Government Transformation Summit

Business Capability Modeling

Prepared for: California Department of Technology
Agenda

- Business Capability Modeling
  - The Nexus of Forces
  - Emergence of Digital Government
  - Merging Business and IT
  - Business Capability Modeling: A Rosetta Stone
  - The Focus of a Business Capability Model
  - Creating a Business Capability Model
  - How to leverage the model in the Stage Gate process
  - How to develop Business Capability Workshops

- Case Study: California Student Aid Commission
  - Overview of CSAC
  - Project Background
  - CSAC’s Future Focus and Vision
  - Developing their Business Capabilities
  - Current State of the Project
  - Lessons Learned
Business Capability Modeling
## Emergence of Digital Government

<table>
<thead>
<tr>
<th>Before the web</th>
<th>Before the Nexus of Forces</th>
<th>After the Nexus of Forces</th>
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<tbody>
<tr>
<td>Analog</td>
<td>Web</td>
<td>Digital Government</td>
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<tr>
<td>Paper form; paper process; Newspaper job search</td>
<td>Downloaded form; paper process; Online classified</td>
<td>Web form; paper process; Monster.com</td>
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<td>Mobile formatted; Digital process; Linkedin</td>
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<td>Automatic Notification; Back to Work Plans; Job Opportunities</td>
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</table>

Source: Gartner (March 2015)
Merging Business and IT

Business
Achieve agency mission
Manage budget
Improve business process
Service citizens
Meet legislative mandates

IT
Server virtualization
Application portfolio rationalization
Network upgrade
System implementation
Cloud computing

Inputs often perceived to be:
- Political
- Prescriptive
- Paradoxical

Inputs often perceived to be:
- Detailed
- Difficult
- Dynamic
Business Capability Modeling: A Rosetta Stone

1. Learn the language.
2. Restructure your thinking.
3. Reframe the dialogue.
4. Unclutter the message.
5. Focus on the long term.

Business
- Achieve agency mission
- Manage budget
- Improve business process
- Service citizens
- Meet legislative mandates

IT
- Server virtualization
- Application portfolio rationalization
- Network upgrade
- System implementation
- Cloud computing

Learn the language.
Restructure your thinking.
Reframe the dialogue.
Unclutter the message.
Focus on the long term.
The Focus of a Business Capability Model

The What – Capabilities

Indicates **what** the department wants to accomplish

- Capabilities are easy to delineate and understand
- Stable / does not change frequently
- Accounts for process, organization, and technology

The How – Process

Indicates **how** an enterprise executes processes

- Process approach very complex
- May change frequently

The Who – Organization

Indicates **who** executes & how people are organized

- Line of business approach creates siloes
- May change frequently
Creating a Business Capability Model

### As part of the Business Capabilities Modeling process, the business and IT work together to:

- Determine the strategic goals / imperatives
- Indicate all the business capabilities
- Identify which ones need improvement
- Add any desired future capabilities based on future needs and goals

### Desired Future Capabilities

- Activity can be significantly improved
- Minor issues associated with the activity

### BC = Business Capabilities

<table>
<thead>
<tr>
<th>Enable Citizen Transparency</th>
<th>Develop End-to-end Case Management</th>
<th>Increase Community Outreach</th>
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</thead>
<tbody>
<tr>
<td>BC 1</td>
<td>BC 5</td>
<td>Desired BC 4</td>
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<tr>
<td>BC 2</td>
<td>Desired BC 1</td>
<td>Desired BC 5</td>
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<td>Desired BC 8</td>
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<td>Desired BC 12</td>
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<td>Desired Future Capabilities</td>
<td>BC 10</td>
<td>BC 14</td>
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<td>BC 11</td>
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<td>BC 13</td>
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<td>Desired BC 12</td>
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<tr>
<td>BC 14</td>
<td>Desired Future Capabilities</td>
<td>Desired Future Capabilities</td>
</tr>
</tbody>
</table>

### Manage Partner Ecosystem

| BC 15                       | BC 17                             | Desired BC 14               |
| BC 16                       | Desired BC 13                      | Desired BC 15               |
| Desired BC 14               | Desired BC 16                      | Desired Future Capabilities |

### Deliver High-Quality Service

| BC 18                       | Desired BC 16                      | Desired Future Capabilities |
| BC 19                       | Desired BC 17                      | Desired Future Capabilities |

### Operations

| BC 21                       | BC 22                             | Desired BC 17               |
| BC 23                       | Desired BC 17                      | Desired Future Capabilities |
How to leverage the model in the Stage Gate process

**Stage 1**
Business Analysis
- Identify Problem / Opportunity
- Establish Business Case/Need
- Ensure Strategic Alignment
- Assess Organizational Readiness

**Stage 2**
Alternative Analysis
- Assess Existing Business Processes
- Market Research
- Dev. Mid-level Solution Req.
- Identify Solution Alternatives
- Recommend Solution
- Procurement and Staffing Strategy
- Project Timeline

**Stage 3**
Procurement Analysis
- Develop Solution Requirements
- Develop Request For Proposal (RFP)

**Stage 4**
Solution Analysis
- RFP Solicitation
- Select Vendor
- Vendor Contract Management
- Assess Project Readiness
- Baseline Project
- DOF/Legislature APPROVAL
The model easily translates into the Stage Gate process:
- Identify capability gaps that your project will address
- Use the model as a foundation for:
  - The current state
  - The future state requirements
How to develop Business Capability Workshops

**Approach:**

1. Determine the appropriate workshop participants.
   - Able to properly represent all stakeholder needs and opinions.
   - Willing to participate in all workshops.

2. Create six to nine future-state strategic imperatives for the department.
   - Leverage business direction, outcomes and disruptive trends to determine the appropriate capabilities.

3. Create the next level of capabilities.
   - Focus on the most-affected capabilities. Don't try and boil the ocean! Start with what's differentiating.

4. Test and develop results with stakeholders.
   - Confirm and refine the workshop participants' understanding of stakeholder needs and opinions.
Recommended Gartner Research

Business Capability Modeling Brings Clarity and Insight to Strategy and Execution
Lee Weldon, Betsy Burton and Dave Aron (G00246286)

Eight Business Capability Modeling Best Practices Enhance Business and IT Collaboration
Betsy Burton (G00245455)

Use Business Capability Modeling to Illustrate Strategic Business Priorities
Lee Weldon and Betsy Burton (G00217535)

Toolkit: Use Pace Layering With Business Capability Modeling to Prioritize Investment Decisions
Betsy Burton and Marcus Blosch (G00254680)

Enterprise Architects Empower CIOs to Drive Business Collaboration With Business Capabilities
Marcus Blosch and Betsy Burton (G00255576)
Case Study: California Student Aid Commission (CSAC)
Overview of CSAC

- 5+ Other State and Federal Departments
- 290+ Institutions
- 1,500,000+ Applications
- 2,000+ High Schools
- 100+ Community Colleges
- 700+ Cash for College Hosts
- 14 Cal-SOAP Consortiums
- Financial Institutions

Product View
- Child Development
- Chafee
- APLE
- LEPD
- Cal Grants
- Dream Act
- Cal-SOAP
- John R. Justice
- MCS
- National Guard

Grant Administration
- Application
- Selection / Award
- Payment
  - Student/Institution Support/Help Desk
  - Appeals

Back Office Support Processes
- Financial/Accounting
- HR
- Information Technology and Security

- 450,000+ Students
- $1.98B in Grants
- 800 Cash for College Workshops
- Weekly fund distribution to Institutions

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Project Background

CSAC’s current Grant Delivery System (GDS) is a legacy system based upon business rules and processes that were established in the 1980s and 90s.

**Problem 1:** Grant Delivery System (GDS) Issues Increase Manual Workload of Staff.

**Problem 2:** The GDS System is inflexible and difficult to modify.

**Problem 3:** The GDS System does not interface with modern devices and communication technologies.

**Problem 4:** The GDS System must meet current California Information Security Office information security, privacy policies, standards, and procedures to enhance security and protection of customer data.

**Problem 5:** The GDS System does not provide an information portal for students, high school campuses, and post-secondary institutions.

**Problem 6:** Commission’s Stewardship of Records.
CSAC’s Future Focus and Vision

Current Operations Focus
- Apply
- Select
- Disperse
- Student Customer Service
- Outreach & Marketing
- Institutional Services

Future Vision
- Apply
- Select
- Award
- Disperse
- Student Customer Services
- Outreach & Marketing
- Institutional Services

Represents the allocation of CSAC resources
CSAC’s Future Goals

Deliver High Quality Student Service
- Improved student financial planning tools
- Mobile viewing & access
- Student visibility to award information
- Earlier notification of award
- Simplified application – “turbo-grant”

Outreach and Marketing
- Partner with high school counselors as a new channel for outreach
- Cash 4 College & Cal-SOAP enhanced campaign and analytic tools

Provide College Services
- Integration with college systems
- Enhanced college capabilities
- Just-in-Time Payments
- Just-in-time payments to colleges

Expedited Processing of Applications

Gartner
Developing their Business Capabilities

<table>
<thead>
<tr>
<th>Deliver High Quality Student Service</th>
<th>Enable Outreach &amp; Marketing</th>
<th>Provide College Services</th>
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<tbody>
<tr>
<td>Student Customer Center</td>
<td>Cash 4 College workshops</td>
<td>Institutional student verifications</td>
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<td>Notifying students of award</td>
<td>Cal-SOAP events</td>
<td>Reporting</td>
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<td>Online Information &amp; Services</td>
<td>Marketing Events</td>
<td>Participation Agreements</td>
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<td>Information for student financial aid package</td>
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<td>Sandstone</td>
<td>Processing data</td>
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<td>Direct interface with institutional systems</td>
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<td>Expedited Processing of Applications</td>
<td>Smooth External</td>
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<td>Providing online applications</td>
<td>Partnerships Interactions</td>
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<td>Selecting and awarding</td>
<td>Immediate processing of grants</td>
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<td>Mobile/Tablet applications</td>
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<td>Expediting of Applications</td>
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<td>Supporting various systems</td>
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<td>Manage Information Security</td>
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<td>IT</td>
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<td>Budgeting</td>
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<td>Reporting to State Agencies</td>
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<td>Performing Audits</td>
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<td>Public Affairs</td>
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Minor issues associated with the activity

Activity can be significantly improved

Desired Future Capabilities

Cash 4 College workshops
Portal for High School counselors
Campaign Tracking & Reporting
Conduct Outreach Campaigns
Institutional student verifications
Participation Agreements
Information for student financial aid package
Processing data
Direct interface with institutional systems
Receiving files from CDSS
Administer JRJ with OES
Exchanges with CDE
Distribution of funds to Institutions
Financial Reconciliation
Distribution of funds to lenders
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Current State of the Project

Stage 1
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Lessons Learned

- **BUSINESS DRIVEN**
- **COLLABORATION**
- **STRATEGIC FIRST – DRIVE TACTICAL**
  - Make decisions based on where you want to be, not where you are
- **ACCOUNTABILITY**
  - Ensure the appropriate individuals are engaged throughout the project
- **STAKEHOLDER INVOLVEMENT**
  - Incorporate input from all stakeholders to validate your vision
- **BUSINESS CAPABILITY MODEL**
  - Create a business capabilities model for Stage 1 activities
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