

# How A Business Capability Model and Application Portfolio Management Bridge The Gap Between IT and Business

**Peter Vind**  
Enterprise Architect  
Siemens Energy AB

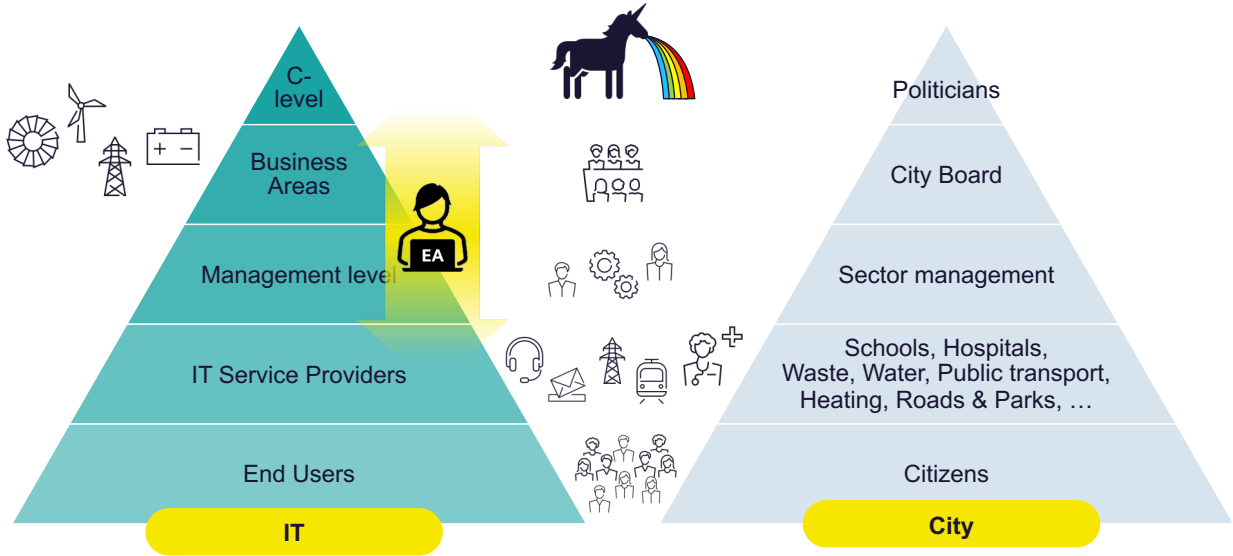
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# What is Enterprise Architecture?

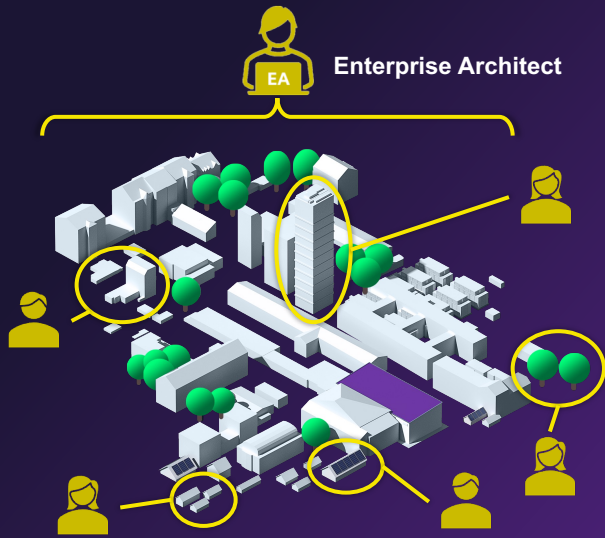
# What is Enterprise Architecture?



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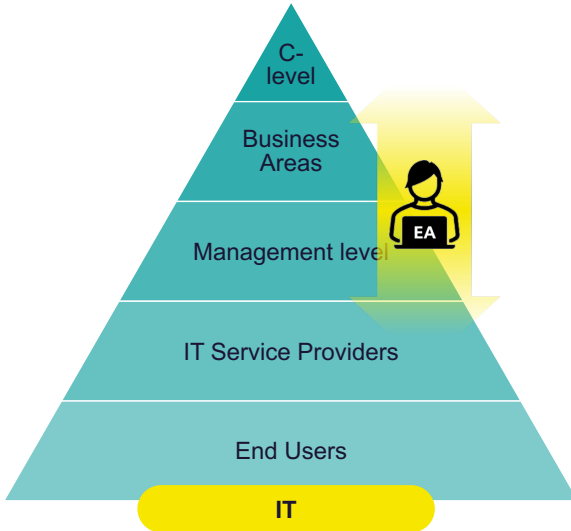
# What is Enterprise Architecture?



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## What is Enterprise Architecture



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EA's have the strategic view of 1-3 years ahead. Sometimes it is more tactical, less than a year.

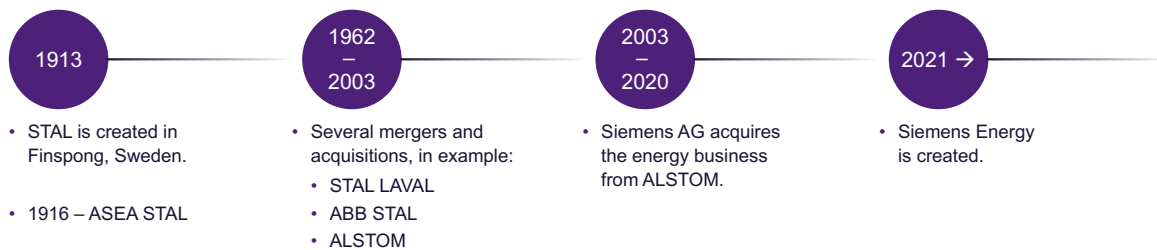
Need a way to talk with business without getting stuck process or IT system details.

Need to have something that is stable over time.

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## History of the company in Finspong and Siemens Energy

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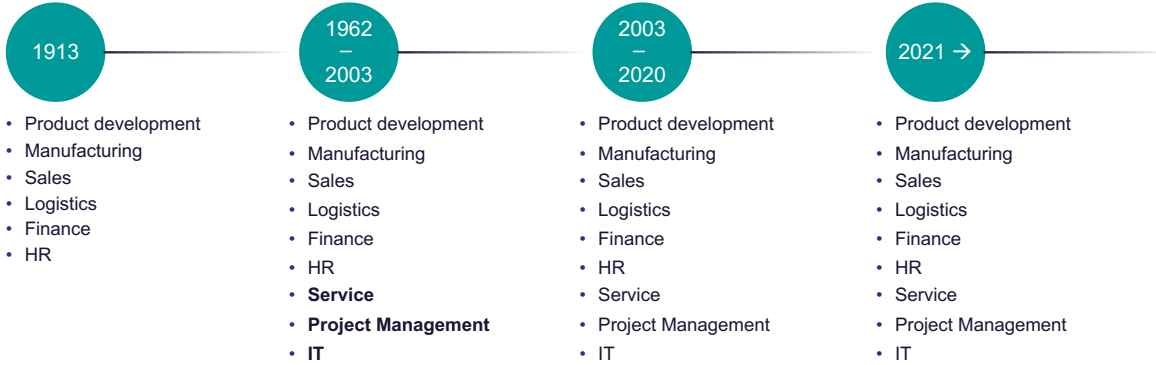


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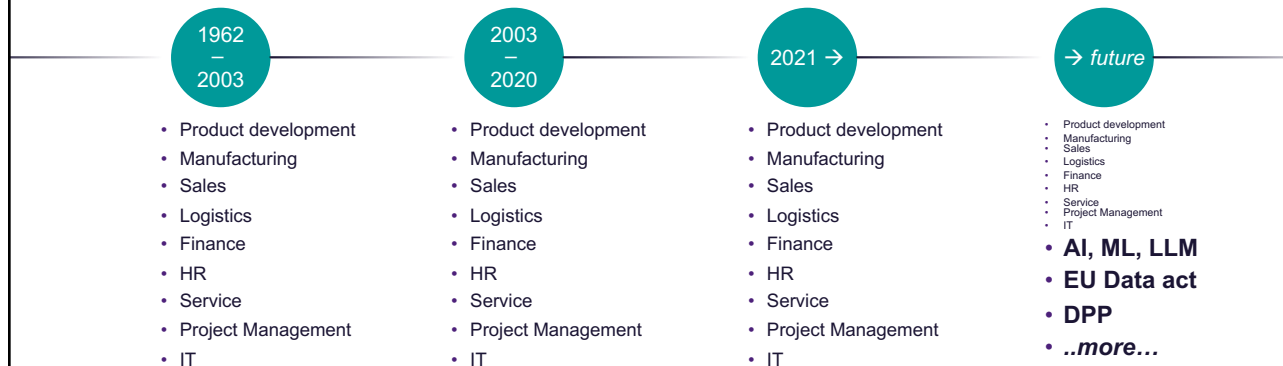
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## History of the company in Finspong and Siemens Energy



## History of the company in Finspong and Siemens Energy



# Siemens Energy's Business Capability Model

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## Purpose of Business Capabilities and the Business Capability Model (BCM)

### What it is

- Business Capabilities define **'what'** our company needs to be able to do to complete our strategy.
- It **structures capabilities into logical clusters**.
- It is **stable** and **neutral** to organization and process.
- It is a core deliverable of Enterprise Architecture, and serves as a bridge between business and IT.
- It lays the groundwork for enterprise transformation.

### What it is NOT

- A **Business Process** that defines **'how'** things are done.
- An **Organizational Chart**, showing **'who'** carries out a specific capability.
- A **System or Application**, through which the capability is provided or orchestrated.

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## Business Capability Model – Level 0



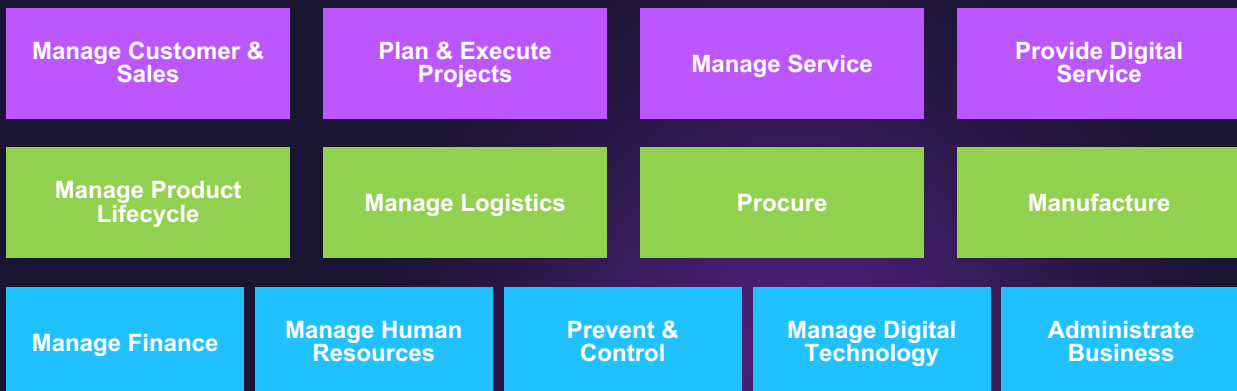
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## Business Capability Model – Level 1

- Customer-facing Business Capabilities
- Operational Business Capabilities
- Supporting Business Capabilities

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# Business Capability Model – Level 2

- Customer-facing Business Capabilities
- Operational Business Capabilities
- Supporting Business Capabilities



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# Business Capability Model – Level 2



## Manage Product Lifecycle

- Develop & Engineer Product & Parts
- Develop & Design Solutions
- Develop & Design Services
- Develop & Design OT Software
- Research & Develop New Technologies
- Manage Process & Product Requirements
- Manage Product Data
- Manage Product Portfolio
- Define Product Quality Controls & Standards

Research, develop and engineer energy products, solutions, and services, managing their complete lifecycle.

Managing the entire lifecycle of a product from its inception through the engineering, design and manufacture, as well as the service and disposal of manufactured products. Provide a product information backbone. Provide consistent, accurate and up-to-date product information to multiple output media. Manage changes to the product, system, software, solution and service during design and engineering phase.

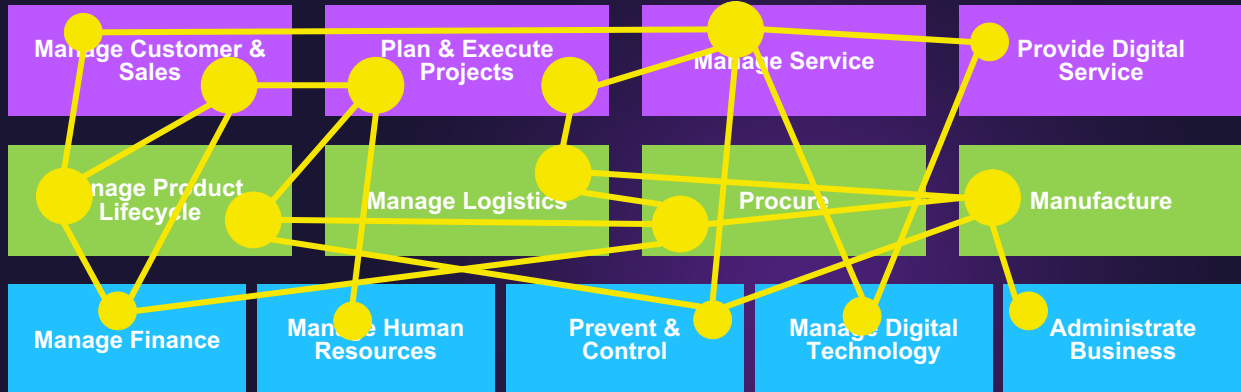
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# Product Lifecycle Management in the Business Capability Model

Data and information about the product is used in many capabilities.  
 Several business processes use (read) and enrich (update) PLM data.



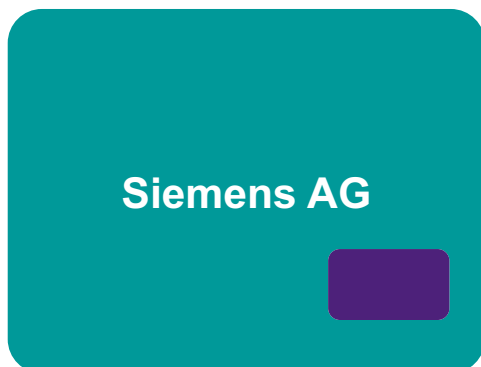
# Business Capability Model – Level 2



# Carve out from Siemens AG

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## Siemens AG's Carve out of Siemens Energy

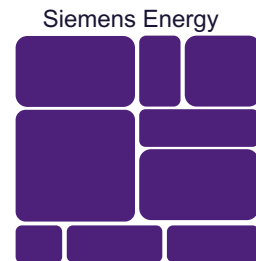
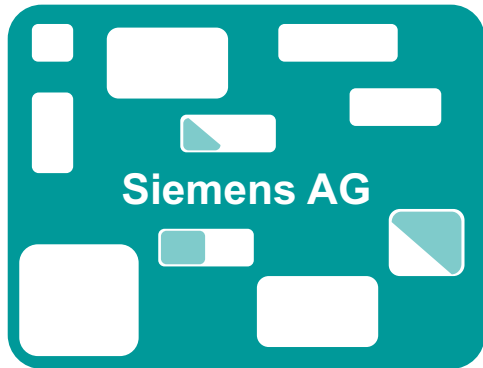


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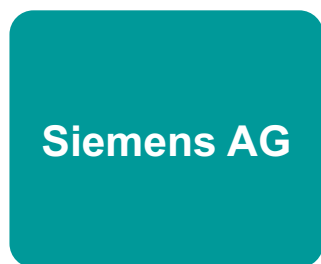
## Siemens AG's Carve out of Siemens Energy



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## Siemens AG's Carve out of Siemens Energy



Which IT applications shall we keep, and which ones do we get rid of?

- People
- Hard- and Software
- Licenses and Contracts
- IT services
- Data
- *and much more...*



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## Application Portfolio Management

- "We shall only have 800 applications!"



### Hippo-Decision

- Highest
- Paid
- Persons
- Opinion

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## Application Portfolio Management

- "We shall only have 800 applications!"

Carve Out program to simplify the IT application landscape and review our costs for the applications we need.

Map applications to a Business Capability and let business make decisions.

System ID	Name	Classification	Business Capability	Application Category	Application Type	Application Status
APP001	ERP	Core	Finance	ERP	Core	Active
APP002	CRM	Customer	Sales	CRM	Core	Active
APP003	HRM	Human Resources	HR	HRM	Core	Active
APP004	SCM	Supply Chain	Logistics	SCM	Core	Active
APP005	PLM	Product Lifecycle	Manufacturing	PLM	Core	Active
APP006	SRM	Supplier Relationship	Procurement	SRM	Core	Active
APP007	DM	Digital Marketing	Digital	DM	Core	Active
APP008	CDM	Customer Digital Marketing	Digital	CDM	Core	Active
APP009	SRM	Supplier Relationship	Procurement	SRM	Core	Active
APP010	SRM	Supplier Relationship	Procurement	SRM	Core	Active

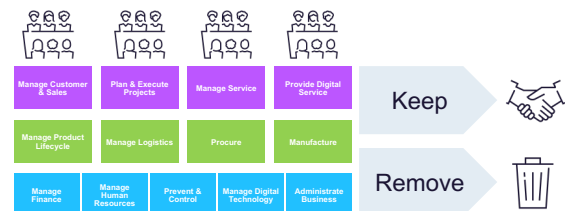
List of applications

### Tasks of the Decision Board for a Capability

Understand the strategy and needs from the business.

Decide about:

- Application portfolio
- Demands and Projects



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# Application Portfolio Management

List of all applications with description, characteristics and attributes.

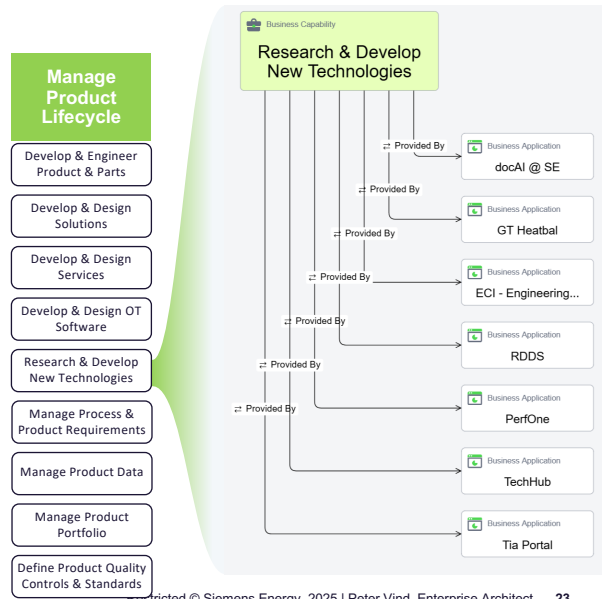
Relationships to other applications, Infrastructure, IT services, and...

...Business Capabilities!



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**EXAMPLE**

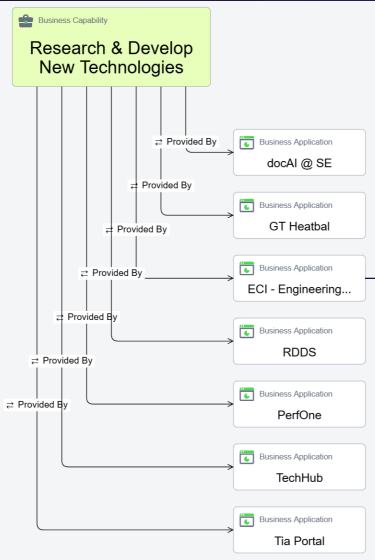


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# Application Portfolio Management

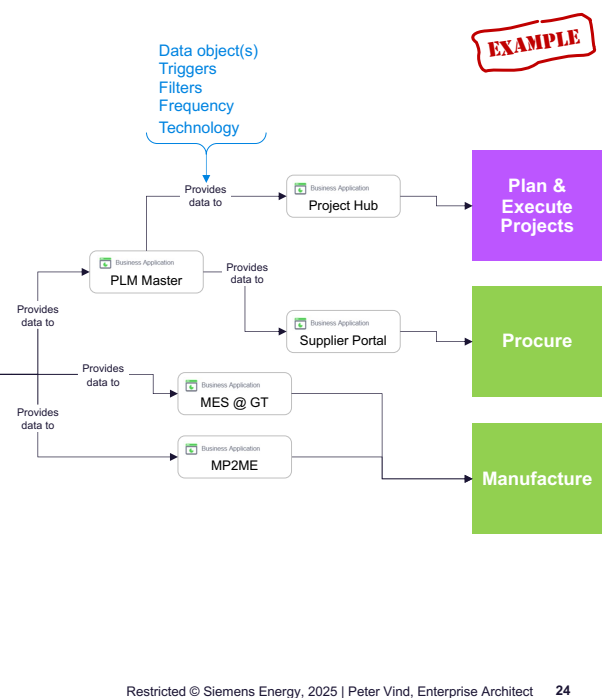
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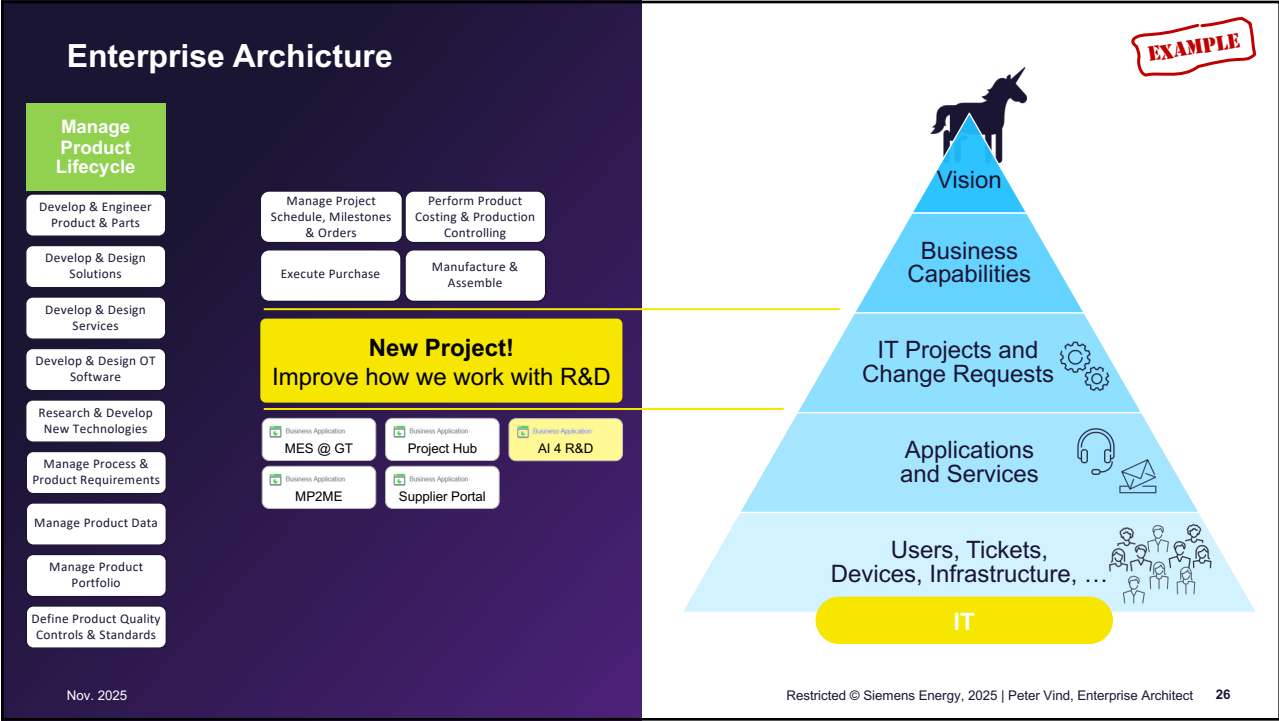
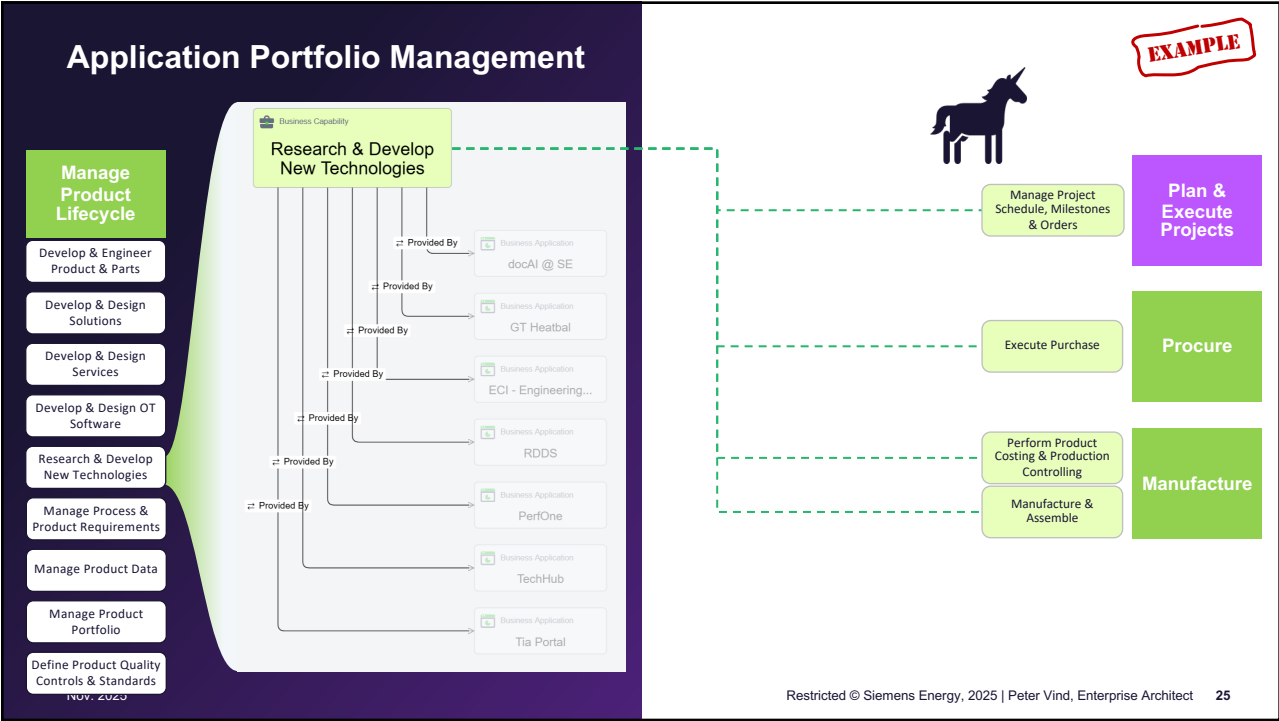


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**EXAMPLE**



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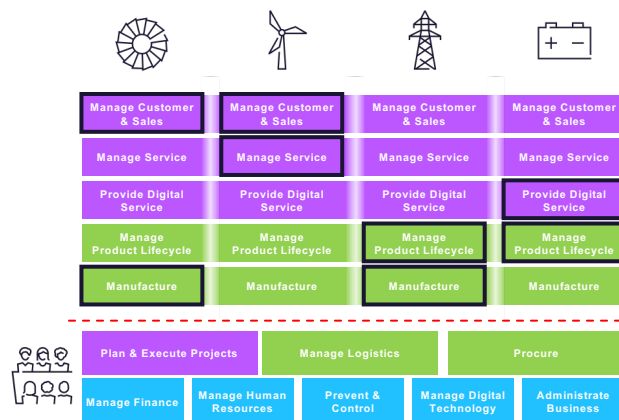
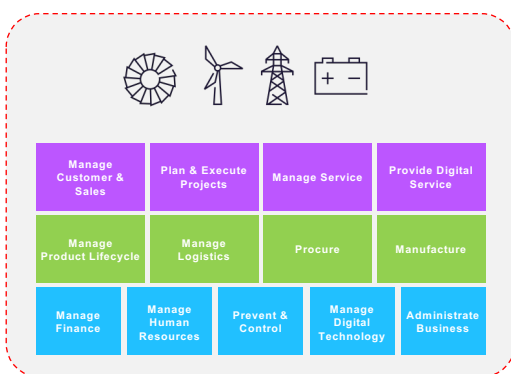
# Examples how the Business Capability Model supports when things change

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## Siemens Energy Reorganization!

**EXAMPLE**

We need to decentralize decisions to support our growth.



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# AI FOMO



**Fear of missing out (FOMO)** is the feeling of apprehension that one is either not in the know about or missing out on information, events, experiences, or life decisions that could make one's life better. FOMO is also associated with a fear of regret, which may lead to concerns that one might miss an opportunity for social interaction, a novel experience, a memorable event, profitable investment, or the comfort of loved ones. It is characterized by a desire to stay continually connected with what others are doing and can be described as the fear that deciding not to participate is the wrong choice. FOMO could result from not knowing about a conversation, missing a TV show, not attending a wedding or party, or hearing that others have discovered a new restaurant. In recent years, FOMO has been attributed to a number of negative psychological and behavioral symptoms.

## Where do we put AI, ML, LLM, AI Agents and GenAI in the Business Capability Model?



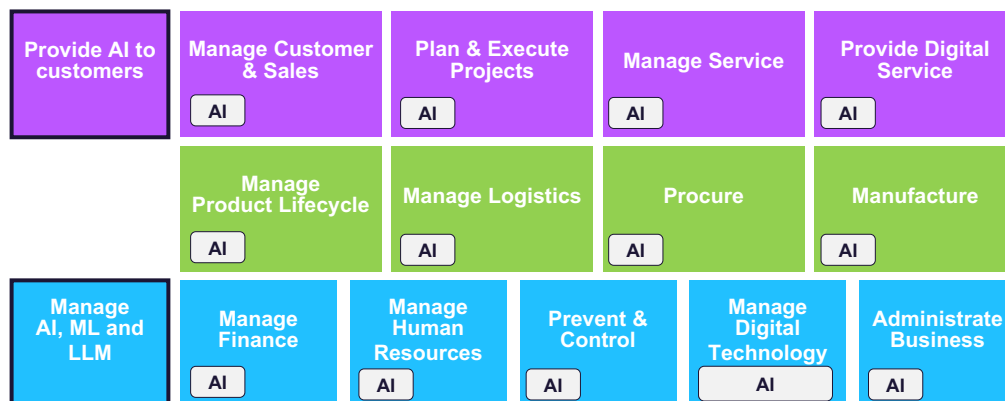
Is it..

..a new capability?

..a service from IT?

..part of all existing capabilities?

..a mix of all?



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**EXAMPLE**

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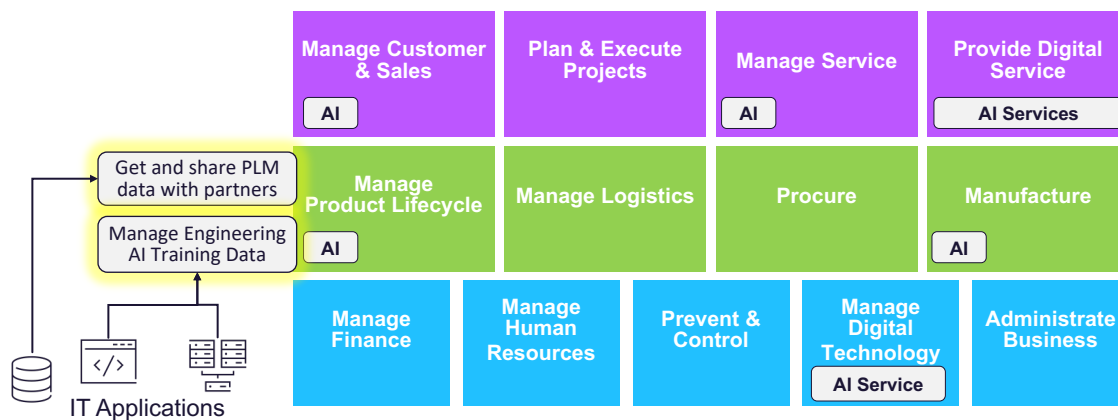
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**EXAMPLE**

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## Where do we put Digital Product Passport in the Business Capability Model?

**EXAMPLE**

Is it a..  
 ..new capability?      ..a service from IT?      ..part of all existing capabilities?      ..a mix of all?



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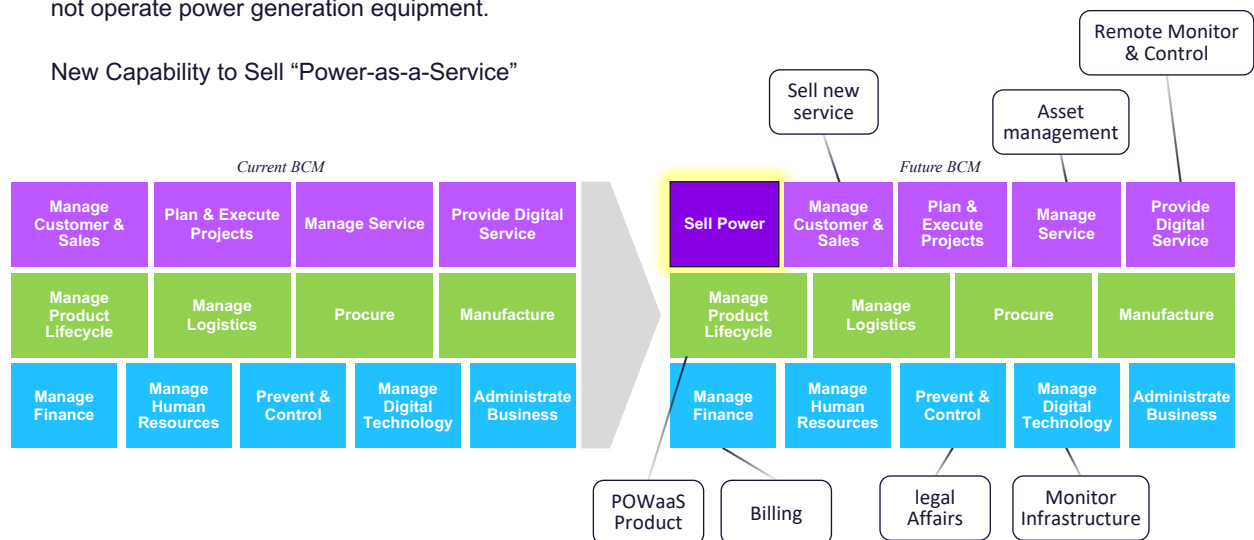
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## Use the BCM to prepare and plan for changes

**EXAMPLE**

Data Centers wants to buy electricity, not operate power generation equipment.

New Capability to Sell "Power-as-a-Service"



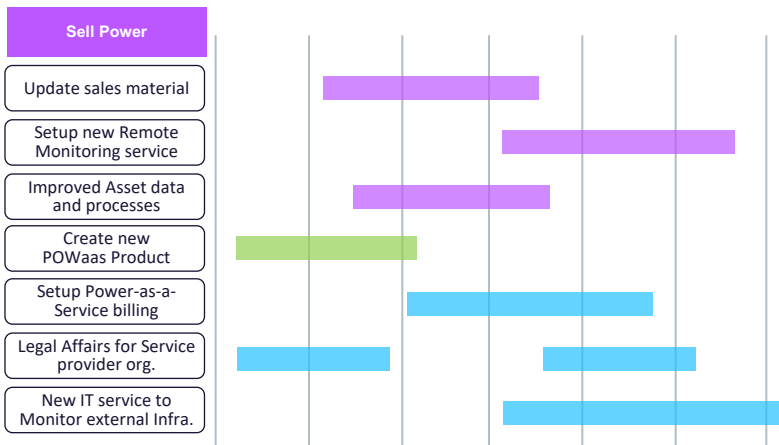
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## Use the BCM to prepare and plan for changes

**EXAMPLE**

Start program to cover all projects needed to support the new Business Capability and Business Strategy.



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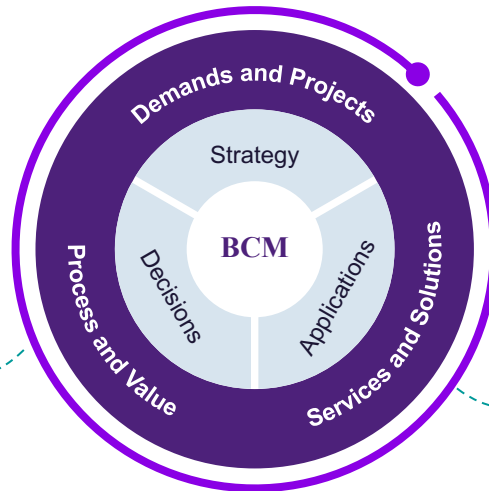
## Summary

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## The BCM is the center of Enterprise Architecture

### Make the right persons decide

Key stakeholders, people in charge and subject matter experts shall be involved in the decisions, making sure they bring value.



### Change and Transformation

Know where your stand today and where you are heading. Start the right programs and projects to meet future needs.

### Deliver what is useful

Use the BCM to structure what the business needs and manage the applications to deliver fitting solutions for it.

## Summary and Wrap up

- Things happen!  
A stable foundation and a clear way of working helps you with managing changes, both big and small, good or bad.
- Decisions about applications should be well anchored in the business and supported from the major stakeholders, like Process Owners and Business Area heads.

- If you do not have a business capability model, think of creating one.
- Use the Internet to find examples of models and pick one that fits you. If you have a Gartner account, use them for support.
- Implementing a Business Capability Model takes time, so be patient and do not rush.

**Thank you!**



**Peter Vind**  
Enterprise Architect

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Siemens Energy AB  
SE DC DTO EA  
Phone +46 (0)703 741182  
E-mail [peter.vind@siemens-energy.com](mailto:peter.vind@siemens-energy.com)



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