Business Architecture Should Solve a Business Problem

Pragmatic definition and approach to business architecture

Solve problems without shouting, “We’re using Business Architecture!”

The overlap and differentiation between business architecture and other practices, such as enterprise architecture, business analysis, and project management.
Our Story Map For Today

January Highlights
- Prime Therapeutics Context
- Enterprise Analysis
- Estimate Classification

Q1 and Q2 2017
- Charting the 2017 Course
- Investment Evaluation
- Capability Management

Q3 and Q4 2017
- Business Planning Integration
- Cones and Pipes
- Investment Planning Redesign

Wrapping up 2017
- Business Architecture Capabilities
- Lessons from 2017
- Questions
January Highlights
What is Prime Therapeutics?
Our Purpose

To help people get the medicine they need to feel better and live well.
Our stats

18
Blue Plan owners

21
Blue Plan clients

20+ million
members

$22.6 billion
drug spend managed (2016)

305 million
annual claim volume (2016)

$17 billion
revenue (2016)

4,000+
employees
Our Recognition

- **Forbes 2017 AMERICA'S BEST MID-SIZE EMPLOYERS**
- **Top 100 Private Companies**
  Minneapolis/St. Paul Business Journal 2017
- **Inc. 5000 List of Fastest Growing Companies** 2017
- **CFO of the Year Honoree**
  Minneapolis/St. Paul Business Journal 2017
- **Certified NCQA Utilization Management**
- **20 Companies to Watch**
  Twin Cities Business Magazine 2017
- **Certified NCQA Health Information Product**
- **Fit Friendly Award American Heart Association** 2016
- **HITRUST CSF Certified**
- **Fast 50 Companies**
  Minneapolis/St. Paul Business Journal 2017
Business Architecture @ Prime
At its core, business architecture provides a representation of:

- What a business does – capability
- How it delivers stakeholder value – value stream
- The vocabulary it uses to communicate – information
- Business structure – organization

Acceleare defines business architecture as:

A strategy to execution framework for:

- Clarifying strategy
- Building an inspired business model
- Getting the right things done quickly
Where Does Business Architecture Fit?

In the organization

- Business Planning
- Business Architecture
- Program Management Office
- Information Technology
Where Does Business Architecture Fit?

In the lifecycle

Pre-Project Phases
- Strategic Planning
- Business Planning
- Investment Planning

Project Phases
- Enterprise Analysis
- Planning
- Execution
- Closure

Business Architecture
Where Does Business Architecture Fit?

In the timeline
(well, David’s timeline)

Enterprise Analysis
definition and piloting

Enterprise Analysis
scaling and continuous improvement

Enterprise Analysis
extended to all projects

Evolving to Capability Management

Capability Based Planning
(sort of…)

2013  2014  2015  2016  2017
The Context of Enterprise Analysis

Changing the order of the box cars…

Proposed Projects → Roadmap Planning → High Level Project Estimate → Selected Roadmap Projects → Project Initiation & Planning → Project Business Case → Project Execution

Business Needs → Enterprise Analysis → Business Case → Selected Business Investments → Project Packaging → Project Initiation & Planning → Project Execution

From a business case is what is needed to justify a project budget
To a business case justifies investment realized through a project
A New Process Framework For Enterprise Analysis

Business Need Analysis

Business Solution Analysis

Business Investment Analysis

Business Case
- Business Value Proposition
- Business Solution Approach
- Business Investment Approach

Enterprise Analysis

Business Problem or Opportunity
Value Stream Analysis

- **Intake Rx**: Value Item: Member prescription order received
- **Verify Insurance**: Value Item: Eligibility for service and claim verified
- **Fulfill Order**: Value Item: Member's order is picked and packed and ready for shipment
- **Distribute Order**: Value Item: Order is shipped and received by member

Legend:
- Blue: Capability Gap
- Gray: Out of Scope
- Green: Existing Capability
- Yellow: Incomplete Capability
- Gray: Missing Capability
- Gray: Value Stage

From no delivery preference management to member can select multiple delivery options.

From no ability to manage eligibility for retail distribution to supporting the ability to allow as a configurable attribute.

From no retail handling capability to a retail handing capability (receiving, security/authentication).

From no retail member receiving capability to supporting member pickup from retail locations.
Current Version of PBCM @ Level 0, 1 and 2

<table>
<thead>
<tr>
<th>Front Office</th>
<th>Middle Office</th>
<th>Back Office</th>
<th>Enabling</th>
</tr>
</thead>
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[Table and diagram content]

[Table content]

17
Estimation Classification
The Cone of Uncertainty

Cone of Uncertainty:

All software projects are subject to inherent errors in early estimates. The Cone of Uncertainty represents the best-case reduction in estimation error and improvement in predictability over the course of a project. Skilled project leaders treat the cone as a fact of life and plan accordingly.

Remaining variability in project scope (cost, size, or features)

4x
3x
2x
1.5x
1.25x
1x
0.8x
0.67x
0.5x
0.25x

Initial concept
Approved product definition
Marketing requirements complete
Detailed technical requirements complete
Detailed design complete

Cone or Cloud? Project predictability and control are attainable only through active, skillful, and continuous efforts that force the cone to narrow. The cone represents the best case; results can easily be worse.

Estimates are possible anywhere in the cone, but organizational commitments tied to project completion should not be made until about here—and only if work has been done to narrow the cone.

Software development is a process of continuous refinement. A well-run software project attacks areas of highest variability first to narrow the cone as rapidly as possible. Active control is needed throughout the project to keep the cone from widening again.

Source: Construx
# AACE Cost Estimate Classification System

## Primary Characteristic

<table>
<thead>
<tr>
<th>ESTIMATE CLASS</th>
<th>MATURITY LEVEL OF PROJECT DEFINITION DELIVERABLES</th>
<th>END USAGE</th>
<th>METHODOLOGY</th>
<th>EXPECTED ACCURACY RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 5</td>
<td>0% to 2%</td>
<td>Concept screening</td>
<td>Capacity factored, parametric models, judgment, or analogy</td>
<td>L: -20% to -50% H: +30% to +100%</td>
</tr>
<tr>
<td>Class 4</td>
<td>1% to 15%</td>
<td>Study or feasibility</td>
<td>Equipment factored or parametric models</td>
<td>L: -15% to -30% H: +20% to +50%</td>
</tr>
<tr>
<td>Class 3</td>
<td>10% to 40%</td>
<td>Budget authorization or control</td>
<td>Semi-detailed unit costs with assembly level line items</td>
<td>L: -10% to -20% H: +10% to +30%</td>
</tr>
<tr>
<td>Class 2</td>
<td>30% to 75%</td>
<td>Control or bid/tender</td>
<td>Detailed unit cost with forced detailed take-off</td>
<td>L: -5% to -15% H: +5% to +20%</td>
</tr>
<tr>
<td>Class 1</td>
<td>65% to 100%</td>
<td>Check estimate or bid/tender</td>
<td>Detailed unit cost with detailed take-off</td>
<td>L: -3% to -10% H: +3% to +15%</td>
</tr>
</tbody>
</table>

Source: AACE International Recommended Practices
Bringing The Estimate Classification Into The Lifecycle

In the lifecycle

Pre-Project Phases

Project Phases

Class 5  Class 4  Class 3

Business Architecture
Q1 and Q2 2017
Putting It All Together

**Capability Management**
- Strategic Impact Assessment
- Operational Health Assessment
- Future State Architecture
- Next State Architecture

**Generating Investments**

**Investment Evaluation**
- Capability Impact Assessment
- Architectural Runway Assessment
- Class 5 Estimate
- Program/Project Packaging

**Investment Approval**
- Rough Cut Project Planning
- Architectural Solution Guidance
- Enterprise Analysis Tailoring
- Enterprise Analysis Scheduling
- Capability Impact Analysis

Source: APG Developing Business Architecture with TOGAF
Investment Evaluation
Investment Evaluation

Purpose
● To provide a Class 5 ROM ‘project definition’
● To position the investment request in ‘the portfolio’
  - To allow investment screening by Funding Portfolio
  - To allow delivery planning by Capability Portfolio

Participants
● Business and Technology Architects
● Requestors and Capability Leads
● Portfolio Managers

Approach
● Highly structured but lite and lean
  - Value streams with capability impacts
  - Capabilities mapped to organization and applications
  - Solution patterns with demand estimate patterns
● Weekly cadence with week(s) cycle time
Investment Evaluation in a Nutshell

**Investment Request**
- Authored by Requestor
- Authored by Capability Lead
- Co-authored with Business Architect

**Complexity & Risk Scoring**

**Request Development** → **Request Intake** → **Capability Impact Assessment** → **Complexity & Risk Assessment** → **Class 5/ROM Size & Duration Estimation**

**Capability Impact Assessment (the Placemat)**

**Investment Request Evaluation Summary**
Investment Evaluation Key Performance Indicators

**Investment Evaluation Week by Week**

**Investment Evaluation Distribution (by Capability)**

- **Volume**
- **Velocity**

**Portfolio ROM $ by Quarter**

**Portfolio ROM $ by Level 1 Capability**
Business Capability Summit (Zero)

Purpose
● Launch Capability Management
● Raise capability awareness and ‘cohesion’

Participants
● Capability Owners
● Business and Technology Architects
● Portfolio Managers

Approach
● Navigate the Prime Business Capability Model
● Capability by Capability Review
  - Value Proposition
  - Key Performance Indicators
  - Opportunities and Challenges
Business Capability Refactoring

Purpose
- Increase capability ownership ‘buy-in’
- Improve usefulness based on both expertise and experience

Participants
- Capability Owner and Leads
- Subject Matter Experts
- Business and Technology Architects

Approach
- Meet them where they are
- Nudge them where they ‘need to be’
- Accommodate different management styles
  - Tell me what they are when you’re done
  - Let me tell you what they are need to be

What’s New?
Release Notes
Level 2 @ Level 3 with ‘Level 4’s
Business Capability Portfolio (Project) Planning

Purpose
● Optimize delivery of assigned projects
● Provide visibility of future projects

Participants
● Capability Owner and Leads
● Portfolio Managers (and Release Managers)
● Business and Technology Architects

Approach
● Planning workshops by capability
● Early version of rank, analyze, balance
● Focus is on optimal project release
  - Based on need by and start dates
  - Considering capacity at high level
● The act of planning improves the plan…
Business Planning Integration
Goal: Leverage Capability Planning and Management as a foundation for planning our business and delivering on Prime’s strategy

Make it real
• *Tie everything back to our Strategy.*

Make it relevant
• *Processes only “stick” when they are aligned to and embedded in how the business truly works.*

Make it continuous
• *Strategy, initiatives, & investments do not start and finish according to a fiscal calendar – nor should planning.*

Make it flexible
• *Things will change. We never know everything at the time we baseline the plan.*
Business Planning Approach

SUMMIT 1: Market Plans
SUMMIT 2: Capability Plans

Unconstrained Plan
Rank & Balance
Baseline Plan

Strong collaboration & facilitation:
• Executive Leadership
• Senior Leadership
• Strategy Department
• Architecture (Business & Technology)
• Program Management Office (PMO)
• Finance
Capability Planning Teams ("Three Legged Stool")

- Assigned to Business Plan Owners
- Map Strategy to Business Plans to Capabilities
- Facilitate Capability Impact Assessment
- Business Plan Owners
- Provide Consistency
- Support Investment & Activity Definition
- Identify Dependencies & Overlap
Business Planning: The Summits

**Summit 1:** Strategic Market Business Plans

**Content:**
- Market facing initiatives to deliver the Strategy

**Presenters & Audience:**
- Market Owners to Capability Owners

**Outcomes:**
- Identification of impacts to Capability & Investment Plans

**Summit 2:** Strategic Capability Business Plans

**Content:**
- Capability Assessment Summary
- Capability Plans to meet Market initiatives
- Capability initiatives to support the business and deliver the Strategy

**Presenters & Audience:**
- Capability Owners to Market Owners
- Capability Owners to Capability Owners

**Outcomes:**
- Unconstrained Capability & Investment Plans
Constraining the Plan: Rank & Balance

From an Unconstrained Plan…
● Independent of budget, capacity, and timing, what are all of our market and capability needs?

to a Constrained Plan…
● What can and should we do to deliver the strategy?

via Ranking…
● For the available budget and timing, what are our priorities?

and Balancing…
● How do our priorities align to capacity? Where are trade offs required?
● When are needs slotted and planned to be met?

and continual Planning & Management.
● Via the defined cadence, what has changed? What is the impact to the plan?
Cones and Pipes
So What Happened to Enterprise Analysis?

Some aspects were embedded in Investment Evaluation

Some aspects were embedded in Planning (in the project)

Class 5 Project Definition/Estimates

- Investment Screening
- High Level Planning
- Detailed Planning
- Project Initiation
### One Size Does Not Fit All…

<table>
<thead>
<tr>
<th>Scale of Change</th>
<th>Summary of Characteristics</th>
<th>Project Delivery Path</th>
</tr>
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</table>
| New or Modified Business Capability | • Complex changes across multiple organizations, processes and applications  
  • Deviates from existing and known solutions and patterns | Pipe A |
| Localized Change (within a Capability) | • Simple process, application, technology platform or data changes  
  • Localized to a single context (department, application, technology)  
  • Work is similar to work done in the past for the given context | Pipe B |
| Standard Activity (across Capabilities or within a Capability) | • Repeatable, reoccurring business activities that require coordination across organizations  
  • The work is known; been there, done that | Pipe C |
Tailoring the SDLC Accordingly…

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<td>Pipe B</td>
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<tr>
<td>Pipe C</td>
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</table>

- Very little

Enterprise Analysis → Planning → Execution → Closure

Marketing Analysis → Planning → Execution → Closure

Very little

Marketing Analysis → Planning → Execution → Closure

Pipe C

Marketing Analysis → Planning → Execution → Closure

Very little
The Pipes Target the Cone…

Project Delivery Path
Investment Planning Redesign
Refactoring the Investment Lifecycle

Pre-Project Phases
- Strategic Planning
- Business Planning
- Investment Planning
- Enterprise Analysis

Project Phases
- Planning
- Execution
- Closure

Investment Planning
- Strategic Planning
- Business Planning
- Capability Planning
- Portfolio Planning

Planning Phases
- Initiation
- Planning
- Execution
- Warranty

Project Phases
Investment Planning – Design Principles

Investment Planning is a Value Stream
- Investment Planning is comprised of Value Stream Stages
- Each with a clearly defined Added Value – no value, no stage
- Each Value Stream Stage has defined Entrance/Exit Criteria

Investment Planning operates at 2 levels
- The PLAN level - an iterative planning cycle with phases, cadence and horizon
- The IR (Investment Request) level – the life cycle for an individual investment
- A PLAN is comprised of a set of IRs all housed in Planview

The purpose (value) of Investment Planning
- Ensure that investments deliver on strategic intent
- Ensure that the life cycle intentionally narrows the cone
  - Size and Duration
  - Cost and Benefits
- Improve speed to, and ability to commit to, market
Investment Planning Operates Iteratively and Sequentially...

Every PLAN is a collection of IRs
Every IR is part of a PLAN

PLAN level

IR level

Business Planning
Capability Planning
Portfolio Planning

Planview
<table>
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<td><strong>Investment Planning</strong></td>
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<td><strong>Value Item</strong></td>
<td><strong>Exit Criteria</strong></td>
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<th><strong>2017</strong></th>
<th><strong>2018</strong></th>
<th><strong>2019</strong></th>
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<tr>
<td><strong>Current State</strong></td>
<td><strong>Transition State</strong></td>
<td><strong>Target State</strong></td>
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Wrapping up 2017
In support of

Our Business Architecture Capability Model

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<td>Consulting Services</td>
<td>Support to committees, to market and capacity management and to projects</td>
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<td>Practice Development</td>
<td>Process and tool development, reporting</td>
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Source: BIZBOK 6.0
## Our Business Architecture Capability Model

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And All Complemented With a Safe Pair of Hands…

Acumen: the ability to make good judgments and take quick decisions

Source: Oxford University Press
Lessons from 2017

- What doesn't kill you makes you stronger…
- Stay the course…
- Build it and they will come, or build it when they are here?
- Think about what you need to provide context for the business problem you're trying to solve
- Think about how much business architecture you need in order to start using business architecture
- Business architecture is a means to an end, and it’s a good means
Questions?
Our purpose:
To help people get the medicine they need to feel better and live well

Thank you!

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