

Speeding up digital transformation

The right levers can really get things off the ground

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Introduction	2
Start with a thin slice – and then speed up	2
Acting like a startup: Scaling with the right tools	3
TOPS: The key to controlling agile companies	5
Case studies: The setup is decisive	7
Digital transformation: Four key ingredients	8

Introduction

One thing is certain: Digital transformation is more than just an IT project; it is a technology-driven business evolution. The aspirational spirit is there, but implementation remains slow. Structures and IT landscapes have grown over many decades and adapting them is anything but easy. Making the changes requires strategic farsightedness, but the outlook is shrouded in mist. Does any of this sound familiar? Then continue reading to find proven levers for acceleration.

Business conditions are complex and volatile, and markets are constantly changing. This seems to be becoming the new norm. Previously successful business models and processes are no longer guarantors for the future. Instead, consistent customer orientation and agility have emerged as the foundations for success. It is clear that digital transformation does not involve a 'big bang', but a combination of evolution and revolution.

Once the need for change has been accepted, the next step is to bridge the gap between the willingness and the ability to adapt. Typical questions that companies ask us in this regard are:

1. We are not as fast as the leaders in our industry when it comes to implementing changes. How can we speed things up?
2. We are a large company. How can we act in the same way as a start-up?
3. What will be the critical factors for our industry over the coming years – and how can we prepare for them when we don't even know what they are?

A wide variety of projects have shown that while there are no one-size-fits-all solutions to these questions – no program can be copied precisely – there are proven methods that can essentially be applied successfully time and again.

Here are a few experiences:

Start with a thin slice – and then speed up

Getting started with digital transformation is the greatest hurdle for companies. In many cases, large corporations first spend their time developing various strategy options rather than simply getting started.

Often, the reason for this is company structures that are not suited to fast and agile projects. Traditional department and silo structures dominate, which make implementing the projects difficult; there is no overall view of the processes and a lack of insight into the customer journey and customer behavior.

This is the situation in many companies: Although numerous project and provider managers create templates for decision making, they falter at the implementation hurdle. Transformation consultants can lay the foundations for a target- and results-oriented approach. Together with the customer, a set of questions is created and, based on this, a to-do list. The following three questions should be answered in this process:

1. What is the first feasible digital product that we want to create with minimum effort and use as a “flagship” application?
2. How can this product affect customers and their behavior?
3. How does the team that is to perform these changes need to be set up?

Once these questions have been answered, the foundation for the digital transformation is in place. This first team develops software in and for the new world, which replaces the functions of the old world and consistently places the focus on added value.

At ThoughtWorks, this initial piece of software is known as the “thin slice”. It is the first flagship implementation that gets the ball rolling. It builds lasting new confidence by convincing the management, employees, stakeholders, and customers through genuine changes and proves that value is added, thus justifying the risks and investments in digitization.

An important step has always been completed when status meetings become showcases, no longer dominated by PowerPoint presentations, but an opportunity to demonstrate operable software. However, this thin slice should never be solely a project of the IT department. Every area of the company, including the specialist departments, must be involved, and the project must also have immediate, positive effects for customers.

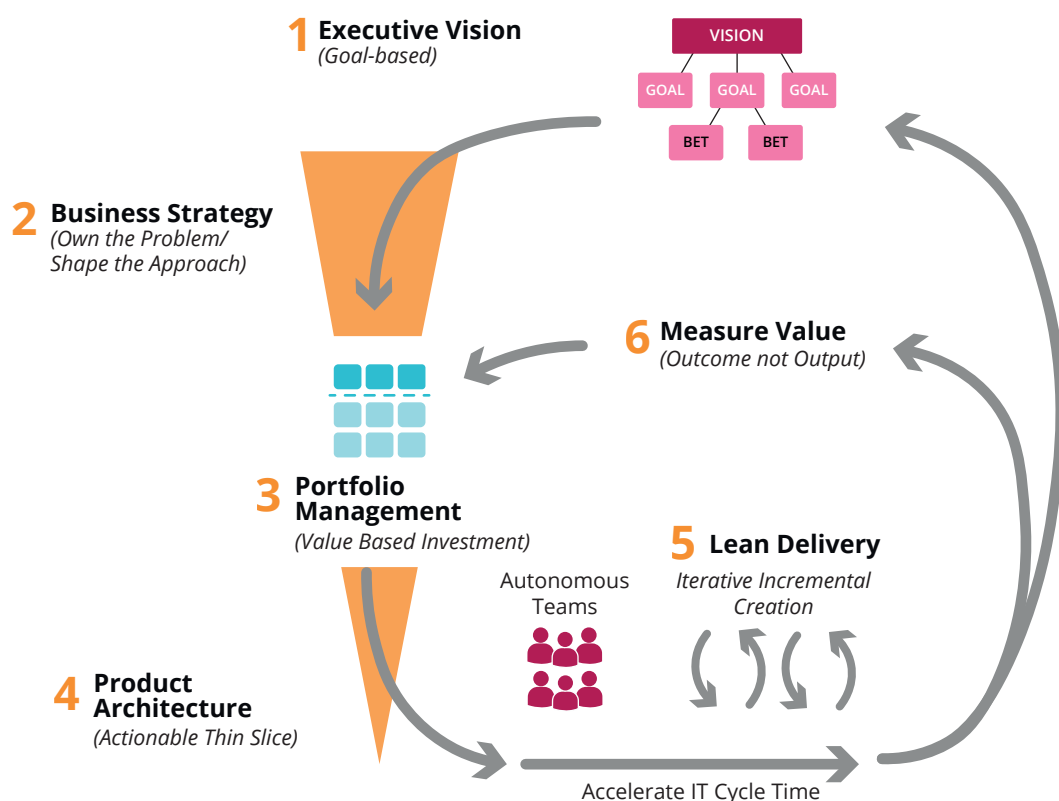
After this kickoff, further teams are established successively, who then replace other areas of the “old world” with digital products. And with every additional team, what initially seemed like an unsolvable mammoth task becomes a natural, achievable project. As soon as the first hurdles have been cleared, the positive effects of faster implementation also set in.

Acting like a startup: Scaling with the right tools

Companies from all industries often focus on two areas when it comes to digital transformation. These are agility – in software development and business models – and strategic orientation. However, frequently there are not only vulnerabilities in one or other of the areas – the main thing that is missing is the link between digital strategy and implementation.

We call this missing link “EDGE”. This refers to the courage to push oneself right up to the limits, to change thought patterns, and continually reinvent oneself. Digital transformation requires courage, continuous change, and a culture that constantly questions the status quo.

EDGE is not a method but a toolkit for bringing added value for customers to the forefront and reducing overheads in order to react quickly in the same style as startups. The toolkit covers customer focus, technology, portfolio management, business models, and cultural transformation.



Digital transformation in a company requires all areas to be agile. This is essential for making it possible to seize existing and new market opportunities faster and obtain greater benefits from investments.

The following EDGE components can help a company become agile and responsive.

- 1. A results-oriented vision of the management:** This guides the company.
- 2. The product strategy:** This defines how the vision is implemented with the actual product.
- 3. Portfolio management:** The portfolio of ideas is prioritized and investments are made where the greatest increase in value can be expected. As soon as lasting success has been proven, further funding can be assigned in stages. This structure ensures that project work always concentrates on the greatest value contribution, is stopped in time, and teams can always focus on a single project.
- 4. Product architecture:** Agile, autonomous teams deliver thin slices so that successes can be measured and achieved one at a time. These teams enjoy a high degree of freedom and autonomy.
- 5. “Streamlined” deliveries:** Rapid provision is possible thanks to agile approaches such as Lean UX, continuous delivery, and the corresponding architecture.
- 6. Honoring the value contribution:** Teams are rewarded based on the delivered results and not how fast they deliver or whether they have met deadlines. The important thing is a result that ultimately generates customer or user satisfaction.

With EDGE, companies can deploy their employees and capital in a targeted manner. They can make frequent investment decisions with the certainty that all ongoing activities are directed towards the goal – and they can flexibly shift the focal points within the portfolio. EDGE works across locations for large and global portfolios of complex digital products.

TOPS: The key to controlling agile companies

Fully rising to the critical factors and challenges of the individual industries today and in the future requires a combination of innovative methods and their creative application to allow rapid responses. Companies need to have an overview of all factors – from “T” for technology to “S” for strategy.

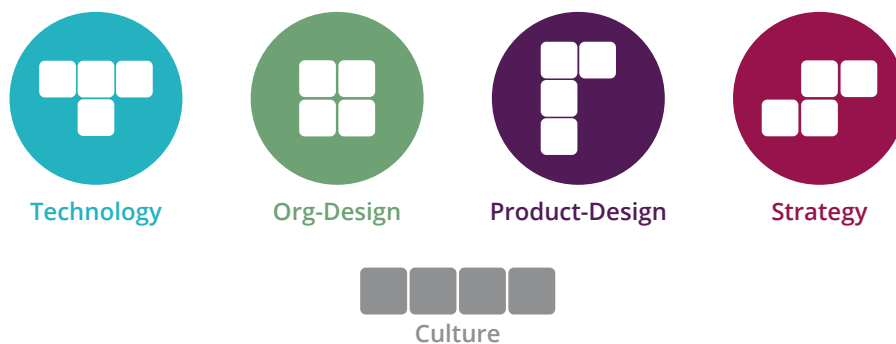
This act of juggling a company’s digital capabilities can be compared with the 80s computer game Tetris. The game starts with a blank slate, but after that every move must fit perfectly and all the pieces need to be optimally combined even as the speed increases.

Simply stacking all the parts on top of each other is doomed to failure from the start, as it takes away the room for maneuver and blocks the company’s future digital design options. In the style of Tetris, we use various colors and shapes to illustrate how to group the four topic areas that companies have to face during current and future digital transformation.

- Technology
- Organizational design
- Product design
- Strategy

Together, the four areas form TOPS – a simple framework for navigating the complex and dynamic area of modern IT landscapes. Every conceivable IT concept can be assigned to one of these dimensions. For example:

- Infrastructure as code → Technology
- Cross-department teams → Organizational design
- User research → Product design
- Focusing on the important things → Strategy



TOPS: A framework to support navigation in the complex and dynamic area of modern IT.

Summary:

The initial situations and the digital transformation targets are as varied as the companies involved, and the route to get there is always individual. Experience and the right tools help them clear all the hurdles, make customer orientation the central focus, and reach the necessary speed.

Case studies: The setup is decisive

Various high-level concepts for agile and sustainable software development come into play for cooperations with customers. This results in new digital products and highly scalable organizational structures – the spectrum starts with a few pilot users and ends with the global rollout.

At most companies, a lean transformation approach has proven successful. With this, processes and systems are simplified, reduced to what is important, and resources are optimized.

1. A major international insurance company took this approach together with us to initially visualize processes and make them transparent. Following this, they defined, prioritized, and started projects.

The result: An environment in which a traditional company now tests and validates ideas in a startup-like manner, and so can rapidly adapt to new challenges. This results in added value for customers – lower costs, fewer risks, and faster market launch times.

2. **Here is another example:** Together with us, an online travel platform realized an “innovation engine” in order to react even faster on the market and provide customers with an optimized customer experience tailored to their needs. In the organization area, product management and software development were merged to form a single organizational unit where ideas are developed for new functions and products, selected ideas are subjected to market-specific tests, favorites are optimized based on user feedback, and ideas are technically implemented and rolled out.

The result: Thanks to the implementation of continuous delivery, we were able to significantly accelerate the company's release process. Where eight weeks had been required previously, the commit to production cycle was reduced to a mere eleven minutes.

Digital transformation: Four key ingredients

1

The first thing you need is a strong vision that convinces all those involved: investors, executives, colleagues, and customers. With the right mission statement, IT is no longer seen as a cost factor, but as the basis for new business models. It is worth taking a look at the bigger picture and the competition. Use cases and flagship projects make ideal “digital keys”.

2

Initiatives will always be empty talk if sufficient manpower is not available. Executives and employees should all get involved in digitization projects – without any ifs or buts.

3

A thin slice is just the start. This is the model that is used to change processes and ways of working. And it should provide the impetus to benefit from global networks and partnerships.

4

Agility affects all areas of the company. The keyword here is “organizational agility”. The benefits of an organization that is optimized for change can only be tapped to their full extent when the managers responsible for the business models also act in an agile manner.

About ThoughtWorks

We are a software company and a community of passionate, purpose-led individuals. We think disruptively to deliver technology to address our clients' toughest challenges, all while seeking to revolutionize the IT industry and create positive social change.

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