



Altus

clear thinking for Financial Services

The Operating Model

For many years the Financial Services industry has poured money into expensive technology-led developments that have frequently failed to deliver the benefits they promised.

Projects themselves are often technically well-architected and engineered but continue to disappoint and constrain the business. One important cause is the frequent lack of a clear picture of what the business should look like. Despite all the architecture diagrams that get produced on a typical technology project (component diagrams, class diagrams, activity diagrams, etc.) the most important one for the business often gets overlooked - the Operating Model.

A helicopter view of how the business is organised in terms of people, process and systems is increasingly recognised as a vital ingredient of successful projects. But what does that picture look like and how do you produce it? This paper briefly describes how Altus approach the task and why a clear Operating Model will help you not only to do things right but to do the right things in the first place.



The Issue

It is surprising how many large change programmes proceed without ever painting a picture of how the business will look when they have finished - moving instead directly from a written business strategy to a series of technology components to support it.

Here at Altus we think that is like starting with detailed surveyor's plans without ever having an architect sit down with the client to sketch out what the finished house will look like. So we do things a bit differently.

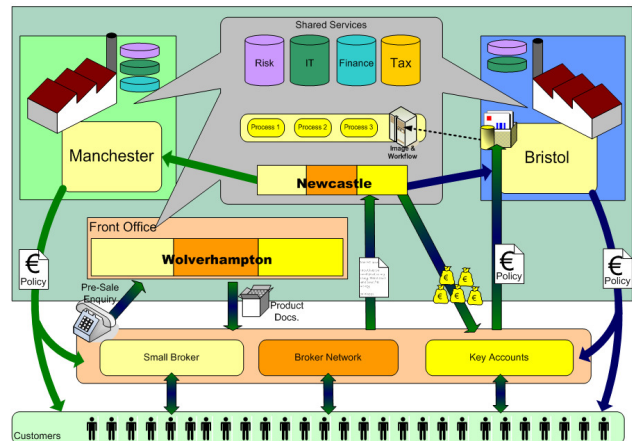
The Altus Approach

At Altus we start by sitting down with you and asking a few simple questions:

- Who are the key people in the outside world that your business deals with and what information do you exchange with them?
- What are the main processes that support those flows of information?
- How is the business organised to support these processes?
- Where are those processes carried out and what are the key functions and systems involved?
- Why does any of this need to change, i.e. what are the key drivers?

Next we look to understand your strategy and future vision for the organisation, which usually involves a lot of reading and several interviews with key decision-makers in the business. In the process, and to help with the discussion, we sketch out an early first draft of the future Operating Model for the business.

An example summary Operating Model



This typically takes a few iterations and there are some key principles we follow. The first is to keep the pictures simple and non-technical - they need to speak to a broad business audience rather than just IT. They should focus on the areas where change is most likely and ignore the large swathes that will continue as is. They should be presented from an organisation and process perspective rather than as systems architecture. And, importantly, they should be highly visual; these pictures will need to be sold internally to a wide range of stakeholders.

Once the pictures are agreed, Altus validates and adjusts the vision against key drivers and known business constraints to identify potential issues and devise a series of sustainable transition states. It is important to have this roadmap for credibility, but we are careful not to over-engineer it. The first steps should be clearly achievable but business priorities will inevitably change and the operating model should be seen as a living thing which can evolve in response to such changes.

The Altus Approach (cont.)

Having established the overall business vision, Altus will then apply broad knowledge of key technologies to highlight the system implications of the operating model and to develop a high-level application landscape which can support it. Of course, there is much more to do to develop a robust systems architecture but this step provides an important first bridge between business and IT; one which can be used to guide and inform subsequent projects.

Naturally, we at Altus bring our own considerable experience to all these discussions so the whole exercise tends to be a two-way exploration process.

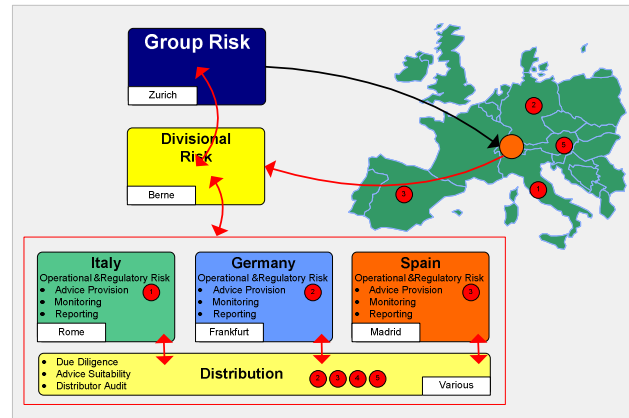
The Deliverables

The tangible output from the whole exercise is a presentation, typically condensed to 10-20 slides for a business audience, but with various supporting models containing further detail. The main body of the presentation will cover the key areas of change (typically by function), the major transition stages and a summary of key organisational impacts.

In truth, there is no universally agreed definition of an operating model and the line between this and some more detailed models, especially around process, is blurred - Altus is quite happy to adjust the depth of analysis to suit individual clients.

In addition, we like to take the model one layer deeper, from a systems perspective, to depict an overall application landscape which provides the confidence for the IT function that the model can indeed be supported.

An example of organisational impact



The Benefits

To return to our architectural metaphor, the Operating Model will provide a picture of what your house is going to look like when it's finished.

It may be (given the rate of business change in our industry), that the plans will have to change before it's completed but that's all the more reason to have a clear blueprint to consider such change against. Whether it be new systems, changes to process or organisational restructuring, we think you'll find the Operating Model to be an invaluable tool.

A less tangible benefit is the clarity that comes from articulating what many in an organisation assume is a shared vision only to discover that there are subtle differences of interpretation - the Operating Model is an ideal way to surface and resolve these.




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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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