BE AGILE

TAking the Agile Transformation Journey

FINANCIAL SERVICES TECHNOLOGY ADVISORY: PERSPECTIVES ON NEW IT

accenture consulting
WHY BECOME AGILE?

It’s a hyper-competitive and ever-changing business environment out there. Financial services firms find themselves pressured from many fronts to innovate faster, better, and with escalating frequency to achieve customer-pleasing services, greater operational efficiency, and improved return on investment (ROI).

At the same time, firms should remain vigilant about ongoing regulatory compliance—which can be a moving target—while reducing operational risks and time-to-market, staying ahead of the competition, and embedding top talent into the business. Finally, in today’s increasingly digital environment it is imperative that firms tightly align business with IT.

What all this adds up to is that firms now have an overarching strategic need for agility in their organization so they can quickly respond and adapt to their evolving business environment and thus deliver greater value in every area of the business.

These days, clients demand and expect that businesses will be able to rapidly change in order to meet customer needs. Many smaller players, such as startups, are much better at doing this and thus pose a risk to larger players. The solution? An agile transformation across the enterprise that embraces iterative, cross-functional collaboration to harness the full potential of digital technology.
WHAT DOES AGILE REALLY MEAN?

While the notion of adopting an agile methodology is familiar to most financial services firms, the execution of an agile transformation is often unintendedly incomplete.

For example, many firms have invested in building up agile teams and Scrum capabilities (a simple framework for completing complex projects), but have failed to fundamentally transform front-to-back delivery capabilities across their entire business and IT environments.

In a truly agile organization, every aspect of business operations is engaged in an ongoing cyclical process of discover and evaluate, prioritize, build and operate, analyze…and repeat (see Figure 1).

Experimentation, collaboration, iteration, and a focus on the customer are key themes throughout this process.
Figure 1. The Agile Way to Deliver Business Value

* A Sprint is a compressed period of time during which specific work or a task has to be completed and be ready for review.

Source: Accenture, June 2017
ROADBLOCKS THAT CAN GET IN THE WAY

Transforming into an agile organization—one that is holistically able to rapidly deliver innovation in response to new demands—sounds ideal in theory. Agile transformation in practice can be a different story. There are a number of common roadblocks financial services firms might encounter along the way that can derail the transformation. These roadblocks typically fall within the following areas.

Business strategy planning
Developing an agile strategy is an iterative process that mimics the agile product or service development process. Therefore, strategic planning requires a strong linkage between IT and the rest of the business. A lack of coordination in the strategic planning stage could jeopardize the entire process. Budgeting issues should be addressed up front as well, to avoid a gap between traditional budgeting and controlling processes and funding an agile implementation. Misalignment, misperceptions, conflicting priorities, or failure to execute can stall or stop the process.

Build
Sometimes firms have difficulty scaling agile teams from the single to the enterprise level, meaning the transformation never takes hold across the organization. Additionally, many firms continue to execute both waterfall and agile projects, which is perfectly acceptable. However, these projects need to be synchronized for timeliness and scope. Otherwise, teams could fail to meet deadlines and delivery requirements.

Operations
Effective agile organizations should have foundational operational elements that support speed and flexibility. Incomplete tool integration requirements and a lack of automation in regression testing, deployment, and infrastructure provisioning is expected to slow or stall agile development processes. Inflexible release schedules can both impact and reflect slow development speed.

Cultural transformation
Adopting the “agile way” is more than simply implementing a new approach to innovating. It requires a fundamental culture shift and a strong leadership commitment. Additionally, firms should be able to both attract from the outside and develop from within the right skills, knowledge, and talent to sustain agile operations. If any of these elements are missing, we expect the transformation to falter and full realization of its potential to be compromised.
GETTING STARTED

Establishing the right foundation for an agile transformation helps firms avoid common roadblocks and sets the stage for desired results. There are three key needs for achieving end-to-end agility throughout the enterprise.

Agile implementation of enterprise strategy
The first is an effective agile enterprise strategy, based on a decentralized definition of the firm’s strategic themes. Customer insights, market demands, regulatory needs, and technological opportunities drive the strategic planning process. “Success” factors for developing this strategy include:

- Applying an evolutionary process in defining what needs to be built
- Taking a collaborative and cross-functional approach to strategic planning
- Leveraging an iterative and repetitive planning cycle

Figure 2 outlines what this process could look like.

Effectively implementing an agile enterprise strategy involves moving away from project-based planning to theme-based planning, in which regulatory requirements, technology opportunities and marketing strategy mingle in a mix of continuously shifting priorities. Cross functional teams work together to brainstorm and identify the most provocative opportunities and regulatory requirements, which are then pitched to the portfolio board and ranked within the strategic initiatives backlog. Product development is cued according to needs, then pushed through the iterative cycle of build and operate, analyze, and improve.

Mastering agile build at enterprise scale
Agile teams, flexible architecture, and efficient release management provide the foundation for scaling agile capabilities and approach at the enterprise level. At this point in the journey, team Sprints (for creating an incremental product release) are synchronized into common program increments. Timelines and architectures are aligned to create releases and Scrum Master roles are assigned on a program level. Both onshore and offshore agile teams are utilized to support these efforts. By establishing offshore-capable development and test environments, firms can leverage different time zones to accelerate development cycles. Micro-services and open APIs (application program interfaces) create a flexible, extensible architecture that can manage diverse technologies while reducing costs at the same time. A dedicated release management function facilitates ongoing management, verification, and communication about the scope of releases in multiple iterations. Application release automation tools should be applied to support continuous delivery.
Automation and collaboration in DevOps

An agile approach drives increased implementation speed, which translates into reduced time-to-market and a stable production process. DevOps (Development and Operations) is key to delivering this outcome. DevOps combines software development with operations in a collaborative environment supported by automated processes, resulting in fast but small incremental releases of new features. The DevOps collaborative operating model includes full product owner accountability, quicker team decisions around new features to add to new releases, and greater overall efficiency through toolchains that handle incident management, testing, deployment, and monitoring.

Figure 2. Strategic Planning Process for Enterprise Agility

Source: Accenture, June 2017
ACCELERATING THE AGILE TRANSFORMATION JOURNEY

The foundational elements for an agile transformation are fixed. All aspects of the enterprise should be aligned under a strategic imperative to discover and evaluate, prioritize, build and operate, and analyze the results in an ongoing process of continuous improvement—whether in regard to solutions and services intended for customers or internal operational processes that make the business more innovative, nimble, and competitive.

That being said, there are accelerators that can help a financial firm become agile much faster.

**Engage stakeholders**

Agile is more than a process. It’s a mindset. Leadership is encouraged to reach out to and engage all stakeholders early and often—championing collaboration through cross-functional teams across locations and taking the right steps to create a forward-thinking, proactive culture of innovation and experimentation in which performance is based on the collective rather than perfectionism. Over time, the organizational culture should transition from doing agile to being agile.

**Choose the right approach**

While agile principles are fundamentally standard, not all organizations are the same. Every firm will have its own characteristics and agile maturity level. Therefore, best approaches will differ. For some firms, Lighthouse or Showcase projects are the best way to get started.

This might mean, piloting an agile approach in a specific area, thus giving firms the opportunity to highlight the approach and its benefits, then apply lessons learned to follow-on projects.

Other firms may want to start by creating a complete agile business unit that covers the entire value chain and then use learnings to broaden the transformation across the enterprise. In this model, agile-knowledgeable individuals can move from one business unit to another to apply their knowledge, experience, and skills toward transforming the entire organization—business unit by business unit.

Finally, firms have the option of focusing on developing specific agile capabilities in a step-by-step process along the solution delivery value chain. Once a capability, such as automation, has been mastered, the teams can move on to developing the next capability, such as the scaling of a Scrum framework, until the entire enterprise is agile.
Perform an agile capability maturity assessment
At the outset, firms should perform an agile capability maturity assessment to identify the starting places for their agile transformation. This assessment will help diagnose current agile competencies, evaluate strengths and weaknesses, and drive an actionable plan for where to implement agile capabilities and approach. The assessment should be performed across the following dimensions, using agile benchmarks, such as these:

- Leadership
- Agile methods and tools
- Agile delivery team and community
- Agile supporting functions and continuous improvement

Assessments will help reveal gaps in current agile capability maturity levels, around which the firm can establish strategies and a path forward to bring each capability to a maturity target. These strategies should include high-level improvement recommendations, quick-win opportunities, and avenues to improve capabilities through coaching. An agile road map defines capability gap priorities, feeds into the overall organizational road map, and leverages industry-leading assets and accelerators.

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GETTING TO AGILE IN 365 DAYS

Sponsorship for transforming to an agile methodology and mindset is initiated from the top down. However, the actual implementation takes place from the bottom up. By taking a 30/100/365-day approach, leaders can engage the entire organization in demonstrating transformation results quickly.

First 30 days

The first step in an agile transformation is identifying the right executive sponsors and key contributors (including business, clients, regulators, and IT). This is accomplished by asking the following questions:

- Where in the business is agile already being used?
- Who has an incentive to leverage agile?
- Which current projects or services could benefit from an agile approach?
- Which future challenges or opportunities could be best addressed with an agile approach?

The next step is conducting an agile capability and maturity assessment to identify the most beneficial areas for transformation, followed by defining the appropriate transformation approach and creating an actionable plan.

First 100 days

In the next phase of the transformation, key contributors should be fully engaged. This is the point at which to consider additional areas for transformation, based on a more detailed “level 2” capability and maturity assessment. This time period also presents a good opportunity for completing an agile showcase project to bring more visibility to the process across the entire enterprise. Finally, the first 100 days is the time to identify and address any potential roadblocks or obstructive stakeholders.

At this stage of the transformation, the organization is ripe for a mindset shift. Leaders should broadly communicate tangible results as well as behavior goals, focusing on the collective and the abandonment of perfection as a performance goal. Leaders should also nurture new talent through empowerment and by forming external partnerships.

“Opportunities for deeper involvement of the business, clients, regulators, and IT should be identified so that by the end of the first year, all stakeholders and contributors are deeply immersed in the transformation.”

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While firms can achieve a great deal in the transformation to agile within the first 365 days, the journey is never complete. By nature, being agile is a process of ongoing continuous improvement. Creating an agile mindset and implementing agile methodologies are pre-requisites for an effective transformation, but the beauty of agile is that it is a constantly evolving effort, leading to ongoing opportunities for improved performance.

Leaders and participants should keep this in mind as they apply agile throughout the enterprise. Financial services firms are encouraged to perform an agile capability maturity assessment with rigor. This foundational assessment helps firms diagnose their current agile competencies, evaluate strengths and weaknesses and thus identify capability gaps, and guide actionable decision making on where to implement agile capabilities and approach.
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Michael Werder, Managing Director, Accenture Financial Services Technology Advisory. Based in Zurich, Switzerland, Michael leads the practice’s New IT offering group and related work, supporting Accenture’s financial services clients in Austria, Switzerland and Germany. With more than 15 years of financial services and technology experience, he works with technology and operations leaders as they transform their IT to stay competitive in a rapidly changing industry. Michael has played key roles in transforming the operating models of some of the most prominent players in the industry, embracing innovation and orchestrating change across global organizations. When offline, Michael enjoys spending time with his family on the lakes and mountains of his beautiful home country.

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ABOUT ACCENTURE

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