

Define Value

# Business Value unlocked!

Rajender Bouman

APG Asset Management

KNVI SRVision 2023 – V1.0



Start



# Introduction...

## Rajender Bouman

Role: **Agilist building Value Based Portfolio Management**

Works at: **Agile Portfolio Office @APG Asset Management**

Work experience: **CMG, CapGemini, KPN, T-Mobile, Shell, Cordares IT, APG Assement Management**

Agile: **AgileSAFe LPM, RTE**

Education: **Computer Science @Free University Amsterdam**



“

Wat heb je nou liever?  
Eén goed 11-tal of  
11 goede 1-tallen?

Johan Cruijff

# Accelerating value flow

#3 Agile SAFe 6 Release Theme



“

**APG is a  
Pension Service Provider**

**Asset Management  
Fund operations  
Pension fund advise**

# € 100 pension income

€ 75  
Investment return

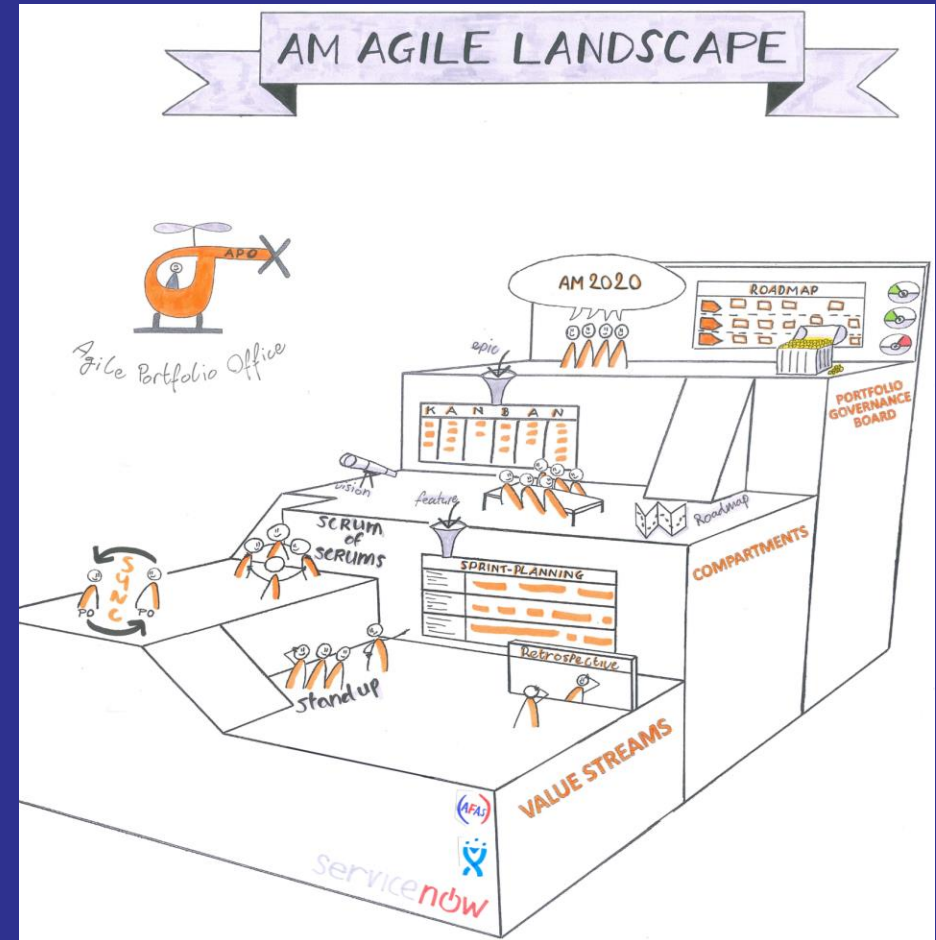


€ 18  
Employer  
contribution

€ 7  
Employee  
contribution

# APGs Agile Transition

1. Kick off in 2018
2. Based on Agile SAFe
3. 3 value stream + IT Shared Services Team+ Resilience and Enterprise Architecture
4. 16 Program Increment (PI) Days
5. Changes & Projects & Maintenance-> Epics & Features & Stories
6. Agile ceremonies: Scrum of Scrum, PO Syncs, Portfolio Sync and Portfolio Board
7. Tooling: Jira
8. Functions: T-shaped DevOps profiles, Product Owners, RTEs, Architects, People Managers and Value Stream Managers



# “ What is value?”

Introduction of the APG Business Value Framework

# Agile SAFe: Value is relative

## Calculate WSJF with relative estimating

In order to calculate WSJF, teams need to estimate cost of delay and duration

- ▶ For duration, use job size as a quick proxy
- ▶ Relative estimating is a quick technique to estimate job size and relative value
- ▶ WSJF stakeholders: Business Owners, Product Managers, Product Owners, and System Architects

$$\text{WSJF} = \frac{\text{User-business value} + \text{Time criticality} + \text{Risk reduction and/or opportunity enablement}}{\text{Job size}}$$

# Agile SAFe: Value is relative

$$WSJF = \frac{\text{User-business value} + \text{Time criticality} + \text{Risk reduction and/or opportunity enablement}}{\text{Job size}}$$

Jobs	User-business value		Time criticality		RR   OE Value	CoD	Job Size	WSJF
Single-sign on	5	+	8	+	1	= 14	/ 3	= 4.70
Move to cloud	3	+	5	+	3	= 11	/ 8	= 1.38
Mobile first	1	+	1	+	5	= 7	/ 1	= 7.00

**Notes:**

- Scale for each parameter: 1, 2, 3, 5, 8,13, 20 (modified Fibonacci)
- Do one column at a time, start by picking the smallest item and give it a “1”
- There must be at least one “1” in each column
- The highest WSJF is the highest priority item

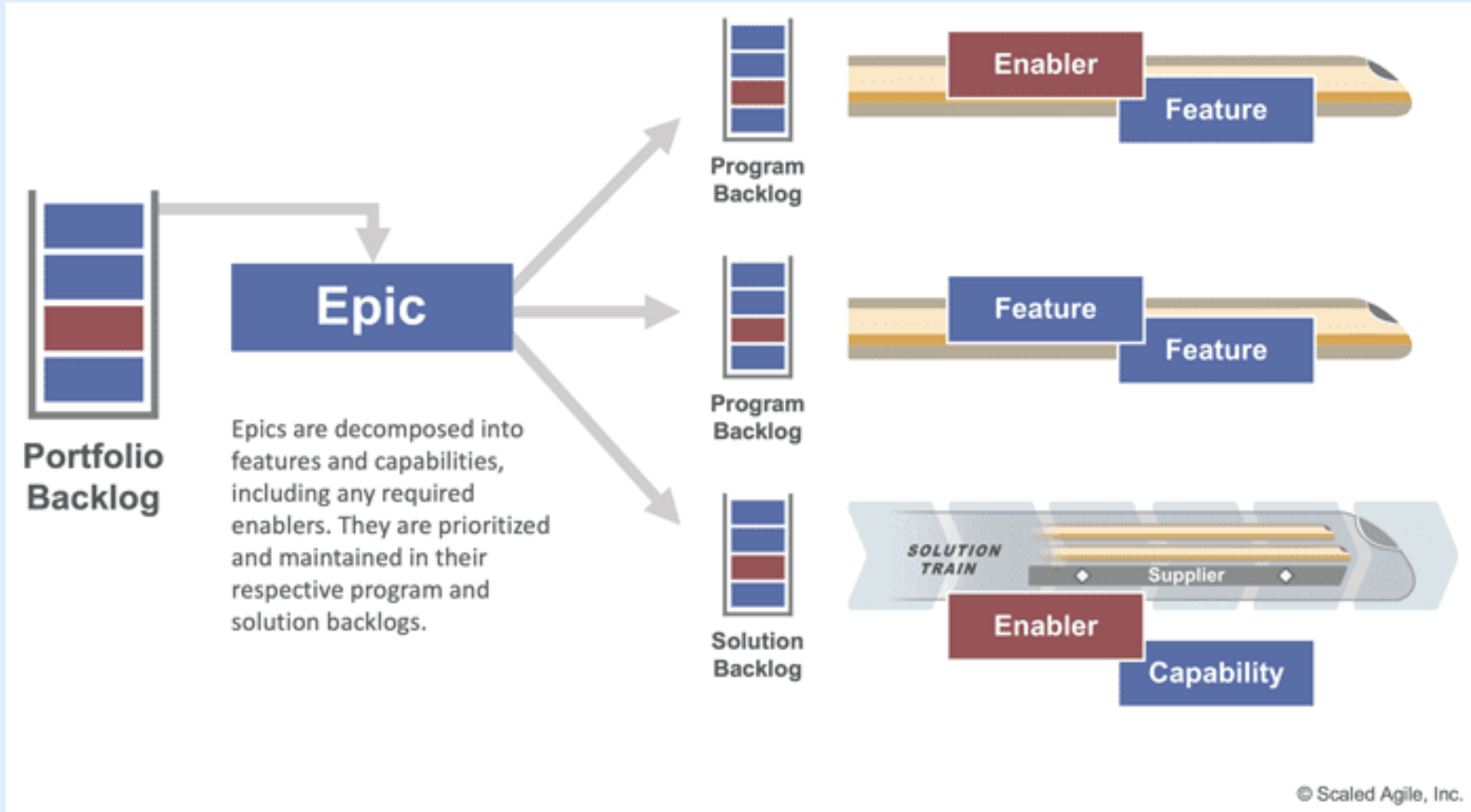
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# What is the value of...







# Epic diversity

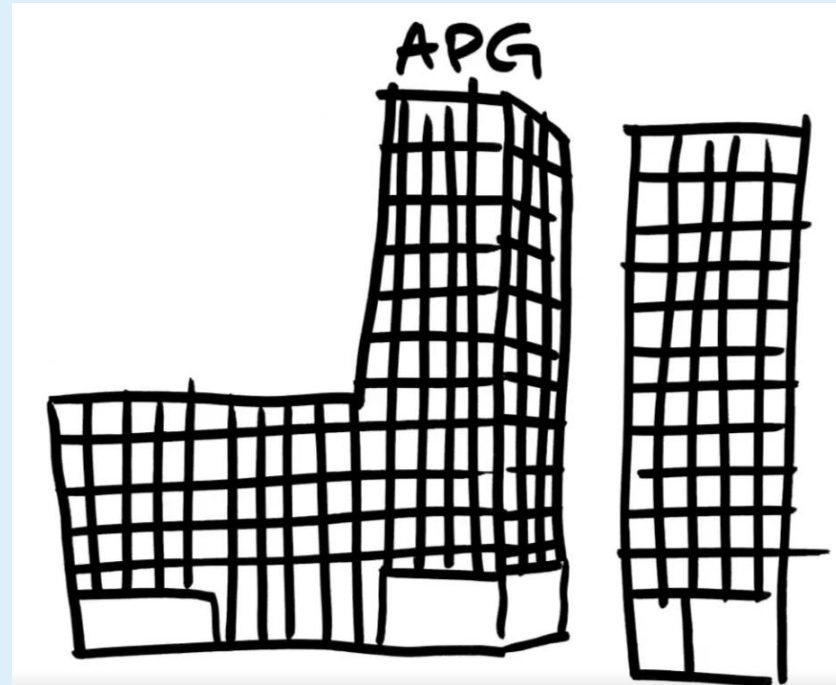
## Pension Funds Asset Manager

New financial instruments

Upgrade core trading systems

New Order & Execution Management System

Pension of the Future



Improve Responsible Investments

New DNB requirements

New data hub

Data penetration test

# Six value perspectives on epics

## Epic (initiative)

Client



Human Capital



Return



Data & Information



Efficiency



Risk & Compliance



<b>Summary</b>	All Service Agreements Addenda (SLA's) reviewed and updated by the end of 2022		
<b>Business owner</b>	Luuk		
<b>Requested by</b>	Lilian		
<b>Value stream</b>	Resilience & Enterprise Architecture		
<b>Strategic theme</b>	Non-strategic theme. <i>This epic supports vision 2025 in domain 5. Assured Business Continuity &amp; Managed Operational Risk.</i>		
<b>Target end date</b>	31-12-2022		
<b>Description</b>	All Service Agreements addenda have to be reviewed (and updated) every year, as part of ISAE controls. As a minimum, all Service Agreements Addenda for applications under audit must be up to date. These are part of the yearly ISAE check by the external auditor.		
<b>Priority category</b>	Continuity & LCM	X	Legal & compliance <sup>(5)</sup> 400
	Fix or fail (emergency to be fixed next PI)	580	31-12-2022
	After sunset (product at end of life in next PI)	560	Client request 300
	End of sunset (extended support ends next PI)	540	ABP / bpfBouw / PPF APG / SPW (Check with CFI first)
	End of sunshine (regular support ends next PI)	520	AM strategy 200
	Other	500	Other change 100
<b>Business value</b>	The business value for this epic is to avoid cost: the value driver is to meet a legal obligation our yearly ISAE Type II Compliance Report. Non-compliance will lead to ISAE findings, which are reported to our clients, the Pension funds. Non-compliance will lead to additional costs and a negative image to our clients: 1.1.1 (Improved) Client Relation: report to clients/customers AM is in control of their IT processes, esp review and update of the SLA 3.1.1. (Improved) Resilience, Security & Business Continuity: yearly check to proof AM is in control of their IT processes, esp review and update of the SLA 6.2.3 (Improved effectiveness) Regulatory Reporting: mandatory yearly report to proof AM is in control of their IT processes, esp review and update of the SLA		

# APG Business Value Framework

**Value driver**  
*“building block  
 that implements  
 the mission of the company”*

VALUE PERSPECTIVES	VALUE AREAS	VALUE DRIVERS		
<b>1. Client</b>	1.1. Client Relation & Fiduciary Management	1.1.1. Improved Client Relations	1.1.2. Improved Client Demand Management	1.1.3. Improved Mandate Management
	1.2. Client Strategic (Portfolio) Advice	1.2.1. Improved Strategic (Portfolio) Advice	1.2.2. Customized Strategic Asset Allocation	1.2.3. Balanced Asset & Liability Management
	1.3. Client Reporting & Communication	1.3.1. Seamless Client Reporting	1.3.2. Improved Information & Communication	1.3.3. Enhanced Digital Experience & New Concepts
<b>2. Return</b>	2.1. Return & Alpha Generation	2.1.1. Higher Alpha Generation	2.1.2. Improved Beta Generation	2.1.3. Improved Smart Beta Generation
	2.2. Market Accessibility & External Investment Cost	2.2.1. Improved Market Accessibility	2.2.2. Lower Cost External Management	2.2.3. Lower Other Investment Costs
	2.3. Responsible Investing	2.3.1. Leading Responsible Investor	2.3.2. Improved Sustainability of Investment Portfolio	2.3.3. Increased sophistication ESG Data Model
<b>3. Efficiency</b>	3.1. IT Solutions	3.1.1. Improved Resilience, Security & Business Continuity	3.1.2. Improved Digitalization	3.1.3. Reduced Complexity & IT Legacy
	3.2. Process Excellence	3.2.1. Reduced Waste and Cost	3.2.2. Improved STP-level	3.3.3. Improved Scalability
	3.3. Third Party & Outsourced Processes	3.3.1. Enhanced Control over Third Party Services	3.3.2. Lower Cost Third Party Services	3.3.3. Extended Value Chain Optimization
<b>4. Human Capital</b>	4.1. Employee Engagement & Satisfaction	4.1.1. Great Place To Work	4.1.2. Better Opportunities, Career & Talent Management	4.1.3. Improved Health, Inclusion & Diversity
	4.2. Strategic Workforce Planning & Adaptive Organization	4.2.1. Higher Productivity & Rationalized Baseline	4.2.2. Increased Mobility & Employability	4.2.3. Improved Agility of Organization
	4.3. Capability Development & Learning	4.3.1. Business Acumen & Competences in place	4.3.2. Improved Skills (IT, Data Analytics & T-shaping)	4.3.3. Result Driven & Connected Leadership
<b>5. Data &amp; Information</b>	5.1. Enterprise Architecture & Innovation	5.1.1. Business Architecture Optimization & Innovation	5.1.2. Application Architecture Optimization & Innovation	5.1.3. IT Infrastructure Optimization & Innovation
	5.2. Data & Information Management	5.2.1. Optimized Data & Information Architecture	5.2.2. Improved Data & Information Governance	5.2.3. Improved (Alternative) Data Operating Model
	5.3. Information Provisioning	5.3.1. Improved Usability Information Products	5.3.2. Improved Delivery Information Products	5.3.3. Improved Assurance Information Products
<b>6. Risk &amp; Compliance</b>	6.1. Enterprise Risk Management	6.1.1. Improved Risk Environment & Awareness	6.1.2. Improved Risk Mitigation Measures	6.1.3. Improved Operating Effectiveness
	6.2. Regulatory Compliance	6.2.1. Improved Corporate Ethics & Business Conduct	6.2.2. Improved Effectiveness Regulatory Compliance	6.2.3. Improved Effectiveness Regulatory Reporting
	6.3. Investment Compliance	6.3.1. Improved Effectiveness Pre-Trade Compliance	6.3.2. Improved Effectiveness Post-Trade Compliance	6.3.3. Improved Investment Risk Model & Governance

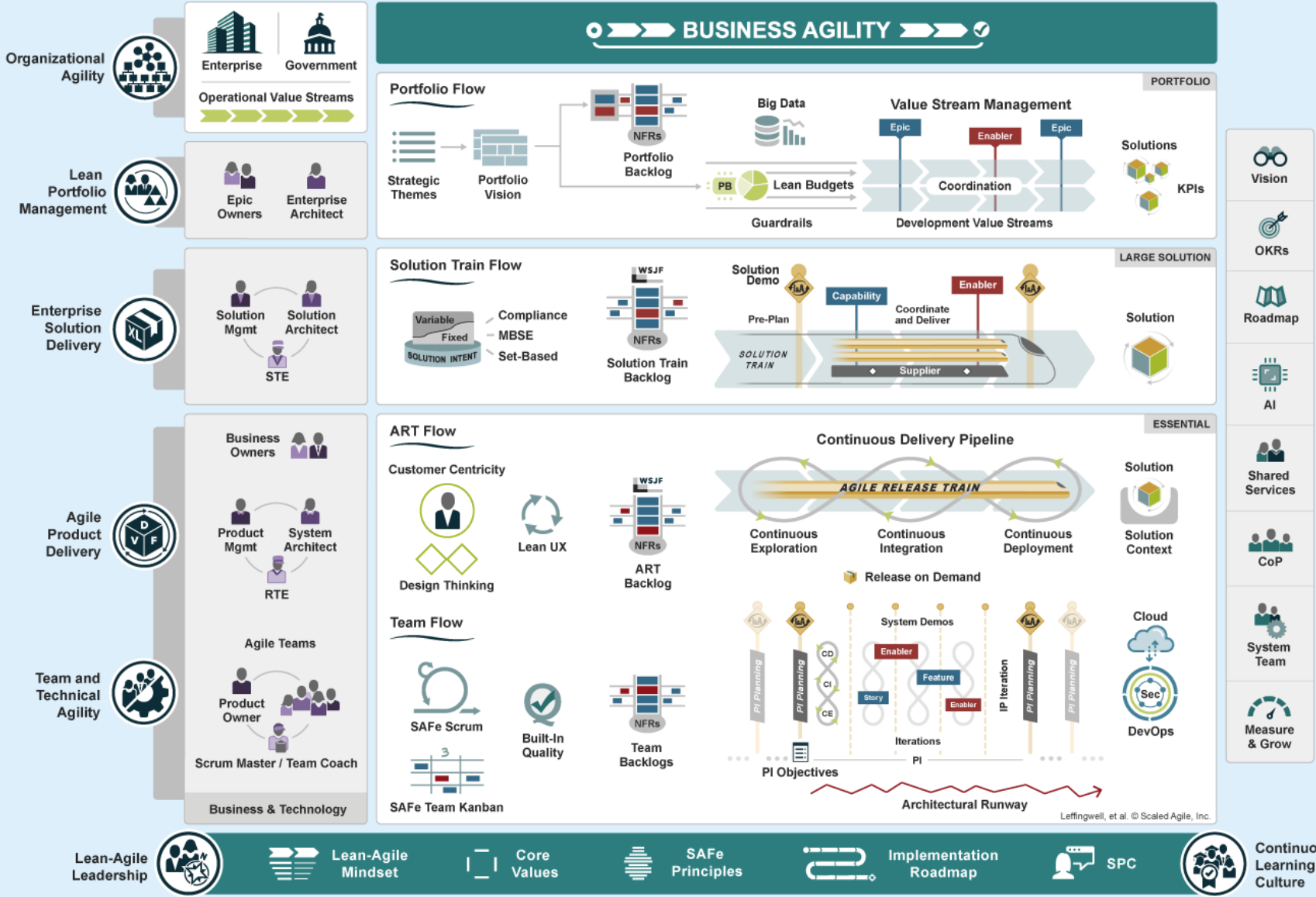


# “ Business Value Driver bingo

Let's work and play!

# SAFe 6.0

## BUSINESS AGILITY



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# Business Value Bingo!



Epic: automate data delivery System X to System Y



## Bingokaart Client

## Bingokaart Return

## Bingokaart Efficiency

## Bingokaart Human Capital

## Bingokaart Data & Information

## Bingokaart Risk & Compliance

<p>1.1.1 Improved Client Relations</p> <p>1.1.2 Improved Client Demand Management</p> <p>1.1.3 Improved Mandate Management</p> <p>1.2.1 Improved Strategic (Portfolio) Advice</p> <p>1.2.2 Customized Strategic Asset Allocation</p> <p>1.2.3 Balanced Asset &amp; Liability Management</p> <p>1.3.1 Seamless Client Reporting</p> <p>1.3.2 Improved Information &amp; Communication</p> <p>1.3.3 Enhanced Digital Experience &amp; New Concepts</p>	<p>2.1.1 Higher Alpha Generation</p> <p>2.1.2 Improved Beta Generation</p> <p>2.1.3 Improved Smart Beta Generation</p> <p>2.2.1 Improved Market Accessibility</p> <p>2.2.2 Lower Cost External Management</p> <p>2.2.3 Lower Other Investment Costs</p> <p>2.3.1 Leading Responsible Investor</p> <p>2.3.2 Improved Sustainability of Investment Portfolio</p> <p>2.3.3 Increased sophistication ESG Data Model</p>	<p>3.1.1 Improved Resilience, Security &amp; Business Continuity</p> <p>3.1.2 Improved Digitalization</p> <p>3.1.3 Reduced Complexity &amp; IT Legacy</p> <p>3.2.1 Reduce Waste and Cost</p> <p>3.2.2 Improved STP-level</p> <p>3.2.3 Improved Scalability</p> <p>3.3.1 Enhanced Control over Third Party Services</p> <p>3.3.2 Lower Cost Third Party Services</p> <p>3.3.3 Extended Value Chain Optimization</p>	<p>4.1.1 Greater Place to Work</p> <p>4.1.2 Better Opportunities, Career &amp; Talent Management</p> <p>4.1.3 Improved Health, Inclusion &amp; Diversity</p> <p>4.2.1 Higher Productivity &amp; Rationalized Baseline</p> <p>4.2.2 Increased Mobility &amp; Employability</p> <p>4.2.3 Improved Agility of Organization</p> <p>4.3.1 Business Acumen &amp; Competences in place</p> <p>4.3.2 Improved Skills (IT, Data Analytics &amp; ...)</p> <p>4.3.3 Result Driven &amp; Connected Leaders</p>	<p>5.1.1 Business Architecture Optimization &amp; Innovation</p> <p>5.1.2 Application Architecture Optimization &amp; Innovation</p> <p>5.1.3 IT Infrastructure Optimization &amp; Innovation</p> <p>5.2.1 Optimized Data &amp; Information Architecture</p> <p>5.2.2 Improved Data &amp; Information Governance</p> <p>5.2.3 Improved (AI) Data Operating Model</p> <p>5.3.1 Improved usability Information Products</p> <p>5.3.2 Improved delivery Information Products</p> <p>5.3.3 Improved Assurance Information Products</p>	<p>6.1.1 Improved Risk Environments &amp; Awareness</p> <p>6.1.2 Improved Risk Mitigation Measures</p> <p>6.1.3 Improved Operating Effectiveness</p> <p>6.2.1 Improved Corporate Ethics &amp; Business Conduct</p> <p>6.2.2 Improved effectiveness Regulatory Compliance</p> <p>6.2.3 Improved effectiveness Regulatory Reporting</p> <p>6.3.1 Improved effectiveness Pre-Trade Compliance</p> <p>6.3.2 Improved effectiveness Post-Trade Compliance</p> <p>6.3.3 Improved Investment Risk Model &amp; Governance</p>
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Versie Dec 2020



Bingoteam Groen	
Task	Likes
• Harry	
• Frank	

Bingoteam Blauw	
Task	Likes
• Roy	
• Marcel	
• carolina	

Bingoteam Rood	
Task	Likes
• Michel	
• Willem	
• Remko	
• Dave	



# BO decides on Business Value



**Value drivers** Add Note

<b>3.2.2 Improved STP</b>	<b>5.1.3 IT Infrastructure optimization &amp; innovation</b>	<b>6.1.2 Improved Risk Mitigating Measures</b>
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**Actions/concerns/questions**

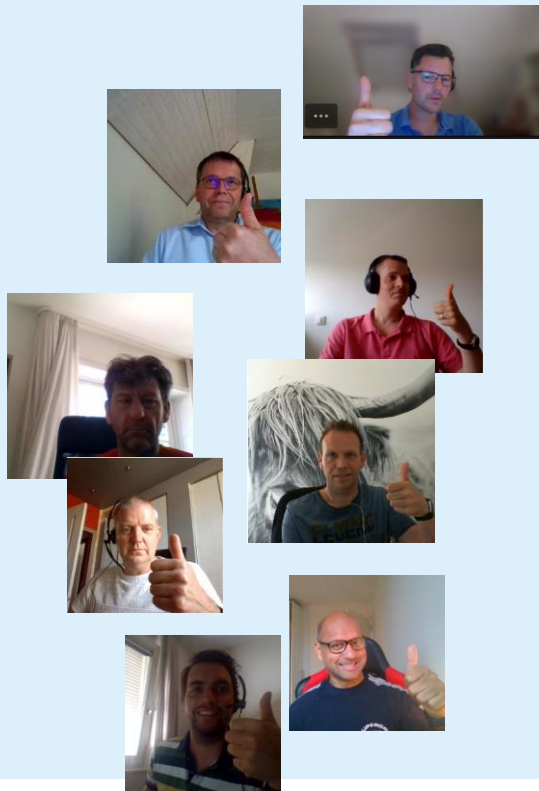
Task	Assigned To	Likes
<input type="radio"/> check Architecture with REA		



**Qualitative Business Value** Add Note

<b>Possibility for 24/7 data processing</b>	<b>Supports Architectural Roadmap to use less Excel-sheets and manual actions in data interfaces between systems.</b>	<b>Smaller risk on data manipulation and extraction</b>
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# Vote of confidence



# Business Value Bingo!



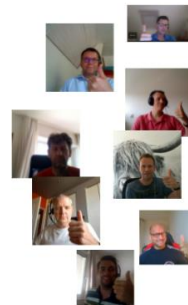
Epic: automate data delivery System X to System Y



Business Value Bingo grid with categories: Strategic Clarity, Strategic Return, Strategic Efficiency, Strategic Business Capital, Strategic Data & Information, Strategic Risk & Compliance. Includes a 'Version: Dec 2020' label and three 'Bingo Game' sections (Green, Blue, Red) with checkboxes for 'Yes' and 'No'.



Value drivers and Qualitative Business Value sections. Value drivers include: 3.2.2 Improved STP, 5.1.3 IT Infrastructure optimization & innovation, 6.1.2 Improved Risk Mitigating Measures. Qualitative Business Value includes: Possibility for 24/7 data processing, Supports Architectural Roadmap to use less Excel-sheets and manual actions in data interfaces between systems, Smaller risk on data manipulation and extraction. Includes an 'Actions/concerns/questions' section with a task: 'check Architecture with R&A'.



## 1 – Pitch epic & play Bingo

## 2 – BO decides on Business Value

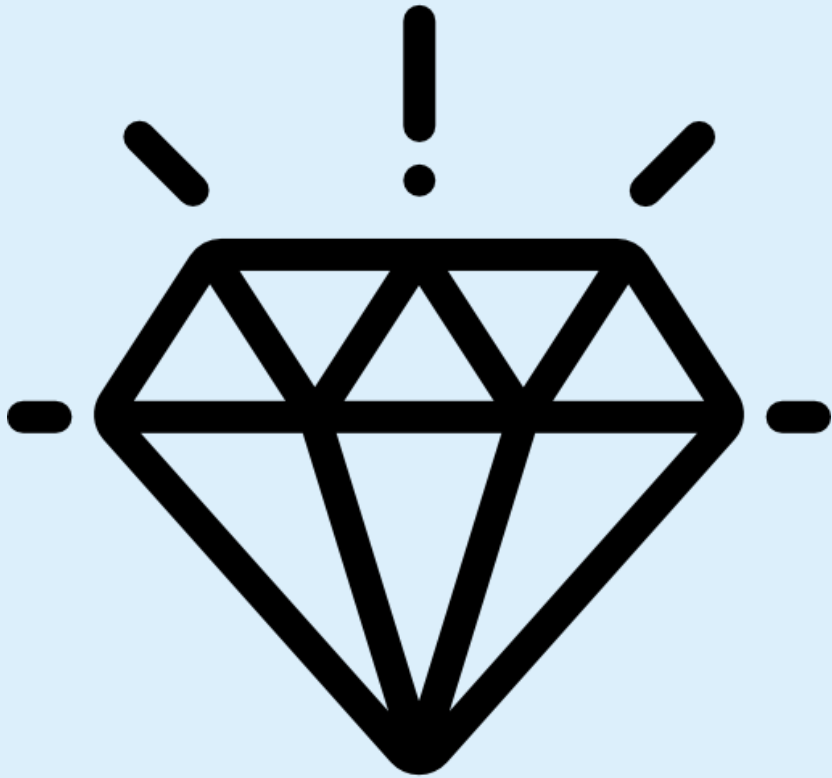
## 3 – Vote of Confidence



# Example: cloud migration (of 3 in-house systems)

	Value perspective	Value area	Value driver	Qualitative Business Value	Quantitative Business Value
1	Efficiency	IT Solutions	Reduced complexity & IT Legacy	Number of internal systems decreasing	From 3 in-house systems to 1 cloud system
2	Efficiency	Process Excellence	Improved Scalability	Cloud system supports different user level	Migration from 100 to 250 users overnight
3	Efficiency	Process Excellence	Reduce Waste and Costs	No in-house system upgrades	Savings of approx 500 man hours
4	Efficiency	Third Party	Lower costs third party services	- no licence costs 3 internal system - License cost for cloud solutions	Costs savings of approx 150.000 euro/year
5	Risk & Compliance	Enterprise Risk Management	Improved Risk Mitigating Measures	Lower risk of data manipulation due to less manual interactions	50% decrease of data related incidents

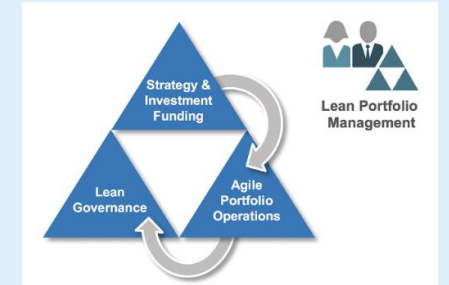
# Results of playing the bingo



1. BO “challenged” to explain and pitch;
2. (More) Business Value found;
3. Better quality epic / first (informal) refinement;
4. Better commitment to the epic;
5. Better start; all stakeholders have same view on Epic and Business Value.

NB Open, minimal and transparent way of documenting

# APGs ambition of using Business Value



Better planning of epics  
(value based planning)

More clear value delivery  
of each individual epic



# “ Business Value, prioritisation and planning of 180+ epics?”

- 1 - Focus on *Grow the Business* epics
- 2 - Organize Value around themes (Portfolio)
- 3 – Decide also on Business Value not going to be realized
- 4 – Introduce Business Value Roadmap





“  
Questions?”