4C GROUP

Temporary co-driver

Agile Transformation

Implementing a digital-driven organization with agile teams and a product mindset

Agile Development leads to better results at lower costs

" **Technology and IT have emerged** from being a cost center **to an important value driver.** Technology is a key differentiator in today's business and has become a USP for every customer facing company.

From an internal perspective, **technology is the lever to improve the efficient use of resources**. While the initial step to "digitize" processes and internal work has been mostly completed, the next step is to improve digital processes with a focus on user experience (UX). People benchmark business tools against the tools they use in their private life - business tools must be able to compete. Agile development is the key to efficient use of internal resources by continuously improving UX and thus delivering easy to use tools.

From an external perspective, **technology is the key driver to success in delivering value to customers**. Digital value drivers vary from an easy to access point of contact via a fully integrated sales solution up to customized offerings based on comprehensive data analytics and simulation.

As a consequence, technology must not be taken for granted or being produced at the lowest possible price. Technology as the key value creator must be in the focus of every business' strategy. Agile development enables an organization to create the **highest possible value** by **reacting swiftly to customer requirements** and implementing an ongoing optimization process.

Working in agile teams delivers **better results** at a **higher quality** in a **shorter period of time**. "

Content

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Why Agile? - Benefits

2 Reasons why Digital Transformation often fails (and might be expensive):
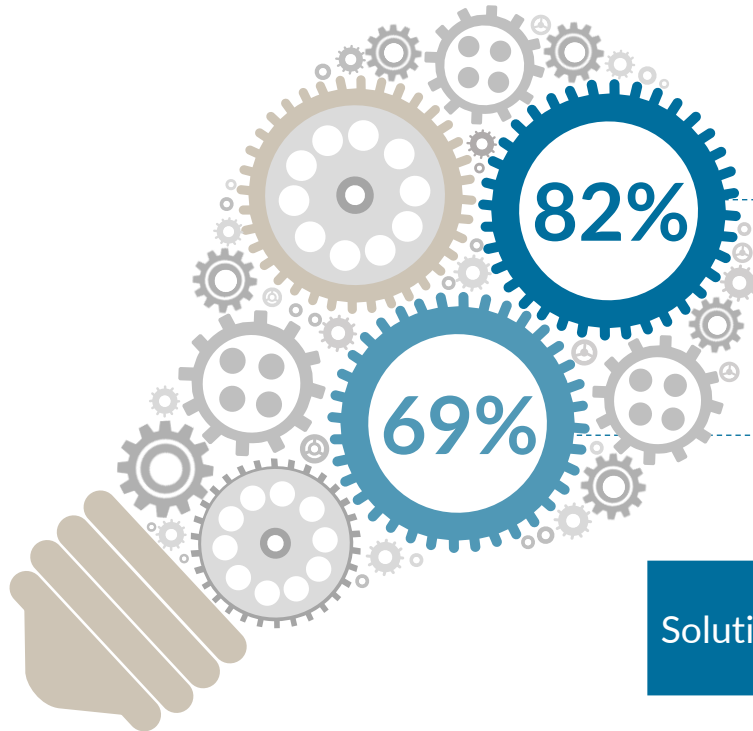
For 82% of digital transformations, a lack of innovation culture is one of the top reasons for failure.*

For 69% of digital transformations, organization structure is one of the main obstacles for success.*

Solution

Agile way of working fosters **innovation culture** with a cross-functional **organization structure** and **delivers results faster at lower costs**

*Harvard Business Review, Everest Group

Benefits: Agile projects are cheaper to run, deliver a better ROI and result in a higher user-satisfaction than waterfall projects
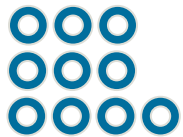
In a study of two software projects of a very similar size run at two companies that were of similar size and maturity, one project was run agile and the other project was run in a waterfall approach.

In direct comparison, the agile project has:

75% lower costs of development*

10x faster return on invest*

and

the project run agile was **"delivered with high user satisfaction,"** while the waterfall project "had a watered-down critical function and the high-value feature was not part of the delivered application."*

Reasons for success of agile projects:

1. **Short initial concept phase** and **short Time-to-Market** with MVP-approach (depending on product down to ca. **6-8 weeks**)
2. **High speed of response** to customers needs by small **dedicated teams** instead of shared development resources
3. **Cross-functional teams** from business and IT solve problems together and faster
4. **Efficient prioritization** due to time-boxed releases and focus on relevant key-features

*Chaos Report 2015, The Standish Group; source: scrum.org

Now is the right time to roll out agile ways of working with a Digital Product Organization

Save costs:

Enable your company to develop **better products** in **less time** and with a smaller team

Work remote:

Empower your teams to **collaborate** efficiently even while working **remote**

React now:

Address challenges that arise in the **current situation** to solve problems **quickly and sustainably**

Example:

Agile development and optimization of **internal Tools** improves UX and thereby step by step delivers shorter leadtimes for internal process which lead to incremental **cost reduction**.
(E.g. Procurementportal, project reporting, HR-Self-Service)

Innovation Culture

Innovation Culture

Shift to an agile way of working to develop an innovation culture with a product mindset…

From traditional work…

Current organizational culture and mindset faces several critical issues towards digital transformation

…to an agile way of working

Agile mindset is a behavior and a set of attitudes that leverage digital transformation with a product mindset

From traditional work…	…to an agile way of working
Static organizations with hierarchical structure and limited exchange between divisions	_ Establish **self-organized and self-managing teams** _ Foster **collaboration, transparency** and **trust**
Strong separation of Business and IT functions	_ Foster **constant personal exchange** (e.g. daily stand-up) _ Work in **heterogenous teams** from Business and IT
Governance is at the apex and decision flow from top to bottom decreases transformation pace	_ Support **iterative development** approach _ Enable **short-term budget reviews** and planning
Employees not sufficiently rewarded for new ideas and not engaged in change process	_ Implement trustworthy and **flexible work environment** _ Foster **culture of constant learning**
Focus on IT as cost center providing infrastructure	_ Measure success through **business value creation** _ **Value technology** as enabler for Business success

Innovation Culture

...and follow an MVP[1] approach to reduce risk of sunk costs and accelerate time to market.

Agile Project Management Triangle

fixed

Time
2-4 weeks per sprint

Resources
pre-defined team size

estimated
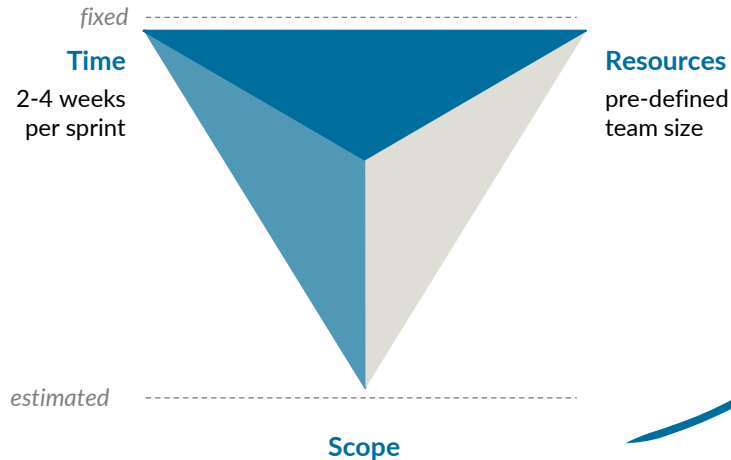
Scope
Based on **MVP approach**, detailed scope continuously develops with received user feedback

MVP Approach

A minimum viable product offers the **core functionality** required to deliver a **basic value proposition** to early adopters. It is the starting point for a constant evolutionary development.

Ideas / Hypothesis

Learn

Build

Minimize total time

Data

Product/ Code

Measure
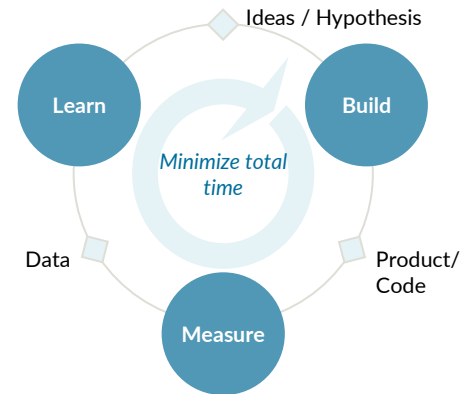
✓ **Focus on value creation** by pure **data-driven development**

✓ **Accelerate Time-to-Market** by **minimized initial concept phase**

✓ **Lower risk of sunk costs** by staying **close to the customer**

1 MVP = Minimum Viable Product

Cross-functional Structure

Create a cross-functional org-structure for (continuous) product development in joint Business and IT teams and …

Potential Impact:
→ **Increase of Quality**
→ **Reduction of Costs**

Example

From a traditional structure with knowledge silos…

Business and IT as strongly separated divisions.
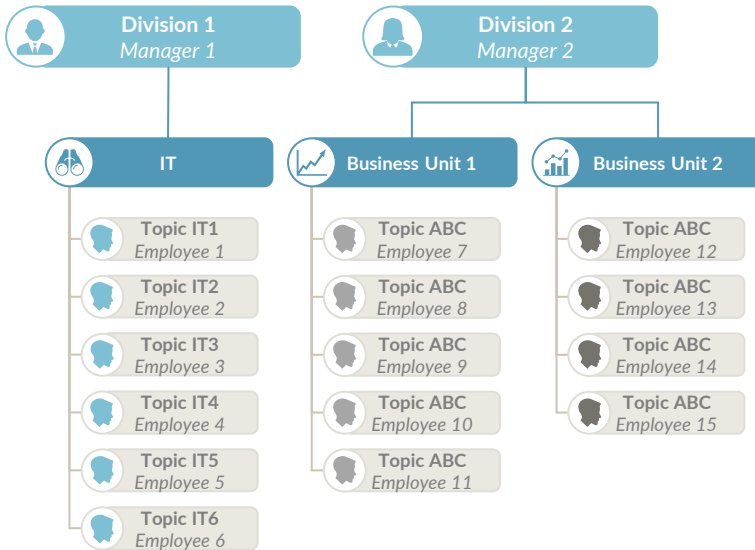
… to a Cross-functional structure (e.g. Squads & tribes)

Cross-functional structure of Business and IT to co-create value

Tribe: Group of squads with a clear collective business purpose and focus on value creation with end-to-end responsibility and full authority to take business and IT decisions

Squad: Cross-functional, autonomous, empowered and persistent team of <10 members with background in business and IT with product focus

Chapter: Group in the same technical or business discipline for expertise sharing and people development (e.g. development, testing)

🟠 Business focus   🔵 IT focus
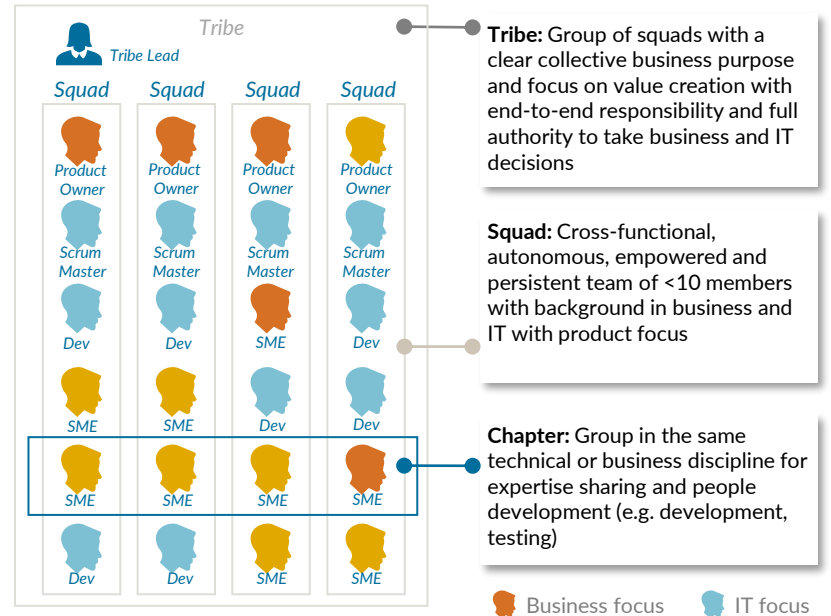
... work in an iterative approach in agile Sprints with continuous business involvement to deliver faster and more cost-efficient.

Potential Impact:
→ **Shorter Time-to-Market**
→ **Lower Financial Risk**

From Waterfall Projects *(Project-oriented)*

	Q1	Q2	Q3	Q4
Business Requirements Document				
System Requirements Document				
Development Concept				
Development				
System Integration Test				
User Acceptance Test				
Deployment				
Production Support				

Check product-market-fit after several months

Digital projects with a waterfall approach:

_ have business requirements gathered months before first line is coded
_ show a disconnect between Business and IT from concept to delivery result in a low product market fit
_ promote "blame and shame" between Business and IT
_ lead to high costs due to long project duration

To Agile Delivery in Sprints *(Product focused)*
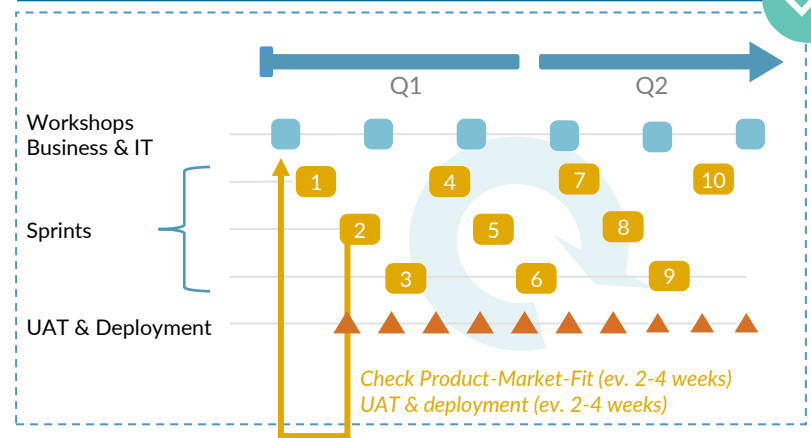
Q1   Q2

Workshops Business & IT

Sprints
1   4   7   10
2   5   8
3   6   9

UAT & Deployment

Check Product-Market-Fit (ev. 2-4 weeks)
UAT & deployment (ev. 2-4 weeks)

Digital projects following agile methodology:

_ **continuously ensure** and improve **Product-Market-Fit**
_ **reduce risks** by delivering in short sprints (fixed period of time)
_ are **cost-efficient** to run and can be **terminated at any time** with a valid software increment
_ shorten **Time-to-Market**

🟦 Business   🟦 Collaboration between Business and IT   🟧 Development/IT   🔺 Deployment / Release

Empower teams and reduce day-to-day involvement of senior management

Potential Impact:
→ **Increase of Quality**
→ **Decrease of Costs**

Cross-functional structure and short sprints keep decision-making within the team

... to a Cross-functional structure (e.g. Squads & tribes) — *Example*

Cross-functional structure of Business and IT to co-create value

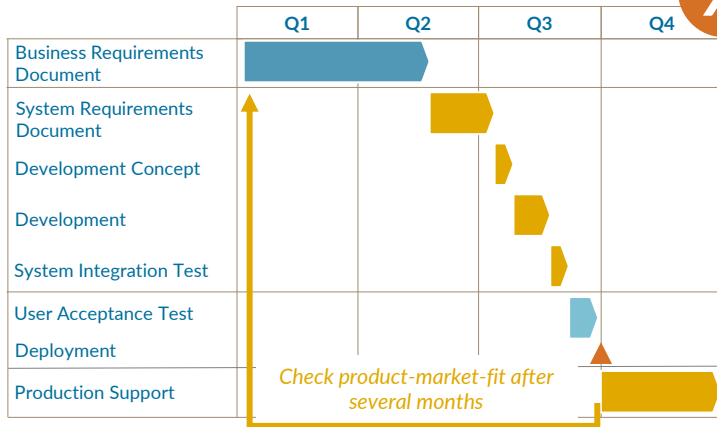**Tribe:** Group of squads with a clear collective business purpose and focus on value creation with end-to-end responsibility and full authority to take business and IT decisions

Squad: Cross-functional autonom... persiste... with ba... IT with...

Chapter: technical expertis... develop... testing)

To Agile Delivery in Sprints (Product focused)

Workshops Business & IT

Sprints

UAT & Deployment

Check Product-Market-Fit (ev. 2-4 weeks)
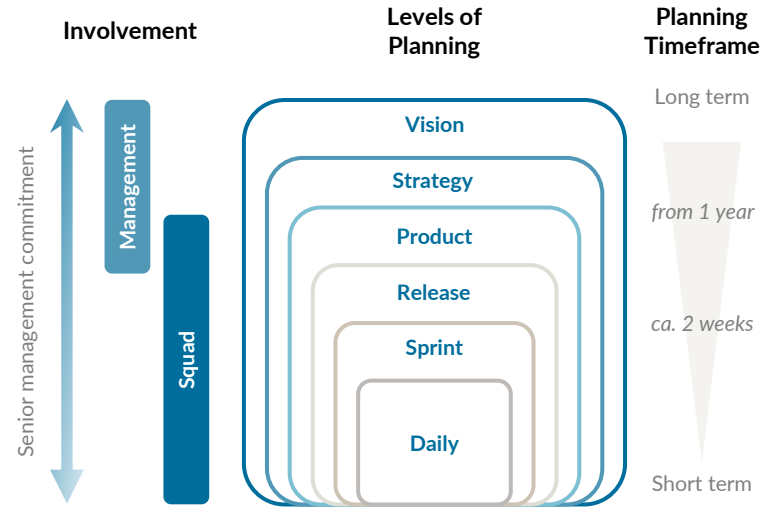*UAT & deployment (ev. 2-4 weeks)*

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Involvement — **Levels of Planning** — **Planning Timeframe**

Senior management commitment

Management | Squad

Vision | Long term
Strategy | from 1 year
Product
Release | ca. 2 weeks
Sprint
Daily | Short term

Teams are fully responsible for all decisions up to the product level.

(Senior) Management is only involved towards the strategy and overall vision

Project-Setup

4C enables initial transformation to Digital Product Organization in a 3-phase approach

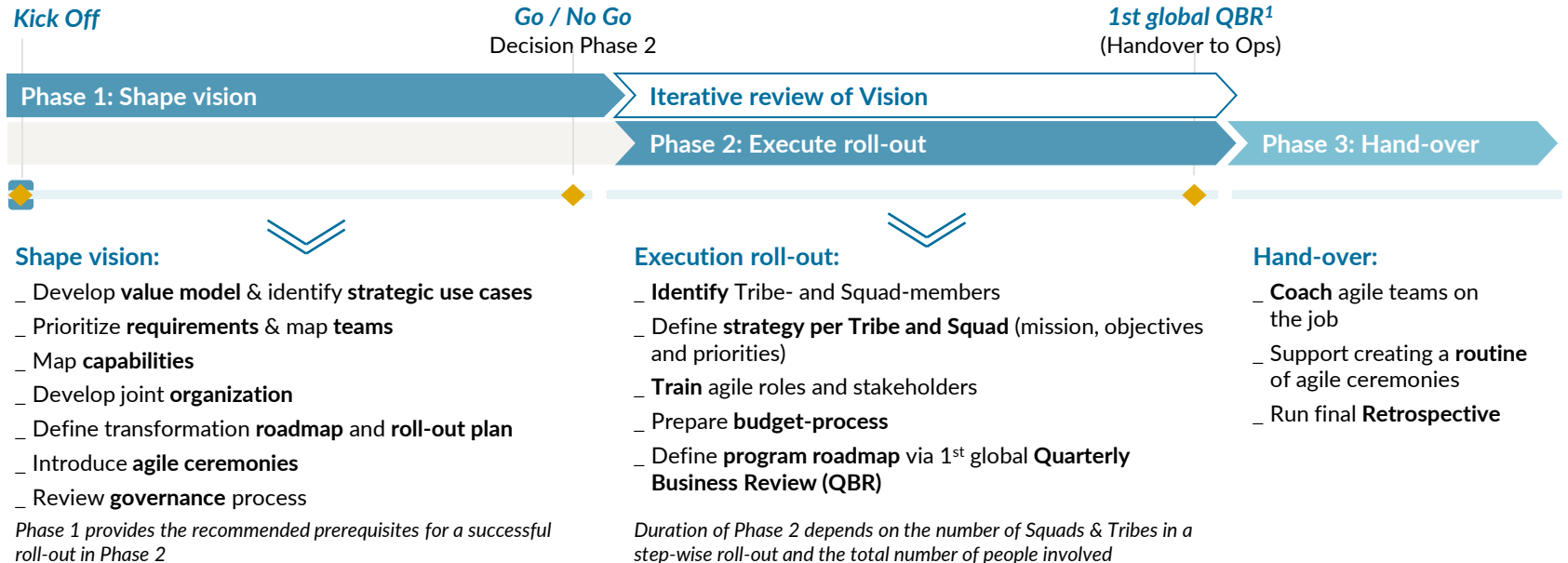**Kick Off**

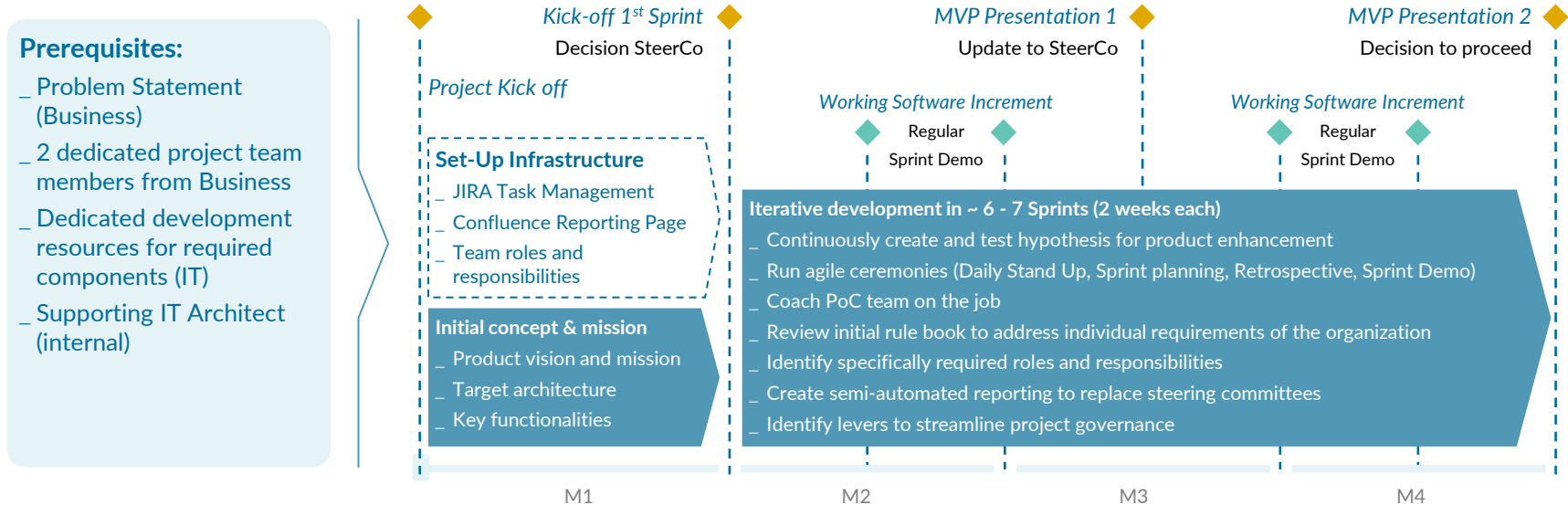**Go / No Go**
Decision Phase 2

1st global QBR[1]
(Handover to Ops)

Phase 1: Shape vision	Iterative review of Vision	
	Phase 2: Execute roll-out	Phase 3: Hand-over

Shape vision:

_ Develop **value model** & identify **strategic use cases**

_ Prioritize **requirements** & map **teams**

_ Map **capabilities**

_ Develop joint **organization**

_ Define transformation **roadmap** and **roll-out plan**

_ Introduce **agile ceremonies**

_ Review **governance** process

Phase 1 provides the recommended prerequisites for a successful roll-out in Phase 2

Execution roll-out:

_ **Identify** Tribe- and Squad-members

_ Define **strategy per Tribe and Squad** (mission, objectives and priorities)

_ **Train** agile roles and stakeholders

_ Prepare **budget-process**

_ Define **program roadmap** via 1st global **Quarterly Business Review (QBR)**

Duration of Phase 2 depends on the number of Squads & Tribes in a step-wise roll-out and the total number of people involved

Hand-over:

_ **Coach** agile teams on the job

_ Support creating a **routine** of agile ceremonies

_ Run final **Retrospective**

Continuous **change management enables** the **people** in the organization **to grow** with the new structure

QBR = Quarterly Business Review is the quarterly event sequence to align on priorities and dependencies among squads and tribes with senior management involvement

Optional: Start with a Proof of Concept to provide the organization with a positive example

Prerequisites:

_ Problem Statement (Business)

_ 2 dedicated project team members from Business

_ Dedicated development resources for required components (IT)

_ Supporting IT Architect (internal)

Kick-off 1st Sprint
Decision SteerCo

Project Kick off

Set-Up Infrastructure
_ JIRA Task Management
_ Confluence Reporting Page
_ Team roles and responsibilities

Initial concept & mission
_ Product vision and mission
_ Target architecture
_ Key functionalities

MVP Presentation 1
Update to SteerCo

Working Software Increment
Regular
Sprint Demo

Iterative development in ~ 6 - 7 Sprints (2 weeks each)
_ Continuously create and test hypothesis for product enhancement
_ Run agile ceremonies (Daily Stand Up, Sprint planning, Retrospective, Sprint Demo)
_ Coach PoC team on the job
_ Review initial rule book to address individual requirements of the organization
_ Identify specifically required roles and responsibilities
_ Create semi-automated reporting to replace steering committees
_ Identify levers to streamline project governance

MVP Presentation 2
Decision to proceed

Working Software Increment
Regular
Sprint Demo

M1   M2   M3   M4

First step

The Proof of Concept is an optional entry-point for an agile transformation to your **Digital Product Organization**
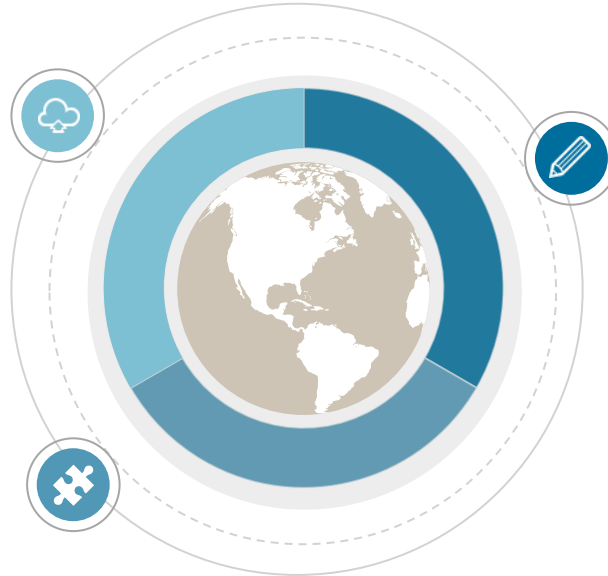
Use Cases

Reduce the costs of your digital solutions when introducing a SaaS solution, new (digital) business model or regular solution development

Introduction of Cloud Solution (SaaS[1])

e.g. cloud-based core HCM-solution (Workday), CRM platform, procurement platform etc.

Development of (new) Digital Business Models

e.g. digital **sales channel**, **platform business** model, **Data-driven** business models, etc.

Optimization of Internal Tools / Solutions

e.g. improvement of **Product-Market-Fit** and **User Experience (UX)**, faster time-to-market (**T2M**)

Potential Impact:

_Increase of Quality

_Shorter Time-to-Market

_Limitation of Financial Risks

_Reduction of Costs

1 SaaS = Software as a Service

Do you have questions regarding Digital Product Organization? Feel free to contact me directly.

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Enforcing performance