



BUSINESS ARCHITECTURE FOR THE AGILE ENTERPRISE

Agile India Conference
Pune
19th August, 05

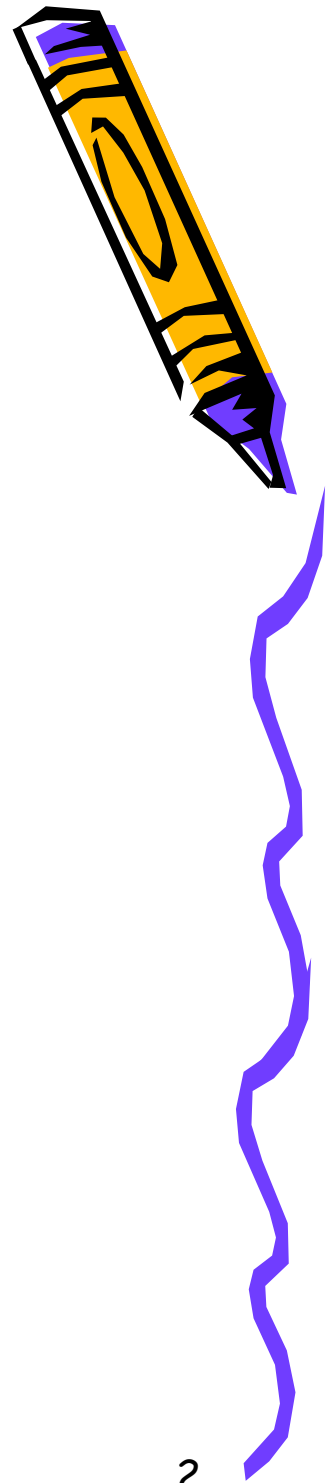
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AGENDA

- The changed business landscape
 - New business drivers
- Agility in Diversity
 - Worship "work" not the "process"
- Agility "astras"
 - WBS
 - BVI
- Steering Business Value Creation
 - UNIVERSAL MEASUREMENT FRAMEWORK
- The Final say



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The **changed** business landscape



- India's cost advantage?
 - 6% p.a. hit on bottom-line
 - Exchange rate and salary increase
 - Other countries can offer the mandatory 30-35% outsourcing benefit
 - Overdoing Quality (**CMM**)
 - The **Chinese** certainly think so.
 - "On an average it takes a company 1.5 years to move from one CMMi level to the next."
 - "There is, as yet, no convincing evidence that higher rated companies produce better quality software."



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New Drivers of BUSINESS VALUE



- **Increased RISK sharing**
 - Fixed bid, Joint venturing
 - Uncertainty and Change
- **Time-to-Market**
 - All LIFE-CYCLES - Opportunity windows, Product, Technology, People skills, are getting shorter.
 - CYCLE TIME REDUCTION
 - RETURN on CAPITAL EMPLOYED
 - **BUSINESS VELOCITY**
 - The rate at which the business adds value
- **AGILITY is the key !**



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AGILITY in DIVERSITY



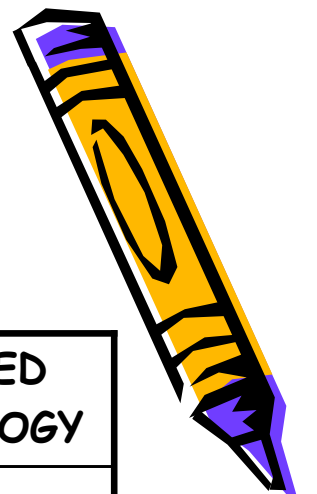
- FLEXIBILITY required - Because WORK appears in all shapes and sizes
 - Variety of SERVICE TYPES
- PROCESS FRAMEWORK thinking is sometimes counter-productive
 - "the practices and procedures in CMM sometimes would make information systems development too rigid and structured"
 - "The complexity (of CMM) makes it difficult to tailor the model for specific projects."
 - MORAL OF THE STORY: Don't force fit work products, to suit the process!
- AGILITY
 - The flexibility to deliver BUSINESS VALUE, in DIVERSE and DYNAMIC situations.



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FLEXIBILITY is IMPLEMENTING THE RIGHT METHODOLOGY



SERVICE TYPE	KEY BUSINESS DRIVERS	SUGGESTED METHODOLOGY
PRODUCT DEVELOPMENT	Time-to-market XP GIVES 25 to 80% improvement over RUP.(Source : Rieffer Consultants) Product Quality Extreme testing is inherent in XP.	XP
SUPPORT (BUG FIXES)	PRODUCT QUALITY and CUSTOMER SATISFACTION Daily SCRUM review (and frequent status updates to customer) will increase customer satisfaction.	SCRUM
CUSTOMIZATION (Change Requests, Enhancements)	Fast turnaround Reliable delivery forecasts, .	SCRUM
APPLICATION PACKAGE IMPLEMENTATION.	Adherence to PROJECT PLAN Schedule Cost Earned Value Return on capital employed	EVM, CRITICAL CHAIN P.M.



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WBS - The first "astra"



- The power of WBS

- Reconciles THE DEVELOPER'S EFFORT PERSPECTIVE and THE CUSTOMER'S BUSINESS VALUE PERSPECTIVE.
 - A weak customer interface is the single biggest reason for project failures!
 - COMMON PAGE understanding of SCOPE
 - Mutual NEGOTIATION of VALUE
 - Clear RESPONSIBILITY fixing
 - » Make CUSTOMER responsibility EXPLICIT.
 - Clean CONTRACTS!
- WBS Templates (versus PROCESS TEMPLATES)
 - WBS templates must map to SERVICE TYPE
 - Re-usability - the power of templates.
 - Design the TREE STRUCTURE to map the organization and business context
 - Level code
 - » Level 0 > Customer, SBU,
 - » Level 1 > Organizational Units, Functional units
 - » Level 2 > Business Value Nodes (Buckets) - Financial Milestones
 - » Level 3 > Task units
- Two WBS examples
 - Application Package Implementation - "PROJECT" methodology
 - Product Development - An "AGILE" methodology
 - Used for further discussion on BVI (the second "astra").

Smart PM techniques can convert RISK into OPPORTUNITY, and make FIXED BID more profitable than T&M!



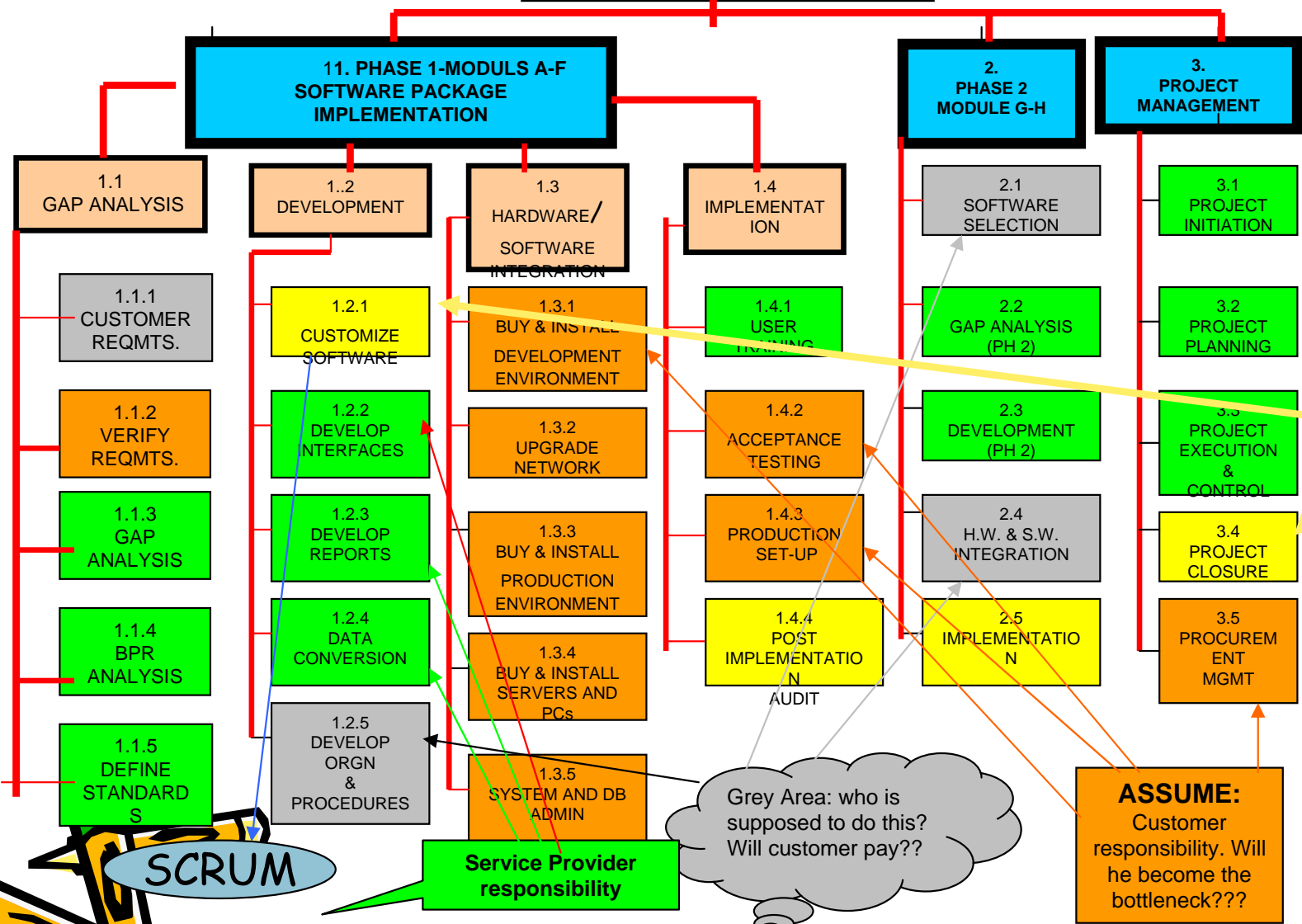
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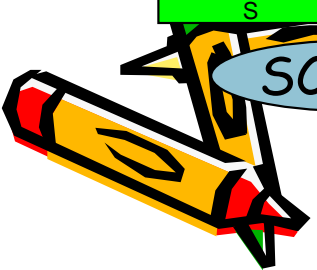


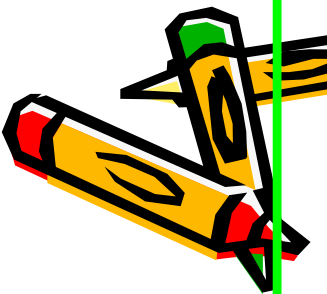
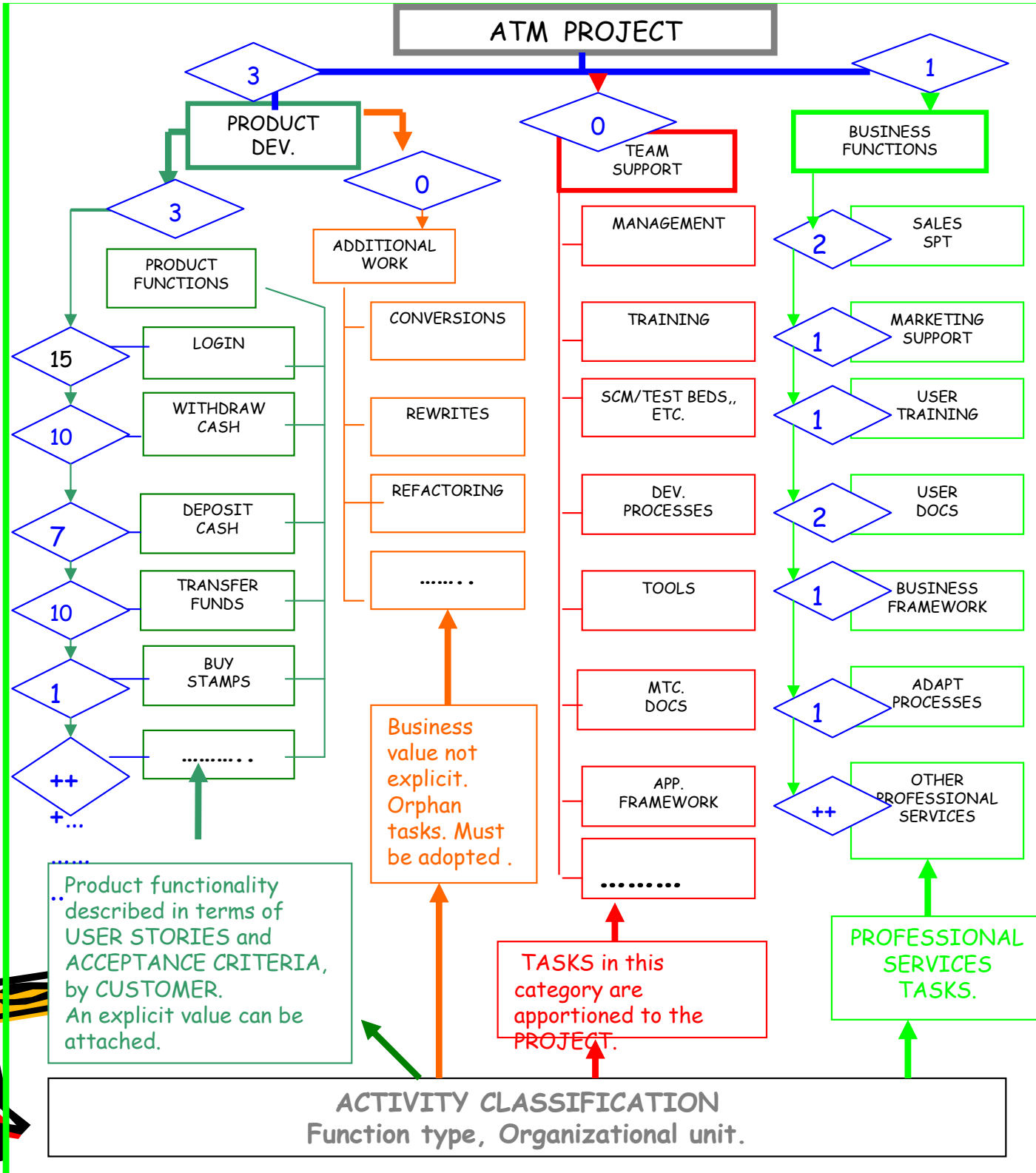
WBS SOFTWARE PACKAGE IMPLEMENTATION



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BUSINESS VALUE INDEX - "astra no 2"

(concept borrowed from Net Objectives)



- Business Value of Project [$BV(\text{Project})$]. Typically contract value.
- The WBS is a parent-child hierarchy of "buckets"
 - Each child (bucket) inherits it's own business value [$BV(\text{bucket})$] in proportion to relative weights [$wt(\text{bucket})$] the parent assigns to each of it's children.
 - The sum of BVs of children equals that their parent.
- The BVI of a bucket is calculated recursively, by traversing a top-down path. It denotes the % of the total project's business value [$BV(\text{Project})$], assigned to the bucket [$BVI(\text{bucket})$]. The BVI of the root is 1.
- EQUATIONS !
 1. $[BVI(\text{bucket})] = BVI(\text{parent}) \times \{ wt(\text{bucket}) / (\text{summation of } wt(\text{buckets}) \text{ of all siblings at the same level}) \}$.
 2. $[BV(\text{bucket})] = BV(\text{Project}) \times BVI(\text{bucket})$.

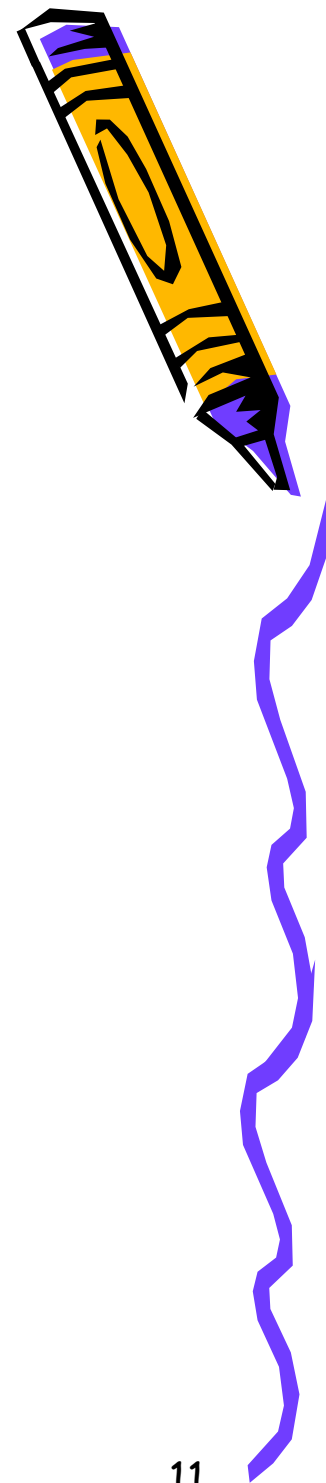


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The UNIVERSAL MEASUREMENT FRAMEWORK



- The Color of MONEY is **UNIVERSAL**
- All buckets are "trackable" units and have:
 - Business Value
 - Cost
- Planning & Tracking to ensure:
 - Maximize **BUSINESS VELOCITY**
 - Maximum VALUE ADDITION within given time.
- Tools:
 - Burn-down chart
 - Business Value Generation plan
 - Cost plan
 - Business Velocity (derived from PROJECT VELOCITY)
- Visibility:
 - The ability to "drill-down" and "roll-up" the TREE.
 - Bucket codification (level identifier) must be smart!



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A BVI Case study - Sample Data



ATM PROJECT PLANNING DATA							
PROJECT VALUE (in INR)		2000000					
BUCKET SER. NO	BUCKET DESCRIPTION			BVI	ESTIMATED EFFORT	PLANNED COMPLETION IN	BUSINESS VALUE WHEN DONE (IN
	LEVEL 1	LEVEL 2	LEVEL 3				
100	PRODUCT DEV.						
110		PRODUCT FUNCTIONS					
111			LOGIN	0.262	150	1	524000
112			WITHDRAW CASH	0.174	200	2	348000
113			DEPOSIT CASH	0.122	220	2	244000
114			TRANSFER FUNDS	0.174	300	3	348000
115			BUY STAMPS	0.018	100	3	36000
116						
120		ADDITIONAL WORK					
121			CONVERSIONS	0	200	5	0
122			REWRITES	0	300	5	0
123			REFACTORING	0	250	5	0
124						
200	TEAM SUPPORT						
211			MANAGEMENT	0	120	5	0
212			TEAM TRAINING	0	40	1	0
213			SCM / TEST BEDS	0	30	1	0
214			DEV. PROCESSES	0	20	1	0
215			TOOLS	0	20	1	0
216			MISC. DOCS	0	30	1	0
217			APP. FRAMEWORK	0	0	1	0
218						
300	BUSINESS						
311			SALES SPT.	0.0625	80	4	125000
312			MARKETING SUPPORT	0.03125	80	4	62500
313			USER TRAINING	0.03125	30	3	62500
314			USER DOCS	0.0625	60	3	125000
315			BUSINESS FRAMEWORK	0.03125	20	2	62500
316			ADAPT PROCESS	0.03125	80	3	62500
THE ATM PROJECT - FULL & FINAL					2330		2000000

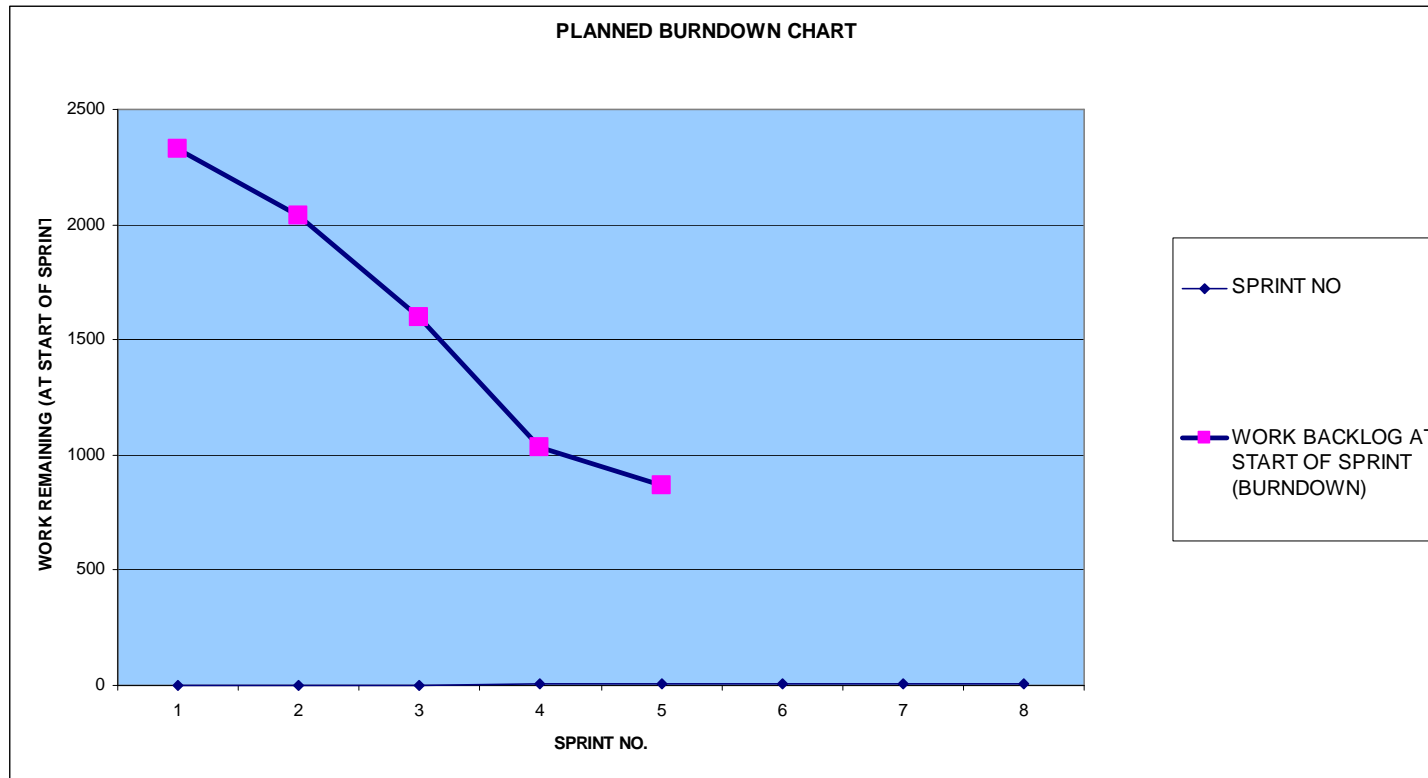
- Using the ATM Project WBS and BV and BVI equations.



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BVI Case Study - Planning



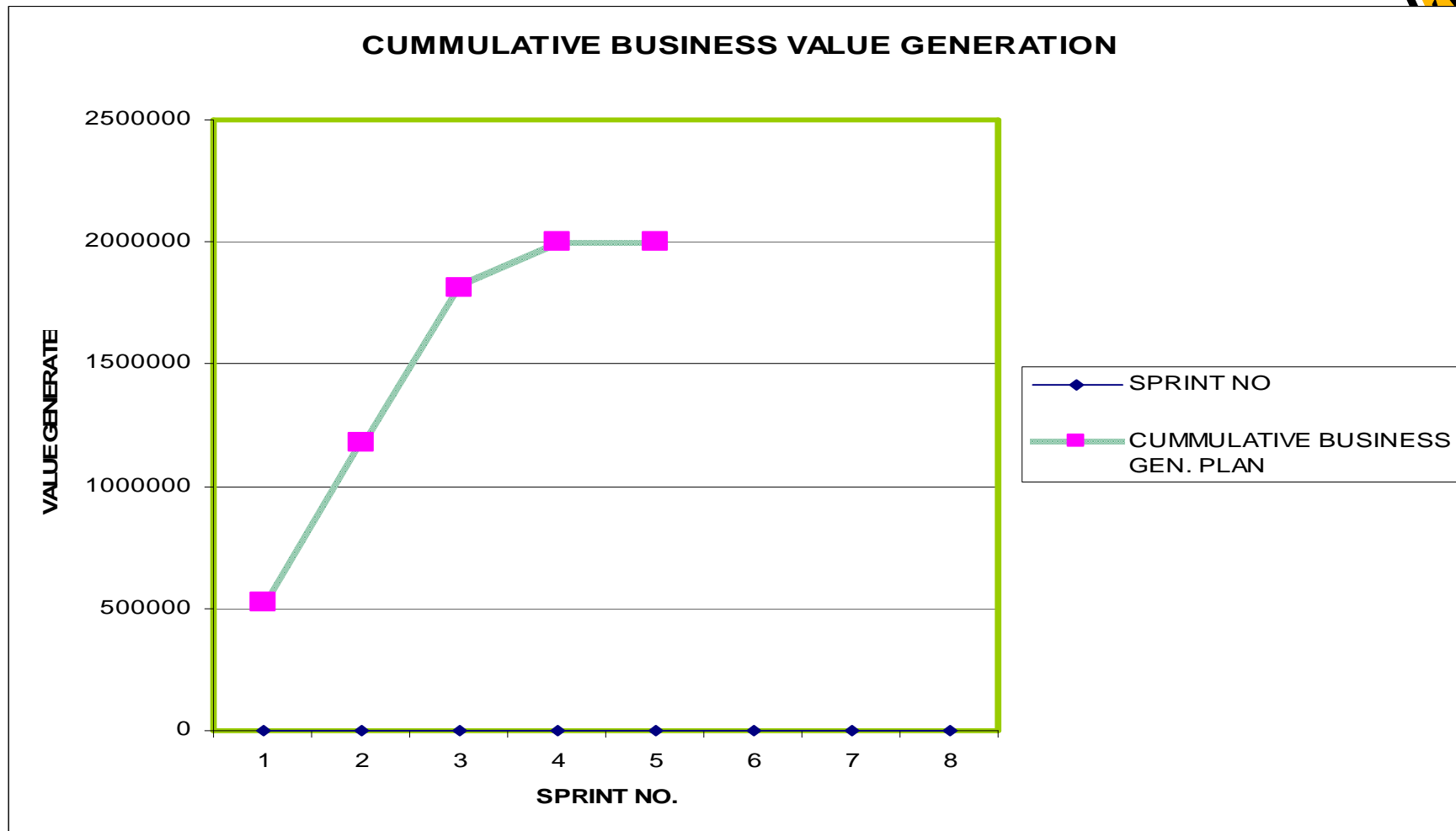
- A BURN-DOWN chart used to size the work backlog.
- Iteration plan (Sprint cycle):
 - Feasibility / Capacity Constraints
 - Dependencies
 - Prioritization (BVI / Planned Effort)
- PROJECT BUFFER - not assigned at start - Rewrite, Refactor, etc.



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BUSINESS VALUE GENERATION PLAN



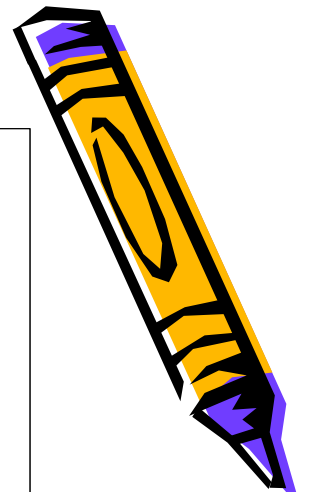
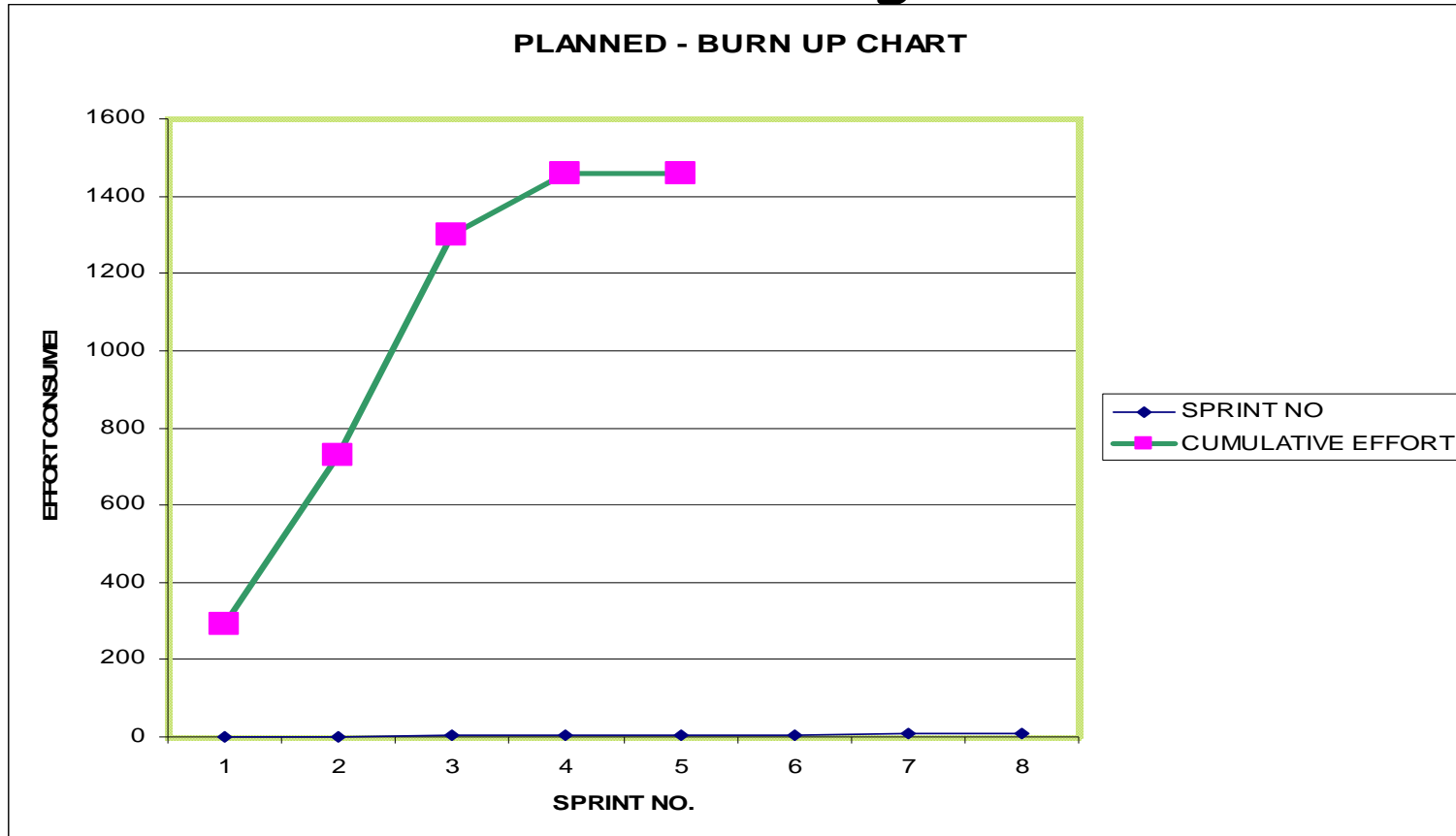
- **THE XP WAY**
 - Try to maximize **BUSINESS VALUE** in early stages.
 - Take **RISKS !**
 - Deliver something quickly!
 - Hope customer accepts without any changes.
 - Accept **CHANGE REQUESTS** gracefully.



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COST Planning



- BURN-UP chart - to view the mounting costs!
- Attach "orphans" to non-zero BVI items
- Indirect PROJECT COSTS (e.g. TEAM SUPPORT), apportion in proportion to ACTUAL EFFORT.

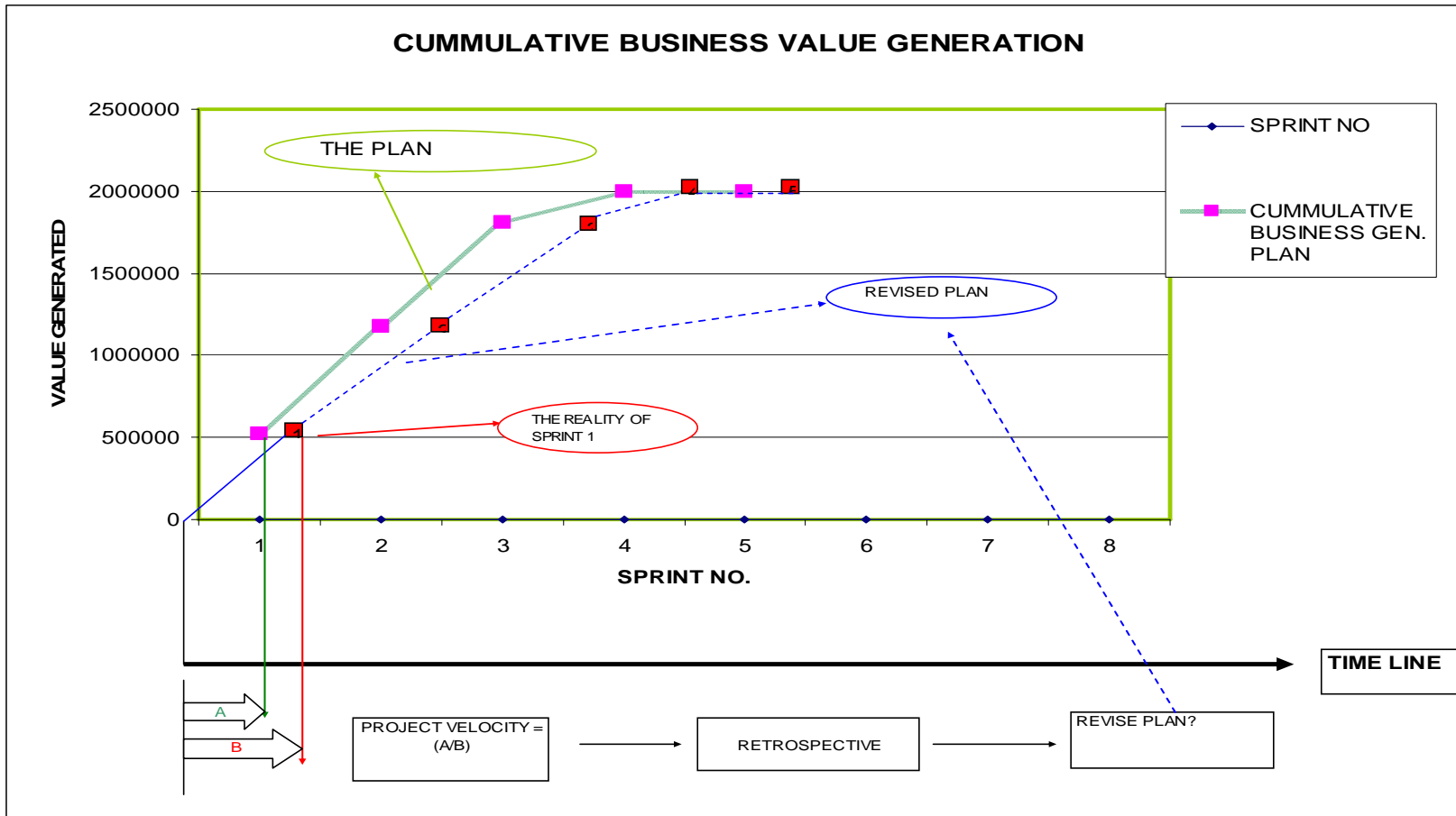


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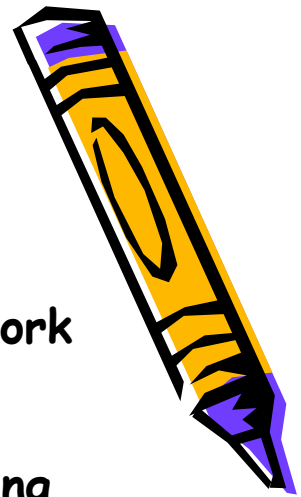
A BUSINESS VELOCITY review



- **PROJECT VELOCITY of each cycle indicates BUSINESS VELOCITY:**
 - BUSINESS VALUE constant.
 - COST proportional to elapsed time.
 - PROJECT VELOCITY reflects team capability.
 - RETROSPECTIVE - and re-baseline the remaining work.
- For **PROJECTS**, Earned value analysis (CPI, SPI, EAC) provides indicator of **BUSINESS VELOCITY**.



The FINAL SAY



- The color of money is **UNIVERSAL** and can be attached to any work unit, irrespective of **DELIVERY METHODOLOGY**.
- **WBS** and **BVI** provide the basis for planning measuring and steering the **AGILE** business.
- **ABOUT RAMESH ADAVI**
 - 24 years in Sales, Marketing and Business Strategy
 - Enjoys providing the **BUSINESS** perspective, to **TECHNOLOGY** solutions.
 - In the last two years, specially focused on **SERVICES OUTSOURCING**
 - IIT - Bombay & IIM - Bangalore
 - Email: radavi@vsnl.net
- **ABOUT SARVETRA**
 - Deliver on the "promise of **RFID**"
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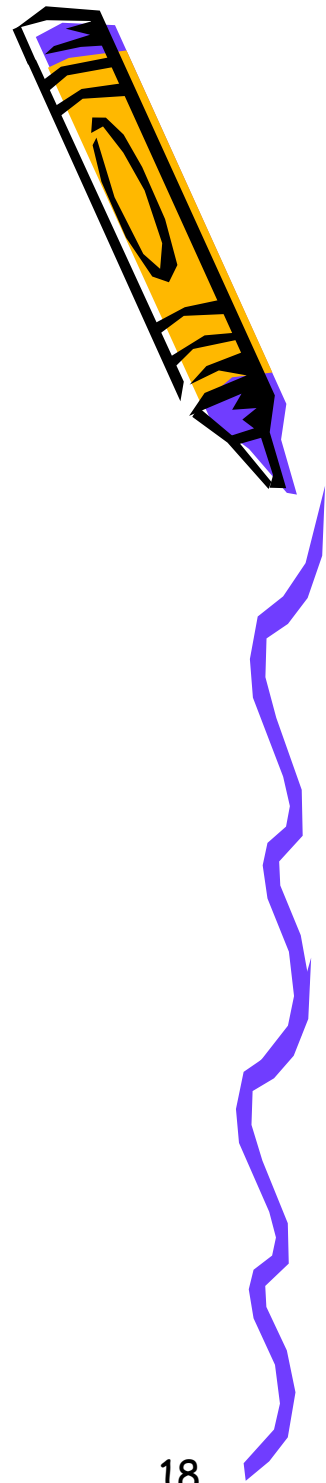


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QUESTIONS ???



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