Henk de Man

<workflow /analytica>

VDM to develop the business case for BPM solutions

VDMbee
THE VALUE MANAGEMENT PLATFORM

Workflow Analytica

VDM to develop the business case for BPM solutions

Berlin, May 6, 2022

Executable BPM solutions through low-code platforms

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BPM low-code platforms: often CIO / tech-driven

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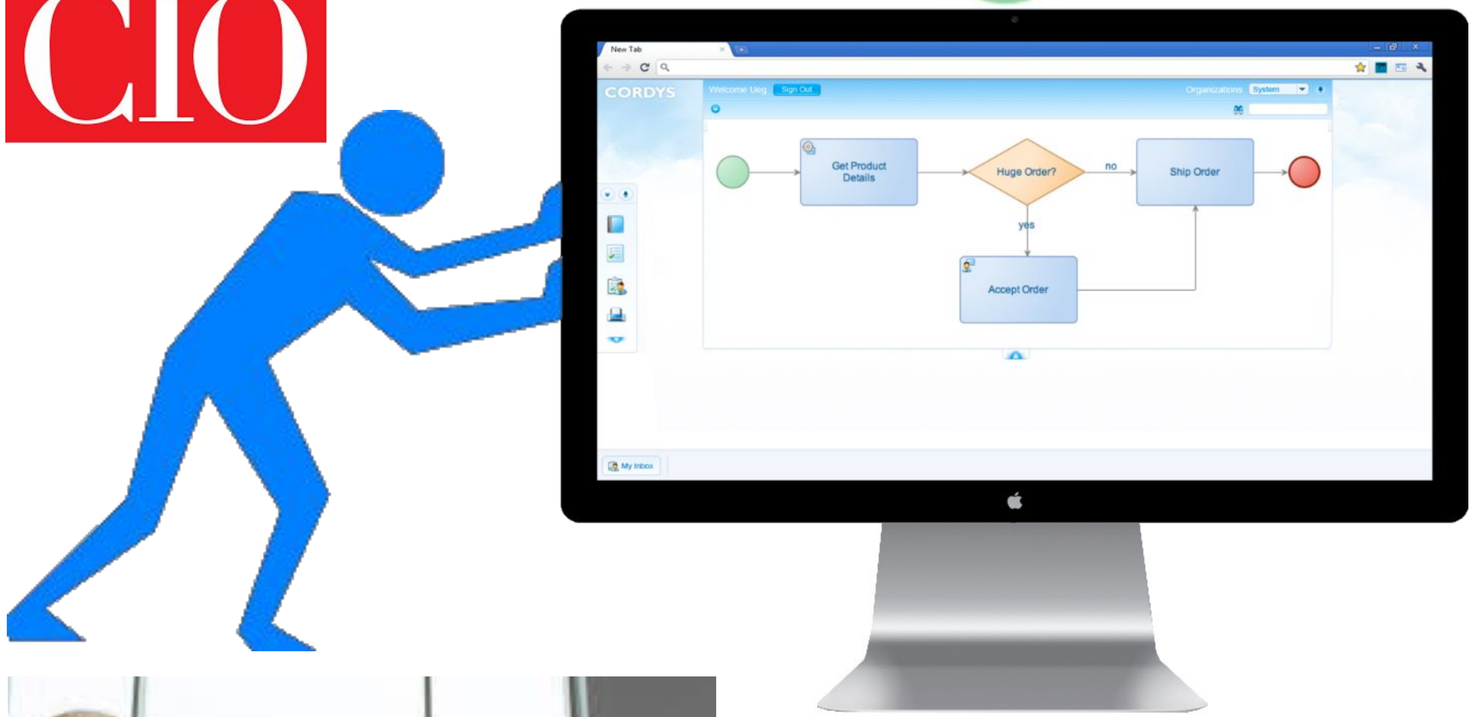
CIO



Chief VALUE Officer

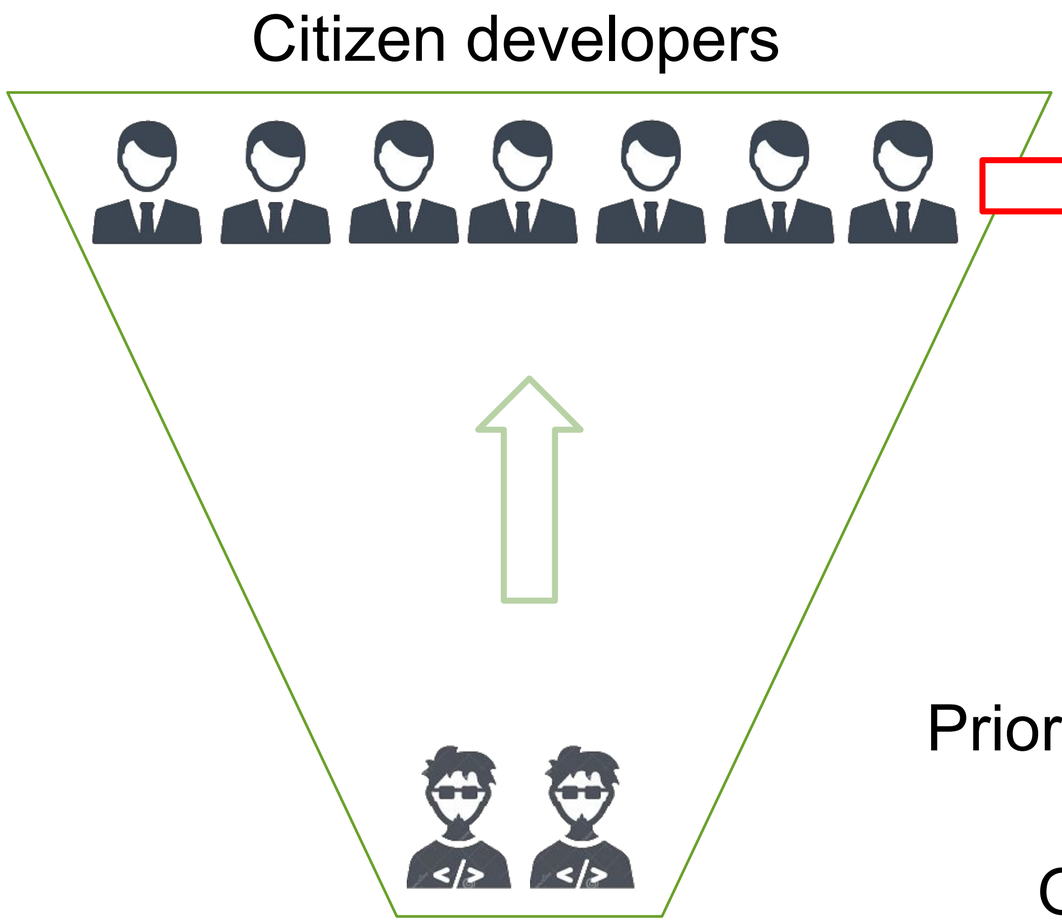
PoC successful !!

But where is the pain in the business ??

DUPONT

LEAN 6σ
Control
Define
Measure
Analyze
Improve

Democratization of software development through low-code



Proliferation of apps

Priorities *not* value-driven ..

Often still siloed .. (local budgets)

From BPM to DX

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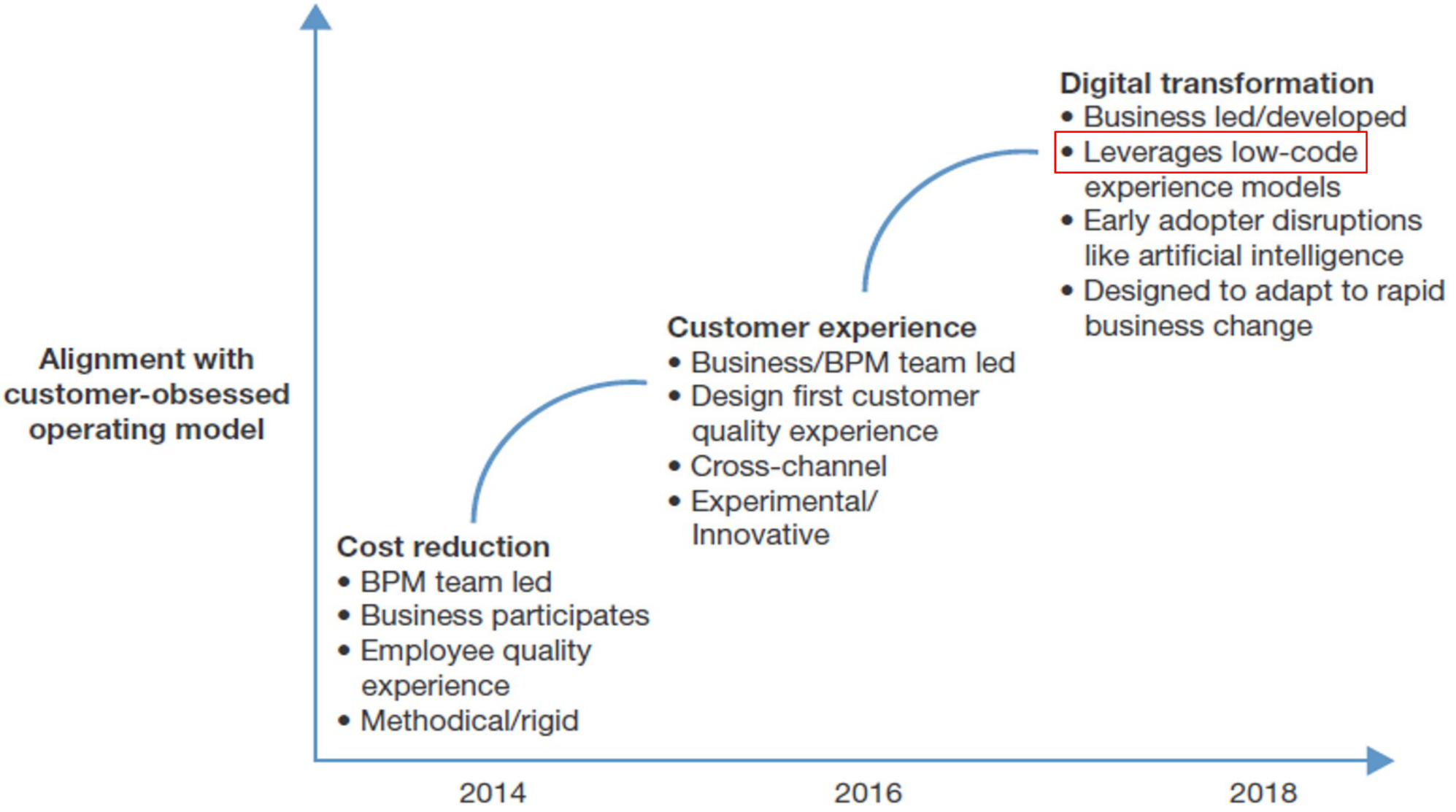

https://www.sharepointeurope.com/traditional-bpm-gives-way-digital-process-automation/

Digital transformation (DX)

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- **Digita ansformation (DX)** is a strategy of enabling business innovation through incorporation of ***digital technologies*** into your operational process, products, solutions, and customer interactions.

https://www.netapp.com/devops-solutions/what-is-digital-transformation/

- **Digita ansformation** is the cultural, organizational and operational change of an organization, industry or ecosystem through a smart integration of ***digital technologies***, processes and competencies across all levels and functions in a staged and strategic way

https://www.i-scoop.eu/digital-transformation/

DX technologies

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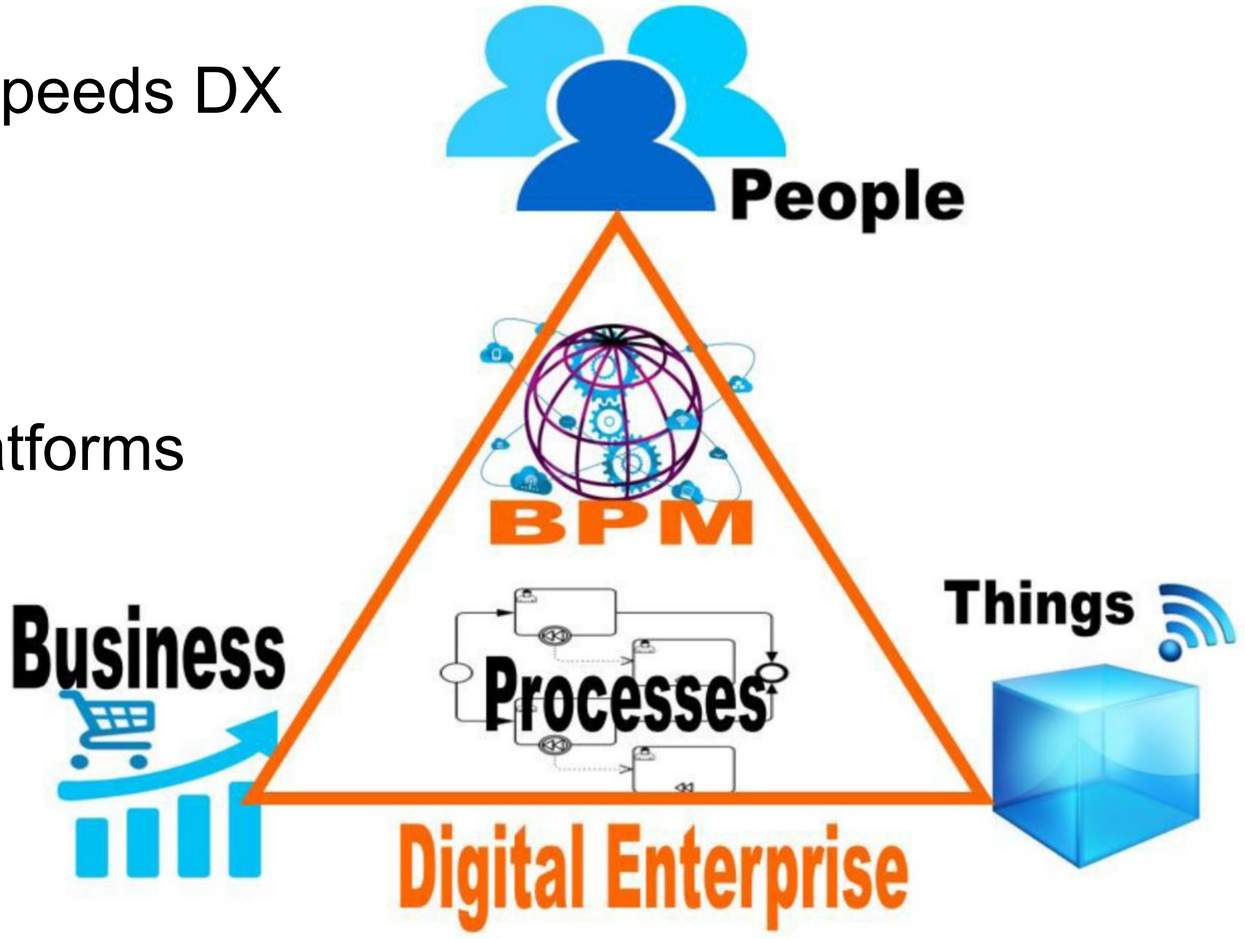
IoT
Data analytics
Smart / mobile devices
Low-code BPM platforms
Cloud computing
Blockchain
4G / 5G
Social media

DX subsumes BPM

Low-code development speeds DX

Use of BPM low-code platforms becomes pervasive



But: “siloed" and sub-optimal BPM practices are often sustained ..

https://medium.com/@pedrorobledobpm/bpm-is-key-to-digital-transformation-828db8eca74b

DX “theory” promises better !

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- **Digital Transformation** involves the building of a **digital ecosystem** in which there are coherence and seamless integration between customers, partners, employees, suppliers, and external entities, providing greater overall **value** to the whole.

  https://www.netapp.com/devops-solutions/what-is-digital-transformation/

- **Digital Transformation** is the integration of digital technology into all areas of a business, fundamentally changing how you operate and **deliver value** to customers.

  https://enterprisersproject.com/what-is-digital-transformation

- A **Digital Transformation Platform** is a computing platform used to support the orchestration of **business models** in support of the digital transformation of an enterprise, where digital transformation describes a foundational change in how an enterprise **delivers value** to its customers.

  https://www.encanvas.com/digital-transformation-platform/

- **But:** no concrete methods and tools to live up DX "theory" ..

Mindshift needed …

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- Solution priorities driven by **value delivery** needs:
  - Start from **ends**, not **means**
    - Start with analysis of required **value** versus value contribution
    - Process execution and API development are *capstone* of value-driven business transformation!
  - **Value delivery management (VDM)** to develop the business case for BPM
  - VDM-driven BPM to break down silos and focus on value throughout the chain.

Some definitions

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- **Value Delivery Management (VDM)**: Transformation of the whole enterprise into an organization centered around value and enabling the success of its external and internal customers.

https://www.apptio.com/solutions/value-stream-management/

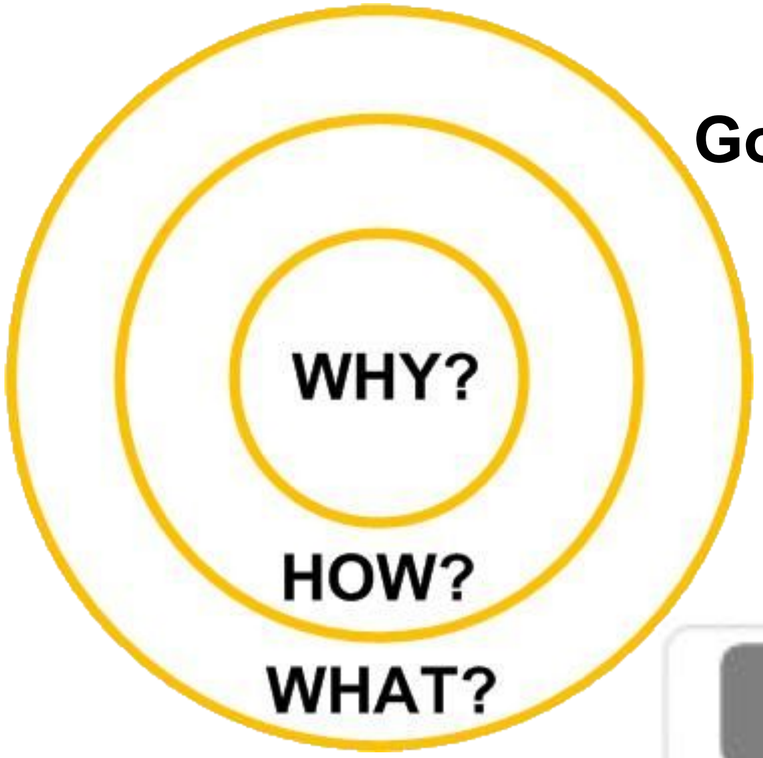
https://restya.com/solutions/value-stream-management

OR:

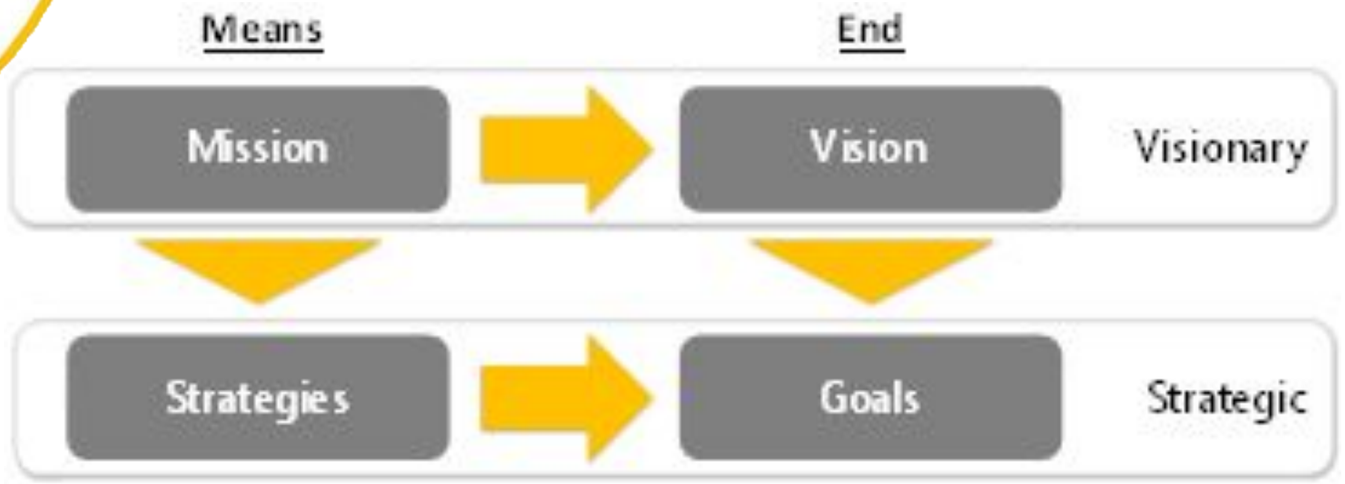
- **Value Delivery Management (VDM)**: Realizing value for all stakeholders in an ecosystem, through transformation.

- **Value:** measurable factor of benefit, of interest to a recipient, in association with a business item (VDML)

“Why”/”What”/”How” worked into a planning approach



Golden Circles (Simon Sinek)



Business Motivation Model (BMM) (OMG)

“Why”/”What”/”How” worked into a planning approach

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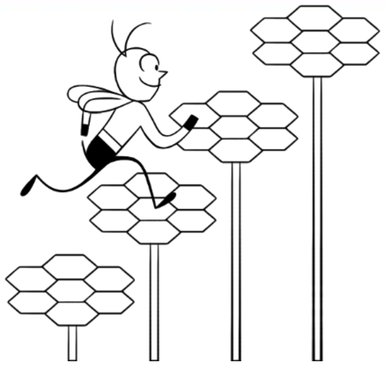
Golden Circles

- **WHAT** - What do you do ?
- **WHY** - Your motivation
- **HOW** - Specific actions to realize Why

BMM

- **MISSION** – Operations in scope
- **VISION** - Aspirations. What to achieve
- **STRATEGY** – Approach to achieve Goals / Objectives

“Why”/”What”/”How” worked into a planning approach



Plan

MISSION

CURRENT
(As-Is)

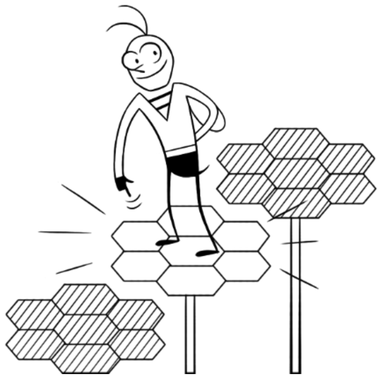
TO-BE

TO-BE NEXT

ETC.
(Goal)

Phases: succession of steps (time-bound)

Alternatives may be explored per Phase



“Why”/”What”/”How” worked into a planning approach

Each Phase defines Value Objectives

MISSION

CURRENT
(As-Is)

TO-BE

TO-BE NEXT

ETC.
(Goal)

Strategies are worked into the Plan, to reach Value Objectives

Decide on the best basis going forward

Purpose of a Business Model framework for Planning

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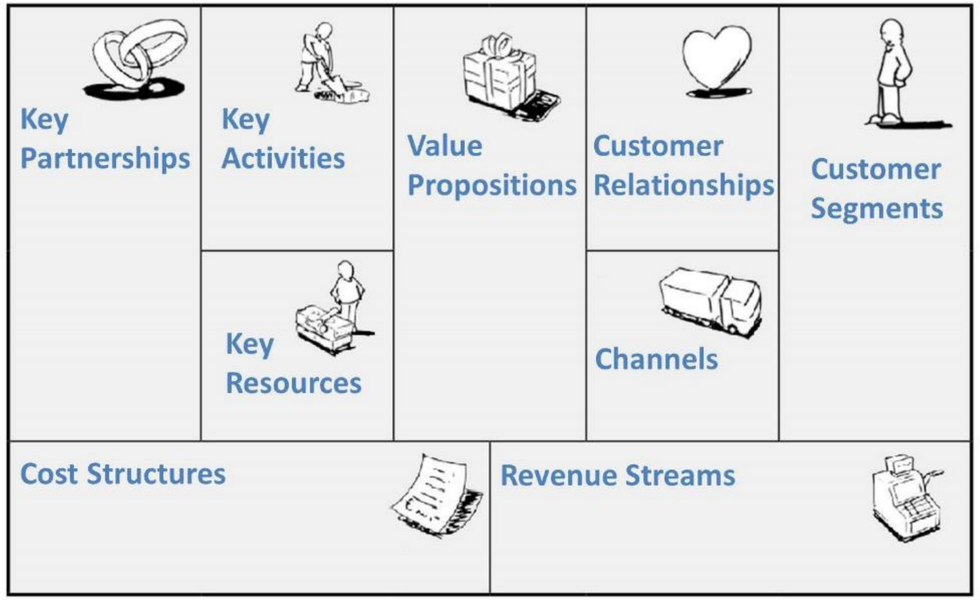
- Need "**guage**" to define how Business operates, As-Is and To-Be
- Use "**B ness Models**" as language
- **Busin Model**: defines how a Business, in a particular product-market/customer combination, **creates and delivers Value** for the stakeholders involved.
  - Customer-facing Business Models
  - Internal Business Models
- **Business Model Canvas (BMC)** is de-fa standard



Why using different BM framework for Prototyping ?

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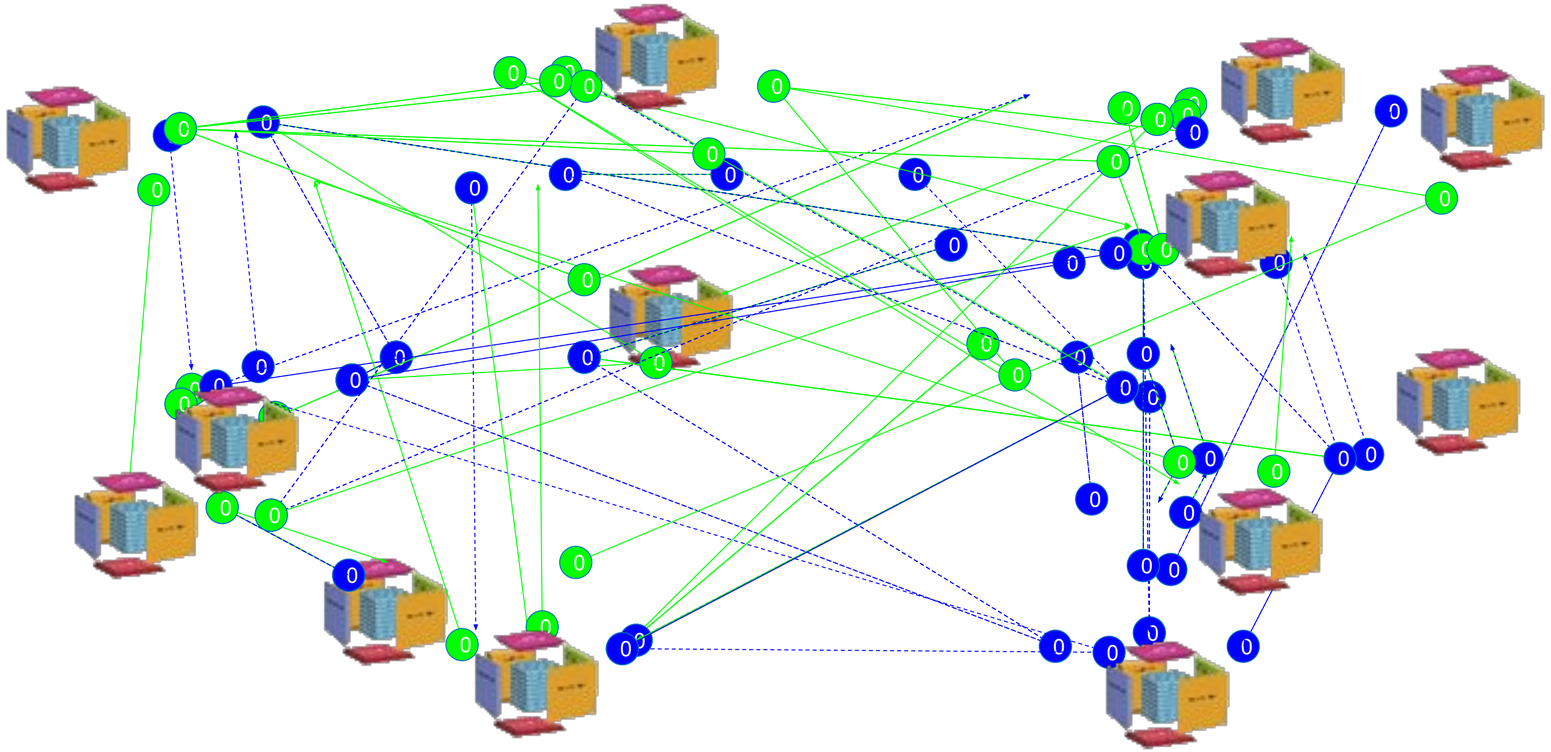
- A Business Model is not a silo ...



- Real-world cases are about **ecosystems** of **collaborating Business Models,** from **multiple perspectives** (different Participants)

Why using different BM framework for Prototyping ?

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Business Model Canvas	BM framework for Prototyping
For ideation; static	For prototyping; dynamic
Single BM	Ecosystem of interrelated BMs
Single perspective	Multiple perspectives (of Participants)
Customer relationship	Structured relationships between all participants in ecosystem
Customer Value Proposition	Value Proposition exchanges in ecosystem
Cost & revenue	Uniform concept of Value; values for all participants
Channel: Resource or Partner ?	No ambiguities

Why using different BM framework for Prototyping ?

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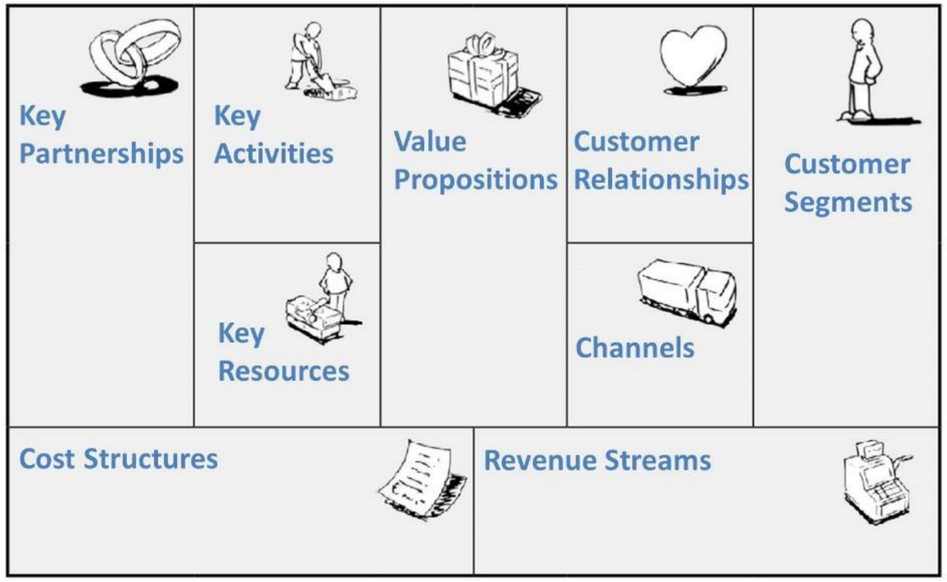
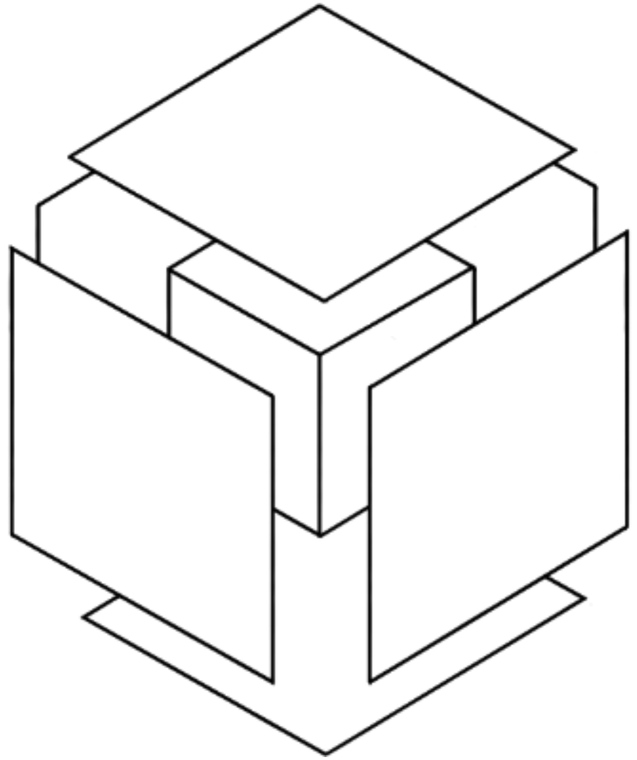
Business Model Canvas



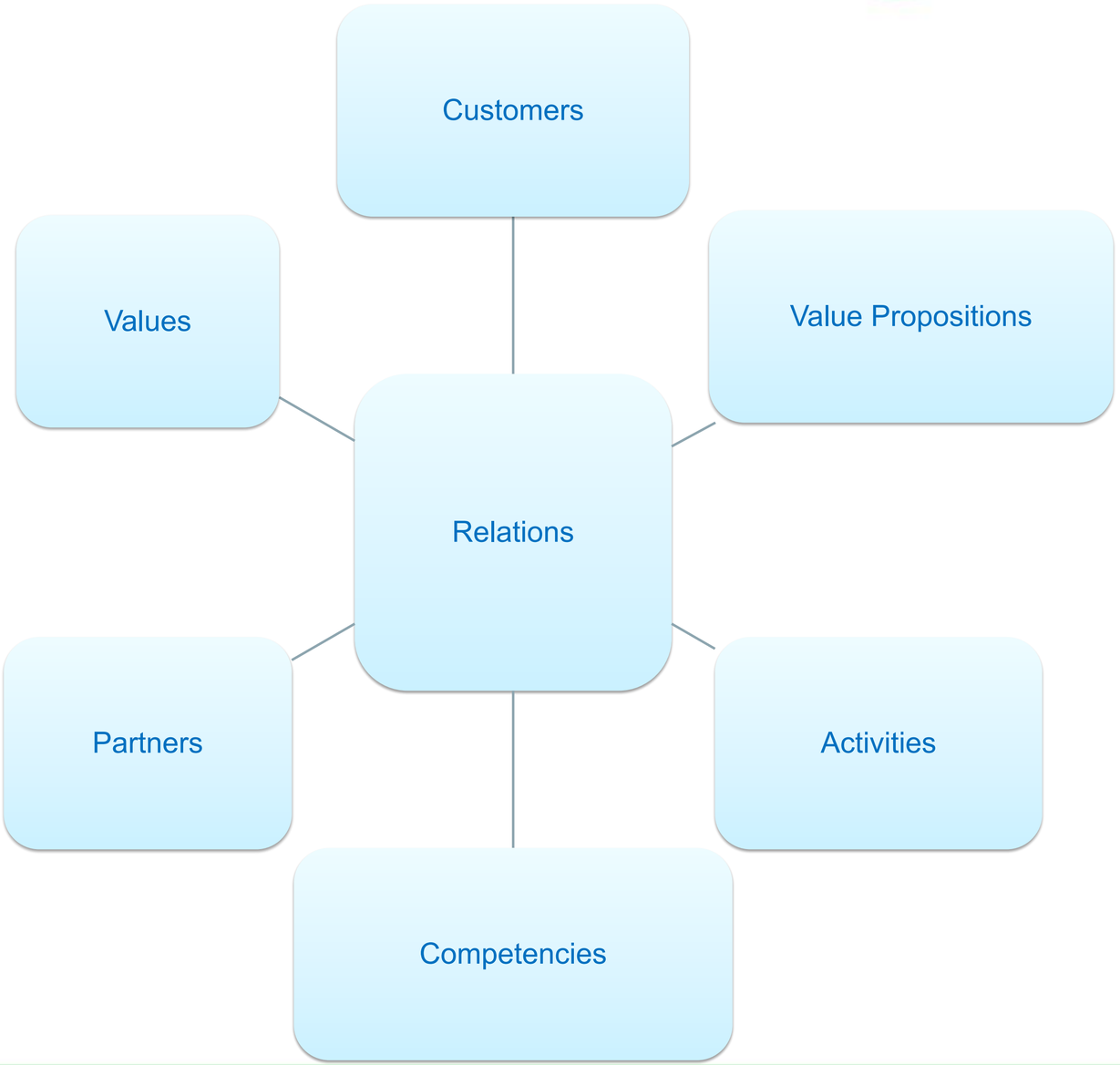
Business Model Cube *)



- 6 dimensions
- focus on relationships

*) Based on work of Peter Lindgren, Aarhus

Why using different BM framework for Prototyping ?



BM Cube: 6 dimensions

+

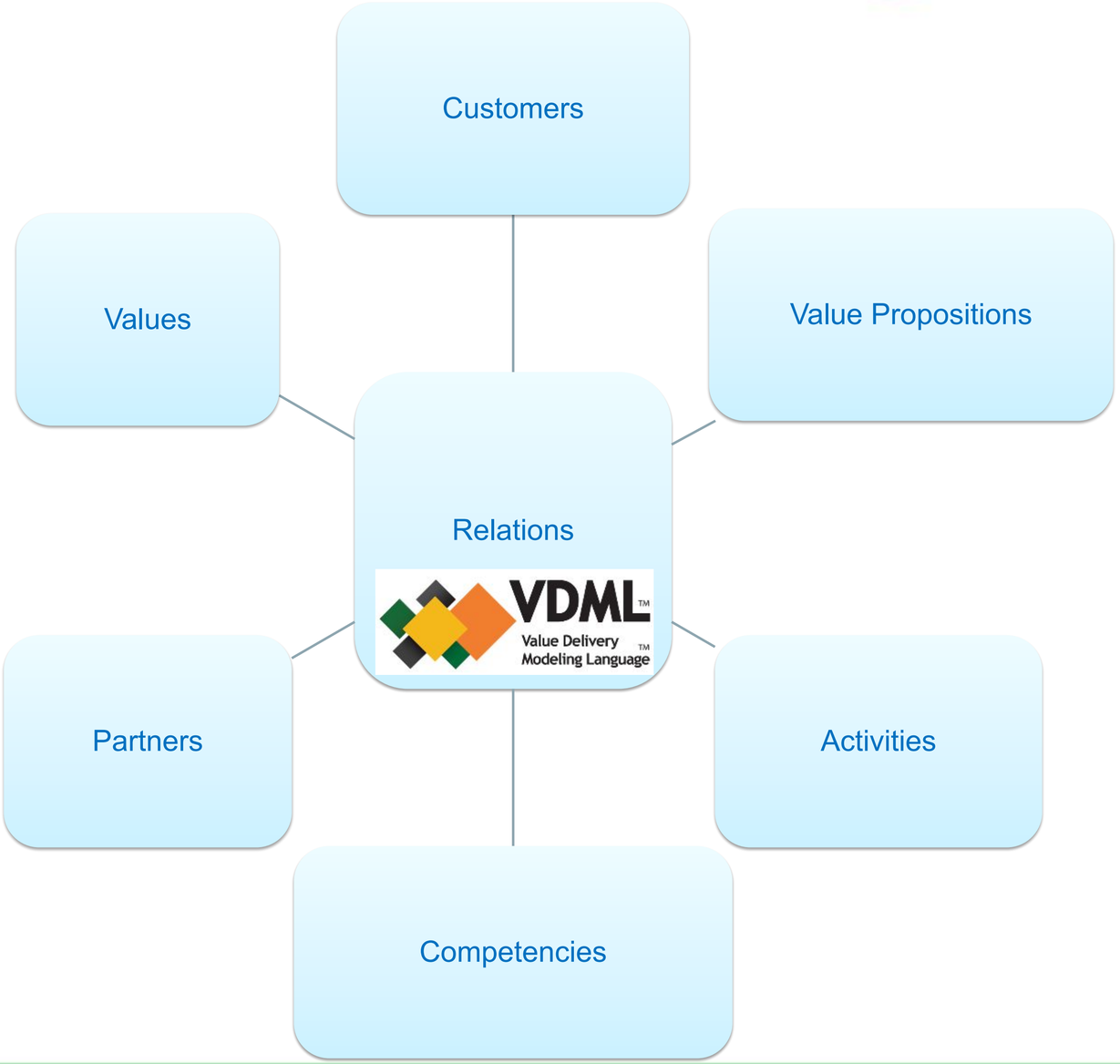
RELATIONSHIPS

Define and understand how elements are related, both intra- and inter-BM, and work together, as a system or **Value creation "machine"**

Meta-model is required to provide structure for all these elements:

- Meaning
- sufficient detail
- relationships

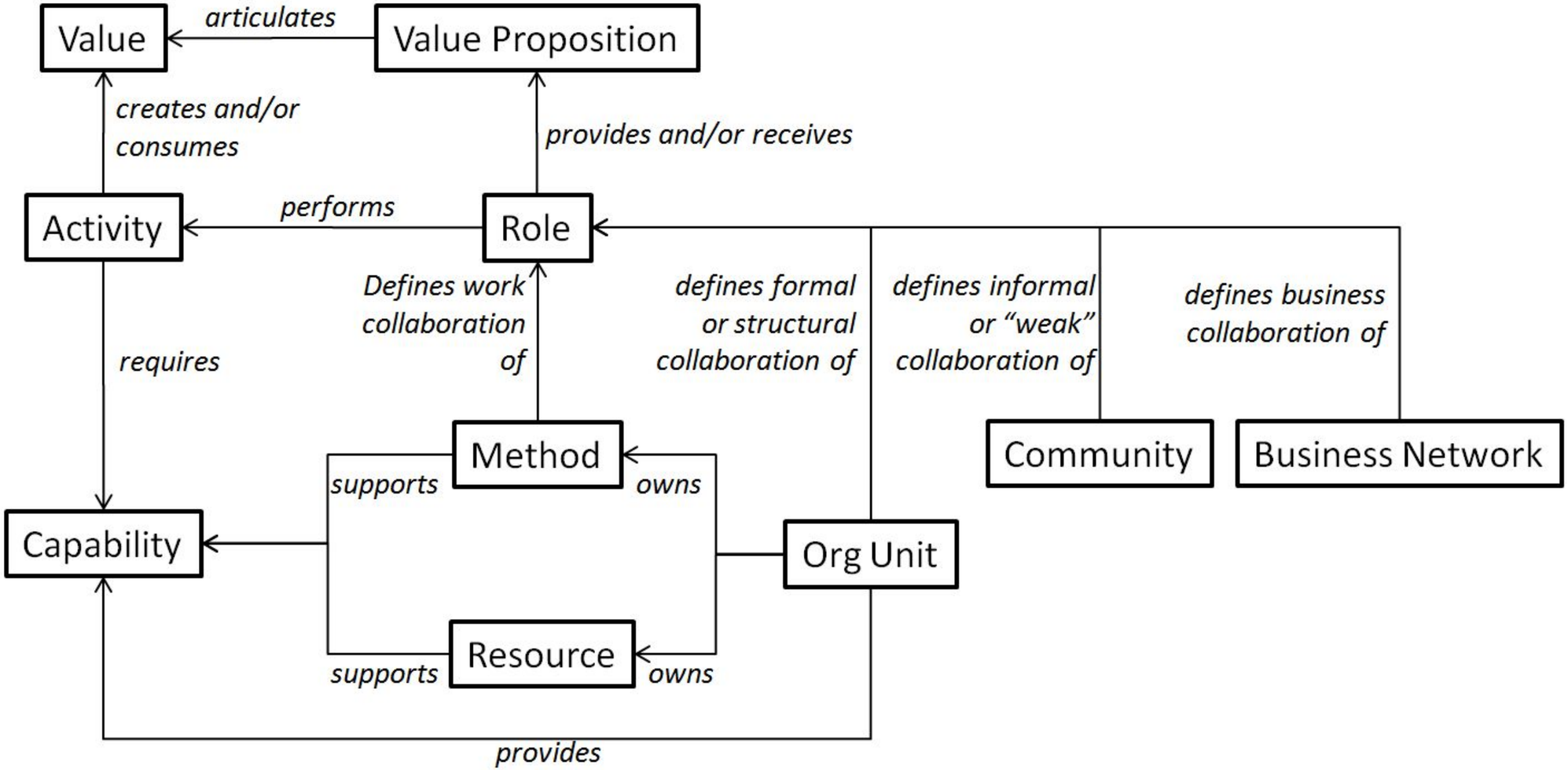
Why industry-standard meta-model for Prototyping ?



Value Delivery Modeling Language (VDML):

- Gives “hands and feet” to BM Cube Concepts
- Defines relationships between BM elements, intra- and inter-BM, to express how businesses operate and create and deliver Value

VDML core concepts

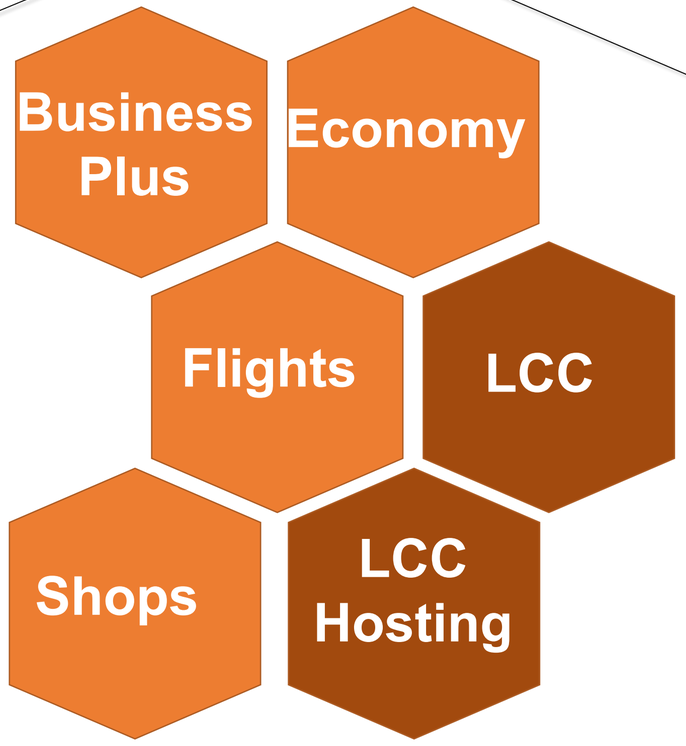


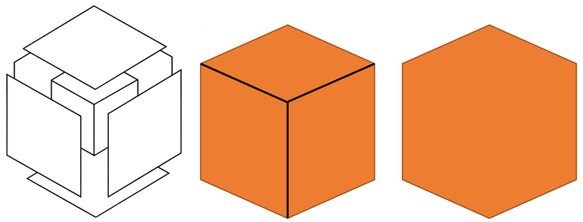
Why use Business Models as Units for (Strategic) Planning ?

Mission

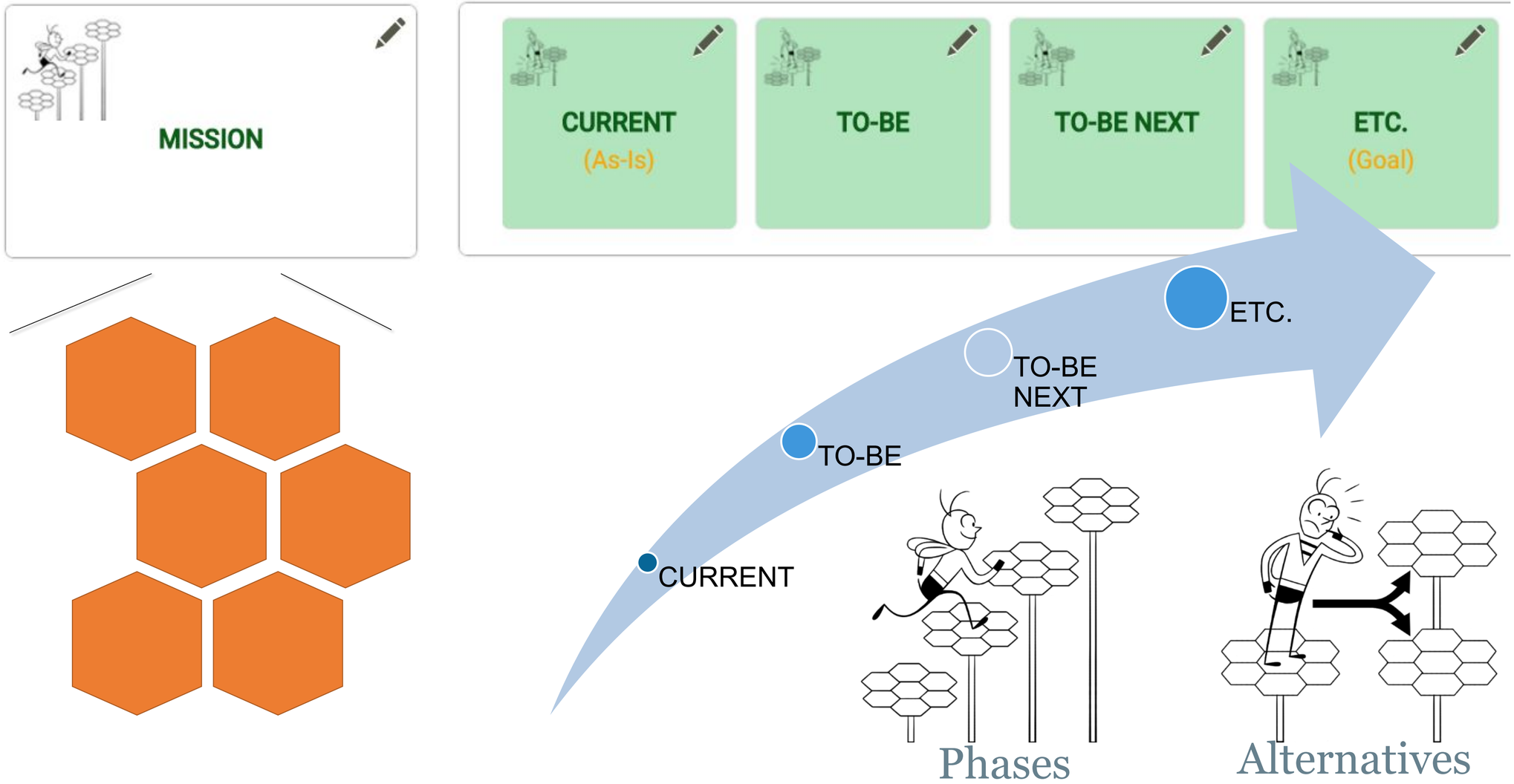
BMs decompose the mission

Both customer-facing and internal Business Models



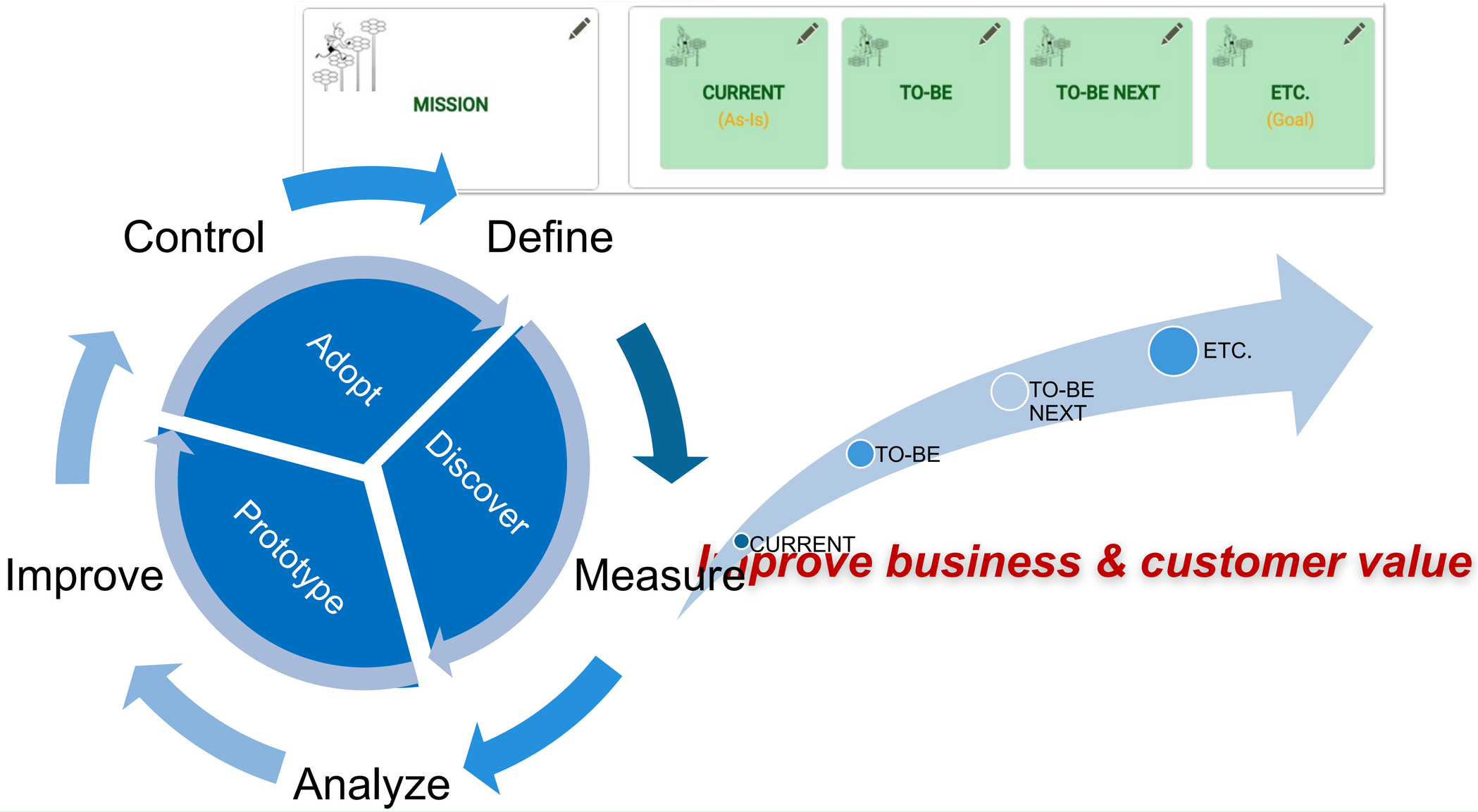


Why use Business Models as Units for (Strategic) Planning ?



Business Models as Units for Strategic Planning

VDM method: Continuous Business Model Planning (CBMP)



Models used during “Discover”, “Prototype” and “Adopt”

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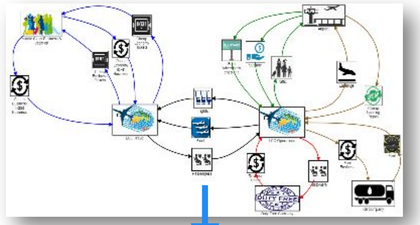
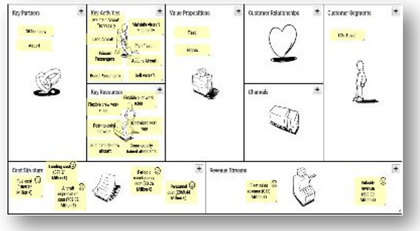
Discover

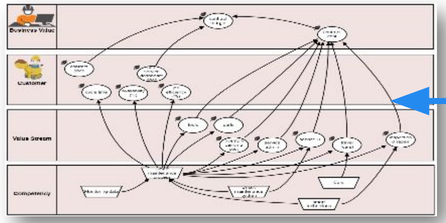
Business Eco Map



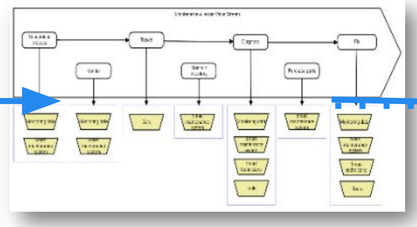
Business Canvas



Strategy Map



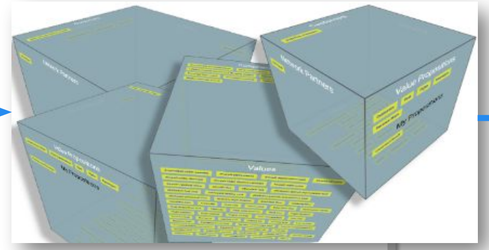
Value Stream Map



Capability Map

Prototype

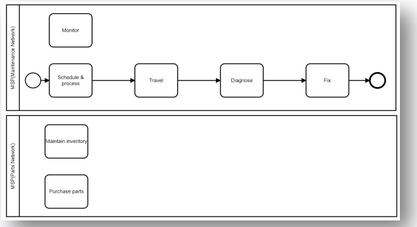
Ecosystem of BMs



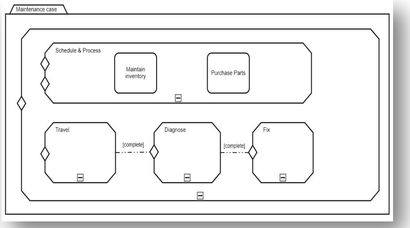
Data repository

(VDML™ by OMG ®)

Process model



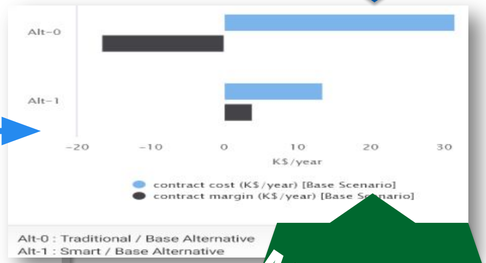
Case model



Adopt

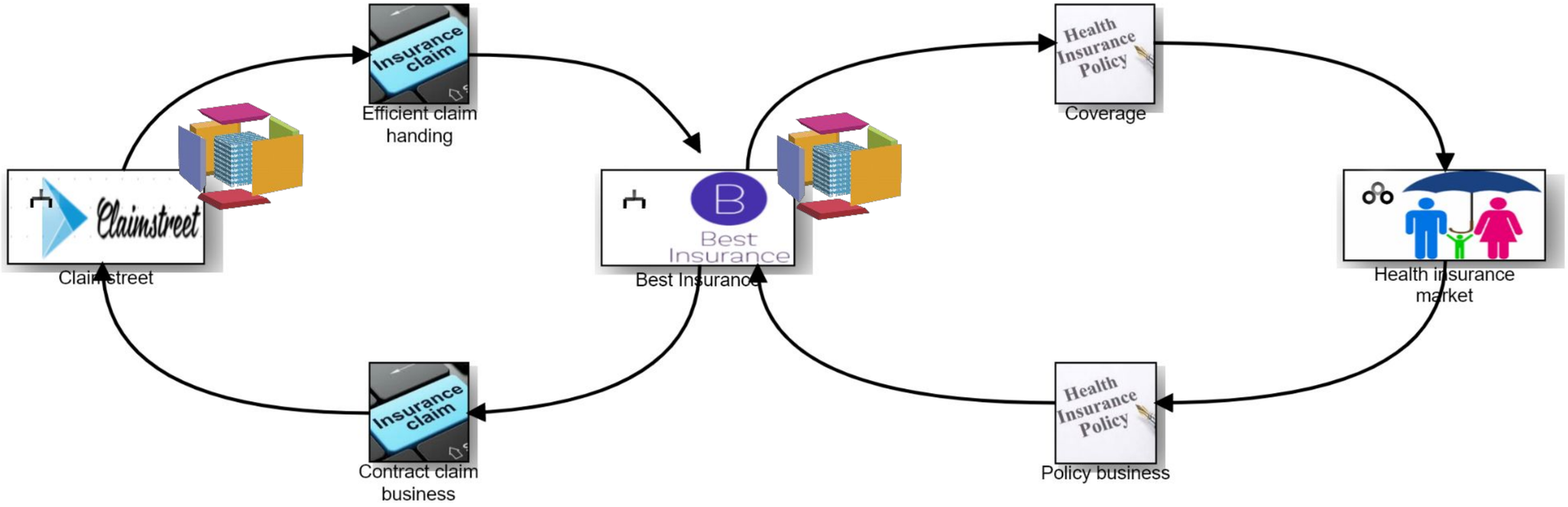
What-if Scenarios

Dashboard

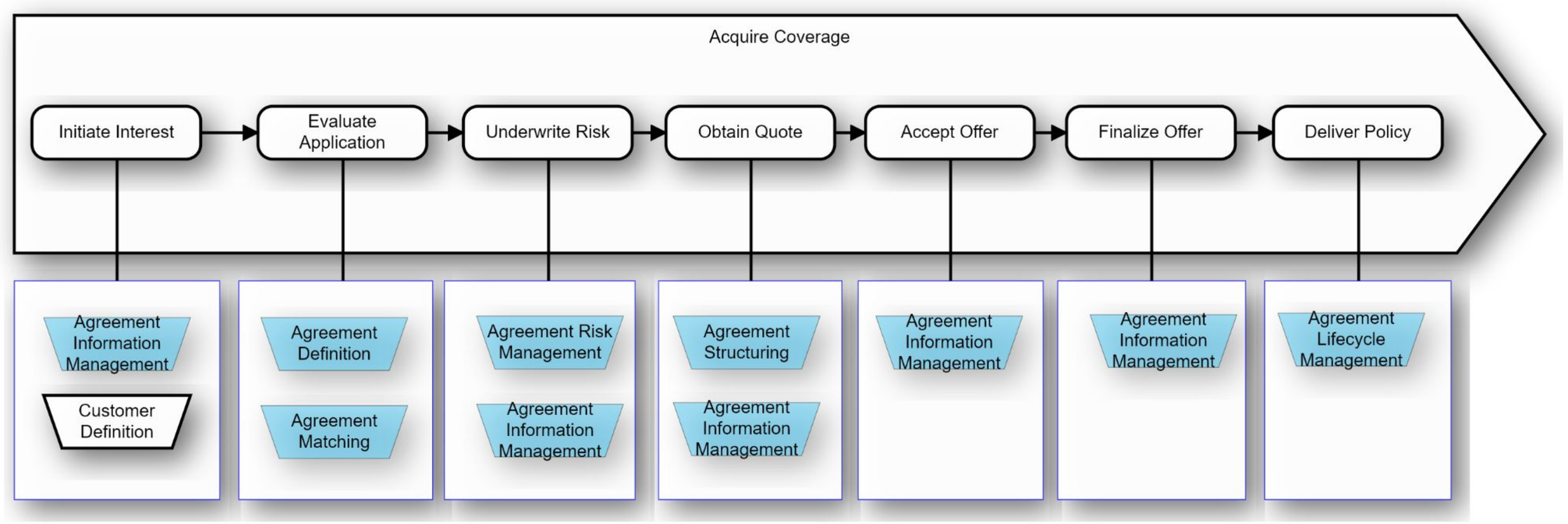


Monitoring

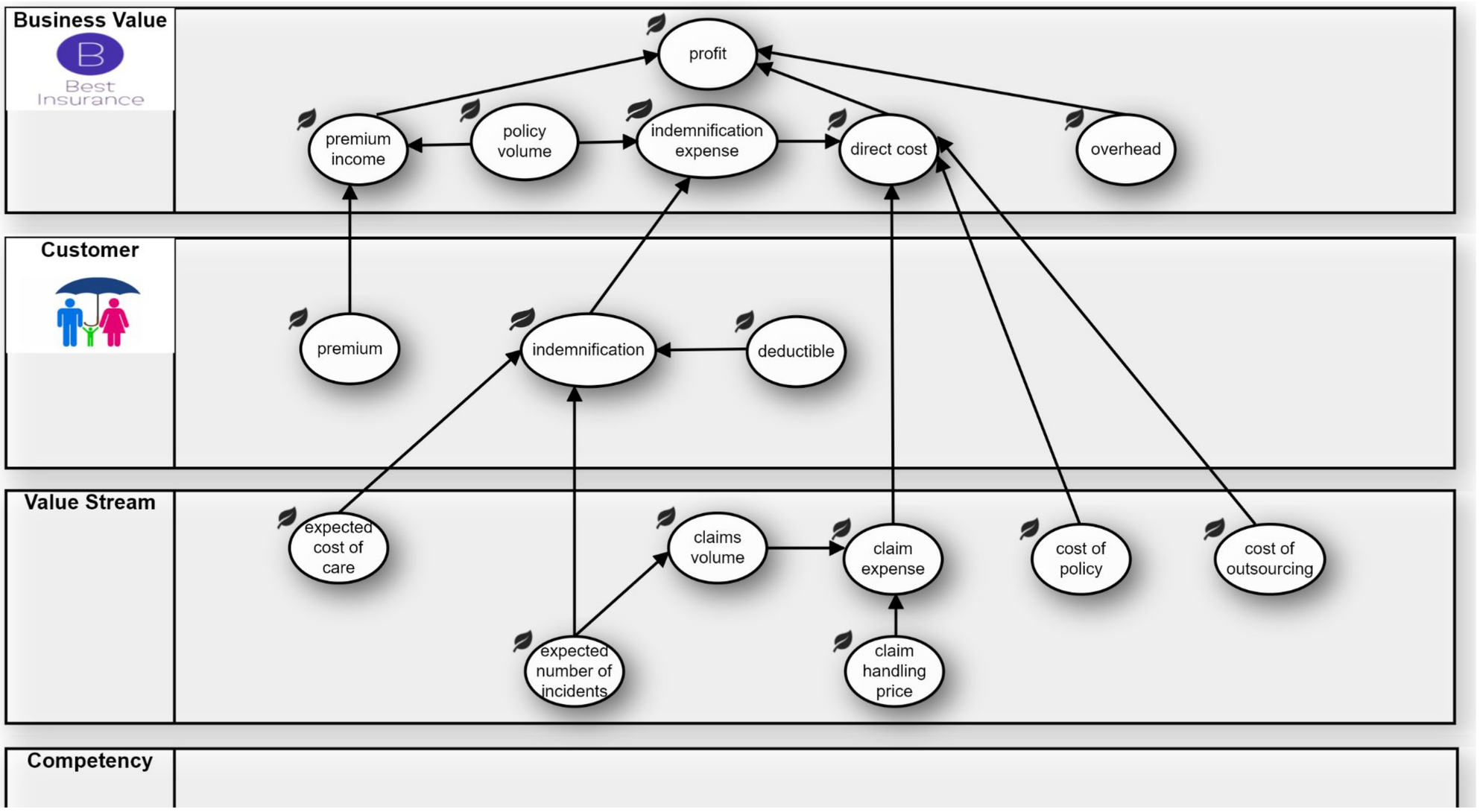
BM Ecosystem: Health insurance



Value Stream: Acquire coverage



Strategy Map: Best Insurance strategy



Dashboard & scenarios

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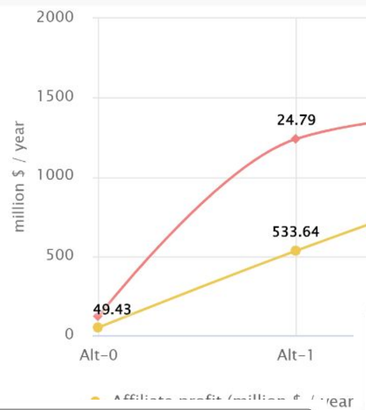
Consortium revenue stream

Alt-0 : Introduction / Base Alternative
Alt-1 : After 3 years / Base Alternative

Affiliate profit evolution



Impact of blockchain on patient care

Show 5 entries Search:

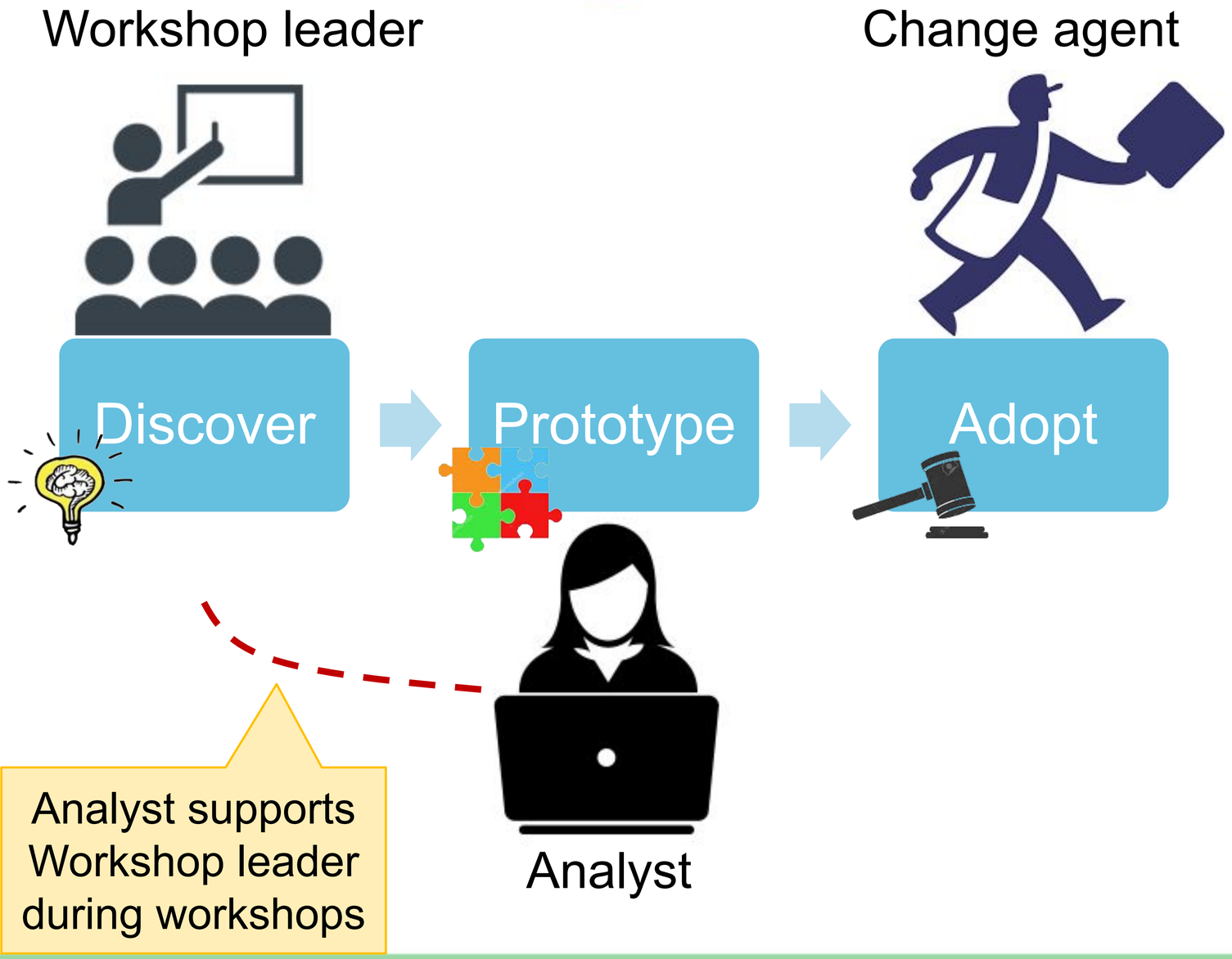
Values	Baseline	Introduction	After 3 years
	Base Alternative / base scenario	Base Alternative / base scenario	Base Alternative / base scenario
Uncategorized			
Patient satisfaciton (%)	52.50	71.00	78.00
specialty care duration (days / treatment)	10.00	7.72	6.55
Specialty care quality (percentage)	0.50	0.72	0.94
specialty care transparancy (blocks / treatment)	4.00	10.14	14.34

Showing 1 to 4 of 4 entries Previous 1 Next

Impact of blockchain on affiliate care cost structure

Alt-0 : Baseline / Base Alternative
Alt-1 : Introduction / Base Alternative
Alt-2 : After 3 years / Base Alternative

What persona's work with the CBMP method ?



VDM (CBMP) applied at different levels

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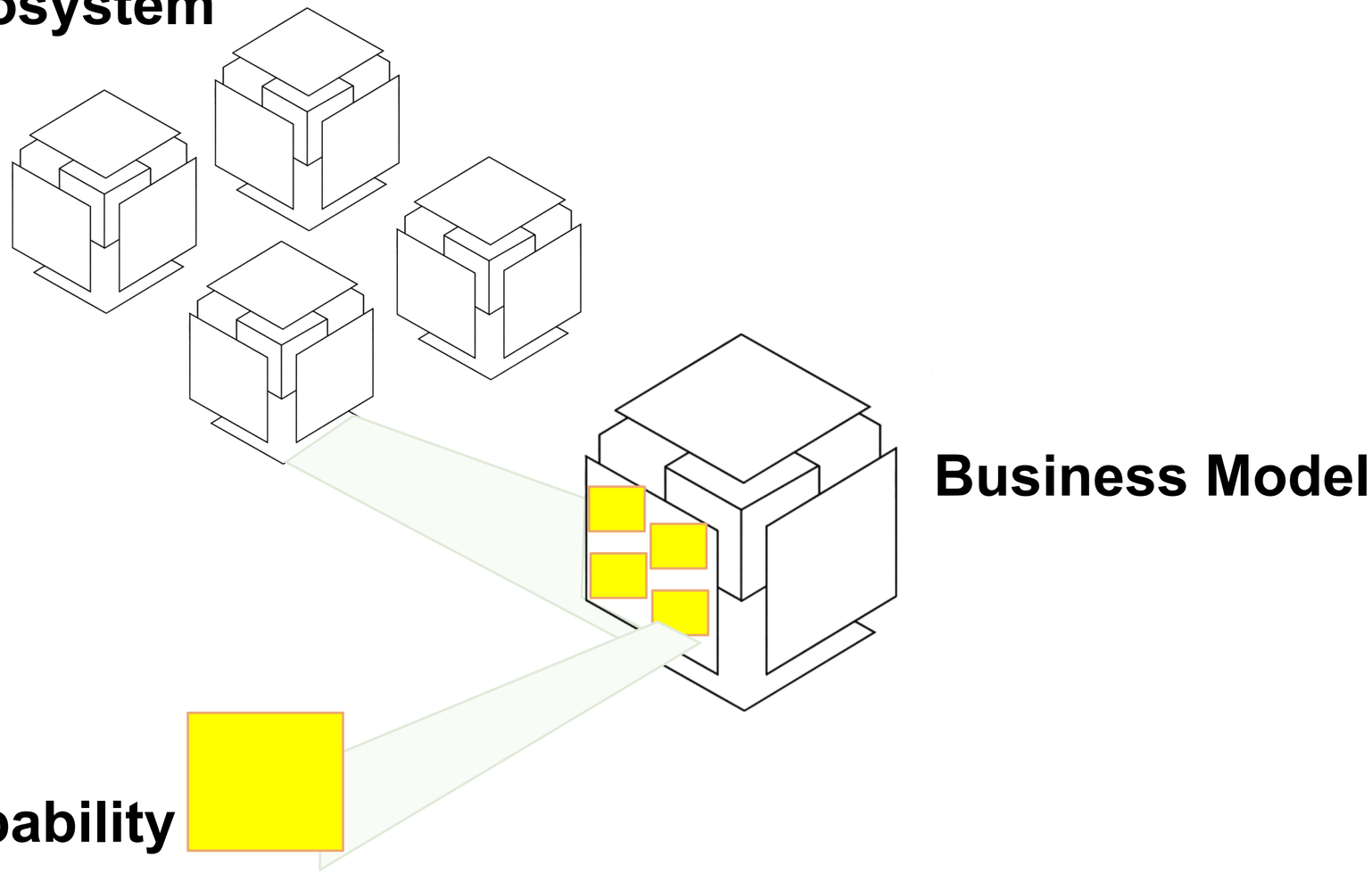
Multi-BM ecosystem



Business Model

Capability

Use case: Accessibility to Electronic Health Records

Objective

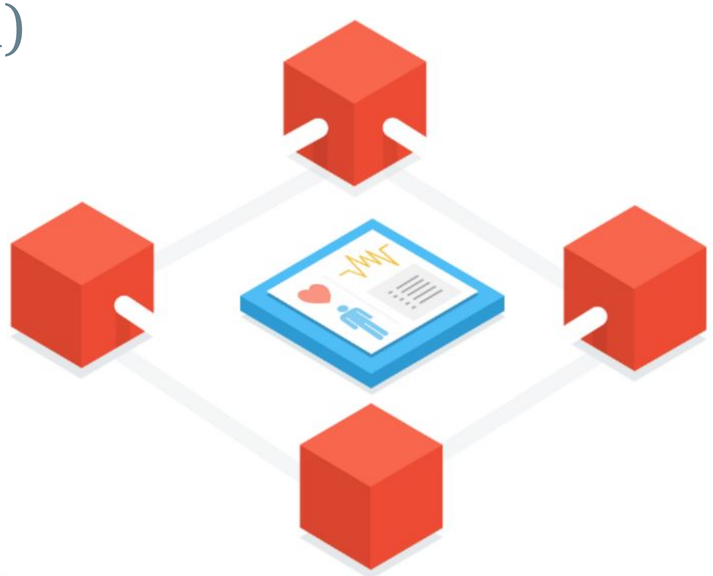
- Business plan for a sustainable ecosystem in Healthcare of Chicago
- Assess value impact of Blockchain-based EHR in Chicago HC community

Participants

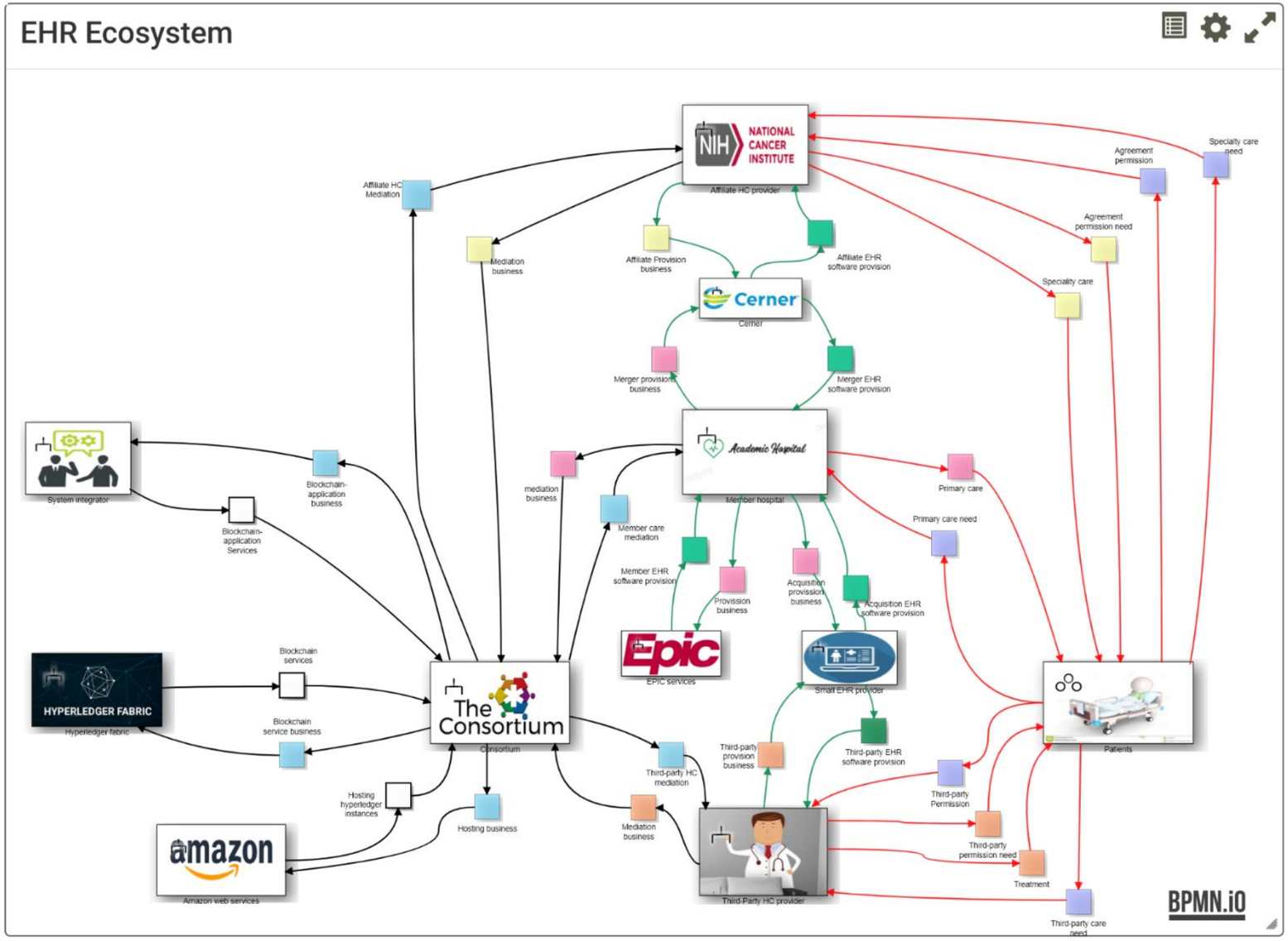
- University Hospital of Chicago, University of Ghent

Benefits (from perspective of member hospital)

- 31 % patient treatment duration reduction
- 29 % quality of primary care increase
- 22 % patient satisfaction increase
- 21 % primary care cost reduction
- 3 % IT cost reduction



BM Ecosystem: EHR on Blockchain



Use case: Smart weeding

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- Object
  - Get sustainable business models for all participants in the eco-system
  - Get insight in new business models
  - Validate scenarios, like break-even point, effect of providing IoT data

- Partici ts
  - Wageningen Economic Research,
    machine manufacturer, farmer, retailers,
    system integrator, ISV

- Benefit armer, relative to traditional)
  - 66 % cost reduction (mainly labor)
  - 3 % crop yield increase (pumpkin, sugar beets)
  - 0,6 % sugar volume increase (sugar beets)
  - Payback < 4 years (< 1 with 5 * more land)

Other typical use cases

- Aircraft End of Life
- Sustainable energy production

- Sustainable pork value chain
- Smart equipment service
- Data-driven recruitment

- Connected autonomous vehicles (Smart City)
- Vehicle signage using 5G
- Fast charging infrastructure

Getting started on VDM

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- **Enterprises:**
  - Consider VDM to validate and underpin **projects** in your portfolios
  - Add two more weeks of effort (for VDM) at the start of projects

- **Consultants:**
  - Try VDM as new **approach**
  - Plug-in CBMP in your overall consulting engagement method

- **Solution providers:**
  - Create VDM model to **demonstrate** value impact of solution
  - Extreme re-use

- **Academia:**
  - Adopt VDM as new module in your **course**

- Call on **VDMbee** for training, certification and delivering CBMP as a service