THE IBM COMPONENT BUSINESS MODEL AS ENTRY POINT TO DETERMINE HOT COMPONENTS FOR QUALITY MANAGEMENT

Establishing a solid quality management for IT services requires a ‘big picture’ viewpoint – it is important to analyze the complete business picture rather than focusing only on the IT services as defined in a service catalog. The entire business of an IT service provider is more complex and has many related areas which may influence the quality of the provided IT services. A new way of looking at the entire business is IBM’s Component Business Model™ (CBM). The method decomposes all relevant areas of an IT service provider in individual business components which are mapped in a two-dimensional model.

The first dimension is the organizational level. Each business component will be mapped to one of the three levels:

- the directing level (making strategic decisions: long term)
- the controlling level (management tasks: tactical or midterm)
- the execution level (operational tasks: daily business or short term)

The second dimension is described by functional areas which groups components handling the same topic. They are called business competencies and they may vary from one IT service provider to
another. Typically, an IT service provider would have the following business competencies:

- **IT Business Strategy**
- **Business Resilience**
- **Information and Knowledge**
- **Competencies to develop, deploy and support new services and solutions**

Figure 1 shows a sample CBM with the previously described business competencies and some components used later in this chapter.

The business components are defined for each IT service provider and may include something like portfolio management strategy, portfolio value management, project management, service and solution lifecycle planning, service and solution architecture or a test component. They will get a description, a list of activities which belong to this component and the relevant **Key Performance Indicators (KPIs)**. The KPIs are used to measure the performance of a specific component against the market and/or to measure the progress year-over-year within the company. The business components may be enhanced by mapping processes, people (e.g. organization, roles) or even IT (e.g. systems, applications, interfaces) to the components.

After an initial ‘as-is’ analysis and definition of the components the IBM method gives the possibility to define specific attributes for further analysis. Typical attributes are the criticality or value for the company, the costs or the actual performance of a component. To find weak points in terms of quality management, the analysis team can add quality specific attributes like customer satisfaction, rework costs or compliance to predefined rules and processes. By defining the attributes for each component an overall “heat map” will be generated showing the hot components where changes would bring the biggest value in terms of quality management improvement.

The Component Business Model™, including the company specific evaluation criteria and hot components, is usually used by the senior management to have a one-page overview of their organization and the related issues. It will be used for defining strategic decisions and to focus on the right components regarding effort and expected value.

**Figure 1. Sample outline of a component business model for an IT services provider**

<table>
<thead>
<tr>
<th>Business Resilience</th>
<th>IT Business Strategy</th>
<th>Information and Knowledge</th>
<th>Service and Solution Development</th>
<th>Service and Solution Deployment</th>
<th>Service Delivery and Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
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<tr>
<td>Control</td>
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<td>Execute</td>
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</tbody>
</table>

Portfolio Management Strategy
Portfolio Value Management
Project Management
Service and Solution Creation
Service and Solution Architecture
Service and Solution Testing
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