Building and Putting Your Business Capability Model to Work
The Journey to Efficient Business Capability Enablement

Moderator: Brent Cassell
25 October 2012
A FRAMEWORK FOR MEMBER CONVERSATIONS

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ROADMAP FOR THE PRESENTATION

Introduction → Business Capabilities in Practice → Upcoming Events
Business capabilities are the critical currency for aligning IT to the business.

- Use business capabilities to drive consensus across a multiyear time horizon, while maintaining a clear line of sight to IT investments.
- Organize the capability model to surface common organizational objectives at the logical level by avoiding a structure that resembles the organizational structure or its processes.

**Business Capability Definition**

The organization's desired or existing capacity to achieve a specific effect, goal, or objective; enterprises consist of a portfolio or matrix of capabilities that are used in various combinations to achieve outcomes. A business capability can be disaggregated into people, process, technology, and information components.

**USE BUSINESS CAPABILITIES TO SHARPEN FOCUS ON STRATEGY EXECUTION**

- **Business Capabilities Make Strategy Actionable**
- **Map business capabilities to SOA services.**
- **Include information in the list of key business capability enablers, along with people, process, and technology.**
- **Use capability roadmaps to drive IT investment planning.**
- **Link strategy to operations via business capabilities.**
- **Align investments to the underlying business model.**

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1 Pseudonym.
Use business capabilities to ensure that service coverage is complete.

- Business capabilities are elevated above IT silos; they ignore distinctions between infrastructure, applications, and other functional towers within IT.
- Business capabilities are much more stable than technologies or business processes.

<table>
<thead>
<tr>
<th>Business Strategy</th>
<th>Business Capability</th>
<th>Business Process</th>
<th>Application</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IT Objectives</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Enables Business Transparency</td>
<td>Ensures Common Goals</td>
<td>Cuts Across IT Silos</td>
<td>Allows Cost Aggregation</td>
<td></td>
</tr>
<tr>
<td>Benefits and Drawbacks</td>
<td>Owned by business partners; changes frequently; difficult to align to specific IT investments.</td>
<td>Business capabilities are the key activities needed to deliver strategic goals. They are easy for business stakeholders to understand, but retain direct links to IT investments.</td>
<td>Business processes offer a shortcut to defining business capabilities, but they are not stable, transparent, or cross-cutting enough to underpin end-to-end IT services directly</td>
<td>Not comprehensive; rarely fully aligned to daily business partner activities.</td>
</tr>
</tbody>
</table>
BUSINESS CAPABILITY MODELING IS A KEY TOOL FOR SUPPORTING TRANSFORMATION

Business capabilities are finding utility for long range planning as well as execution.

Conventional Mapping Methods Don't Work for Long

- IT leaders are realizing that mapping IT applications to business processes does not enable an adaptive organization
- Applications are monolithic, and not amenable to change
- There are too many applications for a mapping to processes to form a meaningful or actionable system

Business Capabilities are a Better Alternative

- Business capabilities function at a level above organizational silos, making common capabilities easier to identify
- Business capabilities are more stable and durable than processes, technologies, or applications
- Business capabilities enable greater transparency and drive common goals

The Shift to End-to-End IT Services is Creating Urgency

- To make an organization-wide shift as large-scale as the one to end-to-end IT services, IT leaders are realizing that they need a comprehensive and logical taxonomy
- IT leaders are realizing that business capabilities are the most appropriate bridge for supporting IT’s transition to an end-to-end services organization
An inability to validate business capabilities with the business early and often is a failure path.

LONG-TERM SUCCESS DEPENDS ON BUSINESS OWNERSHIP AND EA STEWARDSHIP

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business demand is expressed in terms of technology solutions</td>
<td>Demand is expressed in terms of business capabilities</td>
</tr>
<tr>
<td>Technologies are unchecked and frequently divorced from business strategies</td>
<td>There is a clear line of sight between business capabilities and their technology enablers</td>
</tr>
<tr>
<td>Conversations between IT and the business focus on processes, technologies, and solutions</td>
<td>Conversations between IT and the business focus on business needs and strategies</td>
</tr>
<tr>
<td>Confusion around vocabulary and definitions on both the part of IT and the business; each side viewing the other as speaking a different language</td>
<td>Clarity on vocabulary and definitions on both the part of IT and the business; transparent conversations with plain talk</td>
</tr>
<tr>
<td>Business partners frequently circumvent IT</td>
<td>Business partners less frequently circumvent IT</td>
</tr>
</tbody>
</table>
ROADMAP FOR THE PRESENTATION

Introduction → Business Capabilities in Practice → Upcoming Events
CONSIDER ALL CAPABILITY DIMENSIONS

The “Capability Cube”

- **Context**: What is its purpose?
- **Information**: What information is used or produced?
- **Technology**: What technology supports this capability?
- **Processes**: How does it provide things/services?
- **People**: Who is involved?
- **Investment**: What are the risks, costs, and benefits associated with it?

When defining capabilities, don’t just think in terms of people, process, technology, and information, but also include the context and the investment rationale.

- Context brings a capability into organizational perspective to better appreciate its purpose.
- Investment details the capability’s maturity level to date, the expected return, and how much to continue to invest.
INFORM THE MODEL STRUCTURE USING CAPABILITY TYPES

Build out capabilities at the logical level, based on capability types, so they are not tied to current organizational structures or business functions.

Planning Capabilities
The planning capabilities take account of all external and internal agendas for change and carry out analysis, monitoring, and reporting to close the loop.

Transforming Capabilities
The transforming capabilities develop the detailed design and manage the development and transition to new or improved capabilities and services.

Operating Capabilities
The operating capabilities deal with all customer services and form the raison d’être for the organization.

Enabling Capabilities
The enabling capabilities are the supporting capabilities that ensure the organization functions on a day-to-day basis.

“Business capabilities are the ‘primary key’ into an understanding of the organization. With them you can relate all aspects of the organization logically.”

Krista Kerr
Director of Strategic Architecture
Department of Human Services
ADD RIGOR TO EXECUTION WITH CAPABILITY HEATMAPPING

The Business Capability Model Heatmap
Illustrative

Prioritize capability investments based on their strategic impact and gap to capability goal.

“Strategies, initiatives, and activities can now be evaluated using the capability work. These evaluations are a quick and effective response to the need for guidance.”

Krista Kerr
Director of Strategic Architecture
Department of Human Services

Change Required

- Operational Only
  - Low (Capability changes required for < 20% of strategic priorities)
  - Medium (Capability changes required for 20–40% strategic priorities)
  - Critical (Capability changes required for > 40% of strategic priorities)

Capability Maturity Score

- 0  Incomplete
- 1  Initial
- 2  Repeatable
- 3  Defined
- 4  Quantitatively Managed
- 5  Optimizing

Capability Maturity Gap

Future Maturity
(Current Maturity)
Business scenarios help surface the capabilities needed to solve particular pain points.

- Business scenarios describe current and future states using real life events, processes, and functionalities.
- Scenarios guide the development and evaluation of the capabilities necessary to carry out a business activity.

"Capabilities can be a pretty abstract concept for many of our business partners. Scenarios help them come to life.”
David Furlong
Managing Director, Business Architecture

DO facilitate scenario creation to avoid results that focus on fixing immediate problems.

DON’T let the number of identified capabilities exceed a reasonable upper limit (12–15).

## Scenario-Based Capability Identification

### Scenario: Individual Meets a Mortgage Specialist and Applies for a Mortgage

**Pain Point:** The Individual Must Often Wait Several Days Before Receiving an Answer (Illustrative)

<table>
<thead>
<tr>
<th>Current State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicand contacts RBC to request mortgage.</td>
</tr>
<tr>
<td>MS meets with the applicant.</td>
</tr>
<tr>
<td>Application is completed.</td>
</tr>
<tr>
<td>Application is submitted for adjudication.</td>
</tr>
<tr>
<td>Application is adjudicated.</td>
</tr>
<tr>
<td>Results are communicated to MS.</td>
</tr>
<tr>
<td>Applicant gets conditional approval.</td>
</tr>
<tr>
<td>Applicant submits required docs.</td>
</tr>
<tr>
<td>Documents are verified.</td>
</tr>
<tr>
<td>Client executes documentation.</td>
</tr>
<tr>
<td>Mortgage is approved.</td>
</tr>
<tr>
<td>Mortgage is set up on RBC systems.</td>
</tr>
<tr>
<td>Funds are advanced.</td>
</tr>
</tbody>
</table>

### Pain Points—Inefficiencies

1. The application submitted by the MS is often incomplete. The application is reviewed for completeness and adjudicated. The conditional approval, along with a list of required documents are then sent back to the MS, who will communicate the results, a conditional approval, back to the applicant. This process can take several days and requires a significant time and effort from RBC resources.

### Future State

#### Incremental Improvement

<table>
<thead>
<tr>
<th>Future State</th>
</tr>
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<tbody>
<tr>
<td>Applicant contacts RBC to request mortgage.</td>
</tr>
<tr>
<td>MS meets with the applicant.</td>
</tr>
<tr>
<td>Application is completed.</td>
</tr>
<tr>
<td>Application is adjudicated on the spot.</td>
</tr>
<tr>
<td>Applicant gets conditional approval.</td>
</tr>
<tr>
<td>Applicant submits required docs.</td>
</tr>
<tr>
<td>Documents are verified.</td>
</tr>
<tr>
<td>Client executes documentation.</td>
</tr>
<tr>
<td>Mortgage is approved.</td>
</tr>
<tr>
<td>Mortgage is set up on RBC systems.</td>
</tr>
<tr>
<td>Funds are advanced.</td>
</tr>
</tbody>
</table>

#### Significant Improvement

2. Client executes documentation. |
3. Mortgage is approved. |
4. Funds are advanced.

#### Change the Game

What would a truly transformational scenario look like?

**New Capabilities**

1. Portable credit scoring system and rules engine
2. Document verification at POS
3. Automated disbursement

**Required Changes**

1. How are pain points addressed?
   - Credit scoring engine must be available to the mortgage specialist, permitting an on-the-spot adjudication.
2. Document verification enabled at the point of sale by the MS.
3. Highly automated process advances funds without the need for human intervention.
# BUSINESS ARCHITECTURE BASE CAPABILITY MODEL

<table>
<thead>
<tr>
<th>Plan</th>
<th>Change</th>
<th>Run</th>
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</thead>
<tbody>
<tr>
<td>Analytics</td>
<td>Adjudication (Underwriting)</td>
<td>Origination</td>
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<tr>
<td>Business Intelligence</td>
<td>Credit Assessment</td>
<td>Account Renewal</td>
</tr>
<tr>
<td>Campaign Reporting Analytics</td>
<td>Credit Decisioning</td>
<td>Application Data Capture</td>
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<tr>
<td>Competitive Intelligence</td>
<td>Credit Scoring</td>
<td>Deal Shaping</td>
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<tr>
<td>Measures and Metrics Analytics</td>
<td>Aggregation</td>
<td>Pricing Optimization</td>
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<tr>
<td>Performance Analytics</td>
<td>Aggregation, Building, and Deal Management</td>
<td>Product and Service Fit/Next Best Fit</td>
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<tr>
<td>Profitability Analytics</td>
<td>Customer Pricing</td>
<td>Product Optimization</td>
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<tr>
<td>Root-Cause Analysis and Trending</td>
<td>Product/Service Configuration</td>
<td>Quote Generation</td>
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<tr>
<td>Assess and Design</td>
<td>Fulfilment</td>
<td>Payments</td>
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<tr>
<td>Process</td>
<td>Account Fulfilment</td>
<td>Billing Services</td>
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<tr>
<td>Technology</td>
<td>Disbursement</td>
<td>Payee Management</td>
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<td>Benchmarking</td>
<td>Product Fulfilment</td>
<td>Payment Management</td>
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<td>Standards Management</td>
<td>Service Fulfilment</td>
<td>Pre-Sales (Distribution)</td>
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<td>Strategy Development</td>
<td>Transaction Fulfilment</td>
<td>Client Education</td>
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<td>Marketing</td>
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<td>Opportunity Management</td>
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<td>Product/Service Management</td>
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<td>Sales Planning</td>
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<td>Needs Assessment</td>
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<td>Sales Effectiveness Management</td>
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<td>Selling/Merchandising</td>
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</table>

<table>
<thead>
<tr>
<th>Common</th>
<th>Run</th>
<th>Level 1 Capability</th>
<th>Level 2 Capability</th>
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</thead>
<tbody>
<tr>
<td>Business Rules Management</td>
<td>Finance Management</td>
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<td>Reconciliation Rules Management</td>
<td>Expense Control</td>
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<tr>
<td>Rule Composition</td>
<td>FA Management</td>
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<td>Rule Execution</td>
<td>Financial Analysis Management</td>
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<td>Rule Orchestration</td>
<td>Financial Data Modeling Analytics</td>
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<td>Rule Traceability</td>
<td>Financial Data Transaction Management</td>
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<td>Business Process Management</td>
<td>Financial Data Validation</td>
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<td>Modelling and Simulation</td>
<td>GL Management</td>
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<td>Process Configuration Management</td>
<td>GL Management</td>
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<td>HR Management</td>
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<td>Process Governance</td>
<td>Benefits and Compensation Management</td>
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<td>Process Methodology</td>
<td>Recruiting and Talent Management</td>
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<td>Process Repository</td>
<td>Roles Management</td>
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<tr>
<td>Workflow Analytics</td>
<td>Skills Assessment and Training</td>
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<td></td>
<td>Train, Mentor, and Development Management</td>
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<td></td>
<td>Workforce Management</td>
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<td></td>
<td>Integration Management</td>
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<td></td>
<td>Third-Party, Govt, and Reg. Data Integration</td>
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<td></td>
<td>Business Data Integration</td>
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<td></td>
<td>Channel Integration Management</td>
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<td>Client Data Integration</td>
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<td></td>
<td>Operational Data Integration</td>
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| DHS AUSTRALIA | RBC | MERCK | GRYPHON BANK | PITNEY BOWES | METLIFE |

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LINKING BUSINESS STRATEGY TO CAPABILITIES

Illustrative

Merck’s EA group uses the Business Journey Storyboard to surface pain points.

The Strategy on a Page Template articulates a set of business imperatives that EA can map to relevant capabilities.

**DO** frame business goals in key stakeholder experiences to help business partners articulate pain points.

**DON’T** let the absence of documented strategy serve as a barrier to capability roadmapping.

---

**FINANCE**

**2010 Experience**
It’s difficult to create annual plans because the budget data I need comes from multiple sources, and I’m not always sure it’s accurate.

**2012 Experience**
I have one source I can go to for my annual-planning needs, and I know the data is correct.

---

**Strategy on a Page**

**Business Drivers and Goals**
What we desire to accomplish

Optimize corporate performance through strategic financial planning.

**Outcomes**
How we know we’ve achieved the goal

Annual-planning time reduced while increasing accuracy in forecasting.

**Business Imperatives**
Actions we need to take to accomplish the goal

Define and adopt a standard global-planning, budgeting, and forecasting process utilizing a common data source.

---

**Business Capability**
Strategic and Tactical Financial Planning
ESTABLISHING CAPABILITY Targets

Finance Capability Realization (Total Budget $9 M)

Illustrative

<table>
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<tbody>
<tr>
<td>Strategic and Tactical Financial Planning</td>
<td></td>
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</tr>
<tr>
<td>Accounting to Reporting</td>
<td></td>
<td>$1.5 M</td>
<td>$3 M</td>
<td></td>
</tr>
<tr>
<td>Treasury and Capital Management</td>
<td></td>
<td>$2.5 M</td>
<td>$4 M</td>
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</tr>
</tbody>
</table>

**Capability Target Assessment Criteria**

Merck’s EAs work with business partners to force trade-offs between cost and capability targets across the following four dimensions:

1. **People**: Skills needed to support new capabilities and/or process improvements
2. **Process**: Level of process maturity and standardization required
3. **Information**: Quality and completeness of data required
4. **Technology**: Availability of tools that provide end-to-end support

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"Business partners always want more than budgets allow. It’s our job to help them assess where they need to be industry leaders and where it’s okay to meet the industry standard by illustrating the business costs and technical costs."

Paula Kowalczyk
Senior Director, Business and Solutions Architecture
Merck & Co., Inc.
Help business partners understand the business and technology implications of different paths to the target state.

- Create implementation scenarios that enable certain capabilities before the target state is reached.

**DO** present business partners with alternative paths to reaching the target state that they can choose from.

**DON’T** assume there’s only one right path to the target state.

---

### SETTING CAPABILITY REALIZATION HORIZONS

Implementation Scenarios

*Illustrative*

<table>
<thead>
<tr>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current State</strong></td>
<td><strong>Interim State</strong></td>
<td><strong>Interim State</strong></td>
<td><strong>Target State</strong></td>
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<tr>
<td>Current state evaluation</td>
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<td></td>
<td>100% of capabilities realized</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>New applications rolled out</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>Legacy applications decommissioned</td>
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<tr>
<td>Scenario A</td>
<td></td>
<td></td>
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<tr>
<td>Current state evaluation</td>
<td>Capability 2 realized</td>
<td>100% of capabilities realized</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legacy applications decommissioned</td>
<td></td>
</tr>
<tr>
<td>Capability 1 urgency: low</td>
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<tr>
<td>Capability 2 urgency: moderate</td>
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<tr>
<td>Scenario B</td>
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</tr>
<tr>
<td>Current state evaluation</td>
<td>Capability 2 realized</td>
<td>100% of capabilities realized</td>
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<tr>
<td>Capability 1 urgency: low</td>
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<td>Legacy applications decommissioned</td>
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<tr>
<td>Capability 2 urgency: moderate</td>
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<tr>
<td>Scenario C</td>
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</tr>
<tr>
<td>Current state evaluation</td>
<td>Capability 1 realized</td>
<td>Capability 2 realized</td>
<td>100% of capabilities realized</td>
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<tr>
<td>Capability 1 urgency: high</td>
<td></td>
<td></td>
<td>Legacy applications decommissioned</td>
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<tr>
<td>Capability 2 urgency: moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capability 3 urgency: low</td>
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**Feasibility Assessment**

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<thead>
<tr>
<th>L</th>
<th>M</th>
<th>H</th>
</tr>
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<tbody>
<tr>
<td>Cost</td>
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<td></td>
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<td>Legacy Life Span</td>
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<tr>
<td>Complexity</td>
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<td>Business Urgency</td>
<td>✓</td>
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<tr>
<td>Time to Delivery</td>
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**DERF**

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<tr>
<td>DHS AUSTRALIA</td>
<td>RBC</td>
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</table>
PUTTING INFORMATION AT THE CENTER

Traditional Business Capability Model

Information-Centric Business Capability Model

“…We are trying to put information at the center of our capability analysis. We look at people, process, and technology from an information-centric perspective to emphasize the importance of information as an enabler of strategy.”

Head of Data Standards
Gryphon Bank

1 Pseudonym.
By focusing on the most critical business capabilities, executive-level buy-in for related information investments becomes easier to obtain.

- Gryphon Bank looks at six factors to determine business value, each of which is given a weight.
- Those capabilities that score above 2.5 are prioritized for further analysis and information remediation.
- Through this process, Gryphon reduces the number of business capabilities on which it will focus from 66 to 25.

**Business Value Drivers**

<table>
<thead>
<tr>
<th>Credit Risk Administration Capabilities</th>
<th>Business Value Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain Documentation</td>
<td>Low</td>
</tr>
<tr>
<td>Assess, Investigate, and Remediate Data</td>
<td>Medium</td>
</tr>
<tr>
<td>Approve and Control Disbursement</td>
<td>Medium</td>
</tr>
<tr>
<td>Detect Fraud</td>
<td>High</td>
</tr>
</tbody>
</table>

**Total Score (Weighted Average)**

- **Maintain Documentation**: 2.28
- **Assess, Investigate, and Remediate Data**: 3.05
- **Approve and Control Disbursement**: 3.76
- **Detect Fraud**: 1.52

**Business Value Contribution**

- None
- Low
- Medium
- High

DO adjust the business value weights based on shifting firm priorities.

DON’T analyze below the capability level as the number of processes and tasks is too numerous.

---

1 Pseudonym.
From Data to Information

Data Heat Map
Illustrative

Data subject areas become Information Assets if they do the following:

1. Impact at least 10 of the 25 capabilities.
2. Have a maturity gap of two colors for at least five of those capabilities.

**DO** review the heat map on an annual basis when the roadmap gets updated.

**DON’T** try to turn every cell in the heat map green, but only raise maturity to the level required to enable the capability.

“We needed a way to distinguish the data subject areas that were most important to us. We wanted to think of them as assets, treat them as assets, and govern them as assets.”

Head of Data Standards
Gryphon Bank

<table>
<thead>
<tr>
<th>Data Subject Areas</th>
<th>Credit Risk Administration Capabilities</th>
<th>Transaction/Trade</th>
<th>Data Subject Area 28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain Documentation</td>
<td>R</td>
<td>Y</td>
<td>O</td>
</tr>
<tr>
<td>Assess, Investigate, and Remediate Data</td>
<td>Y</td>
<td>G</td>
<td>R</td>
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<tr>
<td>Approve and Control Disbursement</td>
<td>R</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>Detect Fraud</td>
<td>O</td>
<td>G</td>
<td></td>
</tr>
<tr>
<td>Capability 25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Vertical views** capture a data subject area’s health and breadth of impact.

**Horizontal views** indicate the data health of a business capability.

**Drill downs** for each cell detail the future state and gap analysis for that data subject area.

Data subject areas are selected to become Information Assets.

Nine Data Subject Areas Out of 28 Become Information Assets

**Data Subject Area Maturity Ratings**

- R: Fragmented: Information Is Unavailable, Unreliable, and of Insufficient Granularity
- O: Remediated: Information Is Available but Uncontrolled at the Source
- Y: Controlled: Information Is Available and Controlled, but Not Fully Automated
- G: Intelligent: Information Is Available, Controlled, Highly Automated, Centralized, and Managed
- □: Data Subject Not Relevant to Function

**DEFINITION**

Information Assets—Data subject areas that are set aside for active governance and investments given their enterprise-wide importance and data maturity gaps

1 Pseudonym.
**MAP SOA SERVICES TO BUSINESS CAPABILITIES TO CREATE FLEXIBILITY**

Approaches to IT-Business Alignment

### Traditional Approach: Map Applications to Business Processes

1. Processes are numerous, inconsistent, and unstable as an organizing structure.

2. Applications are often monolithic and difficult to quickly enhance or replace.

### Progressive Approach: Map SOA Services to Business Capabilities

3. Business capabilities are a more stable element to use for planning purposes, while SOA services allow IT to respond more flexibly.

---

To effectively bridge the gap between business capabilities and SOA services, map level 3 capabilities to composite services.

Anchoring to business processes becomes problematic as more new development shifts away from process automation and toward information.
MAP THE LANGUAGE OF THE BUSINESS TO THAT OF IT

Illustrative

To be an effective conduit, EA speaks the language of capabilities to the business and the language of SOA services to IT.

- To satisfy emerging business needs, EA traces business capabilities to the SOA services that comprise potential solutions.
- Pitney Bowes finds that level 3 capabilities and composite services provide the right altitude for effective mapping.

“EA’s role is to ensure that the consumer need is covered via technical services. Above the line, we talk capabilities in plain business English. Within IT, below the line, we talk technical services.”
Kevin Cattell
Vice President, Chief Architect
Pitney Bowes Inc.
THE SIMILARITIES BETWEEN SERVICES AND CAPABILITIES

Business capabilities have many characteristics that make them comparable to end-to-end IT services.

- The process for identifying business capabilities also requires the examination of which customers and products depend on each capability, an exercise that is not common to most service definition processes.

- Identifying business capabilities requires equal input from business partners and IT, ensuring that business perspectives form a significant share of the outputs.

### AN END-TO-END IT SERVICE SHOULD

- Use business-relevant language.
- Include the value proposition for end users.
- Describe resources/assets bundled as service.
- Align to business activity important to business partners.

### A BUSINESS CAPABILITY SHOULD

- Use business-relevant language.
- Include the enterprise value of the capability.
- Map to processes and systems.
- Align to business activity important to business partners.

### AN END-TO-END IT SERVICE SHOULD NOT

- Use technical jargon.
- Be an inventory of resources/assets offered.
- Be too business-focused.
- Be too technology (asset)-focused.

### A BUSINESS CAPABILITY SHOULD NOT

- Use technical jargon.
- Be an inventory of processes.
- Be focused on business strategy.
- Be technology-focused.
Map business capabilities to their underlying processes, technologies, customers, and outcomes to gather the insight needed to aggregate capabilities into services.

- MetLife maps where the components of a capability could impact overall service performance.
- Information on supporting processes and systems helps guide pricing decisions and build service-level performance metrics that are meaningful given the underlying assets and processes.
- MetLife uses a standard architecture framework to map systems and processes to each capability (TOGAF).

**Business Capability Alignment**

*Illustrative for Several Capabilities*

**Business Capabilities**

- Claim Resolution
- Provide Claims Support
- Initial Claim Notification
- Maintain Billing History
- Administer Invoicing

**Supporting Business Processes**

- Map IT systems and business processes to the capabilities they support.

**Supporting IT Systems**

- Make clear connections to desired business outcomes.

**Business Outcomes/KPIs**

- Understand which business partners rely on each defined capability.

**Products and Business Partners**

- Understand what customers most need from business partners.

**Customers/Markets**

- **DERF**
- **xx-xxxx**
- **Catalog #**
- **CIO0251411SYN**
- **Title**
- **DERF 12-0586**
- **Catalog #**
- **CIO2355912SYN**
- **Title**
- **DHS AUSTRALIA**
- **RBC**
- **MERCK**
- **GRYPHON BANK**
- **PITNEY BOWES**
- **METLIFE**
Define services by grouping business capabilities that are mutually important to achieving a single business outcome.

- Service definitions should aggregate two to four capabilities that are closely aligned to a distinct business services or business activity.
- Grouping capabilities allows MetLife to define services using a consistent framework understood across the entire organization.
- MetLife focuses its analysis on level three (business service) capabilities. (See page 29 for examples.)

“Where you really want to get to is having a business capabilities service catalog that says ‘Here’s what it takes to support sales or here’s what it takes to quote a customer.’ This lets us pick the right SLAs, the right metrics, and make the right investments.”

Larry Blakeman
SVP and CIO of US Businesses
MetLife

**GROUP CAPABILITIES TO DEFINE SERVICES**

**Business Capabilities**

- Administer Invoicing
  
  (Outcome: Process Billing)
- Initial Claim Notification
  
  (Outcome: Manage Claim)
- Claim Resolution
  
  (Outcome: Manage Claim)
- Maintain Billing History
  
  (Outcome: Process Billing)
- Provide Claims Support
  
  (Outcome: Manage Claim)

**Billing Management Service**

- Administer Invoicing
  
  (Outcome: Process Billing)
- Initial Claim Notification
  
  (Outcome: Manage Claim)
- Maintain Billing History
  
  (Outcome: Process Billing)
- Claim Resolution
  
  (Outcome: Manage Claim)
- Provide Claims Support
  
  (Outcome: Manage Claim)

**Claims Management Service**

- Implementing

1. Capabilities composing a service must be at the same level.
2. Capabilities composing a service must align to already defined business activities.
3. Capabilities must have business outcome metrics that reflect the performance of all the capabilities that constitute the service.
ROADMAP FOR THE PRESENTATION

Introduction ➔ Business Capabilities in Practice ➔ Upcoming Events
UPCOMING EVENTS

Upcoming EAEC Events and Webinars

**Webinars**

- **High-Impact Leadership Transitions: A Transformative Approach**
  26 October 2012

- **Using Your Business Capability Model to Drive Efficient IT Development**
  6 December 2012

- **The Modern ARB Handbook**
  8 November 2012