

THE DIGITAL ENTERPRISE TRANSFORMATION MEANS RE-IMAGINING THE BUSINESS MODEL

The VDMbee methodology to discover, plan and adopt your strategies and related Business Models

ABSTRACT

A paper about the VDMbee Value Management methodology to discover your Digital Enterprise Strategy with a supporting IT Strategy. The VDMbee methodology is supported by the VDMbee Value Management Platform. This combination provides you a dashboard for decision making about future direction. It is a unique and necessary methodology for every advisor, in or outside the organization. This document is meant for people that want to know more about the Digital Enterprise, Supporting IT Strategies and how to discover, plan and adopt digital Business Models.

T van Donge

Co-founder and Managing
Director VDMbee

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1 Introduction

As long I have been working in the ICT business it has been a personal objective to create a collaboration between systems and systems and systems and humans. Just in other words: “Working in harmony”.

In the last thirty years, when I worked in Baan Company, TopTier and Cordys I could accomplish this in many domains.

Still the hardest is the collaboration between Business and IT. And there is no simple solution to it. IT has been very good in defining all kind of standards and interfaces in the form of languages to speak and abstract from reality.

What is much less common is that the Business side of the house has a language to describe business and how it operates and delivers value. This triggered me and my colleague Henk de Man eight years back.

Can we help the Business with such a language? If yes, we can make software to help the Business to describe itself and how it can evolve into the future. But if that is true, we can also use that language to describe how two Businesses can evolve and innovate together. And then also how Business and IT can evolve, interact and create value to each other. You can then even describe a complete value network of a business model eco-system and how this potentially can evolve. We were able to define such a language and got the support of the Object Management Group and its members. In this process it became a standard for all of us.

Back to the point “working in harmony”, when you have to make “systems” collaborate you need to have a good insight in the interaction between the “systems” and what the “systems” will do for the “other”.

To describe the Business and also IT in business terms, you need to specify things in seven dimensions. So good software support will be very helpful.

I am an IT person and I am aware that many more (soft) aspects play a role in getting a collaboration to work. But I leave that part to others.

My focus in this paper is to help you making a “single” picture of your “Business” in the broadest sense. Also using the word “business” is a very abstract term. Keep it in the broadest sense 😊.

About VDMbee, OMG and VDML

Starting in 2006, a small Dutch software business started a research project to define a conceptual model to describe the Business Enterprise Value Design. We realized that we were dealing with something unique and decided to make this a global standard and therefore helped initiating a standardization process in the Object Management Group (OMG). With the intent to deliver a global software standard for Business Enterprise Value Design. Together with the big players of the ICT world, within the OMG group, we decided on business model, planning, measurement, capability and value offering concepts. The close collaboration resulted in the Value Delivery Modeling Language (VDML) standard

specification. Today VDMbee is not only the chair of the standard, but is also offering the first software implementation that supports this VDML specification.

We help you

Do you feel a need for a validity check on your existing business models and do you consider options for future directions? You need to contact me (tvdonge@vdmbee.com) for our Strategy workshop. In short iterations we help you to develop a clear view on the development of your business. In four half day work sessions as a first step, you 'discover' your business model that need to be innovated or transformed. And as a second step, we make a plan for you and your team, that you can present and share with your stakeholders.

My Motivation

This document is about one of my favorite topics: What can IT do for the Business to support transformation towards a Digital Enterprise, whereby the unique VDMbee Value Management methodology helps to prototype this transformation and demonstrate its impact on your value objectives.

I welcome you to read and share your thoughts.

Enjoy reading,
Theodoor van Donge

2 Who should read this eBook?

See this as a guidenace to what might be most interesting to you, for sure you are more than welcome to read all parts.



2.1 Are you a (networked) Business person?

VDML in an App brings you a methodology to navigate your Business through all the changes and challenges that occur. It supports you in your endeavor towards an agile Business and related agile Business Models, connected in your business model eco-systems.

You should read chapter 3 and 5.

2.2 Are you a Governance person?

VDML in an App brings you a methodology to navigate your organization through all policy changes. It enables you to create an agile policy plan that can be used to assess alternatives and results.

You should read chapter 3 and 5.

2.3 Are you a Strategy consultant?

VDML in an App brings you a unique and necessary methodology for every advisor to navigate your customer through all business changes. Your customer is in a continuously changing business eco-system and needs to take decisions about an uncertain future. Despite a “never done before” feeling, a business model innovation drive will keep the business going forward. With the VDMbee Value Management methodology and platform you are ready for the job!

You should read chapter 3, 4, 5, 6, 7, 8.

2.4 Are you a Team player?

VDML in an App brings you a methodology to navigate your team through all the changes and challenges that occur. It supports you in your endeavor towards an agile team in an environment where you have to deal with many interactions in your environment.

You should read chapter 3, 4, 5, 6



2.5 Are you a Researcher?

VDML in an App brings you a methodology to experiment with Value Delivery concepts in any industry, business or network of businesses. It supports you in creating insight in the structure of business, teams and business model eco-systems, prototyping scenarios and performing what-if analysis. A real handy methodology for business value model researchers. VDML is the first standardized business and business model language of the OMG and we can envision extensions to this model in the future.

You should read chapter 3, 4, 5, 6, 7, 8.

3 Discover your Digital Enterprise

Digital innovation is a team effort

“Business and IT executives drive digital transformation better together than they do apart,” said George Westerman, Research Scientist for MIT’s Initiative on the Digital Economy, at the recent [MIT Sloan CIO Symposium](#).

That’s because at its heart, digital innovation happens at the intersection of a business person with an idea and someone with the technical aptitude to bring it to life. Digital innovators, therefore, bring business and IT together in a collaborative environment that unleashes creativity through fertile cross-pollination of business model ideas and technical possibilities. They’re able to quickly build prototypes to test and validate business model ideas, working in rapid iterations and scaling once success is proven.

3.1 What others say about Digital Enterprise

As always, new trends do have many interpretations. Below you find some of the leading businesses and their interpretation of the Digital Enterprise.

[Becoming a digital enterprise](#) (McKinsey – Paul Willmott)

Businesses that want to hit their digital sweet spot need to do four things. Firstly, they need to understand, really, where is the value of digital? Is it in marketing? Is it in sales? Is it in automating operations or a combination of all of those? Secondly, they need to prioritize. There are always too many things to do in the digital portfolio, and focusing on the ones that count is important.

Thirdly, they need to take an end-to-end view, ensuring that customers receive a joined-up experience from end to end and that all functions are working together. And then, finally, they need to look at their portfolio of businesses and understand what impact digital may have on valuations, and they should focus on what the needed or required capabilities are going forward and perhaps rebalance the portfolio accordingly.

Perhaps what is most challenging for businesses is to operate in a joined-up, end-to-end way. Many businesses are siloed around different functions or geographies. But digital customers expect a fully consistent and joined-up experience. And that requires companies to think quite differently about the way they organize, their governance structures, and their standards for data and systems.

[Gartner Identifies Six Key Steps to Build a Successful Digital Business](#)

(Gartner)

A Lack of Digital Business Competence Will Cause 25 Percent of Businesses to Lose Competitive Ranking by 2017

Digital business is changing the way organizations use and think about technology, moving technology from a supporting player to a leading player in business model innovation, revenue and market growth, according to Gartner, Inc. However, digital business should not

be considered an IT program and should instead become a business mindset and lingua franca, with digital expertise spread across the business and value eco-system.

- ❖ Step 1: Create the Right Mindset and Shared Understanding
- ❖ Step 2: Put the Right Leaders in Place
- ❖ Step 3: Launch a Digital Business Center of Excellence
- ❖ **Step 4: Formulate a Digital Strategy to Respond to Opportunities and Threats (SWOT of the business)**
- ❖ Step 5: Find, Develop and Acquire Digital Business Skills and Roles
- ❖ Step 6: Create New Digital Business Capabilities

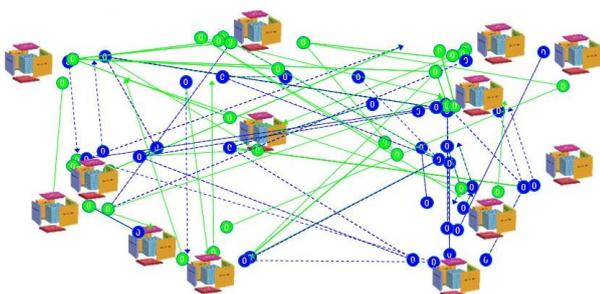
3.2 Important takeaways

It is clear today, that “digital” is not just about more; but it is about different. This is demonstrated by businesses that have created radical new business models based on digital. You need to take a different view of how a business is affected by digital. Some important aspects are worth to be mentioned:

- Digital can be the levers by which you think about new ways to assemble your overall business model, the way you make money or other values, the way you deliver a value proposition overall.
- Digital also is a new way to interact with customers and network partners to take your value proposition and bring it to market.
- Digital is a different way of operating within a business, and within a broader business model eco-system, to actually create, capture, deliver, receive and consume those products, services and processes.
- Digital brings you a unique methodology to discover, prototype and adopt new business models together with your partners in a true multi perspective view. Where traditional methodologies stop, VDMbee continue the support of complex design challenges. The VDMbee Value Management methodology and digital platform continuously support you with your business journey.
- ‘Different’ digital brings change. When future is uncertain, you better make a good situational analyses and different future scenario analyses as prototypes. The VDML language of the OMG is a perfect vocabulary to use for such a description and analyses. VDMbee helps you to ‘discover’, ‘plan’ and ‘adopt’ your continuous Business Modelling Plans.

3.3 Need for Business Model analysis

When you want to develop a Digital Enterprise strategy, you need to start with the



development of complete new business models, together with you partners in the business network. As we have just explained. To realize a Digital Enterprise, a strong and well connected partner network is essential. In parallel to this, you need to develop a supporting digital strategy as well. Meaning, make very clear which value propositions the

business model of ICT has to provide and how ICT will deliver. For the Digital Enterprise, your ICT isn't any longer a cost center but a source of revenue enabler. Therefore we propose to see ICT as a strong partner in this whole business model eco-system that desires its own business model as well. And all those elements need to be well connected. Every business model is connected with the other parties and exchange value according to the defined value propositions. You don't need to be an expert to understand that digital support to Discover, Prototype and Adopt in this new domain is a must for every business and supporting staff and experts.

3.4 Thoughts about Information Technology strategies

A closer look into the "new" Information Technology strategies that play a very important role in the Digital Enterprise you have to think about the following strategies:

- **Cloud and Enterprise integration strategy**
Crucial for your scale-out IT architecture. On-demand scalability (up and down) is a must for the Digital Enterprise, IT needs to scale with the business. Think about computation power, data storage, latency, geographical presence. And make sure that your user authentication and authorization is very well integrated with your back office. On-boarding and off-boarding of employees, partners, etc. is needed to stay safe. Make sure that your Enterprise Information System gets real-time updated to state the single truth for the accountant. Make sure that your enterprise integration is future proof. Don't make a mess of your application- and data-integration.
- **Mobile App strategy**
For the employees and for the buyers/ users of your products/ services/ processes. It forces you to make applications simple and easy to use. Which gives you a mobile workforce with low training cost for being connected and deliver the work.
- **Internet of Things strategy**
Everything gets connected, which gives you the possibility to stay in touch with your customers, users and network partners. Besides delivery of new smart products, services and processes, this "life-line" provides you the possibility for complete new business models.
- **Robot strategy / Autonomous agents**
Think about "software" robots and "hardware" robots. Both are empowered with cognitive computing systems. The "software" robots (or intelligent agents) will overtake work of the knowledge workers. The "hardware" robots will support the physical activities of your enterprise.

3.5 Thoughts about Information Systems strategies

A closer look into the "new" Information Systems strategies that play a very important role in the Digital Enterprise you have to think about the following strategies:

- **(Big) Data strategy**
The Digital Enterprise produces large amounts of data. You better use the data and turn it into information using modern Big Data analytics. Your data contains the patterns that are the input for your next business model innovation.
Another important aspect where you need to look at is where all your data is. Which

data has the truth? Due to the cloud, cloud apps and mobile apps, your data get scattered over many places. Are all those providers really secure? Who is controlling those aspects? How are the peoples private issues being guaranteed? How do you keep data synchronized? How do you propagate change? How do you deal with access control?

- **Enterprise Resource Planning strategy**

This forms the kernel of your transaction backbone. To leverage all the updates from your vendor, you need to stay with the standard product. Use situational app and process app strategies to accommodate business specific implementations.

- **Situational application strategy**

Situational applications are very powerful to deliver in direct response to the business demand. Data can also be in many situational apps and spreadsheets. This can be on peoples PC or mobile phone or tablet or on premise server or even (public) cloud based deployments. Who guarantees the consistency and correctness of the formulas and data? But those apps are used in many business decisions. It desires your attention.

- **Process application strategy**

You can also name it Business Process Management. This technology is very supportive when you need to automate process flows between people and people or people and services. Those platforms support straight-through processing as well as very human intense workflow scenario's, also known as "Case Management". But you have to manage it, otherwise you get many different flavors of those platforms in house. Some are part of your ERP systems, others come from the cloud, etc. There are many solid products available today. Keep overview and know what is happening and stay in control.

3.6 Support from Object Management Group standards

The general available version of the VDML1.0 specification has been released, after years of hard work by the VDML team of the OMG. This is a real important milestone because this is the first Industry standard vocabulary about business structure, business operations and value management. It is understandable by both humans and computers, with a global multi-domain reach, providing business design models for managers that fill the gap between strategic planning and business operations.



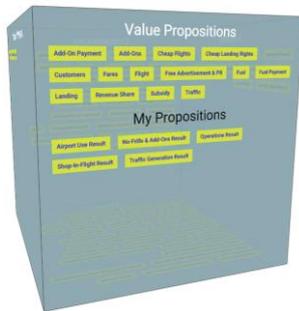
The SMM1.1 standard complements the VDML1.0 specification, for the purpose of value measurement. VDMbee is the first vendor that has an actual implementation to support both standards, well integrated.

3.7 VDMbee Value Management methodology

Why the combination in this whitepaper of Digital Enterprise and VDML1.0 by OMG? If you have to make a transition into something uncertain, wouldn't it be great when you can

prototype scenario's and assess desired impact? VDMbee Value Management methodology is a great enabler to support you.

VDMbee has contributed to and leveraged the VDML work of the OMG and packaged VDML1.0 and SMM1.1 in an App, the VDMbee Value Management Platform.



3.8 Create a clear view on the development of your business

With the VDMbee Value Management methodology you create a clear view on the development of your business. This view can be shared with all stakeholders to get a tangible vision. Everybody can look to the same dynamic photo of the business.

VDML in an App methodology gives you:

- a clear view on the structure of your business, business models and business model dimensions
- a clear view on the Value Delivery networks of your business, business models and business model dimensions
- the possibility to relate Big Data, benchmark data, market analysis with the Value Delivery network and set objectives
- the possibility to define scenario's, perform what-if analysis, assess results and decide which plan to implement
- the support to implement the plan, create a shared view with the stakeholders, to see and sense the impact on the structure of the business, business models and business model dimensions

A dashboard for decision making about future direction. That's what it is. It is a **unique** and **necessary** methodology for every advisor, in or outside the organization.

Ton Soetekouw
Former CFO,
ING Bank

4 The VDMbee Value Management methodology

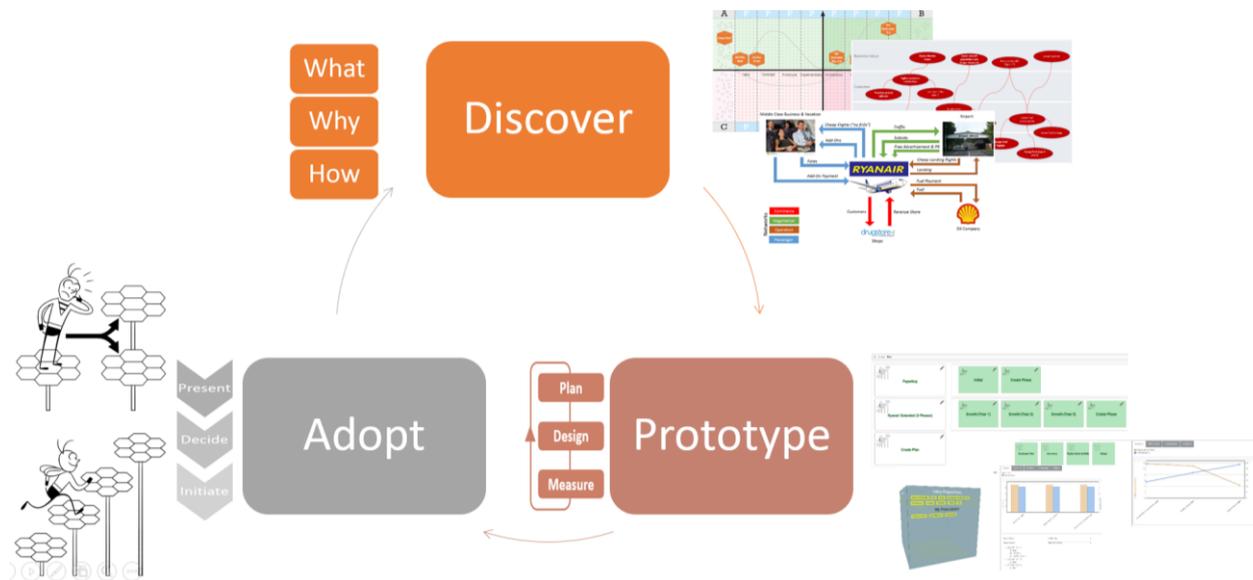


Figure 4-1 Schema of VDMbee methodology of Continuous Business Model Planning

VDMbee invented the VDMbee Value Management methodology for “Continuous Business Model Planning”. In a business world where everything changes continuously, it is very hard to make a plan that will last for the next three years. The only thing constant during that period is that everything will change. When your business needs a validity check on its existing business models and you are considering options for future direction, VDMbee provides you a methodology to help you navigating your business, business Models and business model dimensions.

We see this as a continuum, an ongoing effort. To manage this effectively, it is good to distinguish multiple phases: “Discover”, “Prototype” and “Adopt”.

As-Is and To-Be (transformation)

In many situations it is desired to first create a shared and single photo of the As-Is. In that case you start first with the “Discover” phase followed by “Prototype”, both applied to the As-Is situation. Then you can proceed with the To-Be.

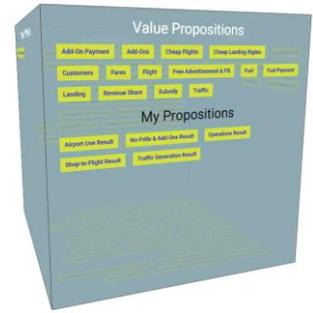
To-Be (greenfield)

In a greenfield situation you can start immediately with the To-Be. In the To-Be situation, the “Discover” phase is particularly important, because here you need to use all the creativity of your stakeholders to find one or more (preferable) future scenarios. Now you can start the “Prototype” phase which is a focused effort by consultants, with as result a dashboard to take decisions.

Subsequently the “Adopt” phase is entered to take decisions based on the scenarios you have come up with and translated into the n-dimensional business model plan, and to initiate change.

4.1 Discover

Involved people “Discover”, to gather understanding of their case at hand first. Some call this “downloading” of information: How does the business currently work, what are its business models, why do they work as they work. What is the problem or are the problems that the enterprise is facing? Is there a need to improve (innovate or transform)? And where is the need? And who has the need? Are there already any ideas to do so. Moreover, it is important to quantify things, and collect data about current business, from websites, annual reports, news sites, discussion sites, etc. Partly this information can be gathered by “web research” and reading, and partly by discussions/brainstorms and interviews.



Once this information is collected and sorted to some degree (just in a Word document), it is time to structure the information by the tools or templates we shortly outline below.

“Discover” focuses on three elements:



Tools that can be used during this phase are:

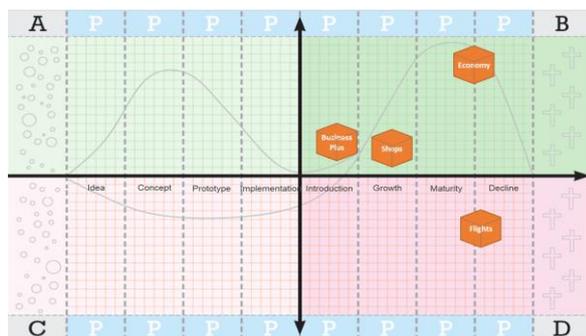
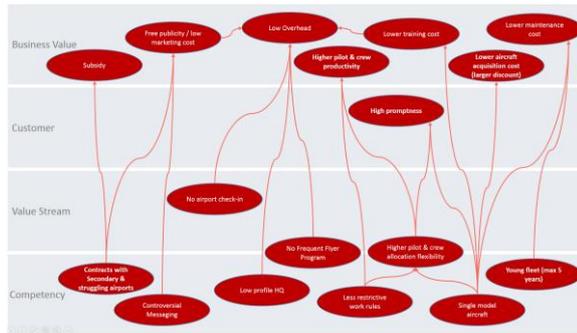


Figure 4-2 Business Model Map on a Beeboard (Bee Board of the TheBeeBusiness.com)

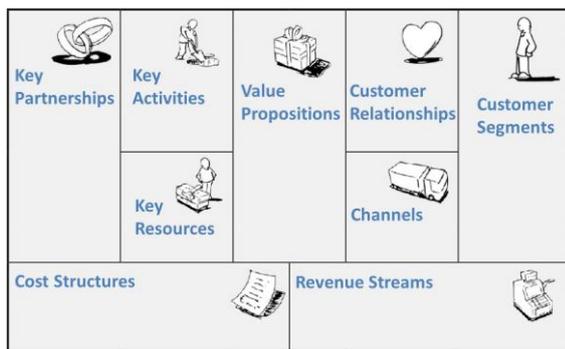
Ongoing operational activity in complete area of operations
For business model lifecycle and business model portfolio management

- Discovery of As-Is and To-Be business models
- X-axis: Lifecycle status
- Y-axis: Contribution to Key Values
- You need multiple representations, by contribution perspective, to have insight in the portfolio



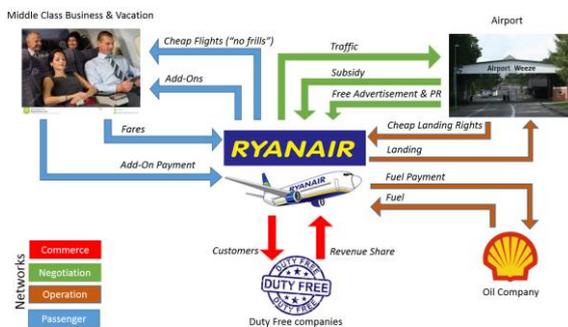
Connecting Strategy elements to tell a cause-effect Value creation story

Figure 4-3 Kaplan Norton Strategy map



Business Model Canvas is very useful for brainstorming by people/teams that are used to it.

Figure 4-4 Business Model Canvas



To create an high-level view of your value network, the business model eco-system map is a very useful representation.

Figure 4-5 Business eco-system Map

4.2 Prototype

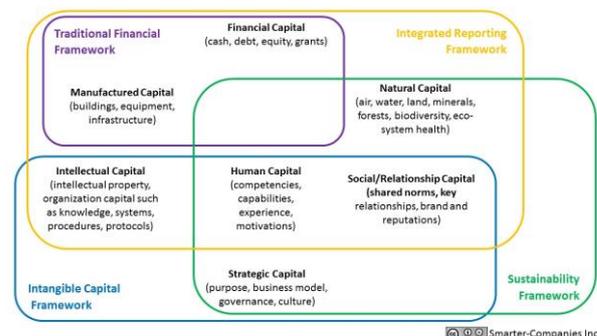
This paragraph gives a more in-depth view how the VDMbee Value Management Platform supports the three main activities of the Prototype phase.

4.2.1 Planning

For Continuous Business Model Planning, it's very important to have a clear scope, set of objectives/ goals and a strategy of the plan you want to create. Think about:

- A crisp and clear catching title that describes the plan. People will talk about it. When you need to keep the development secret, take something abstract like a musician or a city, etc. But preferable take something everyone will recognize.

- Taking a decision whether to model the As-Is or to proceed straight with modeling To-Be. Note that modeling As-Is will already help the team to get on the same wave-length.
- Whether you want to plan intermediate Phases, how many and how to name them.
- Alternative scenario's. This is very important in your decision process in a later stage. Also think about worst-case and best-case scenarios, or fallback scenario's. All of this to manage the risks by making them explicit. So everyone will have the same photo of a possible future situation.
- What your critical success factors are for a successful implementation?
- Expressing those factors in measurable values. Some ideas to think about:
 - Customer values
 - Shareholder values
 - Employee values
 - Financial values (TCO and ROI)
 - Partner values
 - Social contribution values
 - Sustainability values
- [Mary Adams of the Smarter-Companies Inc.](#) has created a very nice view on the different combinations of Capital Values:
 - Integrated Reporting Framework
 - Intangible Capital Framework
 - Sustainability Framework



4.2.2 Designing

Designing is about making the structure of the business model explicit. The following dimensions are used to make the design of the business model:

- Think about the participant networks that are used or need to be created. What makes a participant network? It can be yourself and your customer(s) or yourself and your partner(s) or even all three together. What will help is to group them together that follow the give-and-take pattern. Participant networks are re-usable between multiple business models. This will ease design work and leverage defined value propositions between the participants in the network.
- Think about the roles that participants have in your design.
- What are your value propositions and why is your customer or partner happy with them?
- What value propositions does your business model have to yourself? Or, in other words: what value do you capture?
- What activities do you need to perform to deliver a certain value proposition?
- Detail the competencies you need to have to perform your activities.

One remark, when you want to model multiple business models of your eco-system, the software will let you re-use the already designed elements. This will result in a consistent and coherent model where you can view the eco-system from multiple perspectives.

4.2.3 *Measuring value*

Value management is a mean to make things explicit and measure positive or negative progress. Some values you will find as overarching for your plan. Other values are more linked to the Operations of your activities and are more internal to a business model.

Important aspects to be considered:

- How to measure progress?
- How to measure risk?
- Which values are of importance for a successful implementation?
- Values are a way to differentiate scenario's in an explicit manner
- Distinguish between plan-level values and business model-level values
- Plan-level values allow you to simplify value management for your management, as they abstract from the details and show the important aspects.
- Value management on a lower level enables you to make a fine-grained structure to measure many aspects of the business.

4.3 Adopt

When prototyping is over, after hard work and heads down, it's now time to turn the prototyped business into a tangible plan for all the stakeholders. It needs to be presented in a format that your stakeholders can understand and digest. Again not a simple task.

The Value Management Platform now contains all the artifacts of the plan, it's phases, scenario's and value creation and capturing structures. With this you can perform what-if scenario's, compare scenario's etc. All with the objective to take decision about what path you take into the future. Mining the Value Management Platform and structure the information right is a key job of your Value Management Platform Professionals.

Also in this phase we follow a structured methodology. Envision three major steps to be taken:

- Present
- Decide
- Initiate

4.3.1 *Present*

It is important to talk the language of your audience. There for you have to transform your design into presentable information. You also need to understand the interest of the audience. Is the audience keen to understand how you did it? Or just focused on the results and next actions? When you can present the process you, with your team, went through, you can tell the story about planning, why you chose the phases and alternatives as you have chosen. And also about the exercise about to find your key-values.

Presenting the key-values is important. Next topic to present is how those values develop in the different phases and alternative scenarios. Present your proposal and why this is better as compared to the other alternatives you have explored.

Next to present is the impact on the organization, partner structure and competencies. With this methodology you tell your audience that you have thought about the whole thing.

4.3.2 *Decide*

Helping decision making, that's the purpose. Without a decision, nothing will change. But it is the responsibility of the planners to provide the decision makers with objective information to decide. And going forward, to measure the results.

Taking decisions about the plan is what matters. If you fail to plan, you plan to fail.

But this is by far the most sensitive hurdle, now you need to get all your stakeholders lined up to support your plan. Because you need them all to deliver the results. But no decision is also a decision, take that opportunity to improve your plan further or enhance it into another direction, taken into account all the lessons learned in this process.

4.3.3 *Initiate*

Given the decisions as taken, it's time to make a transformation project plan. Keep it a short-cyclic, and agile methodology, with key stakeholders involved. Just to have quick responses and direct ways to decide about issues that popup. Define milestones and events where you let the key stakeholders present the results and next steps. It should become their plan.

5 **VDMbee Service offerings**

5.1 Introduction

Our business model is to deliver every customer a working business model. Whether you are starting your business or whether you are adopting your business strategy to the fast changing business landscape of today, we help you with your transformation.

For you to "Discover", "Prototype" and "Adopt" your strategies and business models, VDMbee, together with its partners, facilitate you by:

- Making your own winning strategy
- Performing business model strategy workshops with you, your staff/ team
- Training and certification of your staff/ team to become a Value Management Professional. (sort of mini MBA program)
- Providing software to support Planning, Design and Measuring value (see chapter 5 and onwards)

5.2 Strategy Workshops (3 days)

"If you fail to plan, then you plan to fail"

5.2.1 Summary

Is your business aligned, your business model innovation strategy concrete, your vision embedded in the business and are you ready for decision making and control?



VDMbee effectively helps you create a clear view on the development of your business.

This workshop will make a real difference to the collective understanding of your business goals, the priorities and actions required to implement your business plans.

You will achieve this by effectively mapping your Strategy to your business model innovation plan.

5.2.2 Program

- Day 0
 - Used for preparation of the workshop. Involvement of one or two stakeholders close to the business case is a prerequisite.
- Day 1
 - What, How and Why of your business (Golden Circles)
 - Product/ Market combinations and their status on the life cycle (Bee Board concept)
 - Prioritization and focus
 - Business model decomposition: customers/ partners/ value propositions/ values
- Day 2
 - Innovation plan for the chosen business model:
 - Values to measure progress
 - New value propositions
 - Plan, phasing and milestones
 - Communication plan to align all stakeholders

5.2.3 For Whom?

All decision makers who feel themselves responsible for the destination of their Business.

5.3 Strategy consulting: Making your own winning strategy

VDMbee and its partners can deliver consultancy support to help you in developing your winning strategy. Such an engagement can range from a short term assignment to get a sharp picture of your key-values and your business model portfolio, to a full-blown implementation of your new strategy. We can scale-up and -down according to your project needs.



Our proposals are always tailored towards your compelling business challenges. You can request our involvement to support you to “discover” and/ or “prototype” your strategy and/ or to “adopt” your strategy plan. We are used to the fact that we have to participate in heterogenous teams or geographical distributed teams. We are also flexible to participate in a multi-partner engagement.

5.4 Training and certification program for Continuous Business Model Planning

5.4.1 Summary

Would you also like to get a clear view on the development of your business? Join our training to get hands-on experience in modeling the creation and exchange of value for your business.

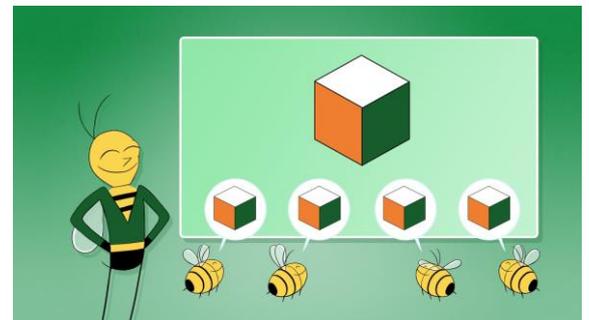
5.4.2 Program

8 modules in 8x half a day

- Module 1: Discover: What/ Why/ How
- Module 2: Prototype: Business Model Plan
- Module 3: Prototype: Value Network Design
- Module 4: Prototype: Value Streams Design
- Module 5: Prototype: Competency Design
- Module 6: Prototype: Value impact Design & Measurement
- Module 7: Prototype: Alternatives and next Phases
- Module 8: Adopt: Present/ Decide/ Initiate

5.4.3 For Whom?

Anybody in need for skills, methodology and tools to innovate strategy planning and execution like strategy consultants, business consultants, transformation agents, business architects and innovators.



6 About the VDML in an App by VDMbee



WWW.VDMBEE.COM

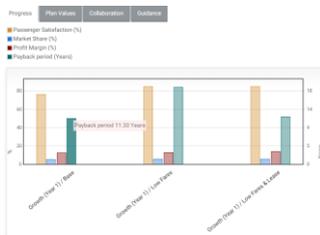
VDMbee has published an App that utilizes the VDML1.0 specification of the OMG. VDMbee has named this App the Value Management Platform. The last two chapters are about the OMG standards we have utilized for our Value Management Platform. VDMbee co-founder, Henk de Man, is one of the main contributors, together with our friend Fred A. Cummins.

With VDMbee Value Management Platform you create a clear view on the development of your Business.



It will support you making strategy concrete, in such a way that it will align all stakeholders involved. And you do that by following a structured and guided methodology, following a business model oriented view on your business.

It allows you to be effective in decision making and control, as you can prototype your business innovation or transformation, analyze alternatives and assess risks and impacts on your value objectives before you implement your plans.



The VDMbee Value Management Platform is provided as an App. You can find a link to the [Google Chrome Web Store](#) via the [VDMbee website](#). To get the full power of the VDMbee Value Management Platform, you need an enterprise edition subscription. Trial period is 7 days, and

subscription cancellation is possible.

A new opportunity for Executives, Managers and practitioners in the value space e.g. Value Experts, Value Engineers, Value Architects, Business Analysts and Business Architects.

Prof. Mark von Rosing
Global University Alliance

A free community edition is available for when you want to make yourself familiar with value management via strategic and tactical plans to innovate and transform your business models.

6.1 Impression of VDML1.0 in an App, the Value Management Platform for Continuous Business Model Planning

The App supports the following three main activities of prototyping as earlier outlined in this document.

- Planning
- Designing
- Measuring values

6.1.1 Planning

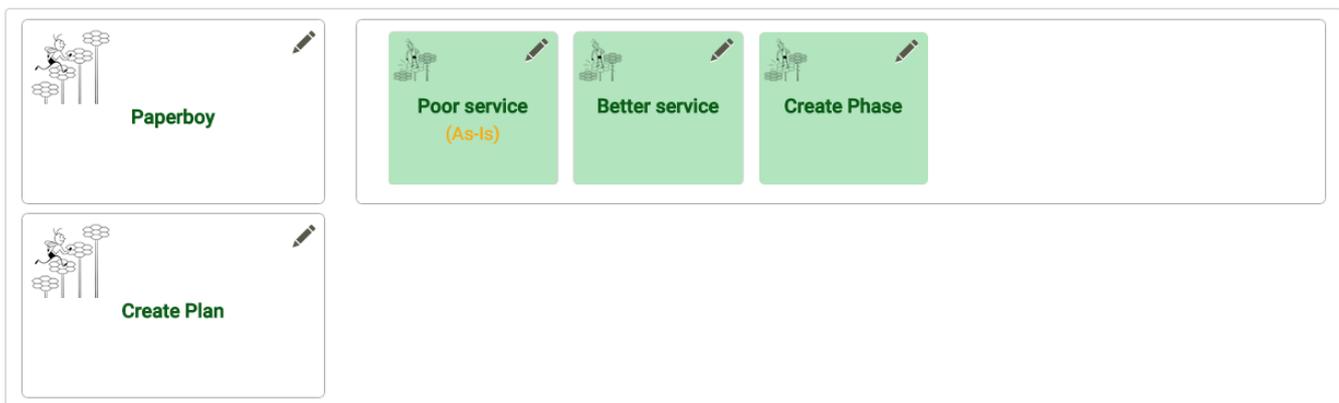
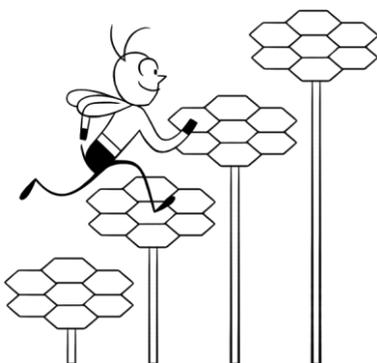


Figure 6-1 The home page of the Value Management Platform

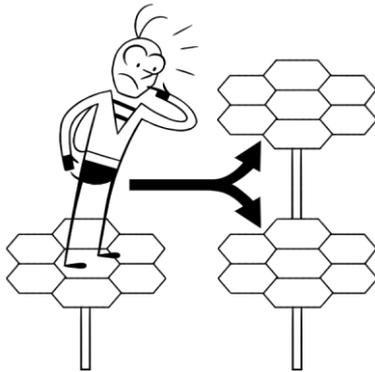
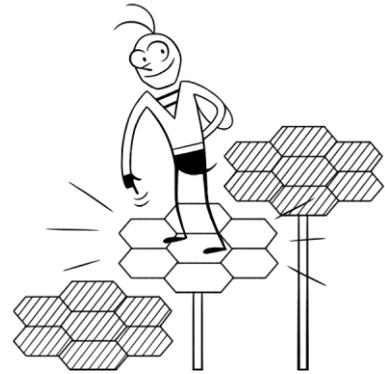
Plan



Management of an innovation or transformation initiative requires a **Plan** as the vehicle to define and execute strategies. A **Plan** is a phased proceeding to achieve a strategic or tactical goal. Plan Values are defined as basis for management and measurement of success of plan outcomes. Plan Values are the basis of defining Plan objectives.

Phase

A Plan consists of **Phases**. **Phases** are the steps that are defined towards achieving the goal. **Phases** are time-bound. Value objectives can be defined and managed per **Phase**.



Alternatives

Per Phase, one or more **Alternatives** can be defined. **Alternatives** are possible scenarios that are explored with respect to their achievement of Value objectives of a Phase.



Plan Values

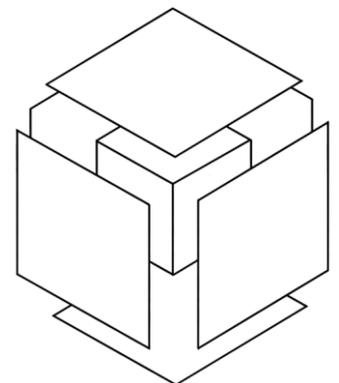
Plan level Values allows you to simplify Value Management for you management, you can abstract the details and show the important aspects.

6.1.2 Designing

Analysis and implementation of Alternatives is supported by the definition, exploration and simulation of Business Models. A Business Model defines how a Business, in a particular product-market combination, creates and delivers Value for the stakeholders involved. A product-market combination is typically defined as the combination of a Value Proposition provided to a Customer.

A Business Model, like a cube, is defined in seven dimensions:

- Customer(s) that is (are) served
- Partners involved
- Value Propositions that are provided and received.
- Activities to create and deliver Value Propositions
- Competencies used to perform Activities
- Values and their formulas overview to provide insight in create, capture, deliver, receive and consume.
- The relations that combines all those elements that correlate with each other



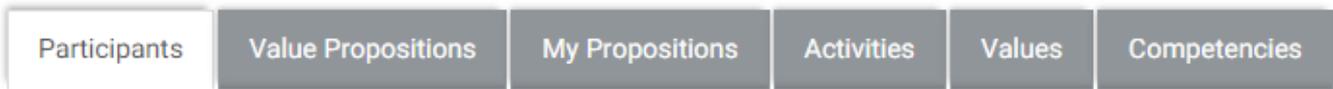


Figure 6-2 The navigation bar of Business Model dimensions.

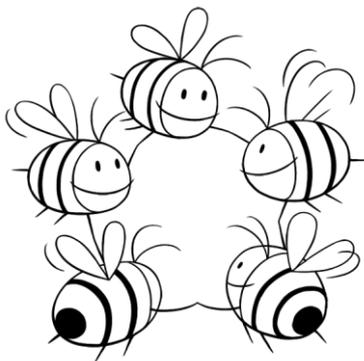
The rationale of how Value is created and delivered is defined by how the various components according to these six dimensions are interrelated. Following the Cube-metaphor, these relations can be considered the “wiring” inside the box (the 7th dimension).

6.1.2.1 Participants

Participant Network	My Business (Role)	Customers (Role)	Partners (Role)	Other Participants (Role)	Attached
Backup network	Schoolboy (Proxy)		Schoolmates (Stand-in)		✓
Newspaper network	Schoolboy (Paperboy)	Readers (Subscriber)	Newspaper company (Publisher)		✓

Figure 6-3 The participants overview panel of the Value Management Platform

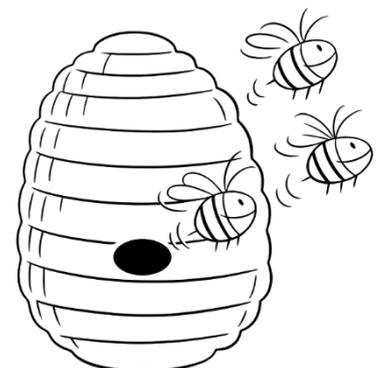
Participant Networks



Participant Networks form the foundation of Business Models and their relationships. Any Business Model is based on one or more **Participant Networks**. **Participant Networks** may be shared between Business Models. A **Participant Network** defines which Participants, in which Roles, collaborate with each other, by creating and delivering Value and exchanging Value with each other. A Participant may be a Partner to the Business Model, or a Customer or represent the Business itself (i.e. the business that owns the Business Model).

The Business

The **Business** is a Participant that owns the Business Model. It is also the home base for Competencies that are deployed in the Business Model. A **Business** typically owns and operates multiple Business Models.



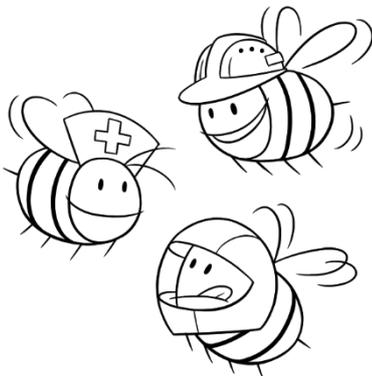
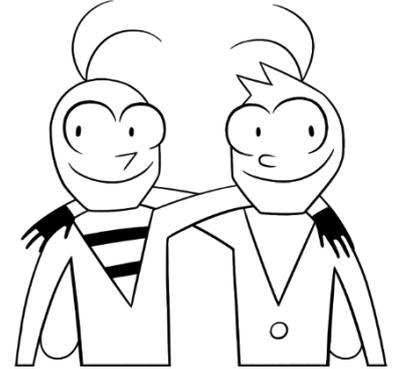


Customer

A **Customer** is a Participant, serving a Customer determines the main purpose of the Business Model (next to the purpose of satisfying the needs of the Business itself). **Customers** may be Enterprises, Market Segments or Individuals. It is normal for a Business Model to only have one or a very few **Customers**.

Partner

A **Partner** is a Participant that is involved in the Business Model to help creating, capture and deliver the Value to the Customer(s) in the Business Model. **Partners** may be Enterprises, Market Segments or Individuals. A Business Model may involve several or even many **Partners**.



Role

A **Role** is a part that a Participant plays in a Participant Network, and by that, in the Business Model. A Participant in a Business Model may be assigned one or more **Roles**, in possibly more than one Participant Network. Through **Roles**, Participants perform Activities and provide and receive Value Propositions.

The same Participant may be Customer in one Business Model and Partner in another, or it maybe even both Customer and Partner in the same Business Model, though in different **Roles**.

6.1.2.2 Value Proposition

Participants, via Roles, exchange **Value Propositions** with each other. A **Value Proposition** is the expression of the Values offered to a recipient, based on a product or service or a bundle of product(s) and/ or service(s). These Values are not only evaluated from the perspective of the provider, but particularly in terms of the recipient's opinion and/ or level of satisfaction.



As Business Models are based on one or more, possibly shared, Participant Networks, eco-systems of Business Models can be created by creating Business Models for multiple Enterprise Participants in these Participant Networks. **Value Propositions** are exchanged between Business Models in such eco-systems, both intra- and inter-Enterprise. A **Value Proposition** that is provided in one Business Model may be received in another.

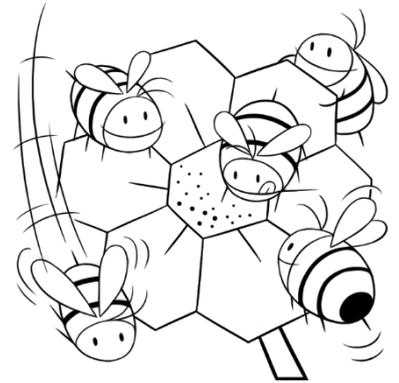
 Value Proposition	 From (Role) 	 To (Role) 	 Values	Attached 
Backup	Schoolmates (Stand-in <i>(Partner)</i>)	Schoolboy (Paperboy <i>(Business)</i>)	Availability 99.00 % -> Net backup availability 24.75 % (Execute round [Paperboy])	
Delivery service	Schoolboy (Paperboy <i>(Business)</i>)	Newspaper company (Publisher <i>(Partner)</i>)		
Delivery work	Schoolboy (Paperboy <i>(Business)</i>)	Schoolmates (Stand-in <i>(Partner)</i>)	Compensation 5.00 € / round -> Backup cost 371.25 € / year (Cost proposition)	
Newspaper on the mat	Schoolboy (Paperboy <i>(Business)</i>)	Readers (Subscriber <i>(Customer)</i>)	Promptness 95.76 % -> Receiver satisfaction 100.00 % Receiver satisfaction 100.00 % -> Risk of loss of paper round 0.00 % (Risk proposition)	

Figure 6-4 The value propositions overview panel of the Value Management Platform

6.1.2.3 Activity

An **Activity** represents work performed by a Participant in a Role in a Participant Network. When these Participant Networks are shared across multiple Business Models, **Activities** can be shared as well.

Activities contribute to Value that is delivered via a Value Proposition. The same **Activity** may contribute to multiple Value Propositions, possibly for different Values.



 Pursued	 Participant (Role)	 Activity	 Values
Newspaper on the mat	Schoolboy (Paperboy <i>(Business)</i>)	Execute round , Schedule round	Net availability 99.75 % (Schedule round) -> Promptness 95.76 % (Newspaper on the mat), Total execution effort 299.25 hours / year (Cost proposition) Net backup availability 24.75 % (Execute round) -> Backup cost 371.25 € / year (Cost proposition), Net availability 99.75 % (Schedule round [Paperboy]) Paperboy availability 75.00 % (Schedule round) -> Net backup availability 24.75 % (Execute round [Paperboy]), Net availability 99.75 % (Schedule round)

Figure 6-5 The activity overview panel of the Value Management Platform

6.1.2.4 Competency

A **Competency** is an ability that the Business has and applies in order to perform the work as represented by an Activity. One form of **Competency** is **Capability**: the ability to perform a type of work. E.g. concept drafting, hydraulic engineering, liquidity management. Another form of **Competency** is **Resource**, such as a patent, a system or a class of human resource with certain skill. **Resources** are “things” used by an Activity to produce an outcome.

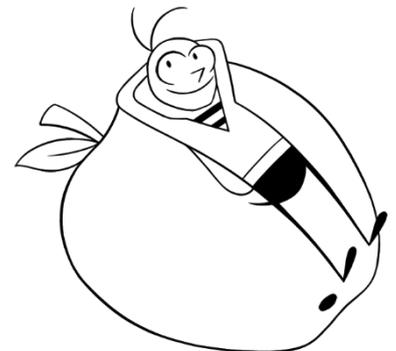


 Activity	 My Business (Role)	 Competencies
Execute round	Schoolboy (Paperboy (Business))	Bag , Bike , Cycling , ID badge , Loading , Navigation , Raincoat , Route , Social Interaction , Watch
Schedule round	Schoolboy (Paperboy (Business))	Agenda , Coordination , Negotiation , Route planning

Figure 6-6 The competency overview panel of the Value Management Platform

6.1.2.5 My propositions

A Business should also care about the result of the Business Model for its owner, i.e. the Business itself. “**My Proposition**” is a Value Proposition that expresses the result of the Business Model to the Business. In a way, **My Proposition** is the Value Proposition of the Business Model to the Business. A common and basic Value that is expressed by **My Proposition** is profit. But other Values can be considered as well.



 My Proposition	 From (Role)	 Values
Cost proposition	Paperboy	Backup cost 371.25 € / year -> Profit 1053.75 € / year (Paperboy) Extra bike cost 150.00 € / year -> Profit 1053.75 € / year (Paperboy) Total effort 311.25 hours / year -> Hourly income 5.06 € / hour (Paperboy) Total execution effort 299.25 hours / year -> Total effort 311.25 hours / year
Revenue proposition	Paperboy	Fee revenue 1125.00 € / year -> Total revenue 1575.00 € / year Tip revenue 450.00 € / year -> Total revenue 1575.00 € / year Total revenue 1575.00 € / year -> (Profit 1053.75 € / year (Paperboy), Hourly income 5.06 € / hour (Paperboy), Revenue at risk 0.00 € / year (Paperboy))
Risk proposition	Paperboy	Risk of loss of paper round 0.00 % -> Revenue at risk 0.00 € / year (Paperboy)

Figure 6-7 The “my propositions” overview panel of the Value Management Platform

6.1.3 Measuring Values

Values influence each other. **Values** can be aggregated in various directions: from received Value Propositions to Activities and/ or provided Value Propositions, from Activities to Value Propositions, from Activities and Value Propositions to the Plan, and vice versa, etc. This enables impact analysis and what-if calculations of Business Models, eco-systems of Business Models and the Plans that they support.



 Name	Value	Satisfaction	Recipient Opinion	 From (Role) 	 To (Role) 
Promptness	95.76 %	100 %	0.00 %	Schoolboy (Paperboy <i>(Business)</i>)	Readers (Subscriber <i>(Customer)</i>)
Receiver satisfaction	100.00 %	fair	0.00 %	Schoolboy (Paperboy <i>(Business)</i>)	Readers (Subscriber <i>(Customer)</i>)
Extra bike cost	150.00 € / year	fair	0.00 € / year	Schoolboy (Paperboy <i>(Business)</i>)	
Total execution effort	299.25 hours / year	fair	0.00 hours / year	Schoolboy (Paperboy <i>(Business)</i>)	
Total effort	311.25 hours / year	fair	0.00 hours / year	Schoolboy (Paperboy <i>(Business)</i>)	
Backup cost	371.25 € / year	fair	0.00 € / year	Schoolboy (Paperboy <i>(Business)</i>)	

Figure 6-8 The values overview panel of the Value Management Platform

The progress of multiple values can be plotted on a chart to give instant feedback. On the X-axis a selection of phases and scenarios is possible. With this methodology immediate feedback is possible. Even what-if analyses can be performed instantaneously.

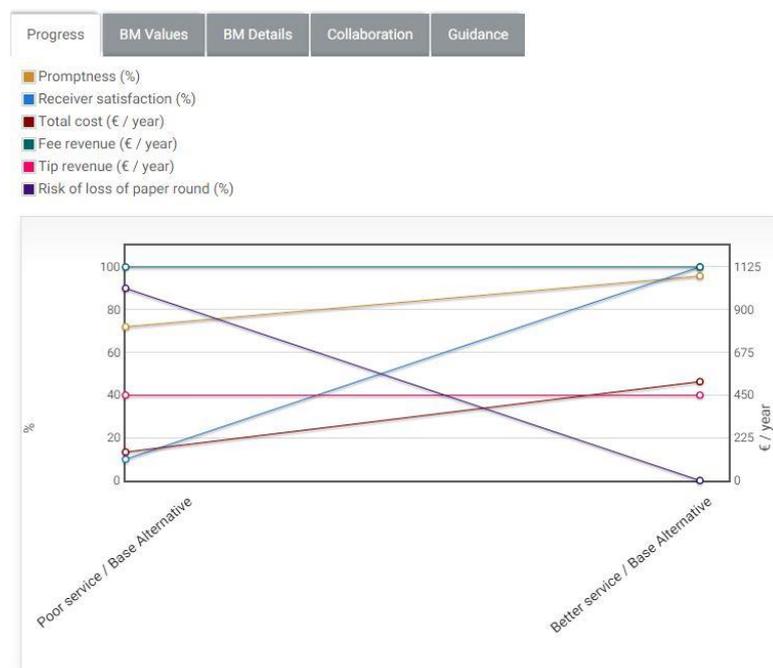


Figure 6-9 Progress of selected values

7 VDML1.0 now general available



The Value Delivery Modeling Language™ (VDML™) is an Object Management Group® (OMG®) specification. It is intended to provide business design models for managers that fill the gap between strategic planning and business operations. It integrates multiple perspectives and

provides a level of abstraction more appropriate for executives and top management. The specification also provides sufficient detail to clearly guide the implementation or transformation of business operations while providing a context for understanding performance measurements, operating errors and inefficiencies.

The target users are:

- business people (executives)
- business architects
- analysts
- managers

Conventional business planning and modelling techniques have employed a variety of disconnected graphical and tabular representations of aspects of a business. The VDML standard can support many of these high-level views and integrates them with a more robust model of how these views must be realized in the operation of the business. The VDML1.0 in an App by VDMbee is leveraging this capability to the full extend.

There are many methodologies that have contributed to the VDML1.0 specification. You can see in the diagram which methodologies have contributed. All of them have proven their strength, VDML is combining the strength of the individual methodologies into a single meta-model. It is envisaged that the business Modeling footprint of OMG will be extended in the future, building further on VDML as foundation. This is an interesting area for research institutes to contribute. It's a solid foundation for an enterprise architecture model. VDMbee has signed an MOU with the prof. Mark von Rosing from the Global University Alliance to prepare a curriculum about Value Delivery Management, using our platform and also do further research in the development of VDML. VDMbee is looking forward for your contribution as well.

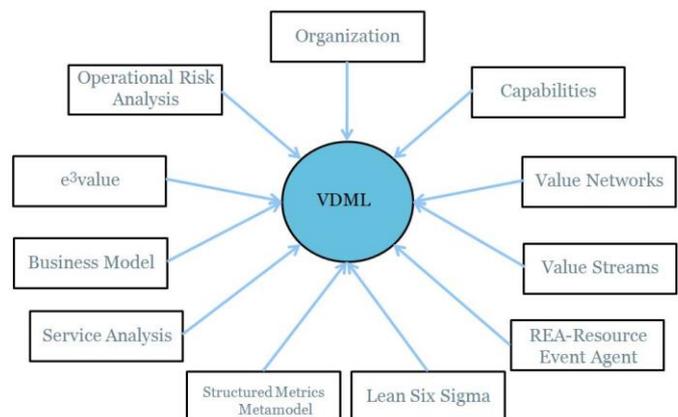


Figure 7-1 Roots of VDML

The following links are of interest:

- [Object Management Group VDML1.0 specification](#)
- [Object Management Group VDML1.0 brochure](#)

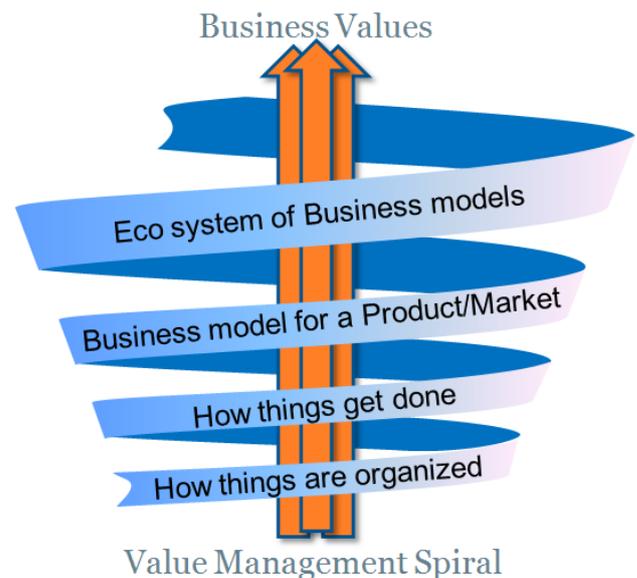
8 SMM1.1 update



In the VDML model, the Structured Metrics Metamodel™ (SMM™) standard is used to measure value delivery. SMM is an Object Management Group® (OMG®) specification. It specifies a metamodel for defining, representing and exchanging both measures and measurement information related to any structured information model.

SMM defines representations for:

- Direct measures that are taken directly against a measurand. Examples include counts and named measures such as McCabe's cyclomatic complexity or Gross Domestic Product. Values may be imported or queried via SMM operations.
- Aggregate measures that are calculated from base measurements on features of a measurand. SMM operations specify the feature retrieval. Vote totals, volumes, and net profits can be defined as aggregate measures.
- Transmuting measures that rescale, grade or rank base measurements of a measurand. Fahrenheit to Celsius is a rescaling; clothes sizes of small, medium and large are grades; and customer satisfaction units derived from delivery time is a ranking.



The following links are of interest:

- [Object Management Group SMM1.1 brochure](#)
- [Object Management Group SMM1.1 specification](#)