



From Canvas to Blueprint: Aligning Business Models with Business Architecture

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Global Boeing

- Customers and customer support in 150 countries
 - Total revenue in 2012: \$81.7 billion
 - 70 percent of commercial airplane revenue historically from customers outside the United States
- Manufacturing, service, and technology partnerships with companies around the world
 - Contracts with 26,500 suppliers and partners globally
- Research, design, and technology-development centers and programs in multiple countries
- More than 170,000 Boeing employees in 70 countries

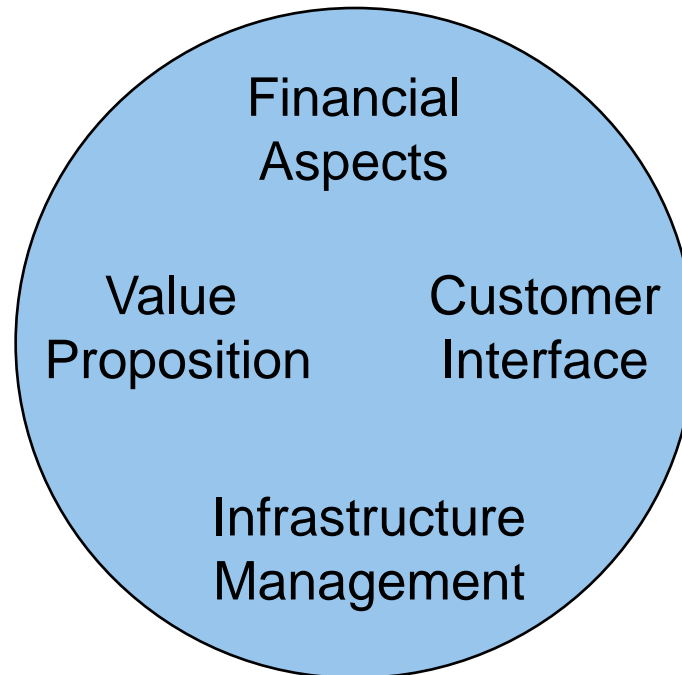


Agenda

- Business Model Overview
- Business Model/Business Architecture Alignment
- Recommendations
- Future Considerations

What is a Business Model?

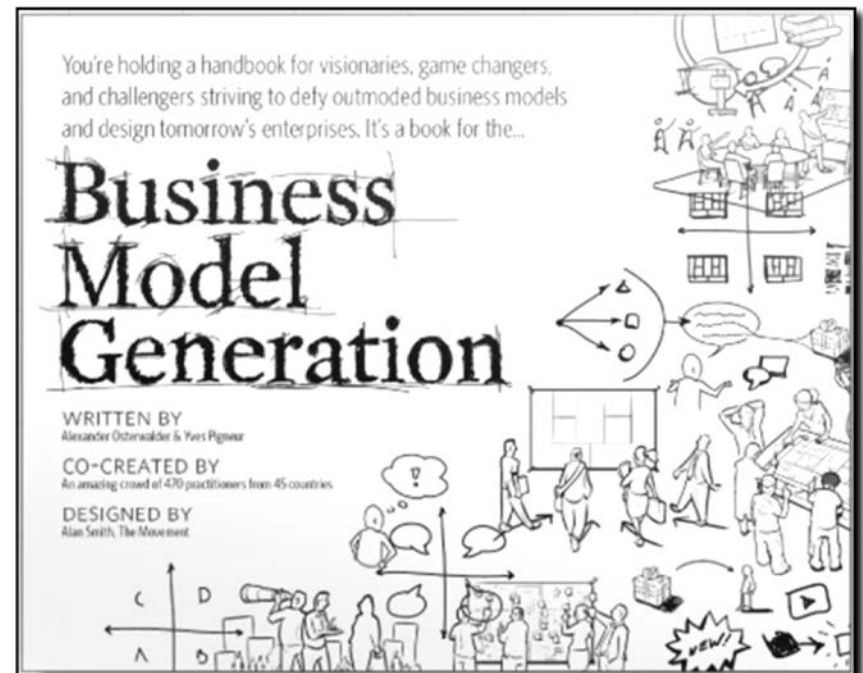
“A business model describes the rationale of how an organization creates, delivers, and captures value.”
Osterwalder and Pigneur, 2010.



*Based on Alexander Osterwalder's Four Pillars, 2004.

Why All the Attention on Business Models?

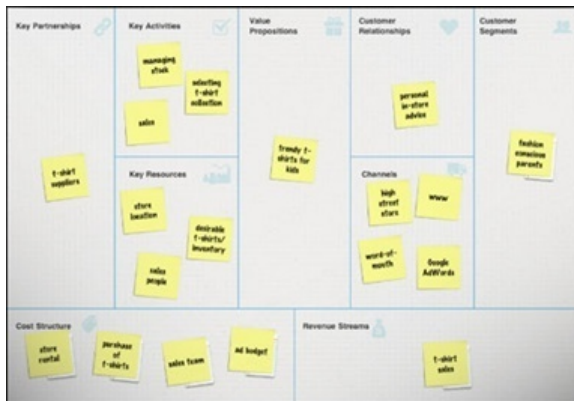
- Focus on business model innovation
- Accelerating change drivers such as cloud, mobile, social, green
- The need to describe business complexities
- The need to decrease time to market
- Shrinking business model life cycles
- Maturing business model frameworks
- Accessible methods and tools



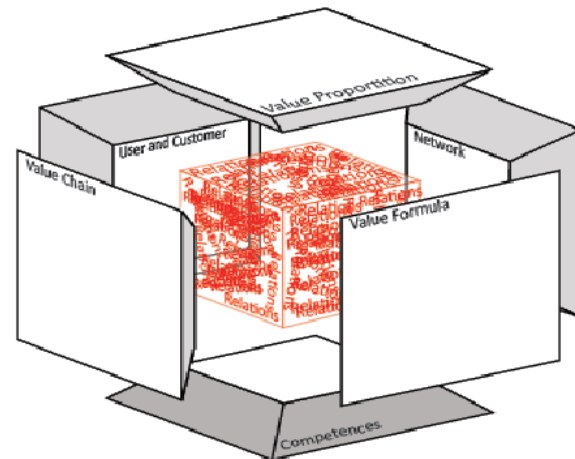
Source: Alexander Osterwalder and Yves Pigneur, "Business Model Generation," 2012.

Business Model Frameworks

- A business model framework is a conceptual structure for organizing the elements, relationships, representations, and classifications of one or more business models
- Recent frameworks include



Business Model Canvas,
Alexander Osterwalder et al., 2010



Business Model Cube,
Peter Lindgren and the
EU NEFFICS project, 2012

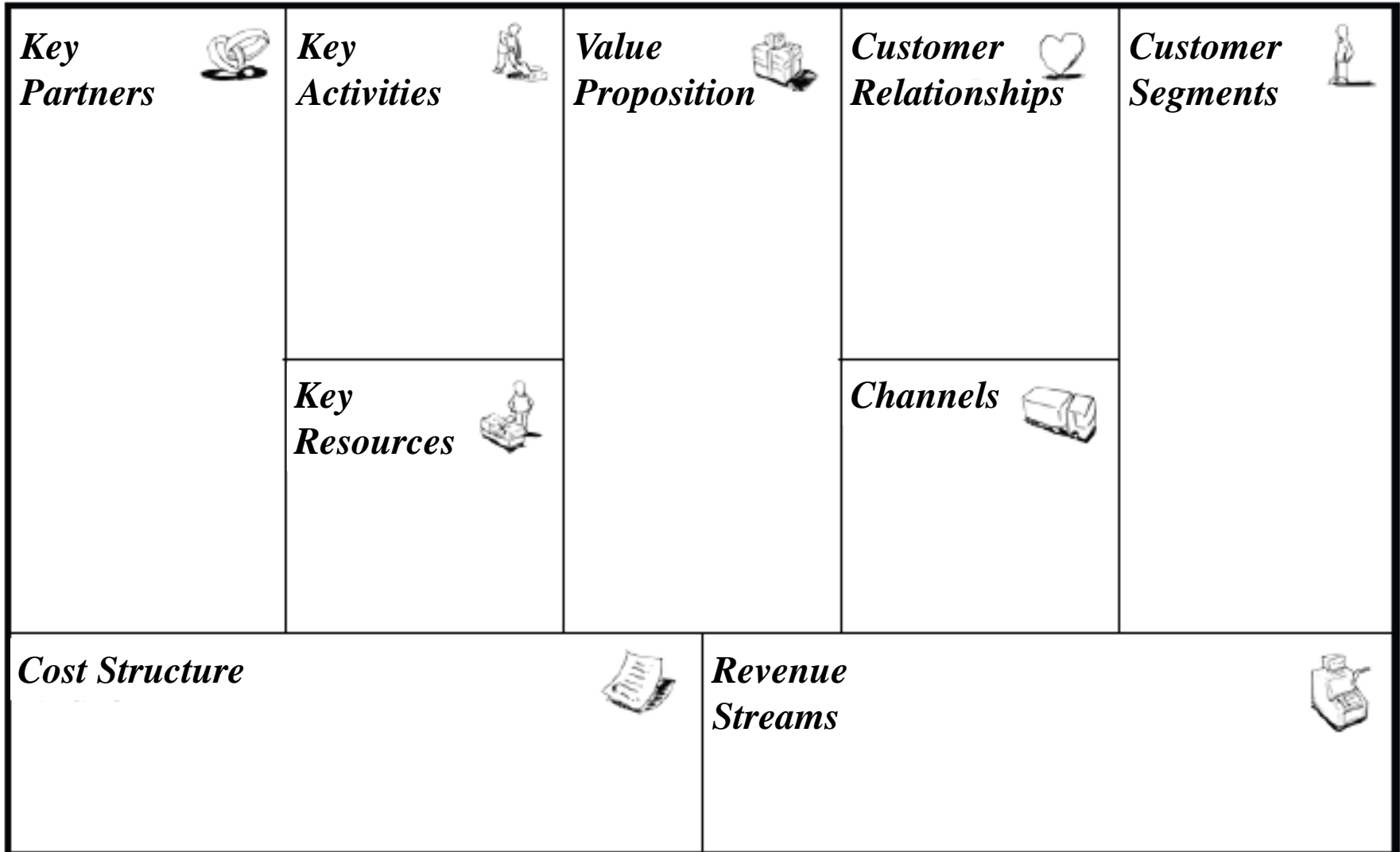
State of the Practice

“Many managers do not really know what a business model is, let alone have an explicit model of their own business.”

“...in spite of the intensive research carried out in this field in the past 15 years, the concept still remains very fuzzy in its definition, purpose and operationalization.”

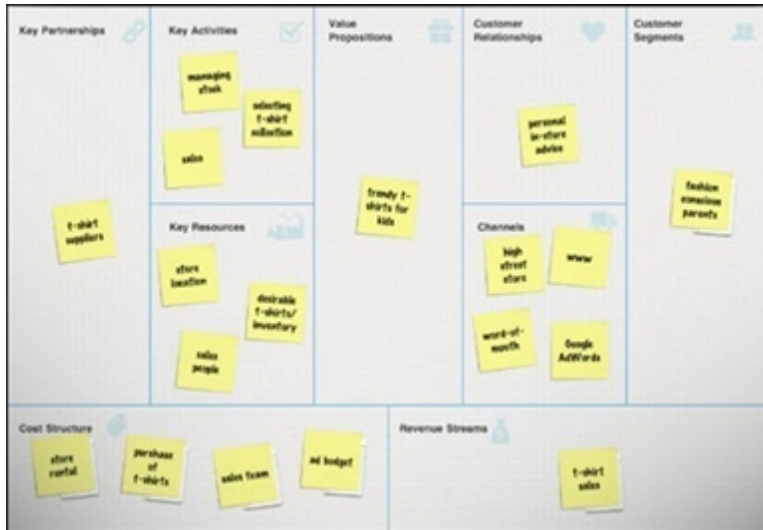
Yariv Taran, “Rethinking It All: Overcoming Obstacles to Business Model Innovation,” Center for Industrial Production, Aalborg University, 2011.

Business Model Canvas

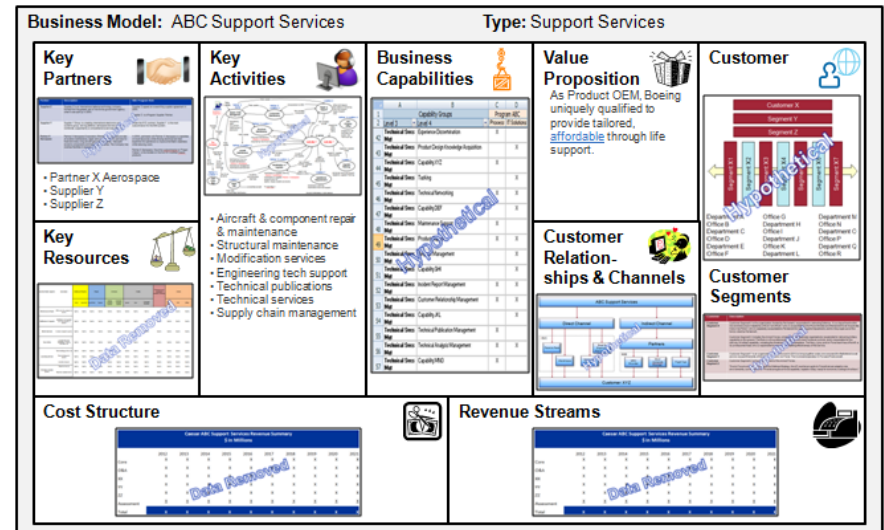


Source: Alexander Osterwalder and Yves Pigneur, "Business Model Generation," 2012.

Sample Canvas Formats



<http://www.businessmodelgeneration.com>



<http://www.businessmodelgeneration.com>

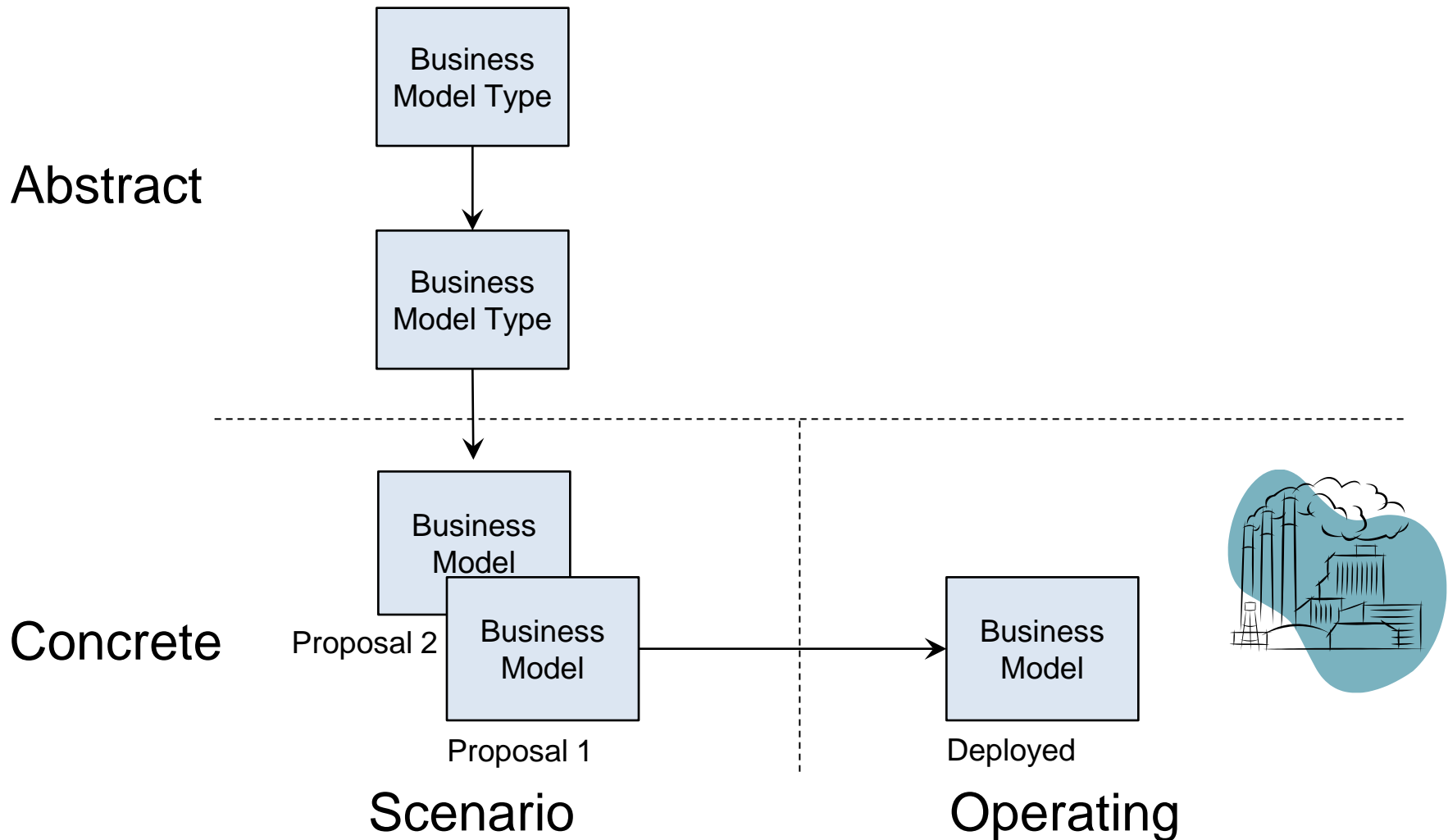
Style:

Free form
 “dynamic”
 “creative”



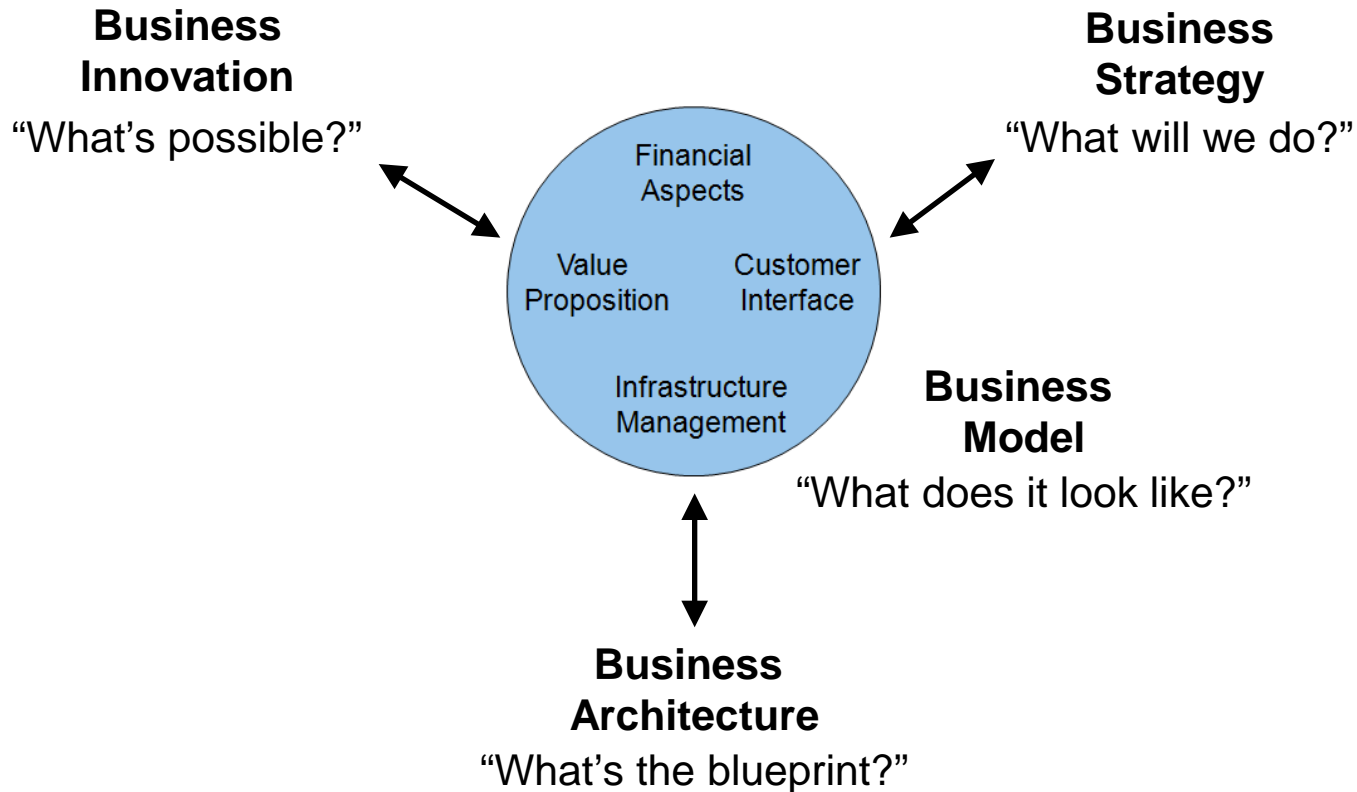
Structured
 “stable”
 “analyzable”

Business Model - What Kind and How Many?



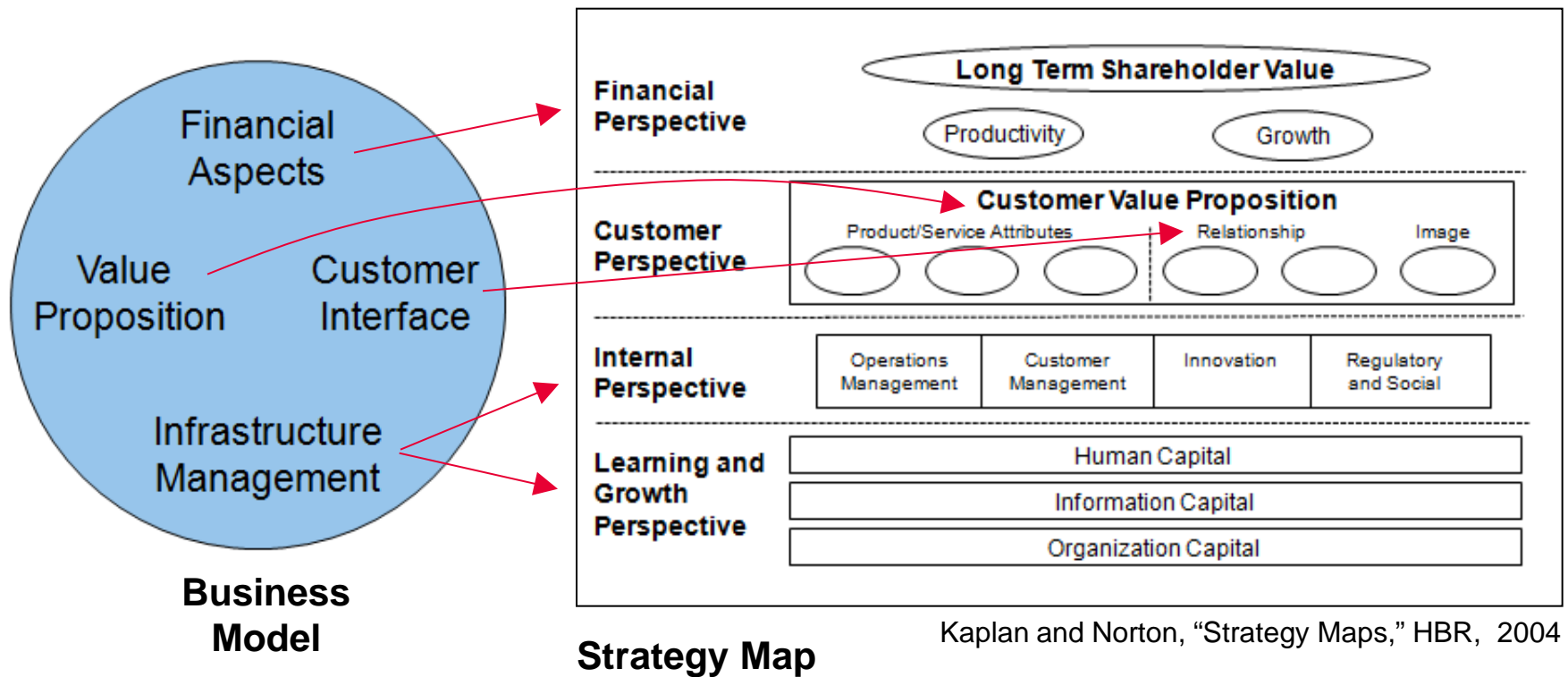
*Based on: Alexander Osterwalder, "The Business Model Ontology, A Proposition in a Design Science Approach," 2004.

Business Model as Unifying Concept



Business models are a unifying concept for Business Innovation, Strategy, and Architecture

Business Models and Strategy

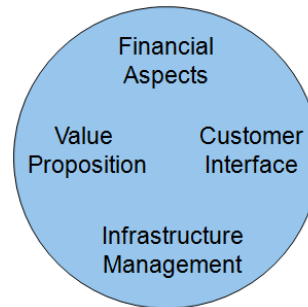


Business model canvases and strategy maps address the same level of the Strategy Continuum with similar perspectives

Business Models and Business Architecture

- Business model

- Used to drive growth
- Articulates key elements of strategy
- Incorporated into business plans



Business Model



Business Architecture



- Business architecture

- Used to “align strategic objectives and tactical demands”*
- Enables interpretation of business models into concrete business concepts that can be targeted for improvement**

*Source: OMG Business Architecture Special Interest Group, <http://bawg.omg.org>, and Business Architecture Institute, www.businessarchitectureinstitute.org.

** Source: TSG, Inc.

Business Model/Business Architecture Alignment

- Alignment brings BM/BA frameworks and practice closer together

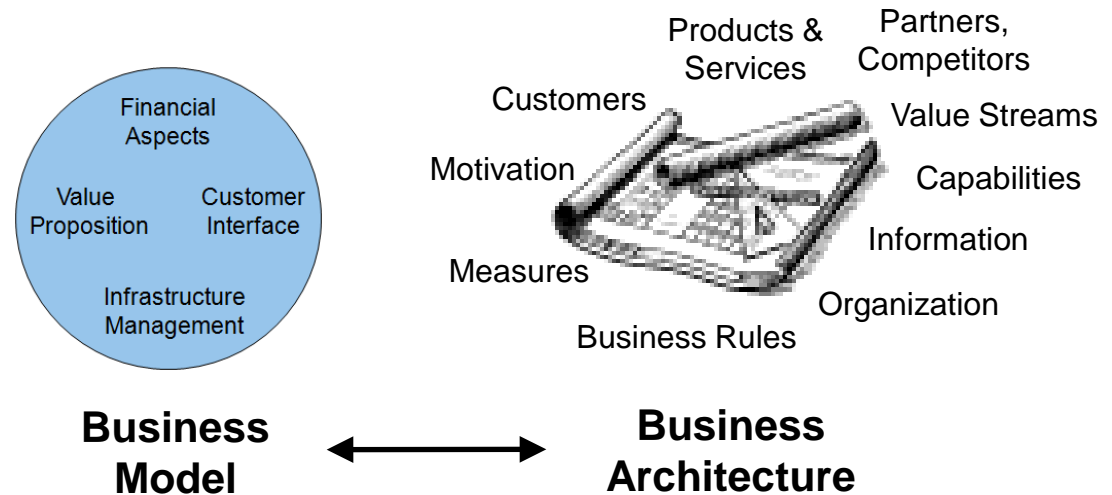
- Key aspects

- Framework alignment

- Methods
 - Artifacts
 - Meta-model

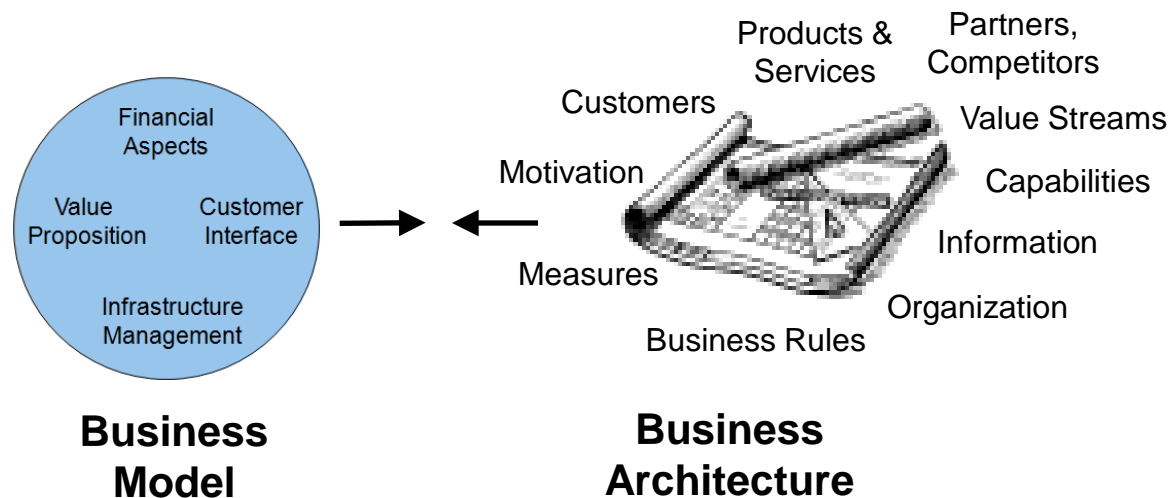
- Concept mapping

- How do business model concepts influence business architecture concepts?
 - How do these concept mappings affect business model analysis and BM/BA translation?
 - Mapping guidelines can be useful



Benefits of BM/BA Alignment

- Earlier and faster analysis of proposed business models
- Improved accuracy and completeness of business models
- Better understanding of key drivers for business transformation
- More responsive business architecture practices
- Better solution reuse for incremental innovation

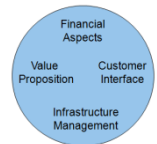
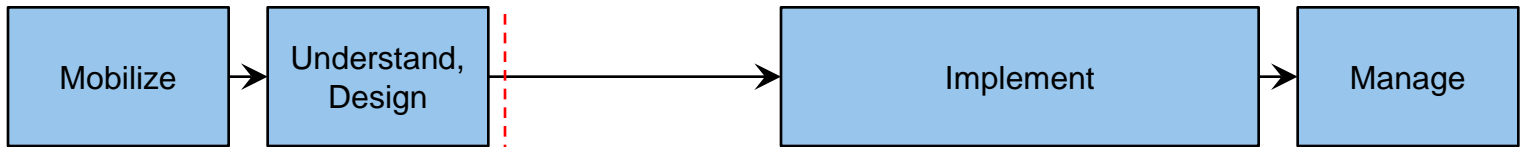


Framework Alignment Approach

- Define goals and objectives for alignment
- Align BM/BA framework concepts
- Establish BM/BA frameworks
- Tailor and/or extend frameworks for alignment
 - Align business model design process with BA development method
 - Map business model building blocks and elements to business architecture meta-model
- Prove out
- Improve

Aligning Development Methods

Business Model Design Process (Osterwalder)*

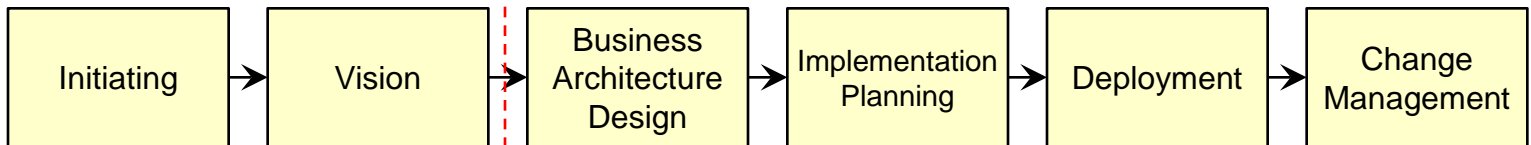


Target Business Model



Target Business Architecture

Business Architecture Development Method (Generic)



* <http://www.businessmodelgeneration.com>.

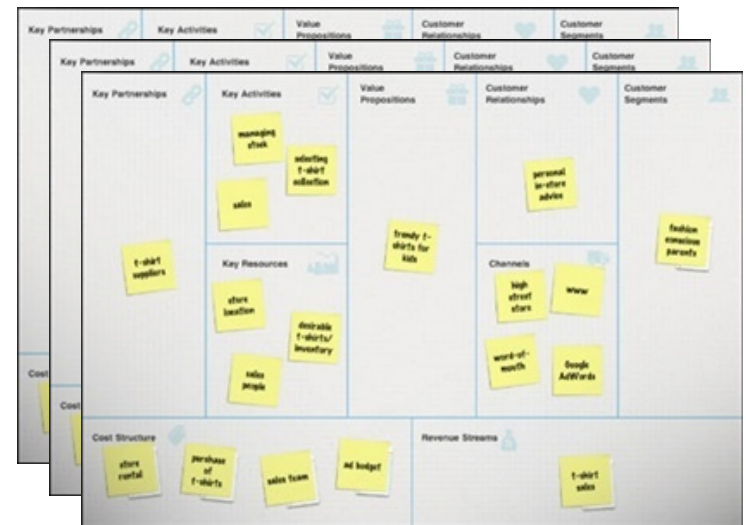
Aligning Concepts

Business Model Concept	Aligns and Maps to...	Business Architecture Concept
Value Proposition	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy, Value Item, Product/Service • Initiative*
Customer Segment	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy, Customer, Stakeholder • Objective*, Capability*
Channel	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy, Partner, Resource • Value Stream*
Customer Relationship	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy, Customer • Value Stream*, Capability*
Key Activity	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy, Value Stream • Capability*
Key Resource	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy, Organization, Resource • Business Unit*, Capability*
Key Partner	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy, Partner/Stakeholder • Objective
Revenue Stream	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy • Value Stream, Capability
Cost Structure	Aligns with... Maps to...	<ul style="list-style-type: none"> • Strategy • Capability*, Business Unit*

*Source: Business Architecture Guild, "A Guide to the Business Architecture Body of Knowledge (BIZBOK™)."

Architecture-Supported Business Model Analysis

- How well does the business model support the strategy?
- Does it fit within the intended environments?
- Does it integrate as intended with other business models?
- Is the integration consistent with the company's operating model?
- What key infrastructure elements are affected (e.g., capabilities, value streams, information, resources)?
- What are the risks (e.g., tax, legal)?
- How well does the organization align with the business model?



<http://www.businessmodelgeneration.com>

Recommendations

- Work toward a common definition of business models and architecture
- Tailor business model formats to use
- Infuse as much structure as possible into business models (judgment required)
- Create reusable business model building blocks
- Introduce business architecture concepts early (e.g., capabilities)

Future Considerations

- Comprehensive, open business model frameworks
- Modeling languages and BM/BA interoperability
- Simulation
- Increased tool support
- Business architecture subsuming business models?

Discussion