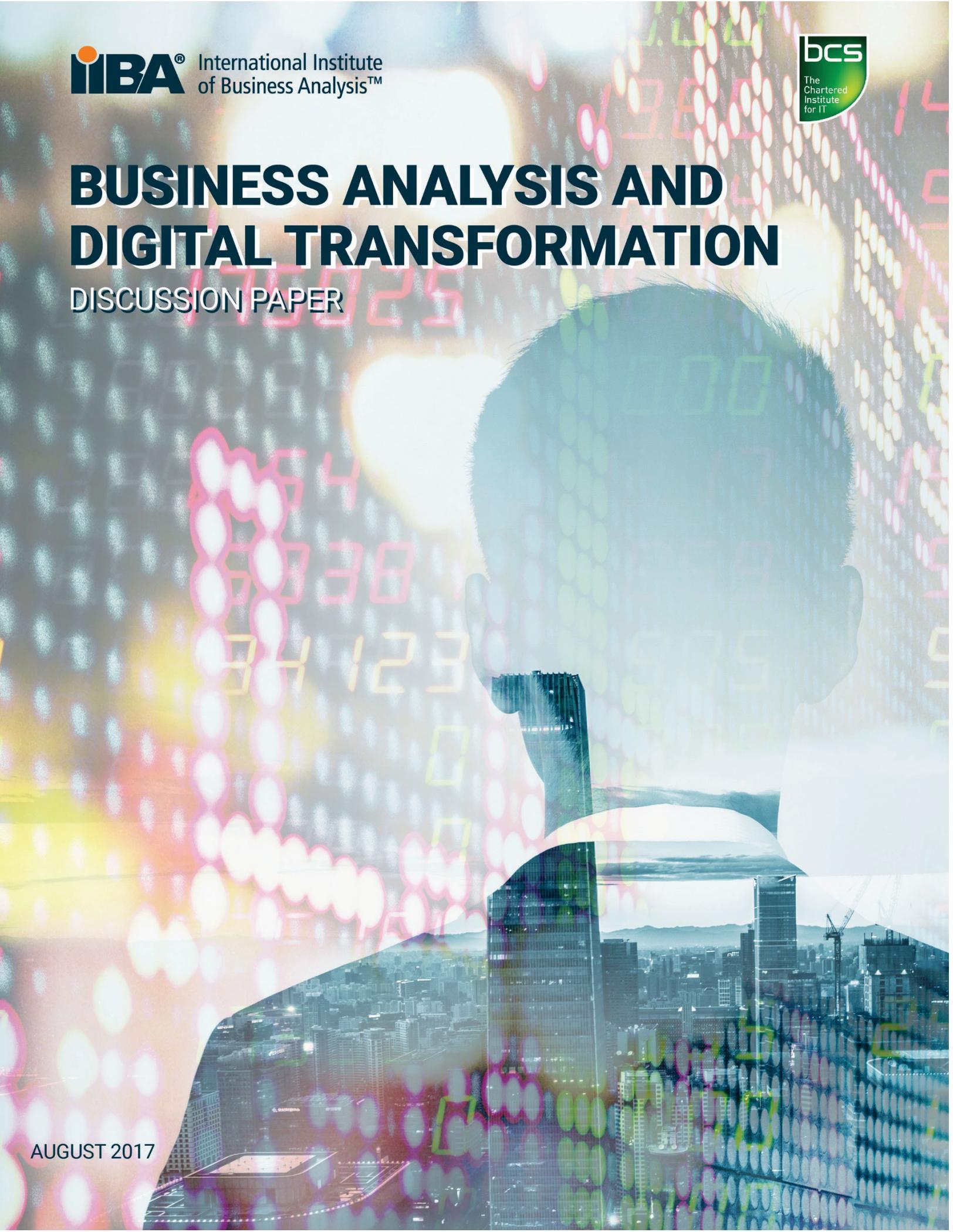


BUSINESS ANALYSIS AND DIGITAL TRANSFORMATION

DISCUSSION PAPER

AUGUST 2017



Introduction

The last decade has seen a massive shift in our economy and we are starting to see entire industries disrupted and transformed. Business models that were stable for decades or centuries have suddenly stopped being viable and similar transformative events are likely to continue.

This presents a significant opportunity, and risk for business analysis professionals (“BA Professionals”) as we shift from a process automation and managing long-term capital investments focus to integrating new technologies directly into our organization’s business model. It’s no longer simply about improving what we did before, it’s about changing the relationship with customers and suppliers in fundamental ways that were impossible before.

Context for Digital Transformation

A study by Capgemini Consulting and MIT (MIT Center for Digital Business and Capgemini Consulting, 2011) categorized digital transformation into three types of initiatives.

- **Customer Experience:** Digital transformation of the customer experience using technology to change the way an enterprise interacts with its customers or clients.
- **Operational Processes:** Digital transformation of operational processes using technology to dramatically reduce the cost or increase the efficiency of back-office operations.
- **Business Models:** A digital business model making the enterprise reliant on technology to deliver new forms of value.

Customer Experience

Many enterprises have used customer experience as the starting point for digital transformation and the ability to interact through digital tools has become table stakes in many industries. This gives your customers greater control over their interactions with you, new tools to modify or control how you deliver value, or customizes experience for individuals. The integration of social media into customer service, the development of a mobile app, and similar activities have been used to enhance customer experience.

Mobile is no longer a supplement to a traditional desktop experience as it’s become the primary means of accessing the internet for many people. This has come with its own set of implications. Additionally, the dramatic



growth of social networks such as Facebook, Twitter, Snapchat and others have made them a fixture of everyday life. Digital transformation efforts must account for the nature and capabilities of these platforms.

Operational Processes

Focused on “back office” operations, these efforts deliver value for customers through process improvement, modification of the supply chain, providing better data to customer service reps or decision makers, and similar activities. Cloud, blockchain technology, analytics, robotic process automation and artificial intelligence are increasing used to improve operational efficiencies, reduce costs and grow revenues.

With organizations increasingly moving to the cloud, we're likely to see a corresponding shift in the nature and influence of many IT organizations. Shifting from centralized IT spending to budget and management control with distributed business units will see a dramatic shift in power structure across an organization. Blockchain technology allows businesses to have completely secure and unalterable databases with no central server or

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location, storing the complete set of transactions in the cloud. It can also trigger events such as automatically paying an invoice as soon as a shipment arrives. Business analytics insights into customer behaviour allows organizations to make complex decisions based on statistical information. Robotic process automation takes repetitive work and uses analytic data combined with process mining, machine learning, and

robotic process automation tools to shift away from designed to emergent processes while still gaining the benefits of process automation. Artificial intelligence and machine learning in business are relatively new, but they have the potential to significantly reshape much of how we do business.

Business Models

A digital business model is the most extreme form of digital transformation, in which many, perhaps most, of the assets of the organization move online. Staff can work remotely (if required), products and services are provided through the internet, and often have no physical equivalent. A truly digital business model is designed to scale with minimal cost—the cost to run the business is largely fixed, and additional customers cost little or no additional money to service. Therefore, many companies in industries that have undergone heavy digitization are seeing average profits drop and consolidation around a few firms—because the nature of a fully digital business model

encourages prioritization of market share growth over everything else, and the leaders can invest more into a better customer experience while maintaining profits.

Goals of Digital Transformation

Digital transformation requires a big picture of what the organization might look like once the transformation is complete. However, often the larger picture gets lost as the efforts work their way down into individual initiatives. One of the greatest risks with digital transformation is initiatives misaligned with enterprise strategy. Objectives must be clearly defined and progress should be tracked toward that goal, and requirements must be traceable to it. While this is good practice for almost any change initiative, it's especially important in digital transformations because with all the experimentation and learning that is (hopefully) occurring, it's very easy to lose sight of a goal that may itself change over time.

In typical projects, the objectives change over time because external circumstances keep changing. The business environment alters, or the business strategy changes, or priorities change, or new stakeholders bring in new viewpoints. But in digital transformations, the progress of the transformation itself can and should lead to revision of the goal. Digital transformation is an innovation project, whereas a normal project focuses on improvement.

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Next Steps for Business Analysis Professionals

Success in this environment means that BA Professionals need to focus on delivering business value, while acting as trusted advisors for organizations that need to adapt quickly to their new reality. This requires greater knowledge and understanding of customers and competitors, as well as increased knowledge about innovative technology that meets the demands of today's business world. It also requires increased soft skills including change management and facilitation skills.

Considering the innovative use of technology highlighted above means BA Professionals need to focus on the overall user experience, and leverage agile analysis techniques to drive clear value propositions. In a supporting role, we can ensure data is leveraged to support the needs of business stakeholders while ensuring business rules and processes are in place to keep the data clean and correct. With increasing use of “off-the-shelf” solutions, we can ensure governance structures encourage business units to collaborate to find the best solution

for the enterprise and not simply for a specific stakeholder group.

To effectively meet increased expectations and help their organizations compete in this complex, uncertain world, BA Professionals will need to:

- Learn new technology: particularly understand how to apply emerging technologies to enable new business models.
- Learn product management and process management: shifting from project focused approaches to developing expertise that helps them improve operational processes and address customer experience challenges.
- Learn and adopt agile approaches: particularly focusing on delivering business value in shorter increments that can be tested with customers to drive appropriate investments for future increments.

Look for professional development opportunities that will keep you current over the long haul. Seek out case studies and examples, particularly in industries different from your own. It's also important to understand the maturity and development pace of any given technology—adopting a technology too early can be as problematic as waiting too long, as an enterprise may get stuck with an investment that doesn't pay off because the technology in question is replaced by something better.

Conclusion

Senior executives are concerned that their enterprises are falling behind and key stakeholders are seeing their jobs transformed or replaced as new competitors and innovative business models are disrupting the marketplace. Although the value delivered through today's digital transformation programs are hotly debated, these are early days of what promises to be a digital transformation of our entire economy. We are seeing increased performance gaps between successful companies driven by effective technology investments and average ones that are being left behind.

In this environment, effective and strategic business analysis is increasingly becoming a critical corporate capability and the traditional project-oriented, requirements-centric BA will become a thing of the past. BA Professionals will need to adopt a more strategic and business-oriented approach, and expand their skill set into areas such as product management, process improvement, and lean product development. They will also need to develop leadership skills and position themselves as trusted advisors.

About the Authors

Kevin Brennan has spent the last decade transforming the profession of business analysis, leading the development of multiple editions of the *BABOK® Guide* and driving the adoption of agile and architecture practices by the BA community. As a senior executive in the social enterprise space, he has managed a product portfolio through rapid growth and built fully digital and virtual organizations at a national and international level. He has been a keynote speaker at conferences around the world and is a frequent author on topics including digital transformation, strategy, and leadership. He can be reached at kevin@straiteis.com.

Jas Phul is a seasoned professional whose career has spanned over 30 years of helping project teams and organizations reach their potential. As a Certified Business Analysis Professional® (CBAP®), a Project Management Professional® (PMP®), a Certified Agile Project Manager (Cert. APM®), a Certified Scrum Master® (CSM®), and a Certified Change Management Expert (Prosci®), Jas leverages a unique combination of knowledge, skills and experience for each challenge. In his role of Director – Product/IP Development at IIBA® (International Institute of Business Analysis), Jas serves a global community of BA Professionals, providing innovative products and services that can be leveraged by individuals and enterprises to drive better business outcomes. He can be reached at jas.phul@iiba.org.

About BCS & IIBA Strategic Alliance

In early 2016, we announced a strategic alliance between IIBA and BCS, The Chartered Institute for IT with the aim of this collaborating to elevate the profile of the Business Analysis profession globally. We believe that together, both organizations will speak with a louder voice and make a greater impact.

We have discussed ways to bring the Business Analysis community together and to facilitate knowledge sharing. In the first discussion paper of the series, perspectives were shared on Business Analysis in a disruptive world. In this second installment, we are sharing points of view on Business Analysis and digital transformation. We would like to hear your views and thoughts as this is the start of a program that we hope will evolve and grow with your input. Please share your feedback with us at membership@iiba.org.

Works Cited

MIT Center for Digital Business and Capgemini Consulting. 2011. "Digital Transformation: A Roadmap for Billion-Dollar Transformations." MIT Center for Digital Business and Capgemini Consulting.





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