



Altus

clear thinking for Financial Services

Capability Modelling

Walk into any technology-related conference these days and you'd be forgiven for thinking that everyone has a Service Oriented Architecture or is just about to deploy one. Dig a little deeper and you find that in many cases this amounts to little more than writing a few web services to expose the simpler bits of current systems.

There's nothing wrong with that from a technology perspective but there is much greater potential for SOA in delivering software that provides useful services from a business perspective. This is why we are now hearing a lot more talk about business capabilities as the core of what a business does with a corresponding emphasis on software that supports these capabilities - a much better cart and horse arrangement in our view.

But how do you work out what your business capabilities are and what state they are currently in? It sounds easy but developing a complete, consistent and integrated picture of what an organisation actually does is surprisingly easy to get wrong. That's why Altus has devised a reliable, repeatable and visual method for identifying and modelling business capabilities.



The Issue

As the Service Oriented Architecture story has matured over the last few years, there has been a growing realisation that the big business benefits around speed and agility are less about clever technology solutions and more about building robust services that reflect the core capabilities which the business needs to deliver.

The distinction between capability and business process has been slow to crystallise in some quarters but there is now a general recognition that services should reflect the relatively stable capabilities of a business with more volatile business logic abstracted to a separate process layer.

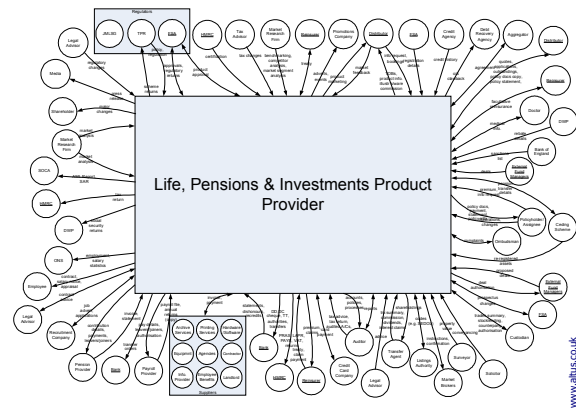
Unfortunately, there is rather less general agreement on how to go about identifying those business capabilities in the first place and very little in the way of robust process to go about it.

The Altus Approach

Here at Altus we take a systematic and engineered approach to all our work and that includes the way we approach capability modelling. As a result we have developed a reliable and repeatable method for identifying, classifying and exploring what it is that a financial services business does.

The starting point for this, as for much of our work in financial services, is an exploration of the data that flows into and out of the organisation - in the form of a business context model. In an industry that deals in intangible products with a lifespan measured in decades, it is surprising how often this data-driven view of the world is neglected in favour of sequential process thinking. The truth is that both views are essential to really understand a financial

Example Context Model



services business and our capability modelling approach fits hand in hand with our process discovery and analysis services.

Starting with an outside-in view of the business area is the most reliable method we have found for providing a solid foundation for detailed analysis. There are usually a few unique interactions but, with a combination of our domain experience and the knowledge of some key business people, it never takes long to scope a business in terms of who it interacts with.

The next step is to add a little detail around the interactions themselves. For each external actor identified in our first step we ask business experts about the information exchanged with them. We are not interested in detail here but examples of any documents or files that relate to these flows can be very useful. We typically capture all this information in one or two workshops, summarising and adding it to our context picture as we go. The result is one picture which shows all the inputs and outputs to the business which sits as a black box in the middle.



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The Altus Approach (cont.)

Next we organise these flows according to the broad type of information they deal with - things like Fund, Policy, Distributor, Money, etc. In truth this classification relies on a domain data model and we can reveal as much of this as necessary depending upon the audience.

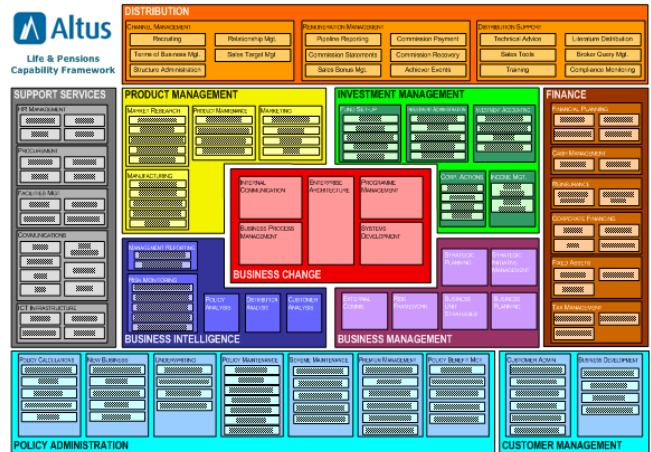
Now we start to break down the black box in our context model into smaller pieces that deal with similar things - the business capabilities. That breakdown is also based on the information they deal with and the next step is to connect each interaction with the corresponding high-level capability.

For each high-level capability we then repeat the exercise - adding detail to the information flows at the lower level in order to break down capabilities into steadily more granular pieces. For example, a flow that deals with policy information at the context level may actually be made up of different elements concerned with an illustration, application, claim, payment, etc. and these would form the basis of the next level of capabilities in this area.

The approach is based on years of experience during which Altus have developed outline models for typical financial services domains - which means we don't need to start from a blank canvas; if you need a starter for ten, we can supply it.

The end result is a set of diagrams arranged into levels (typically 2 or 3) showing the hierarchy of business capabilities and the information they deal with. The last step is then to represent the results of this analysis in a high-level non-technical picture.

Business Capability Framework



This may sound like window-dressing but is actually a crucial part of the exercise. The Capability Framework is not an abstract IT artefact; it represents a common language for what the business does and will add most value when used in discussions with business users around who does what and the resources they use to do it. Typical applications of the Capability Framework in our assignments have included mapping capabilities to products, organisation units, locations, systems and various combinations of these - all of which involve close cooperation with business users.

The Benefits

Our systematic, step-by-step method will give you a complete and robust picture of what the business does from a business perspective. It will provide a solid base for understanding your current operations and how they are supported plus a business-oriented starting point for any services you decide to develop.




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Altus understand Financial Services - the products, the processes, the people and the systems that make the whole thing tick. With years of experience in complex change programmes, we understand that successful solutions begin with the business.

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