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"Innovation in Digital Transformation - The Role of the Business Analyst"

Hosted by: Liva Randrembason, IIBA
Presented and Sponsored by: Capsifi
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Supporting the Business Analysis Community
Today’s Presenter

Terry Roach
CEO and Founder, Capsifi

- Author of the “CAPSICUM Framework for Strategically Aligned Business Architecture”
Business Model Innovation & Digital Transformation
The role of the Business Analyst

Terry Roach
Founder & CEO
We enable Business Model Innovation, elevating the Business Model as a core strategic asset.
Digital Transformation Survey

Go to menti.com and enter code: 54 97 1
Digital Transformation Survey

1. Is your organization planning/engaged in a Digital Transformation?

2. What stage of the transformation are you in:
   - Planning
   - Executing
   - Concluded
   - Other?

3. What are the key business drivers for your transformation?
Chapter 1

The case for Digital Transformation
Indisputable Reality

Digital Transformation is fueling the largest investment in business model innovation of our times.
“Digital is the main reason over half of the companies on the Fortune 500 have disappeared since 2000”

Pierre Nanterme
CEO of Accenture
World Economic Forum - Davos
Digital Business Market Opportunity

$1.1T in 2018 → $1.3T in 2019 → $1.6T in 2020 → $1.9T in 2021 → $5.9T Direct DX Investment

2019 Total Addressable Market Up 42% from 2017

2019 Global IT spend (Software) $3.8Trillion

Over 1 million new C-Level roles have been created in this space

Source: 1 Gartner Market Data-book 2Q18
2 IDC Worldwide Digital Transformation 2018 Predictions
Innovation is constant. The pace of change is exponential.
It’s not about transforming...

...but developing the capacity to continuously transform
Where does your business model live today?
Business Model information is typically fragmented & disconnected.
Your business model is your most important strategic asset.
The tyranny of legacy

All technology eventually becomes an inhibitor rather than an enabler of agility
Digital Transformation requires... \[...business model innovation\]
Digital Transformation Survey

Go to menti.com and enter code: 54 97 1
Digital Transformation Survey

4. Did your transformation plan involve rethinking the business model?

5. What are/were the biggest challenges you face in planning your transformation?
Chapter 2

How we do Business

Innovation
The old way
55% - 75% of technology projects fail to meet objectives\(^1\)

\(^1\) Gartner 2010
Why has it been so hard?
We asked 250 BA’s at BBC 2015 what was their biggest challenge?

Alignment & Traceability of Business Requirements?
Since then we’ve had…

<table>
<thead>
<tr>
<th>Robotic Process Automation</th>
<th>Open API’s</th>
<th>Design Thinking</th>
</tr>
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<tbody>
<tr>
<td>Artificial Intelligence</td>
<td>Agile &amp; DevOps</td>
<td>Machine Learning</td>
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<td>Business Architecture</td>
<td>Micro Services</td>
<td>Digital Transformation</td>
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</table>

And the role of the BA has changed dramatically.
Waterfall projects required great design & foresight

Plan → Analyse → Design → Build → Test → Deploy

+/- 45% of Project Cost

+/- 90% of Project Risk

+/- 90% of Project Risk
The project teams revolted and drew up a manifesto:

**Manifesto for Agile Software Dev.**

- Individuals and interactions over processes and tools
- Working software over comprehensive documentation
- Customer collaboration over contract negotiation
- Responding to change over following a plan
Then the downstream guys tried to sort it all out

The infinite loop of DevOps
So now we’ve become really efficient at delivery

But what’s in the box?
The anatomy of an Agile Transformation Initiative

Agile Release Train explained (roughly)

Epics
Stories
Backlog

Prioritisation Algorithm

WSJF = \frac{COD}{Size of Job}

Program Increment

And the magic happens here… and here… and here.
The anatomy of an Agile Transformation Initiative

Strategic Business Improvement

Program Increment

Duration

Resources

Skills x Time = $ Program Increment Duration

Delivery Team Focus

Design Team Focus

Priority + Innovation = $

Business Capabilities Maturity

Scope Increment

Risk ROI Strategy Value
Digital Transformation Survey

Go to menti.com and enter code: 54 97 1
6. Do/will you manage your transformation through an Agile methodology?

7. What are/were the biggest challenges you face in executing your transformation?
Chapter 3

Shifting Left
Have we been focused on the wrong problem?
You can’t solve upstream problems downstream
We have to Shift Left
But what’s left of Strategy?
digital
VALUE PROPOSITION
Anatomy of a Value Proposition

Customer Segment  Value Proposition  Offering
Targeted Offering for each Customer Segment

Customer Segment

- Who are our customers?
- What problems do we solve?
- What are their needs?
- What are our benefits?

Value Proposition

- What is our ValueStream?
- How does the customer experience it?
- What are the steps to deliver it?
- What capabilities are required?
- How well are our capabilities performing?

Offering

- What is our offering?
- What features to include?
- How to promote it?
- Where to promote it?
- How to maximise value?
Customer Segment Profile

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>Description</th>
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<tr>
<td>Empty Nesters</td>
<td>Retirees over 60 yrs, on a pension with Seniors Benefits entitlements</td>
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</table>
| Constraints               | • Employment Status = Retired  
                            • Pension Entitlements = Seniors Benefits  
                            • Citizen  
                            • Over the age of 60               |
| Persona                   | John Peterson                                                               |
|                           | Harry Peng                                                                  |
|                           | Gloria Cortez                                                               |
| Mid-Career Families       | Families with older children, juggling the cost of dependents with demands of building a career |
| Constraints               | • Children aged under 15 yrs  
                            • Both parents employed  
                            • Annual income within 20% of official average |
| Young Families            | Families with children under the age of 10.                                  |
| Constraints               | • At least one parent is employed  
                            • Children under age 10           |
| Persona                   | Kayla Anderson                                                              |
|                           | Ana Sharma                                                                  |
| Single Parents            | Individuals without a partner who are bringing up their children on their own. |
| Constraints               | • Children or dependents are under 18 yrs  
                            • Children live with the parent full or part time  
                            • Marital status = single            |
Persona Detail View

Age
75

General Health
As he ages John's health is starting to deteriorate. All of his health problems are age related and John consistently takes up his doctors’ suggestions regarding positive lifestyle changes to delay the onset of inevitable health issues.

Occupation
Retiree

Frustrations
John gets frustrated when he needs to complete activities online. They are not always intuitive to him and he finds it much easier to speak on the phone to a person or to go into a local branch and conduct his business face to face.

Goals
John would like to remain fit and healthy for as long as possible. Not only will this allow him to enjoy his retirement with his wife but it will allow him to live independently at home for as long as he can. John does not want to become a burden to his children as he ages and would like to proactively arrange for all of his future care in advance, should he need it.

Social Media
Low
“Engineering, medicine, business, architecture, and painting are concerned not with the necessary but with the contingent — not how things are but how they might be — in short, with design...

Everyone designs who devises courses of action aimed at changing existing situations into preferred ones.”

Herbert Alexander Simon, Nobel Prize Laureate (1969)
Human-Centered Innovation & Design Thinking

Value Proposition Whiteboard

Claim Settlement - Empty Nesters

Need-Benefit User Stories

<table>
<thead>
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<th>Benefit Type</th>
<th>Benefit</th>
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Products and Features

- Concourse
- Extended Hours
- Fixed Premiums
- Flexible Payments
- Omnichannel Access
- Real-time knowledge base
- Single-Touch Settlements
- Variable Premiums

Description:
- Access to an expert concierge
- Provide 24 hour online chatbot
- Lock-in rates on insurance premiums
- Allow upfront deposits and payment extension periods
- Ability to seamlessly attend client's needs through any channel
- Rich library of proven solutions
- Ability to settle a claim instantly with a single interaction
Customer Journey

- **Journey Feeling**
  - Dissatisfied
  - Ambivalent
  - Satisfied
  - Happy
  - Thrilled

- **Moments of truth**
  - Claim Assessment
  - Feedback
  - Claim Payment

- **Emotional Triggers**
  - Concern over outcome of Claim
  - Relief over outcome of Claim

- **Needs**
  - Quick turnaround on inquiries
  - 24 hour access through any channel
  - Quick turnaround on inquiries
  - Knowledgable experienced agents
  - Claim navigation assistance

- **Story Board**
  - Following an episode of care, a customer notifies the insurer of the occurrence
  - The customer submits a claim with receipts of payment to a healthcare provider
  - The customer waits for the analysis of the claim by the insurer
  - The customer receives the notice of determination of the claim
  - The insurer may request additional information from the customer
  - The customer receives their reimbursement

- **Journey stages**
  - Contact Insurer: Contact the insurer to obtain advice
  - Submit Claim: Prepare and submit a claim
  - Wait for result: Wait for the determination of the claim
  - Notice of Determination: Receive advice on the claim determination
  - Information Request: Provide further information if required
  - Receive Payment: Payment processed and received
Customer Journey/ Value Stream Analytics

The Customer Journey & Value Stream overlay, provides end-to-end traceability of customer satisfaction issues to the underlying capabilities and beyond to the operating model elements (People, Process, Information & Technology)
Business Capability Maps

2.5 Claim Management

2.5.1 Claim Information Management
- 85% digital tools adoption by agents
- Agent generated new customer sales +14% by 2020

2.5.2 Claim Lifecycle Management
- 85% digital tools adoption by agents

2.5.3 Claims Handling
- Increase full time agents by 21% per region globally

2.5.4 Claims Inquiry
- Increase full time agents by 21% per region globally

2.5.5 Claims Recovery
- Achieve 4th consecutive MQOT by 2018

2.5.6 Dispute Resolution
- Increase full time agents by 21% per region globally
- Agent generated new customer sales +14% by 2020

2.5.7 Fraud Management
- 25% digital tools adoption by agents

Heatmapping
- Colour: Undeveloped, Immature, Mature, Advanced
- Icon: A, B, Medium, High, Critical

Relation Explorer
- Related Class: OBJECTIVE
- Metric: Claims Auto-Add, Drag & Drop, Benefits Revenue, Average cost per claim
Business Capability Mapped to Skills (SFIA Skills Wheel)
Business Capability Mapped to Processes
Business Capability Mapped to Information Objects

2.5.3 Claims Handling

Related Objects

Attributes

State Diagram
Business Capability Mapped to Technology (Application Portfolio)
Capability-Based Planning

Current State Description
Claims Management is in a low state of maturity with significant manual intervention and hard copy paperwork required in verifying claims, particularly for edge cases.

Future State Description
Claims Management will be entirely digital with 80% of claims being submitted electronically, directly by the care provider. Claims verification should be completed in less than 3 hours and 96% of claims should be processed within 24 hours.

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The global business community is undergoing a rapid and extraordinary transition as digital technologies fuel an enormous investment in the restructuring of business models. McKinsey recently identified that only 8% of CEOs felt that their business model would be untouched by digital. Over 40% believed that their entire business model would need to transform within 2 years.

Digital transformation is an exercise in business model innovation. More and more companies are using capability-based-planning and business architecture as the lense through which to execute business model innovation.

Download this eBook and explore how business architecture and customer-driven design are key enablers of Business Model Innovation and learn to leverage agile analysis techniques to drive clear value propositions.

A gift for you: https://innovationdx.capsifi.com
Q & A