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# ARCHITECTURE &GOVERNANCE

**VOLUME 10 ISSUE 2** 

magazine

# INTERSECTION OF THE BUSINESS O

Business Capability Models: Why You Might Be Missing Out on Better Business Outcomes

Part 2: How to Make Enterprise Architecture Strategic

**Inside a Digital Transformation** 

# ARCHITECTURE &GOVERNANCE

#### **PUBLISHER**

Ben Geller & Ashlee Motola

#### **EDITOR-IN-CHIEF**

George S. Paras

#### **MANAGING EDITOR**

Holt Hackney

#### **ART DIRECTION & DESIGN**

**BNewton Associates** 

Architecture & Governance 8601 RR 2222 Building 3, Suite 300 Austin, TX 78730 512-536-6270

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#### FROM THE EDITOR

#### At the Intersection of Business and IT

BY GEORGE S. PARAS

Strategy, architecture, projects, business, IT. Think about these words and how they are related. Just taking any two at a time yields dozens of abstractions, relationships, scenarios, metaphors, deliverables, processes, perceptions, and misperceptions. Volumes have been written. When looking at all five together, the complexity and number of variations expand exponentially. But one conceptual approach can help put order to these individual practices and focus areas: capabilities.



An understanding of the structure, meaning, and relative value of an organization's portfolio of business capabilities can act as a universal translator. It serves as the connection, or intersection, point for the value and change agendas. It is possible to correlate almost everything we do through their support for, and alignment with, the capabilities model. Capabilities provide clarity, focus, and a common language to bring the community of stakeholders onto the same page. Through them, an organization can strategize and execute without misunderstandings, biases, and improper expectations; ultimately, helping to build trust between business and IT.

In this issue, we dive into strategy and capabilities. Jan Gravesen offers part 2 of his article on making enterprise architecture strategic by aligning it with business strategic thinking. He describes the different approaches to EA as they relate to different forms of strategy that have evolved since the 1950s. It's a nice segue into the discussion of capabilities by our other contributing authors. Andrew Swindell explores practical examples for developing and applying a Business Capability Model. In our final article, David Katauskas examines commodity vs. differentiating capabilities and shares an integrated real-world example of a health insurance payer that successfully transformed its enterprise.

We hope the perspectives on strategy and capabilities in this issue provide you with ideas that you might use to upscale your EA practice to be more strategic and business focused. And thanks again for being an A&G reader! A&G

**GEORGE S. PARAS** is editor-in-chief of A&G and managing director of EAdirections.

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enterprise will ideally
operate through its
constituent parts.



## **BUSINESS CAPABILITY MODELS**

# Why You Might Be Missing Out on Better Business Outcomes

By Andrew Swindell

#### **INTRODUCTION**

In this article, I will explore practical examples for developing and applying a Business Capability Model and answer questions such as:

- What is a Business Capability Model?
- What are business capabilities and how are they enabled?
- What are the misconceptions about business capabilities
- How are they developed and why use them?
- What strategic questions do they help answer?

Delivering architecture value to your stakeholders can take many forms, and one key outcome is simplicity and the ability to tell the organizational story. The Business Capability Model transcends political agendas, divisional boundaries, misunderstood business strategy, lack of skills, and program and project duplication. It enables the architect to position all organizational inputs in context.

Business capabilities are modelled in the business conceptual layer and represent what the business does (or needs to do) in order to fulfil its objectives and responsibilities. Figure 1 is the TOGAF Meta Model,

## BUSINESS CAPABILITY MODELS: WHY YOU MIGHT BE MISSING OUT ON BETTER BUSINESS OUTCOMES A&G

which positions business capabilities as an over-arching representation of the business.

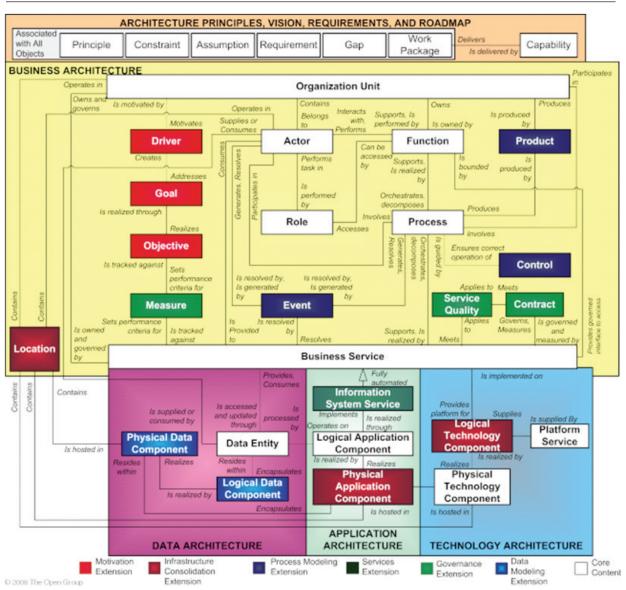
Note: This model outlines the "What" and "How" architectural objects and enables a clear positioning of architecture inputs and their relationship to the business.

The business capabilities are the top layer of the business architecture. They belong to a business domain and are governed by the business principles and outcomes of the organization. The capabilities are realized by a combination of business process, people, and technology and are, therefore, at a higher level than a business process and sits in the conceptual layer.

Some accepted definitions are applicable as follows:

- Capability represents what the organization can do.
- **Function** represents what the organization is doing with that capability.
- Process identifies how the organization is performing the function.
- **Organization Unit** identifies the department responsible for performing the process.

Figure 1: TOGAF Meta Model



## BUSINESS CAPABILITY MODELS: WHY YOU MIGHT BE MISSING OUT ON BETTER BUSINESS OUTCOMES A&G



Much as a "city plan" seeks to describe how a city will look, a Business Capability Model seeks to describe how an enterprise will ideally operate through its constituent parts. All enterprises, both large and small, function using a series of inter-operating business capabilities. In modern enterprises, these business capabilities are numerous and complex, and are becoming increasingly integrated and automated through the use of technology.

Business Capability Models provide a stable, overarching view of what is important to the business. They offer the following benefits:

- Provide a common language: Used to align business objectives with processes that are then enabled via information technology.
- **Are organizationally neutral:** Changes in the organization do not impact prior analysis.
- **Identify what's strategically important:** Strategic themes and performance metrics can be "heatmapped" against capabilities, providing a powerful visual tool to help facilitate decision making.
- Help to focus improvement opportunities: They help to prioritize process and system improvement efforts by linking them to the capabilities that need the most improvement or greatest strategic impact.
- Accurately depict a program's scope: Mapping program objectives to capabilities produces a more complete and accurate picture of the true scope.

#### **BUSINESS CAPABILITY MODEL DEVELOPMENT**

Developing your Business Capability Model can be as simple as a loose positioning of dependent organizational business units or programs of work or a solid course of business stakeholder engagement to discuss and understand what capability the business is really delivering. The architecture concepts of levelling, layering, and language are critical to ensuring you don't end up with a large number of level 1/2 capabilities—both of which can create way too much complexity in telling the organizational story.

An ideal rule of thumb is that there should be no more than 12–20 level 1 business capabilities to enable business and technology executives to see how key business capability should be organized to tell and deliver the organizational story. This simplifies executive understanding and communication and also enables an effective ownership model to be established across the executive team. Lo and behold, business and technology executives can also discuss business and technology priorities using one simple model of business capability, leading to business and IT alignment through use of one reference and a common language.

Importantly, the Business Capability Model can also be used to highlight capability gaps, current application support (coverage and quality), and future solution options, among other uses. The Business Capability Model essentially provides a common, shared definition for both business and technology professionals in order to discuss information- and systems-related issues, including investment priorities and ICT applications/systems enablement of the organization's strategic direction.

To support development of the Business Capability Model, you can position capabilities as front office customer facing and back office support capabilities or use one of the many other layering techniques to nest or position business capability, i.e., manage, operate,

## BUSINESS CAPABILITY MODELS: WHY YOU MIGHT BE MISSING OUT ON BETTER BUSINESS OUTCOMES A&G

and enable the business. An agreed Business Capability Model with an external orientation provides a consistent reference point, and a wide range of data can be mapped against the model to support stakeholder engagement.

Because it is externally oriented, it focuses executive attention not only on the makeup of business capabilities but also representation of the external inputs and external outcomes generated by the company. A critical first step is to gain executive agreement on the business outcomes to be achieved. This provides a strong hook for measuring contributions to the business outcomes.

Figure 2 is a sample of an externally oriented summary Business Capability Model for a mining company that outlines "What" inputs are coming into the business, "What" business capabilities are required, and "What" outcomes are being generated by the business.

In summary, deploying a Business Capability Model at this level captures the CEO's attention and reinforces

the value of architecture to achieving the organizational goals.

# USING A BUSINESS CAPABILITY MODEL TO CONFIRM IF STRATEGIC FOCUS IS ALIGNED WITH CURRENT PERFORMANCE/MATURITY LEVEL

The Business Capability Model can be utilized to identify strategic focus areas by mapping strategies, scorecards, and/or executive priorities to the business capabilities. Current capability performance/maturity level can be assessed through industry benchmarking or by assessing pain points/improvement opportunities. (See figure 3.)

By assessing each of these responses, the different levels of investment and value are aligned to address specific problems.

In summary, simplifying your environment through applying logical filters to your data against the backdrop

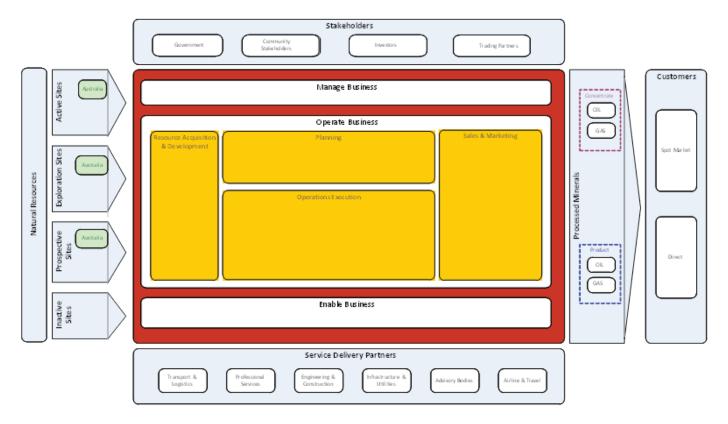


Figure 2: Business Capability Model—Mining Company

## BUSINESS CAPABILITY MODELS: WHY YOU MIGHT BE MISSING OUT ON BETTER BUSINESS OUTCOMES A&G

of your company strategy and existing business capability enables many questions to be raised on the scoping, validity, and value of the investment choices to be made.

# USING A BUSINESS CAPABILITY MODEL TO CONFIRM IF THE COMPANY IS INVESTING IN THE RIGHT AREAS OF THE BUSINESS

Mapping planned programs/projects and costs to capabilities will highlight where investment is taking place and confirm if the amount invested is appropriate. This can be overlayed on the capability "heat map" to understand the alignment between investment and strategic priority areas.

Showing on a page a clear line of sight between investments made, business challenges, and divisional contributions to the organizational strategy is the best way of engaging and winning the

hearts and minds of executive teams. It also encourages and drives debate from a single reference point on the potential decisions and funding options available. (See figure 4.)

#### **CONCLUSIONS**

Key conclusions to draw from this article are that architects primarily support projects and programs with specific solution architectures that show a project team how projects will be delivered and show business stakeholders what they will be getting. While this creates delivery strength, the real architecture value at the CEO/CxO level is in developing and applying the Business Capability Model to answer the major strategic questions being asked.

Development of your firm's architecture library of artifacts is critical and starting top-down with a Business

Figure 3: Strategic Inputs Mapped to a Business Capability Model

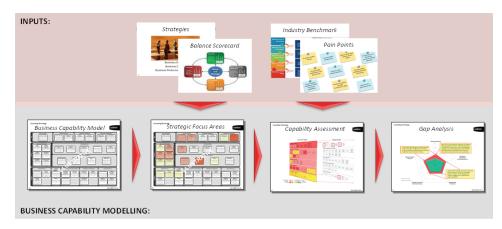
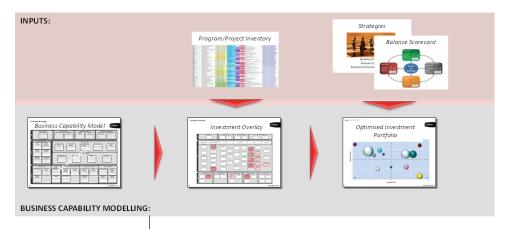


Figure 4: Program Level Inputs Mapped to the Business Capability Model



Capability Model sets the agenda for developing all other architecture artifacts and positioning the company story. **A&G** 

ANDREW SWINDELL is an enterprise architect for Inpex based in Perth, Australia, and is supporting the Inpex multiyear, multibillion-dollar program of work providing enterprise and solutions architecture across all enterprise domains. Andrew has more than 20 years experience in the field of information technology



and architecture and has been involved in a number of country- and company-wide initiatives in Australia and New Zealand. He has extensive experience in the financial services, utilities, health insurance, mining, and tourism industries.



## PART 2

# How to Make ENTERPRISE ARCHITECTURE STRATEGIC

By Jan K. Gravesen, CTA, Executive Architect, IBM

#### **ABSTRACT**

In this second part, enterprise architecture is considered from the perspective of more contemporary views of strategy such as dynamic capabilities, strategy as ecology, and core competencies. The article concludes with an analysis of the common themes that define enterprise irrespective of which strategy approach is selected.

#### EARLY RESOURCE-BASED STRATEGY (1990-)

The resource-based view of the firm emphasizes the firm's resources as the source of competitive advantage. Competitive advantage is considered defendable and durable if the firm's resources and capabilities can be isolated from the firm's competitors, thereby preventing competitors from duplicating or imitating them. Differentiation is the source of competitive advantage and is

measured by the VRIN characteristics—if resources are Valuable, Rare, Inimitable, and Nontransferable, they were said to be strategic.

The organization thus "owns" a narrow set of unique resources (e.g., information or knowledge) and capabilities, which are the true source of competitive advantage, and therefore must be leveraged in the most effective or efficient way across the strategic business units and areas, while being safeguarded from competitors.

Enterprise architecture supports the structures, processes, and bodies of knowledge that constitute the strategic resources. EA makes it possible to leverage these resources on an enterprise or global scale, whether this is information about consumers, a proprietary ability to automate core competencies, computer-controlled equipment for producing an output with characteristics that are unique to the organization, etc.

Enterprise architecture functions as a managerial discipline for identifying and building the organizational and technical capabilities, which are unique and strategic to the organization, by allowing the organization to exercise differentiation or cost-leadership in the view of its "customers" and relative to its "competitors." If the organization is able to appropriate information-based capabilities for new process and product configuration before its competitors, it will be able to deliver new types of services and products to the market before its competitors.

Enterprise architecture is strategic if it is aligned with business strategic thinking.



**EXAMPLE:** UPS' global parcel tracking system represents a worldwide enterprise architecture that distils strategic resources vital to UPS' core business. By providing a global tracking database and handheld device standards as well as a tracking portal and standardized global parcel identity system, UPS created a strategic resource that could be leveraged by all country organizations and across different lines of business.

#### **DYNAMIC CAPABILITIES**

Dynamic theories of strategy are exemplified by clock speed theory (Fine) thinking, hypercompetition (D'Iansiti), and game theory. They are the capabilities that support an organization's ability to rapidly reconfigure its products, processes, organization, and supply chain in response to changing market and value chain conditions and opportunities.

In this context, enterprise architecture identifies and builds organizational and technical capabilities for controlling and rapidly reconfiguring the value chain, organization, product and manufacturing, and delivery/distribution process. Its role becomes expanded from the background and somewhat defensive role it played in support of the manufacturing process in the classical strategy schools, cf. part 1. Henderson and Clark argue that the failure of some established firms can be explained by neglecting the importance of architectural innovations that reconfigure the relationship (or architecture) among a set of design elements that jointly constitute a process or product system—e.g., Nokia's inability to architect a platform operating system for mobile devices with similar attractiveness as iOS or Android.

Enterprise architecture becomes a matter of identifying the necessary structural forms and systems that make it possible to reconfigure the capabilities faster and with less cost, and then automate the activities necessary for reconfiguration.

**EXAMPLE:** Dynamic capabilities have played prominently into the market space defined by self-service banking, insurance platforms, or Internet brokers. By providing a single view of consumers across lines of business in a bank or credit card organization, it becomes possible to deliver an integrated self-service platform for Internet banking and to configure new product combinations into this platform with relative ease.

In automotive, defense, and airline manufacturing as well as other complex manufacturing, three-dimensional concurrent engineering marks the ability to execute product design, product manufacturing, and product supply chain management concurrently instead of as a set of discrete steps. Concurrent engineering raises the clock speed with which new products can be developed and how fast the product development process can react to new demand and supply signals. It also requires a continuous and highly efficient exchange of information and data between designers, manufacturing engineers, planners, and sellers.

#### CORE COMPETENCY-BASED STRATEGY (1995-)

Core competency-based strategy builds on early perspectives from the resource-based view of the firm combined with dynamic strategy setting. In this perspective, the firm's core competencies are its key to differentiation as well as its key to adaptation. By focusing on a narrow set of core competencies, it becomes possible to differentiate activities and capitalize on new market opportunities with a relatively smaller effort.

Core competency-based strategy then demands that the use of information and technology enhance or safeguard the organization's core competencies or allow it

to extend its core competencies into new markets. Also, since core competencies ideally must be leveraged across the organization, information-based capabilities must provide all areas of the organization with the access

to tap into and leverage those competencies.

Enterprise architecture becomes a matter of providing access to the information, protecting the information, and disseminating the information necessary to operate core competencies. Often this must occur on an global scale so it can serve a diverse set of constituents ranging from external customers to internal human operators and information-based processes.

**EXAMPLE:** In complex consumer and healthcare electronics, such as hearing aids or pacemakers, a core competency may be the ability to create micro-sized components that can be attached to or embedded in the human body, which interacts with the human and external environment. Often such components require the deep collaboration of medical specialists and software engineers, e.g., in the case of hearing aids the deep collaboration between audiologists and software engineers.

UPS' global tracking database is an information-based capability that supports both the company's resources and its core competence on a global scale by providing the information necessary to operate small parcel and package delivery and tracking in all countries where UPS operates and making this information accessible to the drivers of UPS trucks as well as to UPS' customers (both shippers and receivers). It exemplifies a capability that responds to two strategy forms: diversification of UPS' business into multiple lines of business such as parcel shipment services and consumer logistics, which all utilize the capability, and a core competency-based strategy where the capability directly automates and supports the core processes in UPS' value chain.



## STRATEGY AS ECOLOGY (2000-)

Ecosystem strategy asserts that strategic decision making must occur in the context of the firm's relationships within a network of external stakeholder entities such as suppliers, customers, complementors, competitors, regulatory agencies,



etc. Ecosystem strategy encourages the organization to view opportunities beyond the isolated perspective of the organization as a single player in its industry, instead refocusing the organization as a player among many that are co-evolving together. Make-buy (sourcing) decision making and industry disintegration are closely related to ecosystem strategy. The concept represents an important departure from the previous conventional definitions of strategic competition, in which the organization only works with its own resources and doesn't extend its capabilities by leveraging those of others unless it is to exploit them for its own purposes.

Enterprise architecture becomes a matter of designing and building the keystone "platform services" to the ecosystem that facilitates co-evolution and allows the complementors to add new innovative services or product features to those offered by the organization. The challenge will be to do this across semi-autonomous business units or departments and to line up the organization.

**EXAMPLE:** Traditional ecosystem strategies include Microsoft's Windows, Google's Android, eBay's seller/buyer platform, and "open" programming platforms from computer game vendors. Social media have opened up new ways of considering ecosystem strategy and added to the number of industries that consider it. One contemporary example is government where the ability to redefine citizens as complementors in the solution of societal problems or in the development of new services increasingly is based on the use of self-service models and "open data" solutions that extend across all government departments and agencies.

Enterprise architecture is about breaking down the boundaries between internal organizational units and fields of expertise, between internal automated or semi-automated activities, and between the organization and its consumers or suppliers.

#### **CONCLUSIONS**

Enterprise architecture is strategic if it is aligned with business strategic thinking. Since the mass-production perspectives of the 1960s, it has played importantly into business outcomes, and since the 1990s core competency- and ecosystem-based strategies have further underlined the importance of enterprise architecture as a means to achieve platform- or competency-based effects on competition.

Strategy has evolved to be an eclectic and multistringed discipline, and organizations today will usually pursue many concurrent strategies. Luckily, this means that strategic enterprise architecture will have many strings to play on but also many themes to address. Increasingly, it has become possible to move enterprise architecture away from being a pure modelling and mapping discipline to one that intersects with and directly influences business strategy. (See figure 1.)

#### FIGURE 1

Strategy	Strategic Enterprise Architecture	Example
Structure and Design	Strong centralized capabilities that emphasize resource sharing and reduced unit costs	Global ERP or Global Single Instance Architecture (GSIA)
Diversification and Partitioning— The Portfolio View	Building "glocalized" capabilities that seek integration and global standardization at the same time as local flexibility and autonomy	Upstream oil building cross-disciplinary collaboration centers
The Resource-Based View	Leveraging unique information on an enterprise-wide scale	Global tracking database for small parcel and package supply chain management on a global scale
Dynamic Capabilities	Fast reconfiguration of information-based capabilities and product features into new capabilities and products	Self-service platforms for Internet banking; completely modelled product architecture
		3-dimensional concurrent engineering (automotive, defense, airline)
Core Competencies	The provision of access to, protection of, and dissemination of information which acts in support of core competencies	In hearing aids, enterprise architecture may support the deep collaboration between audiologists and software engineers by providing collaboration platform and organizational structures and processes that promote crossdisciplinary collaboration
Strategy as Ecology	Build ecosystem-wide platform services to foster co-evolution among the organization and its complementors	Governments using social media to engage its citizens in developing new services and self-service models

In considering the different strategic forms that have emerged since the 1950s and up to current times, it seems that enterprise architecture is useful in creating a set of capabilities that are essential to several strategy schools:

- Creating platforms for cross-disciplinary collaboration
- Creating platforms for information sharing—making data, information, and knowledge global and available across business and functional silos
- Automating and integrating activities in the value chain
- Standardizing activities and processes across business units

Enterprise architecture is about breaking down the boundaries between internal organizational units and fields of expertise, between internal automated or semi-automated activities, and between the organization and its consumers or suppliers. A&G

JAN GRAVESEN is an IBM executive architect specializing in enterprise architecture and public sector transformation and strategy.





Inless you've been living under a rock, it will be no surprise to hear that the global economy has its challenges. Instead of waiting for global corrections, companies have resorted to solely relying upon themselves for growth. However, with its narrow tolerance for error, self-growth is typically the most challenging.

Because cutting costs and optimizing for efficiency will only take a company so far, many companies are compelled to revisit their value proposition to their market. Even for companies that want to stay close to what they currently do, any kind of reinvention represents vast and exciting potential. However, it also brings change and challenge.

As a CTO, I have worked with many other leaders undergoing a business transformation and have developed an approach to take the edge off an otherwise daunting task. As a strategic leader in your organization, whether you are currently experiencing or recently completed a transformation, some of this should be familiar to you. Or if you're expecting to transform your business

soon, this article provides insight and guidance on how to leverage differentiating capabilities for a successful digital transformation.

# YOUR UNIQUE BUSINESS CAPABILITIES BRING YOUR STRATEGY TO LIFE

What is a business capability?

A business capability is *what* your company does to support its strategy, not *how* it does it. At the highest level, I tend to group business capabilities into one of two buckets: commodity (or operational) and differentiating.

Commodity capabilities include activities such as payroll or invoicing. It is unreasonable to think that any client is going to choose you because you have the best invoicing capability. Yet, without it, a company cannot exist.

The others are differentiating capabilities. These are the aspects of a company that make it attractive to prospective clients and also provides the stickiness for

existing clients. In addition to that, having differentiating capabilities that work well together as a whole is a way to truly create value and support your company's brand promise.

For example, you may look at two media companies from afar and see that they both have the business capability to efficiently rent movies to customers. However, they may each implement this business capability much differently. One will most likely succeed over the other. Look at the days of the video store, then video kiosks, and now video streaming. They can all check the box that says, "Distribute media content efficiently at a competitive price." But the company that has innovated and made itself the most valuable and relevant to its market is ultimately going to rise above the competition.

To start, let's look at the four components that make up the anatomy of a business capability:

- **Technology:** Software, hardware, other tools
- Process: How you operate
- People: Skills and culture
- **Organization:** How you structure people, the tools they use, and the processes that tie them together

Both operating and differentiating capabilities do not always need all four components to exist or be effective, but they will always have at least one.

For the purpose of this article, let's assume that a business strategy already exists. Your strategy may be based on events such as the availability of a new technology or a shift in the competitive landscape. Whatever the driver, once the strategy has been established, the business capabilities must bring these strategies to life.

As you continue to read this article, I will use a real-world example of a health insurance payer that successfully transformed its enterprise as a result of regulatory changes stemming from the Affordable Care Act (ACA). In order for the company to become more cost effective and have the ability to significantly increase its capacity for insurance applications, underwriting, and policy fulfillment, leadership decided that an enterprise overhaul was required.



#### **KNOW WHERE YOU ARE**

To begin any kind of strategic transformation, it is important for organizational leadership to know what it already has in terms of the four components—or the "As-Is." Although many of the details can certainly be gathered from subject matter experts and people in the trenches, leadership needs to be involved to ensure all areas of the organization remain aligned. Just think about how many times you've heard company leaders say they were on the same page and truly believe it? If they are not involved from the start, it will be hard to recognize a lack of alignment.

Knowing from where you start in terms of the four components (technology, people, process, and organization) of a business capability is usually straightforward. However, for our insurance company, this was not the case. As the result of inefficient processes and a recent exodus of key people, little had been done with regard to documenting what the company's capabilities were or how they were being implemented.

This led to an effort to catalog what the company had by using the four categories as a framework. From this, one can build the inventory from the bottom-up and infer which business capabilities existed. It also afforded the team a catalog of which tools, processes, people, and organizational structures were already in place.

One of the company's many business capabilities is to process health insurance applications. Since all applications were currently processed via paper, in order to meet the company's future capacity needs, reduce cost, and expedite customer fulfillment, a digital transformation was deemed necessary. This would allow the company to meet the changes around ACA and also capture opportunities that resulted from changes connected to ACA. This decision led the company into the next step.



#### **KNOW WHERE TO GO**

As digital transformation takes shape during the second step, the "To-Be" state is designed and leaders align. This is what the company both wants and needs to meet its business strategy. In the case of the insurance company, all four components were affected:

- Technology: Software was needed to manage user accounts, collect dynamic applicant information, comply with regulations, and automate underwriting and fulfillment. Additionally, software was required to track and provide immediate status from enrollment through fulfillment.
- Process: With this change, the collection of paper applications was about to be sunsetted and handoffs to underwriting would also make a major turn. In addition to having immediate visibility of the application throughout the underwriting process, policy packet distribution was streamlined and most of the underwriting approval process was automated.
- People: Typically, digital transformations give rise to large change management initiatives. In this case, data entry of paper applications into a mainframe by clerical workers was minimized and eventually eliminated. Additionally, call center staff needed to be trained on finding and helping customers with their electronic records and website data. Agents, managing their book-of-business, needed visibility into information that allowed them to service their clients.
- Organization: A variety of organizational changes resulted from the transformation including: an IT support team was created to handle production software products; call centers had to take on more responsibility with decreased head count; and a paper processing department was scaled down significantly. Finally, the IT team needed to be restructured in order to support its expanding role in achieving the new business objectives of the enterprise. The agents were also part of this transformation and helped define how they needed to work with their clients.



#### **GOING FROM AS-IS TO TO-BE**

The third, and final, step of any business and software transformation is to create the road map from the "As-Is" to the "To-Be." Because this transformation typically takes place while both business and software are still operating, it is usually the most challenging and intricate part of the journey.

For our healthcare insurance company, the road map included making transitional plans for its technologies, processes, people, and organizational structures. Here are a handful of planned changes that were implemented as well as their outcomes:

- Technology: Platforms consisting of redundant applications, data, and products were consolidated. New tools were defined, developed, and used in innovative ways to leverage automation capabilities.
- Process: For business and IT, true alignment among leaders was essential, along with process visibility, rigorous testing, and contingency plans. These steps helped to ensure that the overall rollout was reasonable and eliminated any significant surprises. IT changed how it built software tools for business. Underwriting procedures were completely transformed.
- People: When applicable, people were reallocated to different roles and given new skills to meet their new roles. Culture would also change with this transformation to be more business outcome and team oriented.
- Organization: A more sophisticated IT organization was designed and would include a PMO, Product Management, Product Support, and newer technologies that better support talent recruitment. Policy fulfillment time and underwriting would also receive an overhaul.

In addition to its original goals, the company was also able to more than double its policy base through M&A because of this digitization effort. Policy fulfillment head count was reduced by about 75 percent, and MORE ON PAGE 16

application turnaround time went from one month to a few days.

#### **BOTTOM LINE: STAY AHEAD OF YOUR COMPETITION**

As a leader in your organization, once consensus is reached to initiate a transformation, there are questions you need to ask yourself right from the start. For example, should you be looking for outside assistance? Do you need to hire new talent or invest in leveraging current talent? Transformation is a big lever to pull for any company.

Finally, if a system of capabilities is created that is successful and will directly support your strategy, your competition will take notice.

If you've fully addressed the four components discussed in this article, it is unlikely that your competitors can replicate your success. While they will be able to see the final outcome of your work, they won't be able to see

the four components of your new capability or the vision that was its genesis.

Having your capabilities designed and implemented as a system can be a monumental advantage that is healthy for you and your customers and potentially toxic for your competition. **A&G** 

DAVID KATAUSKAS, a 20-year software veteran, is the CTO of Geneca. David's experience ranges from software developer, enterprise architect, and system designer to IT strategist and client partner. As CTO, David provides the technical vision for the company and helps its delivery teams stay focused on success for clients, Geneca, and themselves.



#### **A&G CALENDAR**

#### **Gartner Enterprise Architecture Summit**

June 4–5, 2014 National Harbor, MD

http://www.gartner.com/technology/summits/na/enterprise-architecture/

#### **Forrester's Forum for Technology Management Leaders**

June 12-13, 2014

London, UK

http://www.forrester.com/Forresters+Forum+For+Business+Technology+Leaders+EMEA/-/E-EVE6379

#### **IRM UK's 15th Annual Enterprise Architecture Conference**

June 16-18, 2014

London, UK

http://www.irmuk.co.uk/eac2014/index.cfm

#### **Government Technology Resource Alliance**

June 22-24, 2014

Leesburg, VA

http://june2014.gtra.org/

#### **Building Business Capability**

November 2-6, 2014

Hollywood, FL

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