Building Business Capability
Business Architecture: Strategically Aligning Resources to Drive Execution and Realize Value

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Business Architecture
You Can’t Sell Unicorns – Jeff Scott

- Business Architecture has great potential to solve complex business problems and aid in business design
- Business architecture is not a requirement
- Business architecture is not a best practice
- Business architecture is a difficult product to sell
- Business Architecture is emerging as a discipline capable of maximizing enterprise capabilities, clarify strategic alignment to tactical demands, drive execution and realize value.
Business Architecture

**Agenda**

**Discussion Points**

1. Background and context
2. Fundamental Concepts
3. Value Realization Cycle
4. Practical Application
5. Value Proposition
6. Resources
7. Q & A
8. Closing Remarks

**Goals / Outputs**

1. Introduce the Business Architecture process
2. Encourage the use of the Business Architecture artifacts to abstract business architectural options, questions, and solutions in terms that all stakeholders can easily understand
3. Apply Business Architecture principles to strategically align enterprise capabilities to drive execution and realize value
Business Architecture

Background

- Currently, most progressive organizations have a significant number of multi-year, high complexity strategic investments (STIs).
- Delivery of these initiatives is instrumental to supporting future growth opportunities and remaining competitive.
- Having a clearly defined, unified vision of each strategic initiative's main goals and objectives is critical to realizing value: delivering strategic solutions and capabilities on time, within budget and with high quality.
- As a business or technology manager or executive, success might be measured by how effectively you and your organization are able to translate strategy to execution while creating relevant value.
Business Architecture Overview

- Business architecture captures real world aspects of the business at a sufficient level of detail to help management align strategic objectives against tactical demands to best address business goals, and to plan for changes in business capabilities in a reliable, efficient and proactive manner.

- Industry and government agencies across the globe are using business architecture to:
  - Align strategies across business units
  - Streamline merger and acquisition activity
  - Deploy new business models and strategies
  - Plan and fund portfolio investments
  - Align business and IT architectures
When should Business Architecture be engaged and why?

As early as possible, because Business Architecture…

- Provides a business-centric, strategic view of the enterprise.
- Is cognizant of the capabilities that support business functions.
- Facilitates understanding of the relationships among business functions being executed to create stakeholder value.
- Brings focus to improving enterprise agility, while at the same time reducing costs.
- Is a key leverage point to increase market share (in increasingly competitive marketplaces), and to reduce unnecessary waste, especially waste arising from the misalignment of people, process, information and technology.
Business Architecture
Definition

- Business architecture is defined as “A blueprint of the enterprise that provides a common understanding of the organization and is used to align strategic objectives and tactical demands.” - *A Guide to the Business Architecture Body of Knowledge (BIZBOK™) 3.1*
Business Architecture
Capabilities

Capabilities are "black boxes," with inputs and outputs defined with explicit service level expectation

◆ A business capability is a particular ability or capacity that a business may possess or exchange to achieve a specific purpose or outcome.

◆ A capability describes what the business does (outcomes and service levels) that creates value for customers; for example, pay employee or ship product.

◆ A business capability abstracts and encapsulates the people, process/procedures, technology, and information into the essential building blocks needed to facilitate performance improvement and redesign analysis.
**Business Architecture**
**Capability Assessment**

Business Architecture Knowledge Base

- **ORGANIZATIONAL UNIT**
  - has **METRIC**
  - defines

- **METRIC**
  - measures

- **INITIATIVE**
  - funds
  - delivers

- **PROGRAM**
  - charters

- **PROJECT**
  - implements

- **VALUE STREAM**
  - impacts
  - enables

- **CAPABILITY**
  - impacts

- **APPLICATION**
  - implements
Business Architecture
Capability Model

CHANNEL MANAGEMENT
- Channel Development
- Channel Strategy
- Producer Management
- Channel Execution
- Channel Planning

ENTERPRISE SERVICE
- Facilities Management
- IT Management
- Procurement
- Human Resources Management
- Project Management
- Risk Management

CLAIMS PROCESSING
- Claims Lifecycle Management
- Fraud Management
- Claims Handling
- Claims Recovery
- Dispute Resolution
- Claims Inquiry

FINANCE
- Financial Management
- Financial Reporting
- Billing and Payments
- General Accounting

PRODUCT
- Product Development
- Product Portfolio Management
- Product Planning
- Product Strategy

BUSINESS MANAGEMENT
- Strategic Planning
- Stakeholder Relationship
- Enterprise Effectiveness

MARKETING
- Marketing Strategy
- Marketing Planning
- Marketing Execution

CUSTOMER SERVICE
- Customer Relationship Management
- Customer Relationship Strategy
- Relationship Planning

SALES
- Contract Acquisition

CONTRACT ADMINISTRATION
- Contract Investment Administration
- Contract Lifecycle Management
Business Architecture
Capability Model

PRODUCT

Product Development
- Product Design
- Product Implementation

Product Planning
- Product Innovation

Product Strategy
- Product Strategy Development
- Product Research and Analysis

Product Portfolio Management
- Product Performance Analysis
Effectiveness vs. Efficiency
The difference between efficient and effective is that efficiency refers to how well you do something, whereas effectiveness refers to how useful it is.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Effectiveness</th>
<th>Efficiency</th>
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<tbody>
<tr>
<td>Effort Oriented</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Process Oriented</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal Oriented</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Time Oriented</td>
<td>No</td>
<td>Yes</td>
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For example, if a company is not doing well and they decide to train their workforce on a new technology. The training goes really well - they train all their employees in record time and tests show they have absorbed the training well. But overall productivity doesn't improve. In this case the company's strategy was efficient but not effective.
Investment and proper execution of business architecture will pay significant dividends

**Business Architecture:**
- Promotion of re-usable solutions such as enterprise services
- Identification and elimination of redundant efforts for the same capability
- Better understand impact analysis when introducing new capabilities
- Maintain business architecture documentation which will grow over time
- Provide project vision and direction sooner in the lifecycle

**Value Realized:**
- Costs will go down
- Time to Market will be reduced
- Redundancy will be eliminated
- Complex answers to difficult questions will be made available
- Business Goals will be achieved
Business Motivation Model (BMM) from the Object Management Group (OMG)
The current version is found at: http://www.omg.org/spec/BMM/Current
Business Architecture
Conceptual Solution Design and Visualization

- *Conceptual Solution Design and Visualization* artifacts are based on BIZBOK™’s Value Mapping and Value Stream concepts.

- The creation of *Conceptual Solution Design and Visualization* models would provide a unified vision of strategic investments’ main goals and objectives.

- The *Conceptual Solution Design and Visualization* artifact would facilitate an abstract or high-level design that describes the services a given strategic initiative intends to provide.

- The main goal of a conceptual design is to describe the overall picture of the solution in terms that all stakeholders can easily understand.
Conceptual Solution Design and Visualization

Process Overview

• Conceptual Solution Design is a progressively elaborated, iterative process.
• The main challenge is that each system presents unique challenges; as a result, no two models are the same.
• A Business Architect’s responsibility is to describe the strategic solution with the appropriate level of detail for a diverse audience, while incorporating the most relevant business, process and technology elements.

CONCEPTUAL SOLUTION DESIGN PROCESS

Describe Roles and Responsibilities
• Identify Project Manager
• Identify Business Architect
• Identify Business SMEs
• Identify Technical SME / Technical Lead (optional)
• Build RACI Matrix
• Identify Independent Verification and Validation Team

Define Architecture Model
• Describe Solution Overview
• Identify Solution Objectives
• Describe Strategic Alignment
• Identify Critical Success Factors
• Identify Benefits
• Identify Risks
• Describe Alternative Solutions

Identify Architecture Key Areas
• Identify Stakeholders
• Identify Stakeholder Interfaces
• Identify Business Systems, Processes and Capabilities
• Identify System Interfaces
• Identify Mechanisms
• Identify Information/Process Flows

Elaborate Conceptual Visualization
## Conceptual Solution Design and Visualization
### Activities and Tasks

### Describe Roles and Responsibilities
This effort describes the roles and responsibilities of those involved in the development of the conceptual solution. In some cases, one individual may perform multiple roles in the process.

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Description</th>
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| **Procedure 1** | **Identify Project Manager**  
The Business Architect works closely with the project manager to identify stakeholders for the conceptual solution design work. The Project Manager is responsible for providing the resources required to complete the conceptual design model. |
| **Procedure 2** | **Identify Business Architect**  
Business Architect responsible for developing the Conceptual Solution Design content. |
| **Procedure 3** | **Identify Business Subject Matter Experts (SMEs)**  
Provide information regarding the Business Services, Functions, and Processes required to the Business Architect and review the information contained within the Conceptual Solution Design for accuracy and a common understanding of the Business System and the interfaces, information, and flows of the system. |
| **Procedure 4** | **Identify Technical SME / Technical Lead (optional)**  
Provide technical information regarding the technology infrastructure and standards, review the information contained within the Conceptual Solution Design for accuracy and a common understanding of the Technology Infrastructure. Another consideration is the review of the ability to implement the solution identifying risks and reporting them to the project team. |
| **Procedure 5** | **Build RACI Matrix**  
Construct Responsible, Accountable, Consulted, and Informed (RACI) Matrix  
Identify stakeholders for each conceptual design activity, what their role will be and what they are responsible for doing. Creating a responsibility matrix, such as a RACI, may be created to track each role and responsibility. |
| **Procedure 6** | **Identify Independent Verification and Validation Team**  
The Verification and Validation team will review the information for completeness, accuracy, and the document has been vetted with the project team. |
Conceptual Solution Design and Visualization
Activities and Tasks

Define Architecture Model
Typically the process involves reviewing existing system documentation (if available), as well as interviewing SMEs, technical and security SME teams in JAD/RAD Sessions, and PM teams in order to represent the current or future state of the business system solution.

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| Procedure 1 | Describe Solution Overview  
Describe, at a very high level, the business problem and the solution that will be provided. |
| Procedure 2 | Identify Solution Objectives  
Summarize the high-level objectives that will be achieved by the solution. |
| Procedure 3 | Describe Strategic Alignment  
Describe the proposed solution with the published project, sponsor, or STI alignment. |
| Procedure 4 | Identify Critical Success Factors  
Describe the critical services being provided and identify the requirements/deliverables/thresholds that cannot be compromised or excluded. List the critical success factors based on a stakeholder centric view, meaning it should incorporate the stakeholder’s minimum expectations. |
| Procedure 5 | Identify Benefits  
List the main benefits to the stakeholders provided by the solution. |
| Procedure 6 | Identify Risk  
List the main risk associated with the conceptual solution. Whenever possible, include high-level strategies for risk management (deferral, avoidance, acceptance, etc.). |
| Procedure 7 | Describe Alternative Solutions  
This section identifies one or more alternative solutions, as well as a “do nothing” alternative to the solution demonstrating the cost of continuing using the existing system, without enhancements or changes. The narrative should describe the solution, the analysis of the advantages vs. disadvantages, and why the alternative is not the primary choice (or a fall back solution). |
## Conceptual Solution Design and Visualization
### Activities and Tasks

### Identify Architecture Key Areas
The conceptual design should include detailed information about the key areas impacted by the strategic solution. The detailed information must include important components and entities and sufficient information to assist stakeholders in making the key decisions (e.g., risk mitigation, significance to the project).

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| **Procedure 1** | **Identify Stakeholders**  
This section establishes the key stakeholders of the strategic solution, as well as setting context for their involvement. The stakeholders are not always people, but may also be business entities. The stakeholders are typically internal consumers of the services, but may also represent external consumers. |
| **Procedure 2** | **Identify Stakeholder Interfaces**  
The interfaces area intends to show the users of the services being provided by the strategic solution and how the services are accessed. |
| **Procedure 3** | **Identify Business Systems, Processes and Capabilities**  
This task describes the processes that will be provided by the strategic solution, as well as the capabilities that supports the structure for the business system. It may include mapping and relationship to other processes and capabilities. |
| **Procedure 4** | **Identify System Interfaces**  
This task describes the external entities and the systems that are required to provide inputs required by the business system to provide services. |
| **Procedure 5** | **Identify Mechanisms**  
Each system has a mechanism (technology piece) that performs specific functions. It is important to describe the existing technology supports the application and the resulting impact on the designed solution. |
| **Procedure 6** | **Identify Information/Process Flows**  
This task shows the progression of information passing through the business system and services. The information is represented by uni-directional, and bi-directional arrows which show how information and processes interact throughout the system. |
Elaborate Conceptual Visualization

From the BIZBOK™, the Capability Model and the Value Stream are emerging as powerful tools that are essential for building robust strategic views of the business. These architectural views speak to decision-makers in their simplicity, and empower these senior business stakeholders to make objective planning decisions.

Characteristics

- While capabilities define "what" a business does, the value stream is an end-to-end collection of activities that deliver value to internal and external stakeholders.

- A value stream begins with a stakeholder triggering the first stage of the value stream and ends when a product or service, notification, a degree of satisfaction, or other communication is delivered back to that stakeholder.

- Value streams are decomposed into a series of stages that move from left to right with an arrow connecting each stage or sequence numbering.

- Value is accrued at each stage. Stages are expressed in verb/noun format such as "process payment."

- Value streams enable a wide range of capabilities and capabilities can be mapped to each stage of the value stream.
Conceptual Solution Design and Visualization
Example – Value Streams
Conceptual Solution Design and Visualization
Example – Stage Assessment
Conceptual Solution Design and Visualization
Example – RACI Chart
Conceptual Solution Design and Visualization
Example

Conceptual Solution Design
Ability to Support Enrollment via the Public Exchange
Conceptual Solution Design and Visualization

Value Proposition

- Provides an agile, unified vision of the business architecture questions found within complex and global strategic investments.

- During pre-inception, facilitates the progressive conceptual elaboration of the intended and expected services a given strategic initiative will provide.

- As a visualization tool, a Conceptual Solution Design abstracts the business architectural solution(s) in terms that all stakeholders can easily understand, facilitating open discussions at an early stage.

- At Highmark Health Services, significant adoption and value realization at enterprise level encourages application of Business Architecture Guild along with guidance and best practices from the BIZBOK™.
Business Architecture

Resources

A Guide to the Business Architecture Body of Knowledge (BIZBOK™)
http://www.businessarchitectureguild.org/

Jeff Scott – The Business Architect
http://thebusinessarchitect.accelare.com

Architecture and Governance – Strategic IT Planning and Enterprise Architecture
http://architectureandgovernance.com

Business Architecture Special Interest Group of the OMG (BASIG)
http://bawg.omg.org
Conceptual Solution Design and Visualization
Questions and Answers

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Business Architecture
Value Realization Cycle

Objective
Strategy
Capability
STI

Assess Capability Maturity
Integration Governance

Monitor Visualize
Roadmapping

Influence Review Adjust
Strategic Guidance

Value Realization
Delivery to Value

Program Project Delivery
Execution

Strategy to Execution

Closing Remarks