

Step 3:

Analyze the Business and Define the Target Business Environment

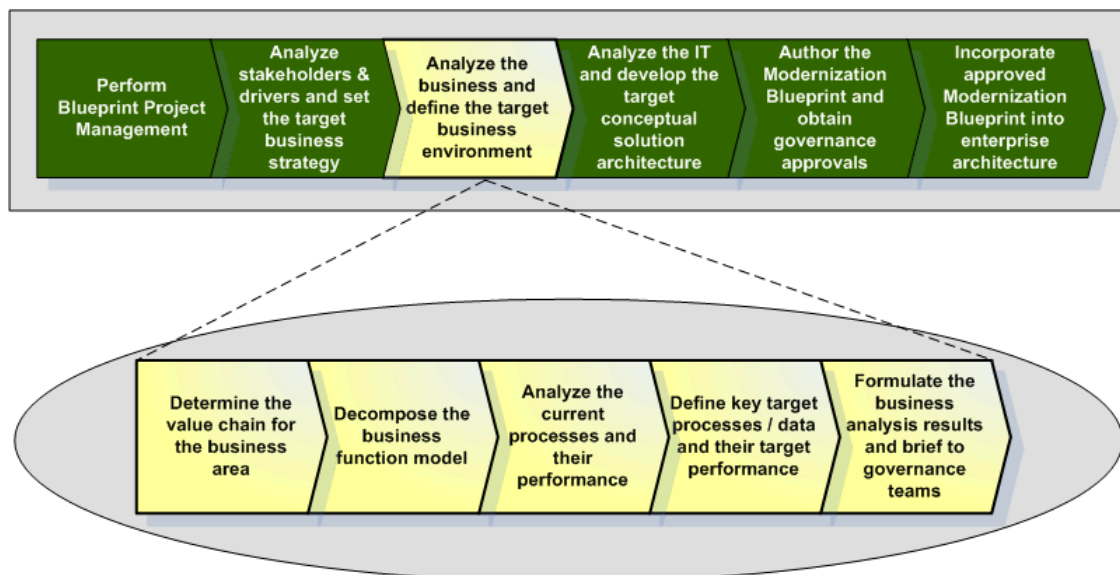
Version 1.5, December 2006

1. Step Description and Purpose

Step 3: *Analyze the Business and Define the Target Business Environment*, is intended to take a closer look at the business products and services, processes, information and investments in order to formulate and support the findings and recommendations of the Modernization Blueprint.

This step uses outputs from the stakeholder analysis in Step 2 to conduct a more thorough business assessment. The purpose of this step is to document quantitative and qualitative evidence that will provide the basis for subsequent Modernization Blueprint findings and recommendations.




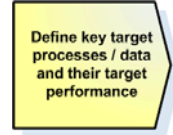

This step begins with the identification of value creation in the context of the business processes of delivering products or services. Analysis of the current business model is performed to identify key lines of business and their associated functions and activities. Identification of key information sources and data dependencies is used to gain understanding of how knowledge and information is created, transformed, and used by the process. The step concludes with analysis and development of the target state processes for the delivery of products and services, along with the information, and data exchange associated with the processes. At the conclusion of this step, the results of the business analysis are reviewed with the appropriate governance teams.



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2. Activities within this Step

The table below provides a quick reference for the activities within this step.

CTRL + click the activities for activity details - >					
Inputs (source)	Stakeholder Exchange Diagrams (Step 2) SWOT Analysis Diagram (Step 2) Vision Document (Step 2) Goals and Objectives Hierarchy Diagram with Baseline Data (Step 2) Business Area Goals and Objectives to Parent Organization's Goals and Objectives Matrix (Step 2) Business Strategy to Mandates Matrix (Step 2) Business Products and Services Matrix (Step 2)	Stakeholder Exchange Diagrams (Step 2) As-Is Value Chain Diagram Target Value Chain Diagram As-Is Value Chain to Business Products and Services Diagram Target Value Chain to Business Products and Services Diagram Organization's Business Reference Model	As-Is Value Chain to Business Products and Services Diagram Target Value Chain to Business Products and Services Diagram Business Function Model Existing documentation of current business process Existing documentation of current and planned investments Stakeholder Exchange Diagrams (Step 2)	Target Value Chain Diagram Business Function Model As-Is Swim Lane Process Diagram (actual organization) Existing Investments to Business Products and Services / Functions Matrix Organization's Data Reference Model Stakeholder Exchange Diagrams (Step 2)	All products from this step
Outputs	As-Is Value Chain Diagram Target Value Chain Diagram As-Is Value Chain to Business Products and Services Diagram Target Value Chain to Business Products and Services Diagram	Business Function Model	Existing Investments to Business Products and Services / Functions Matrix As-Is Swim Lane Process Diagram (actual organization)	Target Swim Lane Process Diagram (proposed organizations) Activity Diagrams for Critical Value Chain Components Target Information Exchanges Target Logical Data Model Target Business Activity to Data Entity CRUD Matrix Target Data Entity Stewardship Matrix	Business Process and Data Analysis Presentation
Who (role)	Core Team [R, C, I] Executive Sponsor [I, C] Business Expert [I] Enterprise Architect [Support]	Core Team [R, C, I] Executive Sponsor [I, C] Business Expert [I] Enterprise Architect [Support]	Core Team [R, C, I] Executive Sponsor [I, C] Business Expert [I] Enterprise Architect [Support]	Core Team [R, C, I] Executive Sponsor [I, C] Business Expert [I] Principal Data Stewards [C] Enterprise Architect [Support]	Core Team [R, C, I] Executive Sponsor [I, C] Business and Data Governance Teams [C] Enterprise Architect [Support]
Duration (calendar days for an average project based on past projects)	5 days	5 days	15 days	25 days	10 days

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CTRL + click the activities for activity details - >	Determine the value chain for the business area	Decompose the business function model	Analyze the current processes and their performance	Define key target processes / data and their target performance	Formulate the business analysis results and brief to governance teams
Complexity					

Legend

Complexity:

Low High

Who:

R = Responsible
I = Informed
C = Consent

Keys to Success:

The key to the business analysis is to analyze to the lowest level of detail that is necessary to form actionable recommendations. Additionally, it is important that data and business analysis results be in sync.

3. Activity Details

Activity 1 – Determine the value chain for the business area

Activity Short Description:

Using the business products and services identified during Step 2, the functions and activities that the business area must perform in order to deliver those business products and services are identified. This activity should begin with a high-level focus on the key business activities that deliver products and services, and then drill down to identify the critical functions and capabilities that further define the high-level business activities.

Activity Tasks:

1. List the functions that are currently performed by the business area and the functions that are currently leveraged by the business area (infrastructure, etc).
 - a. Functions represent neither processes nor services, but are units of work that flow together in a process to create a product or service.
2. Diagram the current state functions in a value chain drawing to describe the value that is currently being produced by the business area.
 - a. The value chain drawing is a high-level logical grouping of functions that provides an overview of how value is produced. Examples of functions include customer service, procurement, and manufacturing.
3. List the functions that would need to be performed by the business area in order to deliver the target business products and services. This also includes functions that are currently leveraged by the business area (infrastructure, etc).
 - a. There is likely to be a great deal of overlap between the current state functions and the functions necessary to deliver the target business products and services.

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4. Diagram the target state functions in a value chain drawing describing the value that will be produced by the business area.
 - a. The target state value must be consistent with the business products and services being produced. The intent of the value chain analysis is to identify any differences in the functions that are currently being provided versus those that need to be provided. The value chain analysis will primarily help determine where new functions are required, or where existing functions may no longer be necessary.
5. Map the target business products and services to the value chain
 - a. The existing business products and services are mapped to the As-Is Value Chain. The target state business products and services are also mapped to the Target Value Chain. This helps identify the value chain components that are most critical to delivering business products and services identified in Step 2. The intent of this activity is to limit the number of functions that will be analyzed at a lower level of detail in subsequent MBT activities.
 - b. Note that, for new value chain functions, subsequent analysis may require a significant amount of effort. This can greatly increase the overall scope and complexity of the modernization blueprint recommendations.

Activity Communications Considerations:

Consultation with business experts is essential to ensure validity of the value chain analysis

The results of the value chain analysis may need to be shared with key stakeholders to confirm the prioritization of the critical value chain components

Activity Work Products and Templates:

As-Is Value Chain Diagram: The As-Is Value Chain Diagram describes the current sequence of activities that deliver products or services. Activities in the value chain are designated as being either primary or support activities. This work product is useful in evaluating the value of each particular activity adds to the organization's products or services.

- **TEMPLATE:** [Link to As-Is Value Chain Diagram Template \(Visio\)](#)
- **TEMPLATE:** [Link to As-Is Value Chain Diagram Template \(PDF\)](#)

Target Value Chain Diagram: The Target Value Chain Diagram describes the desired sequence of activities that deliver products or services in the target state. Activities in the value chain are designated as being either primary or support activities.

- **TEMPLATE:** [Link to Target Value Chain Diagram Template \(Visio\)](#)
- **TEMPLATE:** [Link to Target Value Chain Diagram Template \(PDF\)](#)

As-Is Value Chain to Business Products and Services Diagram: Business products and services are mapped to the value chain to illustrate where value creation occurs. This diagram helps identify which activities and process areas are critical to the performance of the business focus area.

- **TEMPLATE:** [Link to As-Is Value Chain to Business Products and Services Diagram Template \(Visio\)](#)
- **TEMPLATE:** [Link to As-Is Value Chain to Business Products and Services Diagram Template \(PDF\)](#)

Target Value Chain to Business Products and Services Diagram: Business products and services are mapped to the value chain to illustrate where value creation occurs. This diagram helps identify which activities and process areas are critical to the performance of the business focus area.

- **TEMPLATE:** [Link to Target Value Chain to Business Products and Services Diagram Template \(Visio\)](#)
- **TEMPLATE:** [Link to Target Value Chain to Business Products and Services Diagram Template \(PDF\)](#)

Activity 2 – Decompose the business function model

Activity Short Description:

The critical business functions are decomposed to define a hierarchy of functional components. A business function is a logical set of business processes performed on a continual basis that has no specific beginning or end point. Functions are decomposed into activities, which represent a group of business tasks usually executed in a sequential fashion to achieve intermediate results.

Activity Tasks:

1. Develop the business function hierarchy
 - a. Using the Business Function Model template, the critical business functions identified in the value chain analysis are decomposed into more fundamental business functions and activities. Existing reference models that catalogue enterprise business functions may be used in structuring the functional hierarchy.
2. Identify organizational units that perform the business functions
 - a. Elements of the business functional model are mapped to the organization to determine where process or information hand-offs occur.
3. Identify data interactions and interdependencies between the business functions and organizational units
 - a. The information exchange matrix is developed to describe the flow of business information between business functions. This mapping serves to link together the business and data architecture models, and to identify data interdependencies and information flows that help define the business process.

Activity Communications Considerations:

Business experts must be actively engaged to properly identify business functions, especially in situations where a formal business function reference model is not available

Activity Work Products and Templates:

Business Function Model: The business functional model represents a functional hierarchy of the business focus area. The business model is used to identify key lines of business and their associated functions and activities.

- **TEMPLATE:** [Link to Business Function Model Template \(Visio\)](#)
- **TEMPLATE:** [Link to Business Function Model Template \(PDF\)](#)

Activity 3 – Analyze the current processes and their performance

Activity Short Description:

Critical business processes are described in detail in order to depict the decisions, actions, and activities of the organization or system. The analysis also identifies the organizations that deliver specific functional components (i.e., who owns what). Interactions across organizational boundaries in performing the business functions are described in the context of business process using activity flow diagrams for the current state. Existing investments are also mapped to the business products, services and functions in order to identify gaps in investments, redundant investments, and investments that do not align with the target state of services.

Activity Tasks:

1. Map existing investments to the business products and services
 - a. The existing investments are identified and analyzed to determine whether they support the target business products and services for the business area and how they relate to the business functions. Results of this analysis are described using a matrix of the existing investments that support the business products and services or business functions.
2. Develop the Swim Lane Process Diagram to describe the As-Is process and information flow
 - a. Using the sequencing of business functions and data flow identified in the value chain, information exchange analysis, and business function hierarchy, an overall swim lane process flow is developed to describe a high-level view of how organizational units function in the context of the business processes to deliver the products and services.

Activity Communications Considerations:

Business experts need to be consulted to ensure that the appropriate details of the business functions are adequately represented and that appropriate business process performance data are incorporated into the analysis

Activity Work Products and Templates:

Existing Investments to Business Products and Services / Functions Matrix: This matrix describes which of the existing investments support the business products and services or business functions identified in the analysis of the business products and services and the business function model.

- **TEMPLATE :** [Link to Existing Investments to Business Products and Services / Functions Matrix Template \(Visio\)](#)
- **TEMPLATE :** [Link to Existing Investments to Business Products and Services / Functions Matrix Template \(PDF\)](#)

As-Is Swim Lane Process Diagram (actual organization): The As-Is Swim Lane Process Diagram describes the dependencies, roles, and interactions across business functions and activities in the overall context of the current business process.

- **TEMPLATE :** [Link to As-Is Swim Lane Process Diagram \(actual organization\) Template \(Visio\)](#)
- **TEMPLATE :** [Link to As-Is Swim Lane Process Diagram \(actual organization\) Template \(PDF\)](#)

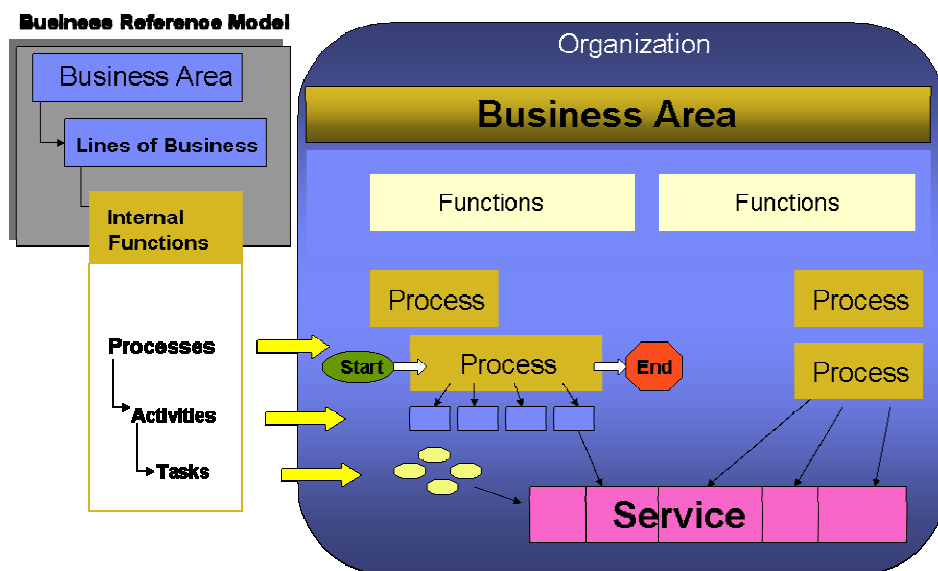
Activity 4 – Define key target processes / data and their target performance

Activity Short Description:

The target business processes and data environment are analyzed to identify opportunities for process improvement and target information requirements. The scope of this analysis should focus only on critical processes and activities, at an appropriate level of detail and granularity, so as to:

- Identify which business processes need to be reengineered
- Facilitate the derivation of the data architecture from the business architecture, and
- Maintain traceability between the business architecture and data architecture.

The target business processes are defined consistent with the Business Function Model and the organization’s business reference model. Processes are a group of related business activities performed to produce an end product or to provide a service or service component. Unlike business functions that are performed on a continual basis, processes are characterized by the fact that they have a specific beginning and an end point marked by the delivery of a desired output. The figure below depicts the relationship between the business processes, business functions, and the organization’s business reference model.



Data dependencies and interactions are also captured using the information exchange matrix. Once the models are aligned, the target business process and data entity matrices are used to identify information exchange requirements, support planning for business services, and recommended principal data stewards for related groupings of information.

Activity Tasks:

1. Develop the Swim Lane Process Diagram to describe the target process and information flow
 - a. Using the sequencing of business functions and data flow identified in the value chain, information exchange analysis, and business function hierarchy, an overall swim lane process flow is developed to describe a high-level view of how organizational units function in the context of the business processes to deliver the products and services.

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2. Define and analyze the target business processes and performance
 - a. For critical business processes, the process model is defined in more detail using Activity diagrams to describe the tasks, inputs, outputs, guidance, and enablers associated with each business process. This analysis should consider available efficiency metrics associated with the outputs from the critical business processes. The detailed process model also includes the business activities and the related data and information exchange mechanisms that will be catalogued using the information exchange matrix.
 - b. This activity will produce the Activity Diagrams for Critical Value Chain Components and the Target Swim Lane Process Diagram (proposed organizations).
3. Review the mapping of existing investments to the business products, services and functions in order to identify gaps or investments that may not align with the target business architecture.
 - a. Any gaps or investments not aligned with the target state will provide the basis for developing findings and recommendations in MBT Step 5.
4. Define and analyze the target data environment
 - a. The purpose of this activity is to develop the Target Logical Data Model for the business area and understand how data and process interact with each other in the target state. The Logical Data Model will decompose the related subject area and information classes within the data reference model and establish a structural and semantic data framework aligned with target business activities that will support the identification of authoritative data sources and the standardization data. The data and process interaction analysis serves to validate the decomposition of both models and provide a basis to define business service components and information stewards and stakeholders.
 - b. This activity will produce updated work products, including: the Target Information Exchanges; the Target Logical Data Model; the Target Business Activity to Data Entity CRUD Matrix; and the Data Entity Stewardship Matrix.

Activity Communications Considerations:

Business experts need to be engaged in defining the target business and data models.

Activity Work Products and Templates:

Target Swim Lane Process Diagram (proposed organizations): The Target Swim Lane Process Diagram describes the dependencies, roles, and interactions across business functions and activities in the overall context of the business process in the target state.

- **TEMPLATE:** [Link to Target Swim Lane Process Diagram \(proposed organizations\) Template \(Visio\)](#)
- **TEMPLATE:** [Link to Target Swim Lane Process Diagram \(proposed organizations\) Template \(PDF\)](#)

Activity Diagrams for Critical Value Chain Components: The activity diagrams view the activity by considering the specific inputs, outputs, mechanisms and controls of the functions or activities that comprise the process. Critical value chain activities are described in more detail using activity diagrams to depict the decisions, actions, and activities of an organization or system.

- **TEMPLATE:** [Link to Activity Diagrams for Critical Value Chain Components Template \(Visio\)](#)

- **TEMPLATE:** [Link to Activity Diagrams for Critical Value Chain Components Template \(PDF\)](#)

Target Data Entity Stewardship Matrix: The Data Entity Stewardship Matrix maps the Logical Data Model Information Classes and core entity types to organization Principal Data Stewards to be responsible for the creation, maintenance and quality of data to support target business activities in the target environment.

- **TEMPLATE:** [Link to Target Data Entity Stewardship Matrix Template \(Excel\)](#)

Target Logical Data Model: The Logical Data Model provides the structural and semantic data framework aligned with target business activities that will support the standardization data and interoperability of data in the target state. The model includes core entities, key attributes and interrelationships between data entities that align with and decompose related subject area(s) and information classes with the data reference model.

- **TEMPLATE:** [Note: No generic template is provided, as this work product is typically generated using the available data architecture modeling tools within the organization]

Target Information Exchanges: The Information Exchange Matrix (IEM) is a link between the Business architecture and the Data architecture. It describes the information flow between the business functions and activities define on the Target Swim Lane Process Diagram.

- **TEMPLATE:** [Link to Target Information Exchanges Template \(Excel\)](#)

Target Business Activity to Data Entity CRUD Matrix: The Target Business Activity to Data Entity CRUD (Create/Read/Update/Delete) Matrix maps the Target Logical Data Model to the Target Business Activity Models to record how data and process will interact with each other in the target state. The CRUD matrix helps identify anomalies between the process and data models such as new data requirements to support target business activity requirements and new processes to move data through its life cycle from creation to disposition. The CRUD Matrix is also used to scope cohesive business and data services.

- **TEMPLATE:** [Link to Target Business Activity to Data Entity CRUD Matrix Template \(Excel\)](#)

Activity 5 – Formulate the business analysis results and brief to governance teams

Activity Short Description:

This activity involves developing a summary of the results of the business analysis and providing a briefing to the governance teams. The key messages for the governance teams are focused on what is the underlying need for change, and what changes in business processes, data dependencies, information flows, and existing investments are required to effect the change.

Activity Tasks:

1. Create a summary briefing
 - a. The summary briefing describes the target business products and services, a summary of the business process and data analysis, and the results of the mapping of existing investments to business products and services.
2. Brief the governance teams

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- a. Either through a formal presentation, status review, or formal distribution, results of the business analysis are provided to the governance teams. The purpose of this communication is to solicit feedback from the governance teams in order to identify and resolve any issues that may exist. Incorporate approved feedback into the analysis, notes, work products, and other artifacts as necessary.

Activity Communications Considerations:

The Executive Sponsor should present the results of the business analysis to the appropriate governance teams

It may also be necessary to preview the results of the business analysis with key governance team members in order to identify issues up-front

Activity Work Products and Templates:

Business Process and Data Analysis Presentation: This work product is focused on what is the underlying need for change, and what changes in business processes, data dependencies, information flows, and existing investments are required to effect the change.

- **TEMPLATE :** [Link to Business Process and Data Analysis Presentation Template \(PPT\)](#)

4. Step References

MBT Step 1: Perform Blueprint Project Management, Version 1.5, December 2006

MBT Step 2: Analyze stakeholders / drivers and define the target business strategy, Version 1.5, December 2006