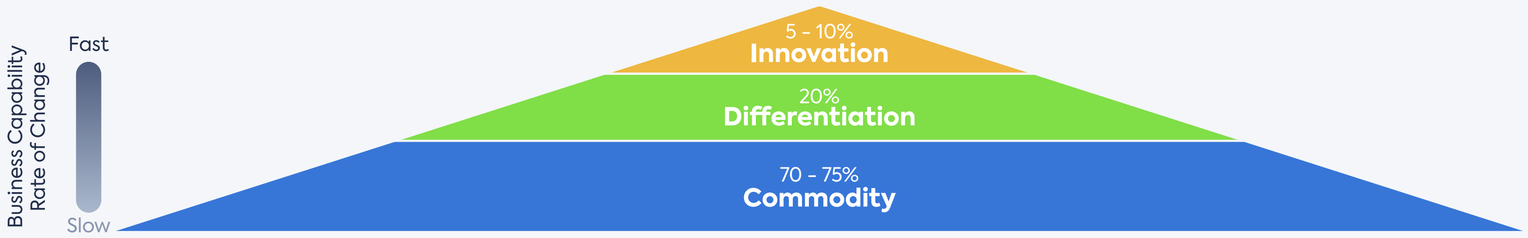
ALIGN IT INVESTMENTS AND PROCESSES FOR CONTINUOUS TRANFORMATION

Elevate Business Capability Models With Pace-Layering

What is Pace-Layering?



Commodity (Common Ideas)

- Transactional, highly integrated
- Company-wide
- Avg. Lifecycle: 7+ years (infrequent)
- Governance: Rigid, managed complexity
- Corporate-funded

Differentiation (Better Ideas)

- Industry- and/or company-specific
- Select business areas
- Avg. Lifecycle: 1 - 2 years (frequent)
- Governance: Company-specific, adaptable complexity
- Business-funded

Innovation (New Ideas)

- Experimental (trial-based)
- Conditional
- Avg. Lifecycle: 2 - 3 months (rapid)
- Governance: Scenario-based, high complexity
- Funded by special budgets

Communication between IT and business must evolve to support continuous transformation. Pace-layering, a Gartner-developed method to illustrate the change rate of application landscapes, can be applied to business capabilities to facilitate more efficient resource allocations for both fast-changing and stable business areas. Illustrating the rate of IT change to stakeholders helps to prioritize governance, accommodate unique business ideas, and alter perceptions of technology's static nature.

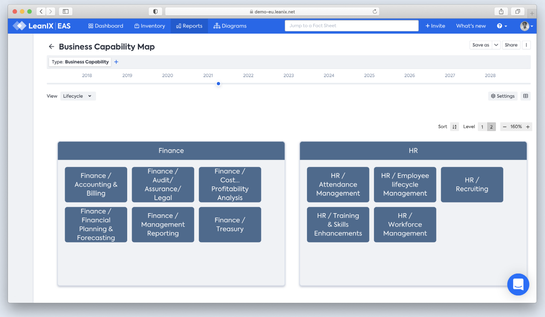
BEST PRACTICES

- Perform frequent impact analysis on systems of innovation
- Use pace-layered capability maps as a basis for bimodal strategies
- Promote configurability only in systems of differentiation and innovation
- Set consistent definitions and evaluation criteria to stakeholders when segmenting capabilities
- Apply pace-layers only after business capabilities are fully defined
- Re-assess business capabilities against future-state architectures
- Gauge IT investments with expertise from across departments to broaden the feedback loop
- Couple pace-layering models with centralized data on IT costs

Pace-Layering Steps

1 Develop Business Capability Maps

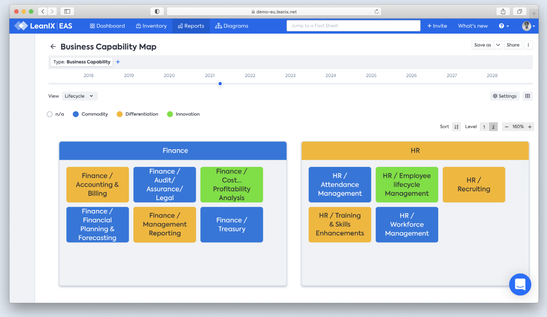
Develop business capability map with business and IT stakeholders



- Establish clear responsibilities with business and IT stakeholders
- Ensure first level of business capabilities reflect those most critical to operations
- Go no more than three levels down for each capability

2 Apply Pace-Layers

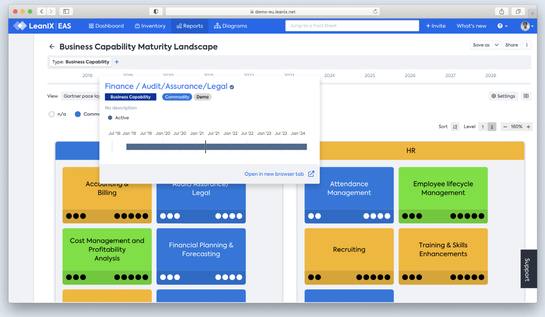
Segment business capability maps by commodity (common ideas), differentiation (better ideas), and innovation (new ideas)



- Accommodate variations across business units, global regions, and user groups
- Use customized tags to categorize business capabilities
- Align which business capabilities serve as future differentiators and are subject for exploration

3 Scope Investments/Resources

Move discussions on IT investments from applications to business capabilities



- Distribute costs and governance efforts based on which areas of a business are prone to change; prioritize resources where needed
- Use business capability maturity scores to further visualize pace-layering
- Ensure business capabilities evolve in parallel to technology roadmaps