

# *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**.

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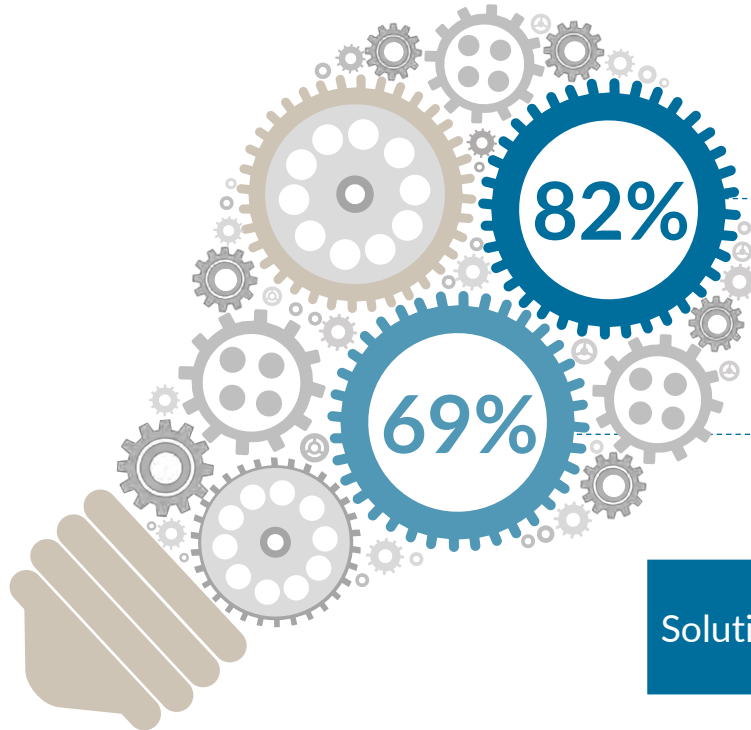
## *Why Agile? - Benefits*





## 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

## Why Agile? - Benefits

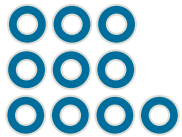
**Benefits:** Agile projects are cheaper to run, deliver a better ROI and result in a higher user-satisfaction than waterfall projects

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."<sup>\*</sup>

### 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

<sup>\*</sup>Chaos Report 2015, The Standish Group; source: scrum.org

## Why Agile? - Benefits

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*





## 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

Static organizations with hierarchical structure and limited exchange between divisions

Strong separation of Business and IT functions

Governance is at the apex and decision flow from top to bottom decreases transformation pace

Employees not sufficiently rewarded for new ideas and not engaged in change process

Focus on IT as cost center providing infrastructure



### ...to an agile way of working

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



- \_ Establish **self-organized and self-managing teams**
- \_ Foster **collaboration, transparency** and **trust**



- \_ Foster **constant personal exchange** (e.g. daily stand-up)
- \_ Work in **heterogenous teams** from Business and IT



- \_ Support **iterative development** approach
- \_ Enable **short-term budget reviews** and planning



- \_ Implement trustworthy and **flexible work environment**
- \_ Foster **culture of constant learning**



- \_ Measure success through **business value creation**
- \_ **Value technology** as enabler for Business success

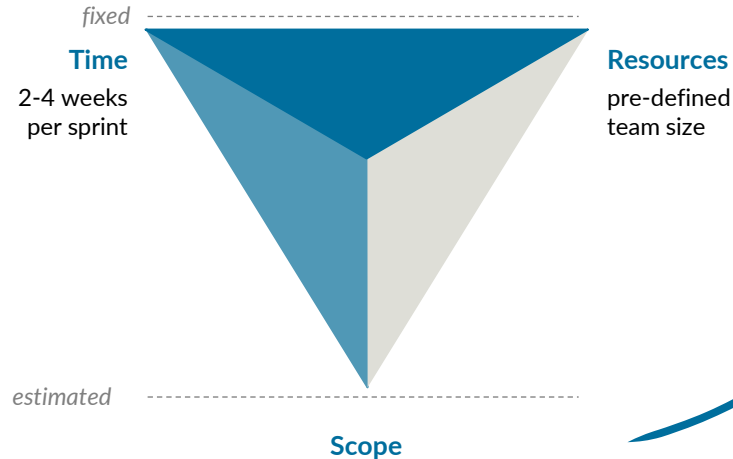
## Innovation Culture

...and follow an MVP<sup>1</sup> approach to reduce risk of sunk costs and accelerate time to market.

Potential Impact:

- Shorter Time to Market
- Lower Financial Risks

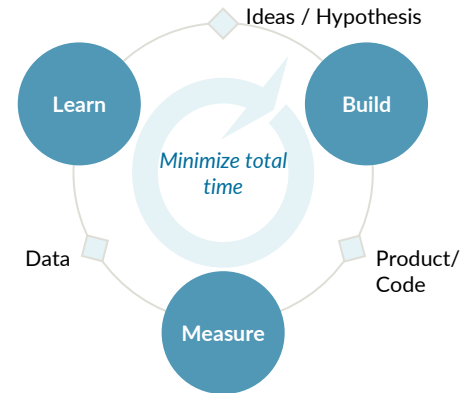
### Agile Project Management Triangle



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.



- ✓ 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

<sup>1</sup> MVP = Minimum Viable Product

## *Cross-functional Structure*



## Cross-functional Structure

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

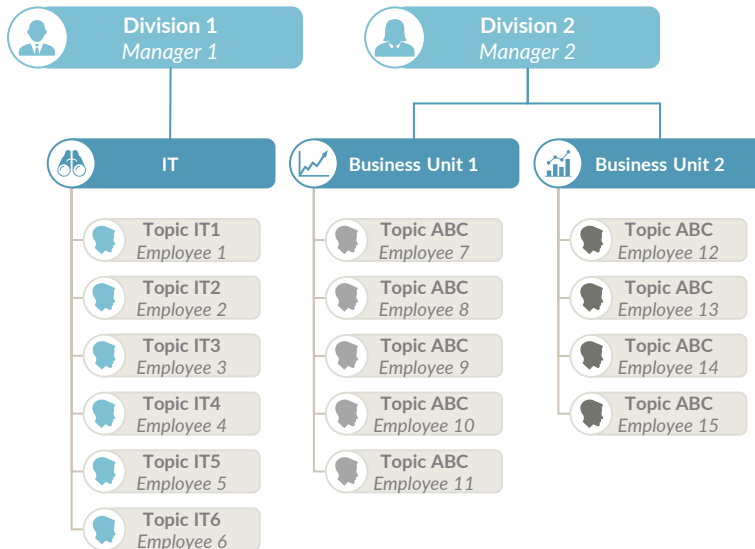
Potential Impact:

→ Increase of Quality

→ Reduction of Costs

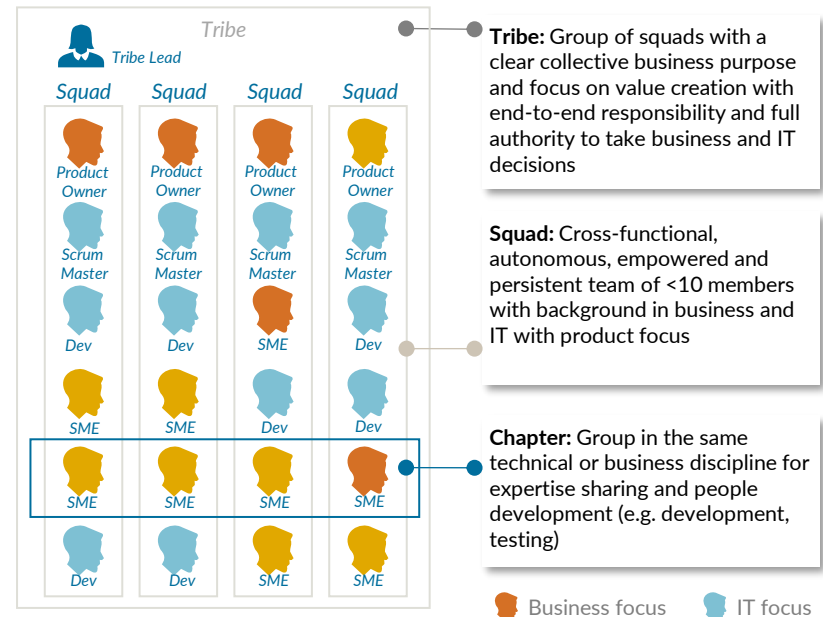
### From a traditional structure with knowledge silos...

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



## Cross-functional Structure

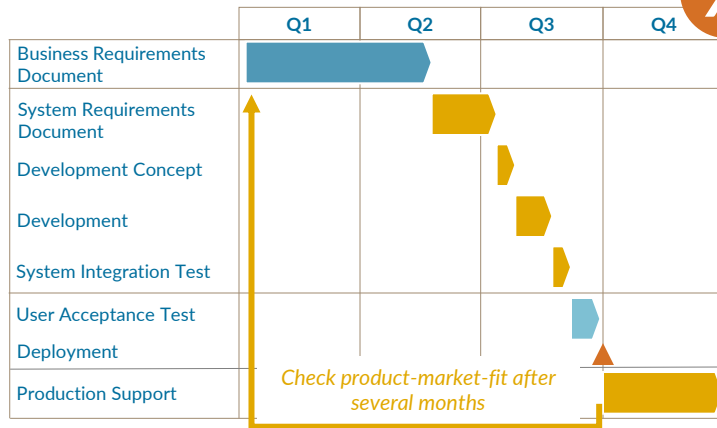
... work in an iterative approach in agile Sprints with continuous business involvement to deliver faster and more cost-efficient.

Potential Impact:

→ Shorter Time-to-Market

→ Lower Financial Risk

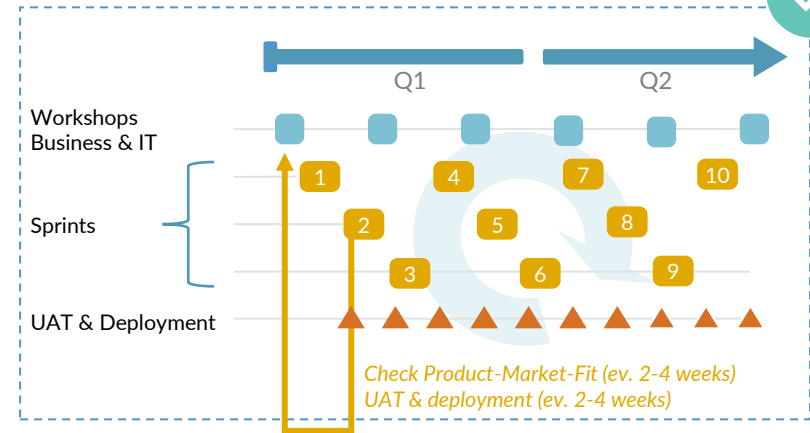
### From Waterfall Projects (Project-oriented)



#### 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)



#### 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**

## Cross-functional Structure

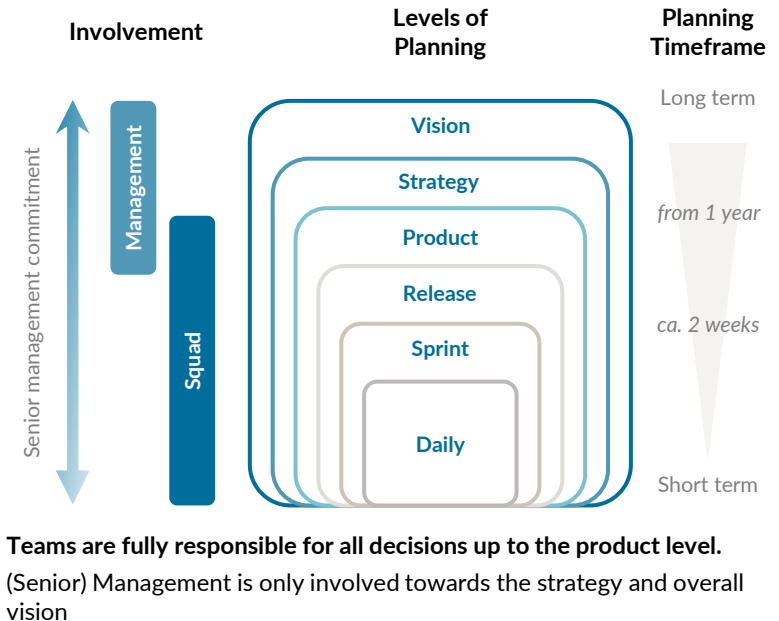
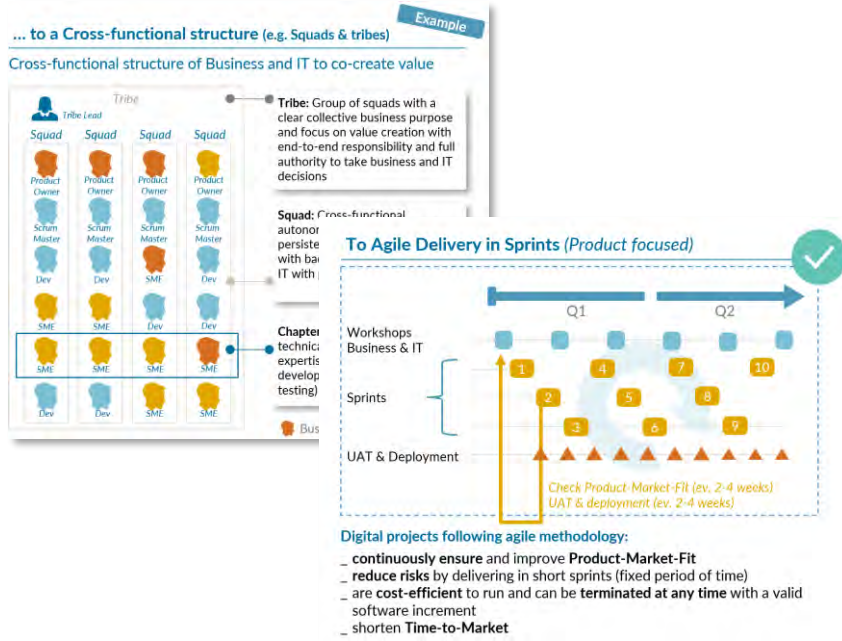
Empower teams and reduce day-to-day involvement of senior management

Potential Impact:

→ Increase of Quality

→ Decrease of Costs

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



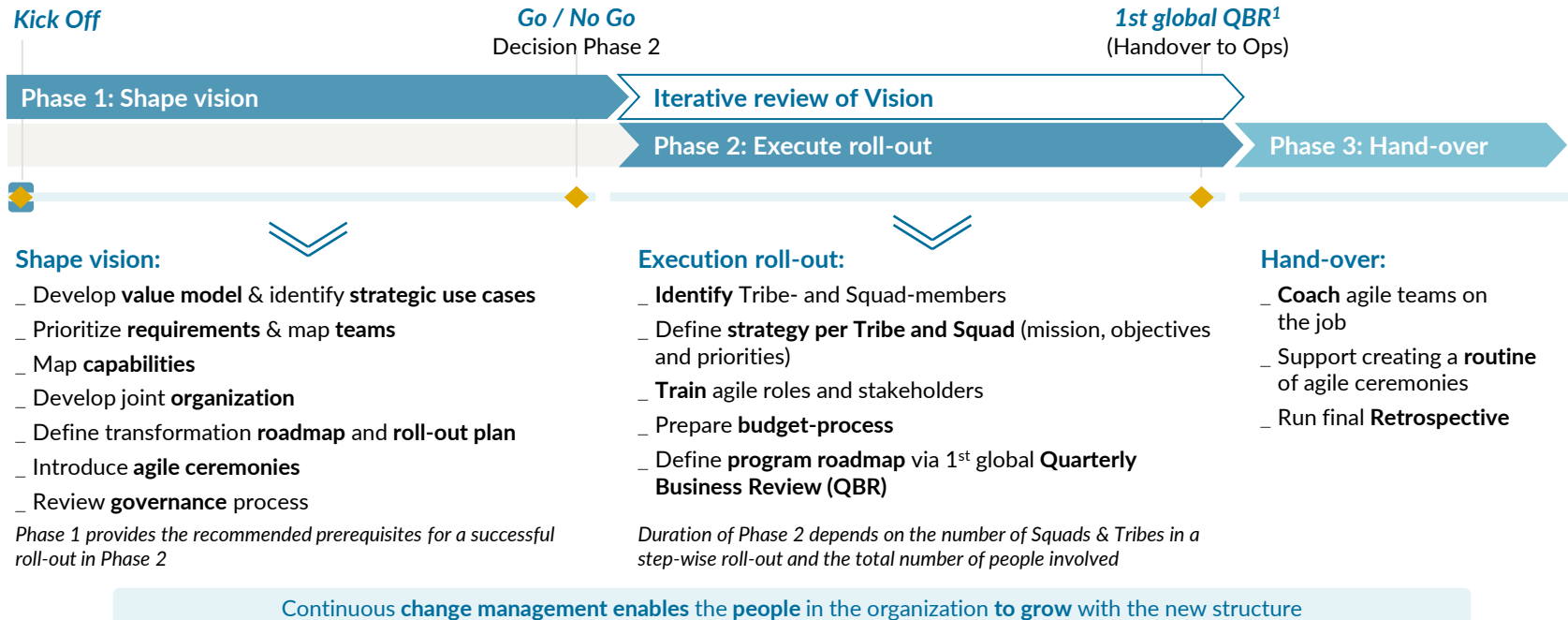


## *Project-Setup*



## Project-Setup

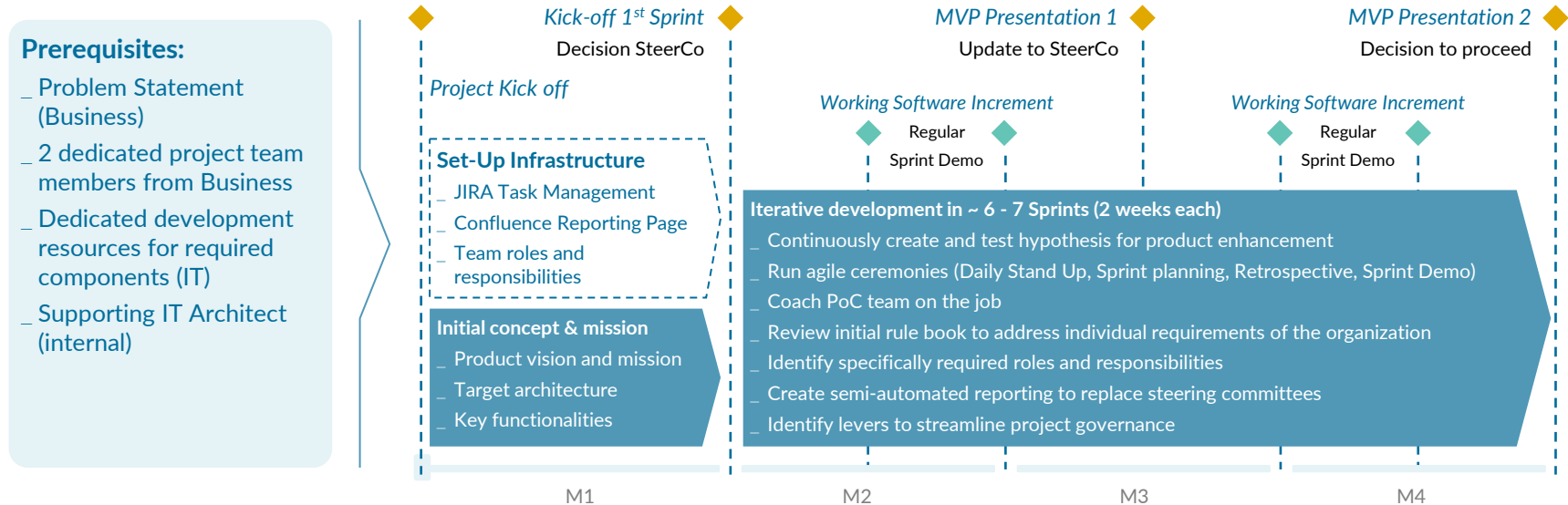
### 4C enables initial transformation to Digital Product Organization in a 3-phase approach



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

## Project-Setup

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



### First step

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

## *Use Cases*



## Use Cases

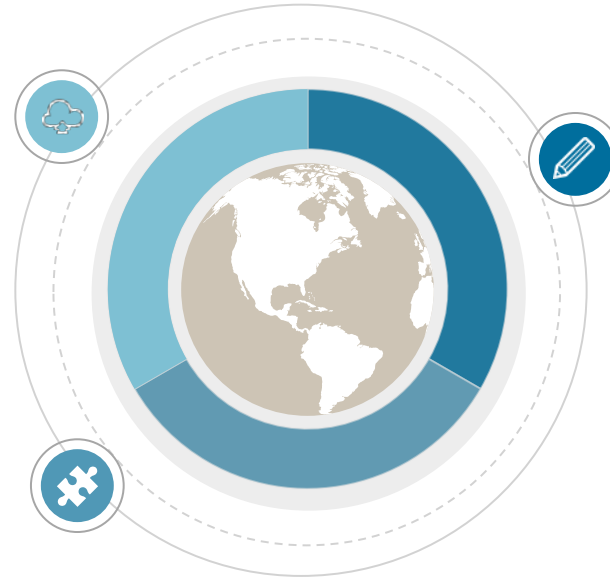
Reduce the costs of your digital solutions when introducing a SaaS solution, new (digital) business model or regular solution development

### Introduction of Cloud Solution (SaaS<sup>1</sup>)

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

### Optimization of Internal Tools / Solutions

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



### Development of (new) Digital Business Models

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

### Potential Impact:

- \_ Increase of Quality
- \_ Shorter Time-to-Market
- \_ Limitation of Financial Risks
- \_ Reduction of Costs

<sup>1</sup> SaaS = Software as a Service

## Your point of contact

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



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# Driving Transformation