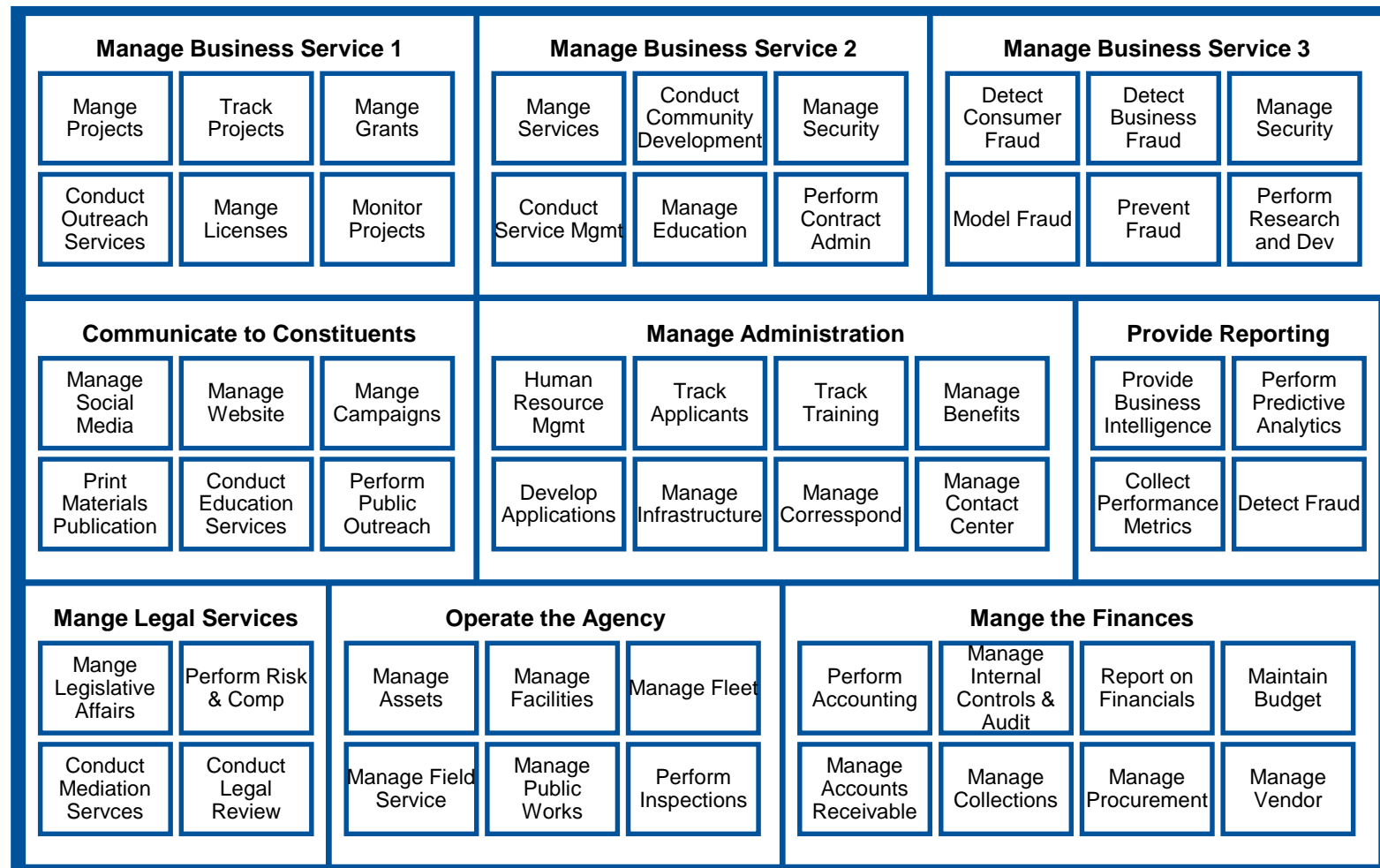
Step 1 on your Transformation should be a Business Capability Model



Goal: Create a one-page business capability model to organize transformation objectives

*A **Business Capability Model** (BCM) is a simple, **stable** view of the business, that creates a **common** language among decision makers.*

Business Capability Models Describe the **WHAT**, not the **HOW**



Why is the BCM valuable?



The BCM provides systematic visualization of **what the business does**, and what it **needs to do** to achieve its organizational strategy.

The BCM simplifies communication between business and IT stakeholders, and **enables governance and strategic planning**:

- **Reduce Complexity.** Intends to be a simple, largely visual (and color-coded) depiction of the business strategy.
- **Show Key “Building Blocks.”** Represents key elements including the business strategy, goals, outcomes, capabilities and initiatives.
- **Identify Priorities.** Demonstrates the relative importance of business outcomes and capabilities.
- **Show Interrelationships.** Shows linkages between business strategy, capabilities and potential or existing initiatives.
- **Communicate.** Serves as a communication tool to help understand strategy, priorities and initiatives that are important.
- **Create Anchor Model.** Defines future state from a business perspective.
- **Align Business-IT.** Ensures business and IT are aligned on priorities.

Sound Familiar?

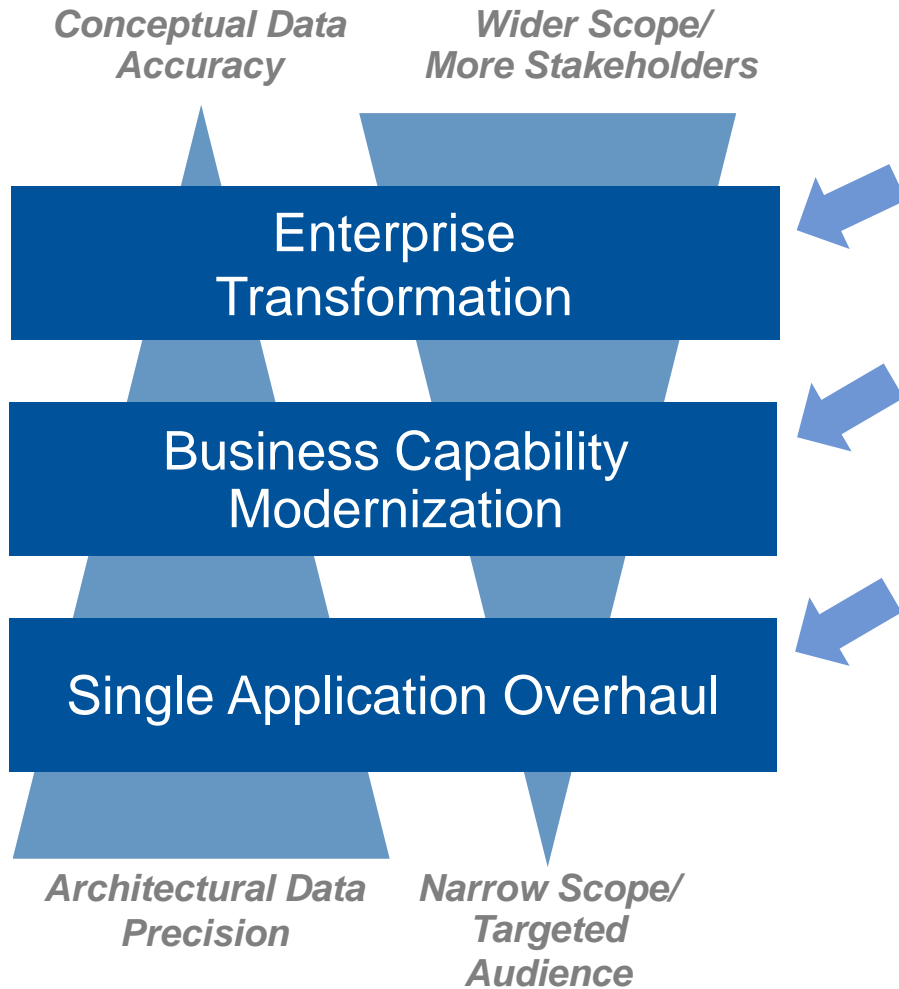
You may have already used some form of Business Capability Modeling:

- Reference architecture
- Functional Decomposition
- BCM also provides a great foundation for other critical initiatives such as IT Strategy, Organizational Design or Transformation Planning by structuring business and technology demand and a future target state.

Business Capability Modeling starts at a high-level (appropriate to communicate with Executives) and then drills down into levels appropriate for architectural analysis.

BCM's Role in Enterprise Transformation

Understanding the Scope of Transformation



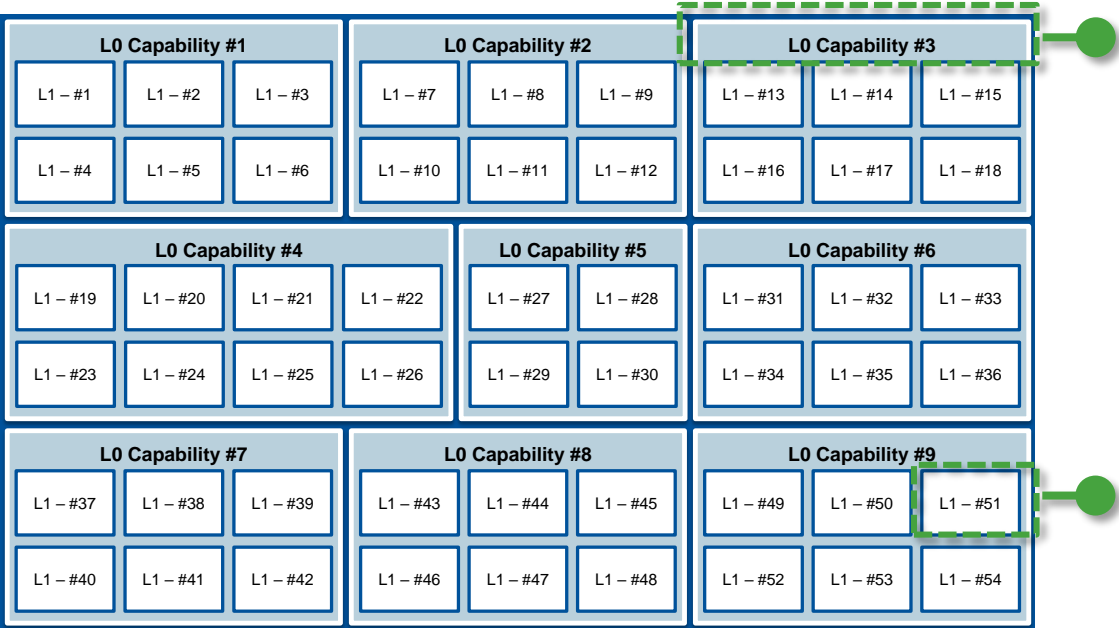
Determine the scope of your transformation effort

- The whole organization?
- Departmental or limited scope?

Always start at the top!

- Business capabilities are categorized in a hierarchical fashion to more effectively organize functions. The highest level, Level 0, identifies the foundational business functions. Levels 1, 2, 3, etc. provide further specificity.

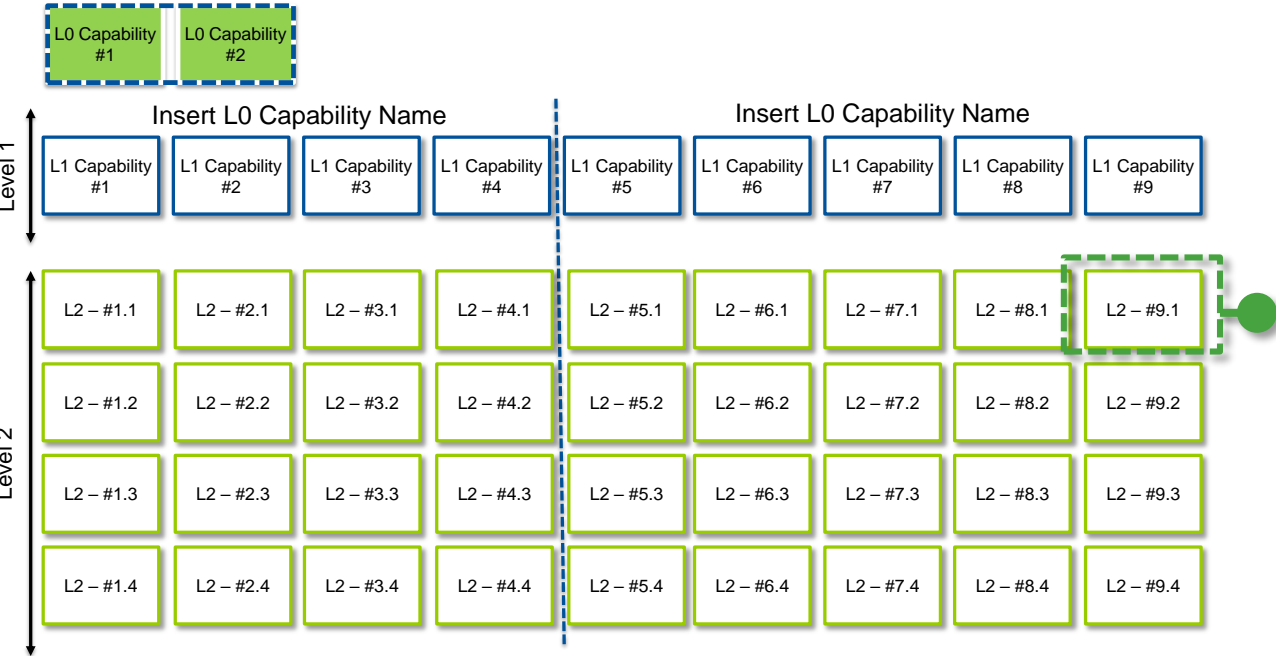
Conceptual Accuracy: Focus on Levels 0–1 of the Business Capability Model *(Levels 0–1 are appropriate for strategic analysis and executive-level communication)*



Level 0 — Foundational Comprises the major building blocks of the enterprise and readily communicate “what the business does”. Consists of operational and support capabilities and requires further decomposition to classify applications or IT /business initiatives.

Level 1 — Strategic Provides further granularity and has a direct hierarchical relationship with the Level 0 capability. At level 1, Pace Layering, maturity analysis, initiative mapping, and application portfolio management can be achieved.

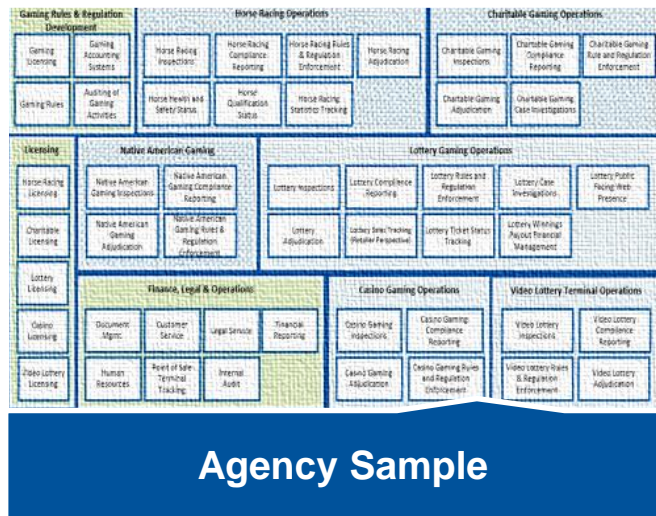
Architectural Precision: Focus on Levels 1–3 of the Business Capability Model *(Levels 1–3 are appropriate for architectural analysis)*



Level 2 — Tactical Decomposes the level 1 capabilities into sub-capabilities that begin to communicate the detailed “architecture” of the enterprise. At level 2, organizations can generate requirements classes and make more informed target state design and solution acquisition decisions.

Map Applications to the Business Capabilities

The view of application portfolio mapped to BCM provides the ability to quickly understand how an organization's business capabilities are being IT-enabled and where there may be gaps.



Agency Example

- Highlight where applications cross business capabilities or multiple applications support a single capability
- Validate with business and IT stakeholders

- What areas of business capability are required today as well as in the future?
- What capabilities have not yet been IT-enabled?
- Are there multiple applications for the same capability?

Align Capabilities to Pace Layers

- By aligning the business capabilities to pace layers, the business can articulate the designated pace layer/stated rate of change
- Organizations can make more informed target state decisions when they understand the rate of change associated with specific business areas



System of Record ■
System of Differentiation ■
System of Innovation ■

- Conduct pace layer exercise with business to see whether there are any mismatched expectations or practices
- Cross reference with areas that have major risks and gaps to determine the scope of the issue

- What business capabilities will change more frequently (layer of innovation)?
- What business areas are most stable and least likely to require change?

Pace Layer Management Framework

Utilizing pace layering with business capabilities and applications enables the agency to prioritize and execute on their business strategies, value and outcomes.

The Pace Layers

- Pace Layering is a simple, intuitive framework to manage applications based on the rate of change
- Gartner uses Pace Layering to organize application portfolios and determine optimal management approaches
- Pace Layering enables organizations to responsively pursue new revenue streams, protect existing assets, and scale cost-effectively

Category	Attributes	Systems of Record	Systems of Differentiation	Systems of Innovation
General Principles	Driving Force	Common ideas	Better ideas	New ideas
	Business Processes	Well understood, highly integrated and commoditized, interdependent, stable	Well-understood, highly configurable and customizable, autonomous	Very unique, not well-understood, experimental, ambiguous, dynamic, ad hoc.
	Pace of Change	Slow, infrequent, incremental. Changes every 6 to 12 months	Moderate, more frequent, configurability is key. Changes every 3 to 6 months.	Rapid, very frequent, ad hoc. "Throwaway" customization. Changes weekly, sometimes daily.
	Lifetime How long it usually stays in layer	10+ years	2 to 5 years	3 to 12 months
	Planning Horizon How long you describe plan in application strategy	7+ years	1 to 2 years	Up to 6 months

Factors to Consider in Pace Layering

Business

- **Funding** — The type of model used to fund application changes: planned or discretionary operating budget
- **Engagement** — How business sponsors, stakeholders and users engage in managing applications: formal process, Advisory Board or high business interaction
- **Risk** — Tolerance for delivery risk for applications: averse, tolerate or risk-taking
- **Data** — Rigor with which information is managed: formal, structured or unstructured
- **Competitiveness** — Degree to which application contributes to agency mission: basic back office, sustain or enhance mission performance

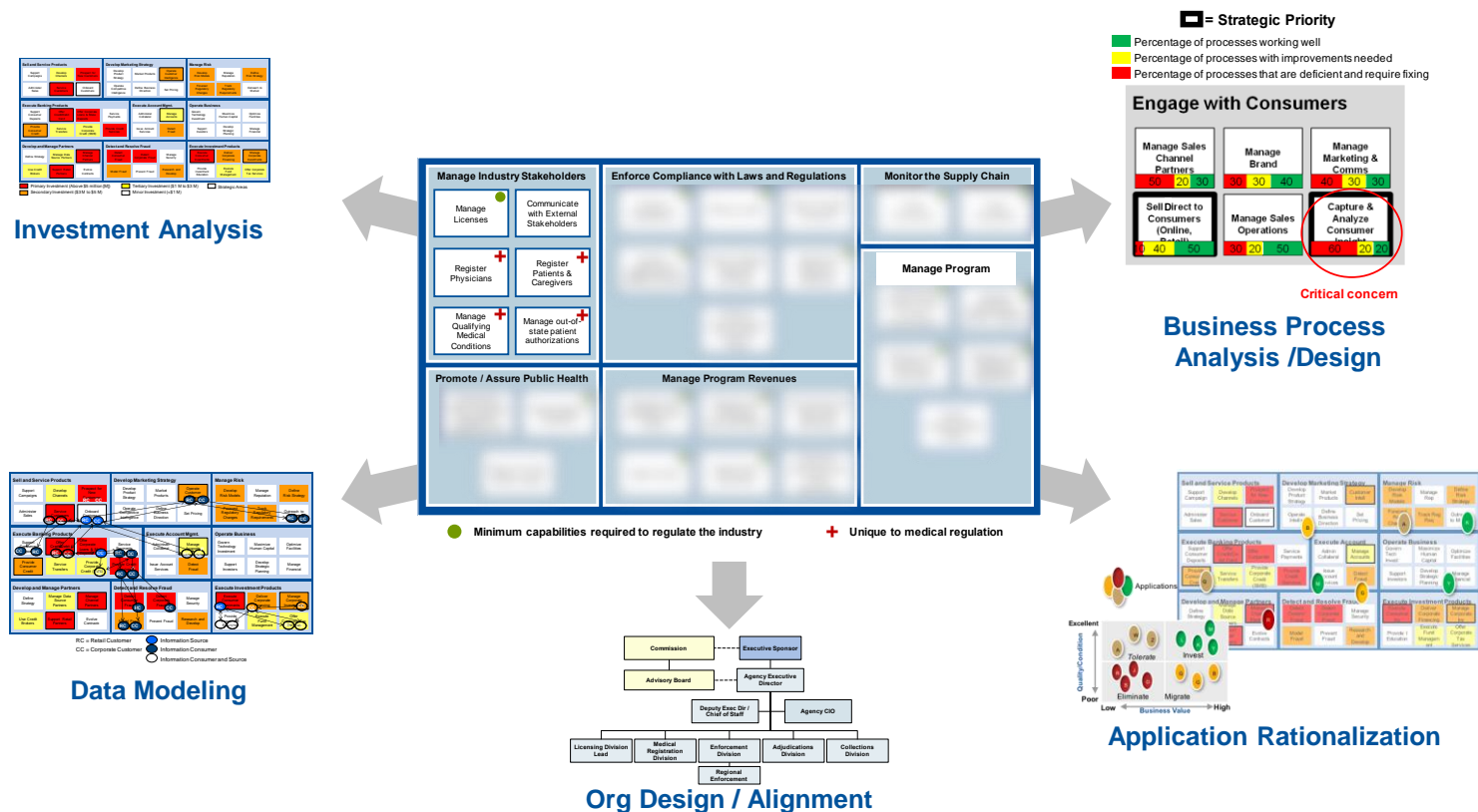
Technology

- **Technology** — life cycle of supporting technologies: mature, modern or leading-edge
- **SDLC** — Type of development methodology used to maintain application: waterfall, hybrid agile/waterfall, or agile/scrum
- **Architecture** — Maturity level of application management: perfective, optimization-focused or responsive
- **Analytics** — Type of analytics performed by application: historical, business planning, or predictive

Guidelines to Drive Effective Capability Modeling

Key Business Capability Modeling Principles	
Not “the How”	Is not a value stream or process
Not “the Who”	It does not represent the agency organizational model
Not Silos	Is most effective when defined for an enterprise
Not Technology	It does not represent technology based functionality (e.g., PeopleSoft modules)
Not Short-Term	Are stable, forward looking and should be useful over the course of years, not months
Not Redundant	Should be defined only once – if two capabilities seem alike, question their intent
Not 100% Perfect	Iterative approach leverages the 90% rule – don’t get caught up in defining a 100% perfect model
“the What”	Describe what is offered – not how something is done
Concise	Level 0, and potentially level 1, capabilities should all fit on a single page
Hierarchical	Are hierarchical and framed by their parents
Business Oriented	Utilize agency specific business terms, not technical terms
Consistent	Utilize common semantics for operational terms

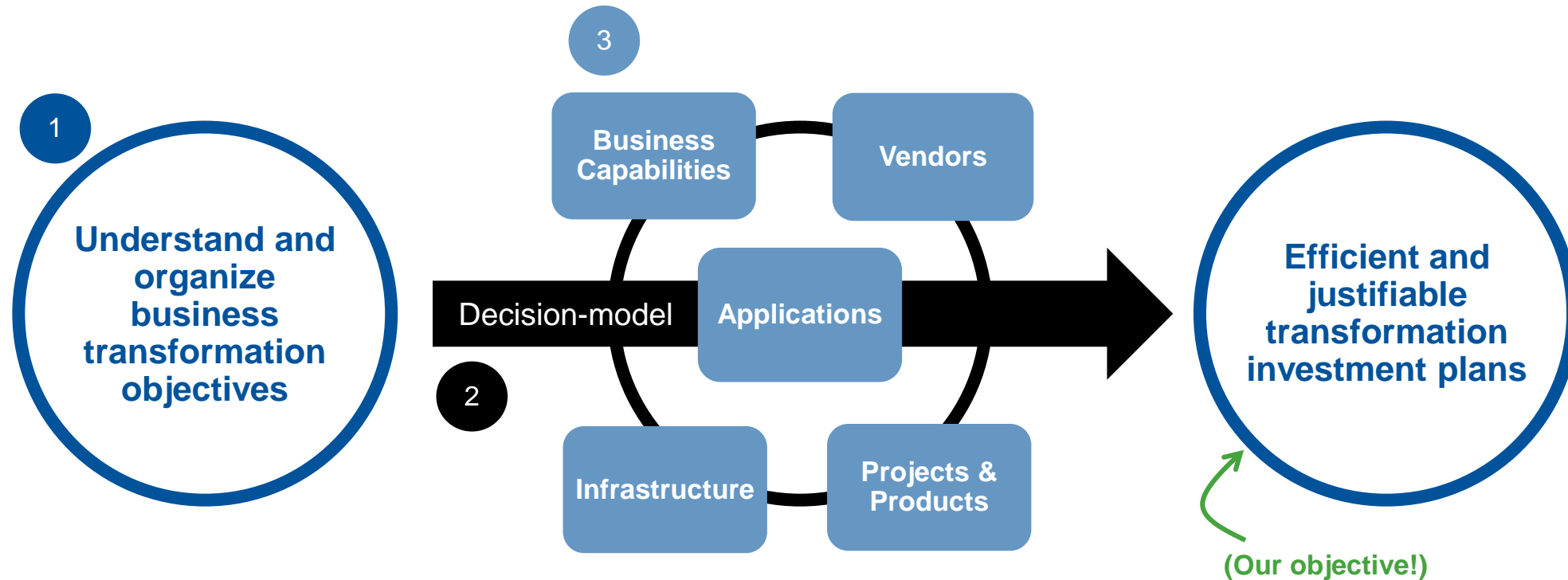
Business Capability Model can also help inform organization and process development efforts related to Transformation



BCM is just Step 1



Accelerating transformation requires an outcome-driven, fact-based & connected view of your enterprise



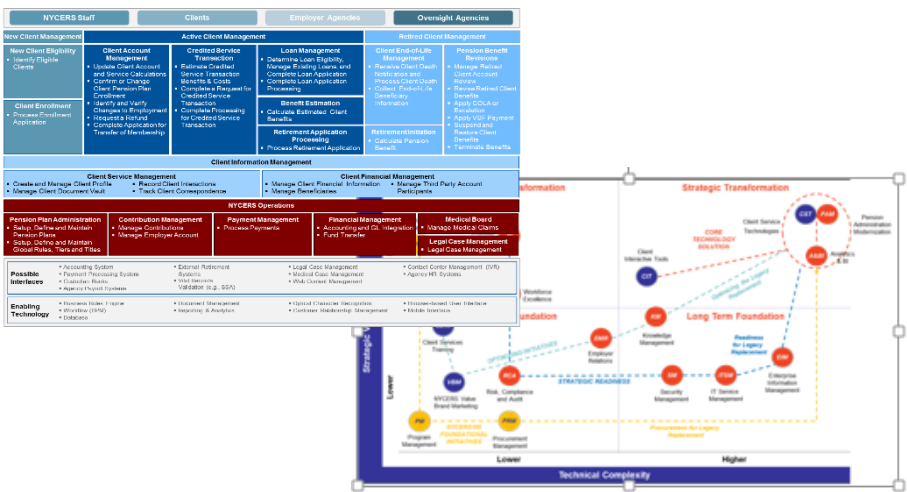
BCM in Action: Case Studies

BCM In Action – Transforming a Public Sector Pension System

Client Context

This client provides a diverse range of retirement, disability and loan services for a large public sector employer system. The client desires to excel at and be a leader in pension services and customer service.

The client has launched a major initiative to replace its legacy pension system. The legacy system is custom-developed, built on aging technology, difficult to extend, and challenging to maintain. Further, the system no longer meets the business needs of the client and numerous out of system tools and processes are used to accomplish everyday work.



Business Challenges

- The client has a broad and complex product offering; there can be no simple replacement strategy for a solution of this complexity and breadth.
- The size and scale of the pension system and member population create the need for a highly scalable solution.
- The client is looking to achieve operational excellence and enhanced automation through the project, making a focus on business and process reengineering critical.

Approach

- BCM team worked closely with the client team, leading focused and collaborative working sessions to develop an understanding of desired future state capabilities and requirements.
- BCM team drafted a set of sequenced initiatives, target business and solution architectures, and multiple RFPs to enable the organization to go-to-market.

Benefits Achieved / Results

- The client is able to follow an actionable roadmap that outlines paced transformation initiatives supported by a large group of client stakeholders.
- Utilized the RFI developed by the same BCM team to gain a better understanding of the specialized solution market-place and technology options to support transformation.

BCM In Action – Transformation Strategy for a Large Children’s Services Organization

Client Context

- A large children’s services agency has embarked on a strategic application modernization program to ensure that it effectively uses technology for the protection and well-being of children and families, while supporting its network of provider agencies.
- The agency engaged the BCM team to perform a comprehensive assessment of its application portfolio to recommend opportunities for standardization and enhancements, and develop a roadmap to implement its strategic vision.

Business Challenges

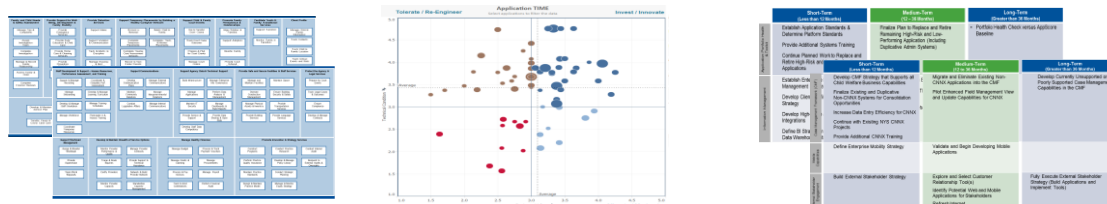
- Client is responsible for operating critical child and family welfare services but relied on aging and silo’d systems and applications that do not fully support business processes, information sharing, and communication with key stakeholders.
- Siloed processes and systems resulted in duplicative data making it difficult to obtain accurate single-view of the child and family information, prevents full utilization of critical analytics and reporting capabilities, and hinders robust support of mobile applications to support critical capabilities.
- Reliance on a State mandated case management system impeded the ability to utilize a fully integrated case management system.

Approach

- Created a business capability model to develop a common understanding of the full array of the client’s business capabilities and defined opportunities to enhance capabilities to meet the client’s operational strategy and support mission-critical goals.
- Assessed the current application portfolio using Gartner’s AppScore methodology to understand the alignment of applications to current and future business capability needs, and assess technical and operational risks, and define the future strategy for each application across a set of initiatives.
- Created a multi-year, prioritized roadmap and plan for application modernization across the agency, including identifying opportunities for standardization, information management, mobile capabilities, case management, and external stakeholder engagement.

Benefits Achieved / Results

- Provided an actionable roadmap to implement recommendations, which contained well-defined initiatives, timelines, resources, and cost estimates.
- Provided an objective and holistic view into the client’s current application portfolio health, aiding to identify the key risks and opportunities, as well as the skills, resources, and tools needed to achieve the target state modernization effort.



An abstract graphic on a solid blue background. It features several overlapping lines and circles. A thick, dark blue line starts from the bottom left, curves upwards, and then levels off towards the right. Another thick, dark blue line starts from the top left, curves downwards, and then levels off towards the right. A thin, light blue line starts from the top left, curves downwards, and then levels off towards the right. A thin, light blue line starts from the bottom left, curves upwards, and then levels off towards the right. There are several small, light blue circles scattered along these lines, some appearing to be data points or markers.

Questions ?

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The background is a solid blue color. Overlaid on this are several abstract line art elements. There are several dark blue lines of varying thicknesses. Some lines are straight or slightly curved, while others are more complex, forming loops or curves. Some of these lines have small white circles at intervals, resembling data points or markers. The lines are layered, with some appearing in front of others, creating a sense of depth. The overall style is modern and minimalist.

THANK YOU !

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