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Is Agile Working? Where Enterprises Are Going Wrong

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Live Tweeting #EGAnalyst

Introductions

Michel Janssen
Chief Research Officer
michel.janssen@everestgrp.com

Ashwin Venkatesan
Vice President, Enterprise IT Services
ashwin.venkatesan@everestgrp.com

Ankit Gupta
Practice Director, Application Services
ankit.gupta@everestgrp.com

What is the extent of Agile adoption in your organization? (Select one option)

- Yet to introduce the Agile framework – **0%**
- Recently started with a lighthouse project – **7%**
- <20% of development teams leverage Agile – **10%**
- 20-40% of development teams leverage Agile – **20%**
- 40-60% of development teams leverage Agile – **33%**
- 60-80% of development teams leverage Agile – **13%**
- Agile is pervasive in our organization – **17%**

CONVICTION: most organizations have initiated their Agile journeys, but scaling Agile initiatives remains a key challenge

While Agile is the future…

…the code has not been cracked

AGILE

>90%

using Agile development methods in some shape or form

<20%

consider themselves highly mature Agile enterprises

Benefits

Increased speed & flexibility

Superior product quality

Improved customer satisfaction

Understanding the true essence of the Agile framework is the first step of the journey

What Agile is NOT about ...
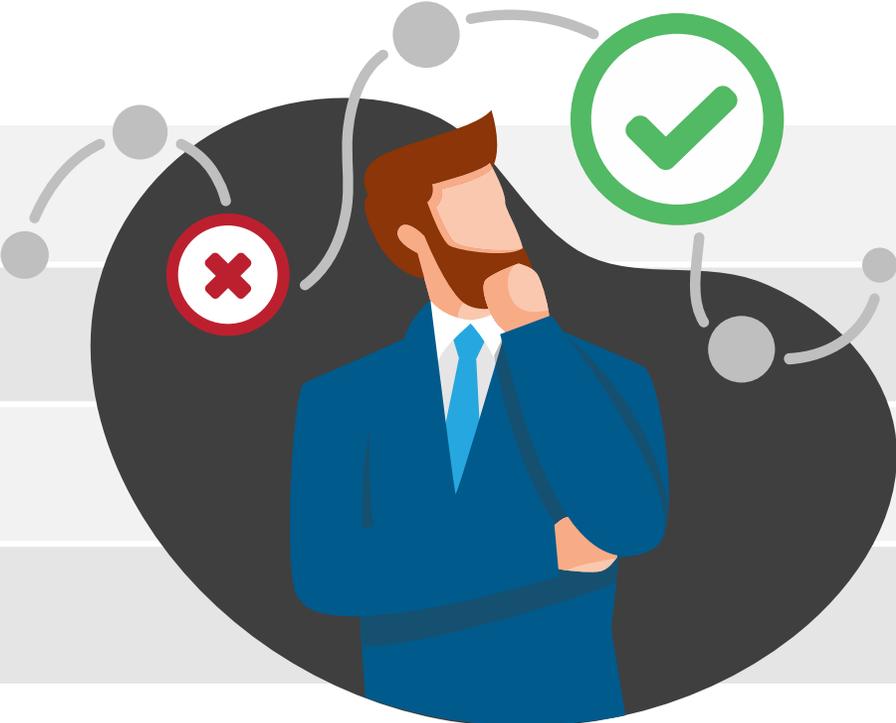
- Deprioritizing quality for speed
- Micromanaging progress
- Avoiding documentation
- Operating ad-hoc

What Agile is about ...
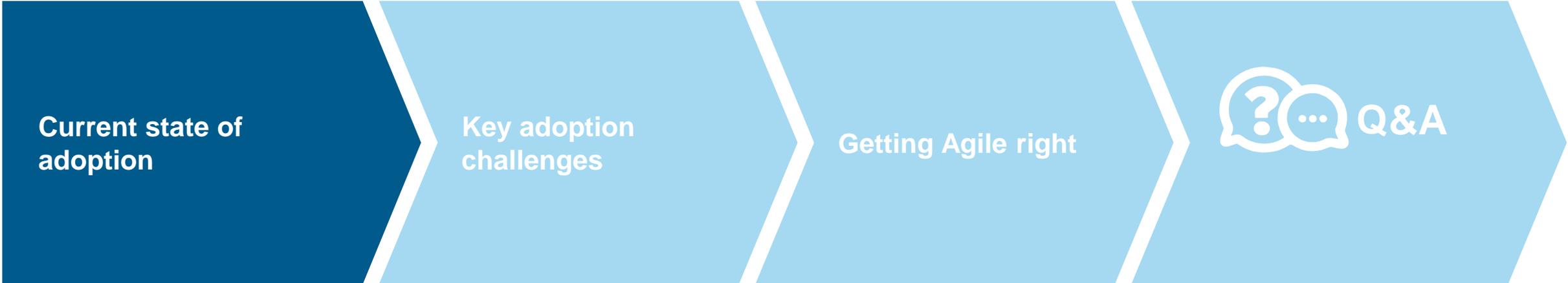
- Scalable development
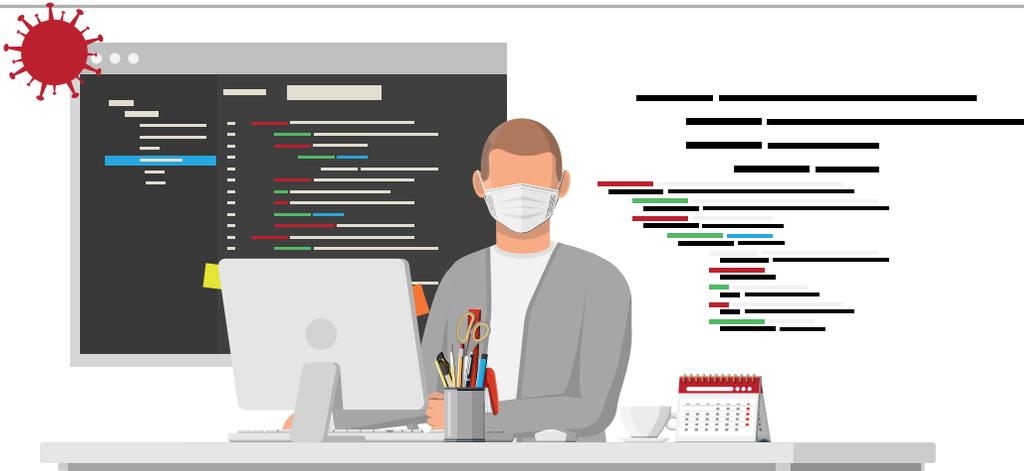- People-centricity
- Better business-IT alignment
- Systematic change management

Discussion points for today

Current state of adoption → **Key adoption challenges** → **Getting Agile right** → **Q&A**

COVID has cemented Agile as the de-facto software development model

47%

Of enterprises have **accelerated their programs for Agile development** over the past year

45%

Of enterprises have **increased productivity with remote working**

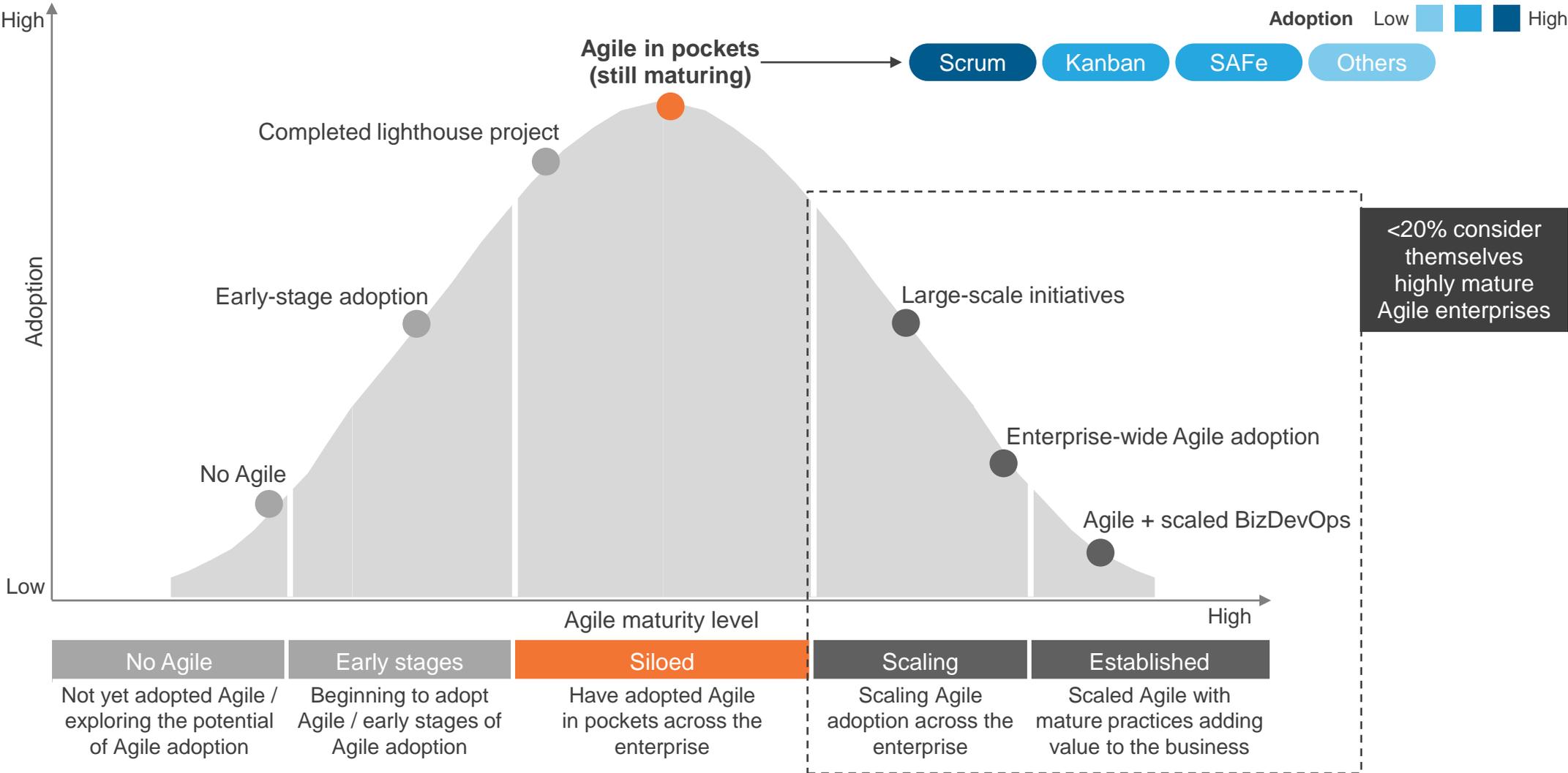**Roughly 2 in 5**
enterprises expect to adopt Agile as their main operating model

40%

Reduction in quality defects by developers, and autonomy is higher as a result of location independence

Source: Everest Group key issues survey, 2021

To date, Agile adoption has been restricted to silos, with an inconsistent approach in many organizations

Agile in pockets (still maturing) → Scrum | Kanban | SAFe | Others

Adoption Low ▢ ▢ ▢ High

Completed lighthouse project

Early-stage adoption

No Agile

Large-scale initiatives

Enterprise-wide Agile adoption

Agile + scaled BizDevOps

<20% consider themselves highly mature Agile enterprises

Adoption (Low — High)

Agile maturity level (Low — High)

No Agile	Early stages	Siloed	Scaling	Established
Not yet adopted Agile / exploring the potential of Agile adoption	Beginning to adopt Agile / early stages of Agile adoption	Have adopted Agile in pockets across the enterprise	Scaling Agile adoption across the enterprise	Scaled Agile with mature practices adding value to the business

Discussion points for today

Current state of adoption	Key adoption challenges	Getting Agile right	Q&A

Organizations face multiple challenges in adopting Agile, the most pervasive being organizational and cultural barriers

Key challenges to adopting and scaling Agile practices, 2021[1]
% of executives citing the challenge

Access to the right talent and/or skills — **77%**

Limited involvement of senior management — **72%**

Change resistance — **59%**
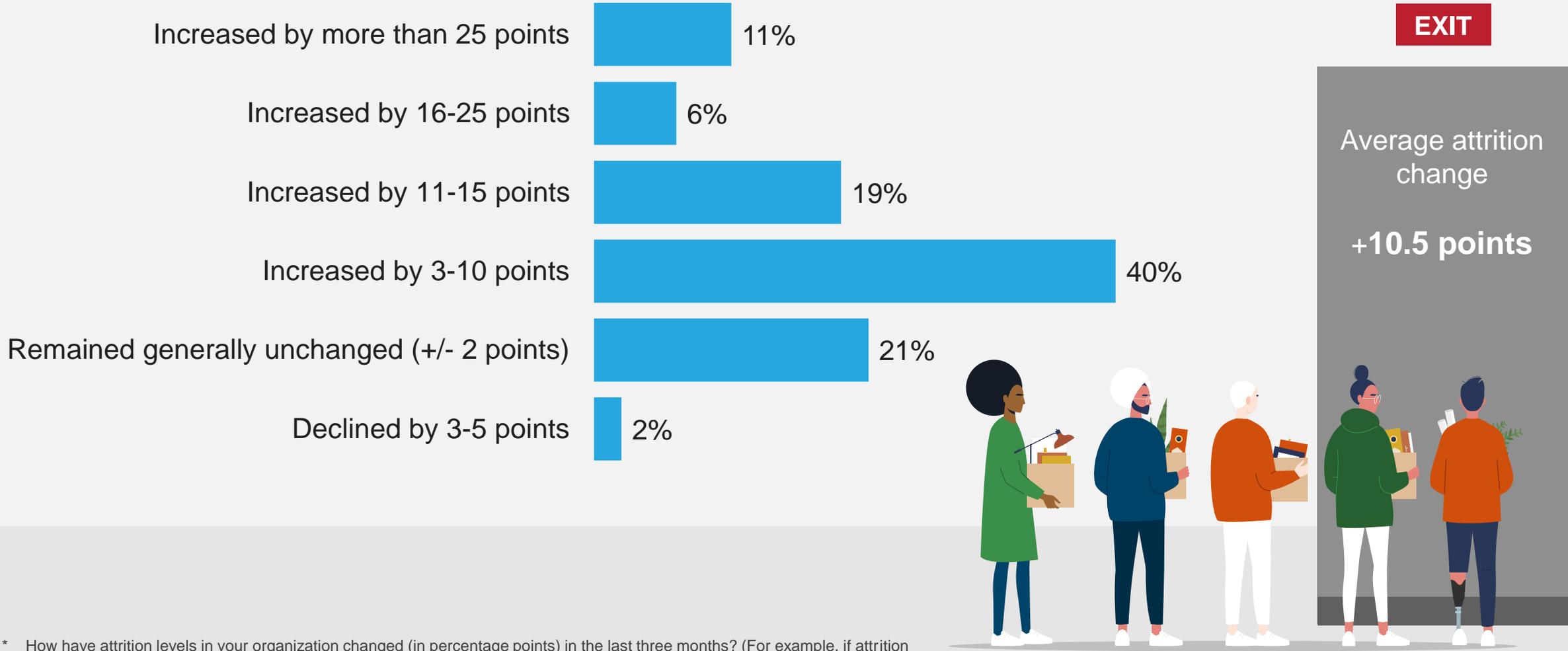
Insufficient training and knowledge — **42%**

> "In order to become more capable, leaner, more Agile, and less bureaucratic, we are focusing on incorporating productivity programs to include **simplifying and standardizing processes, improving collaboration across functions** rather than optimizing within functions to achieve the lowest cost end-to-end processes, and **relentless automation**."
>
> – CEO, multinational food & beverage company

1   Everest Group Survey 2021

Changes to attrition levels, summer 2021*

Increased by more than 25 points — 11%

Increased by 16-25 points — 6%

Increased by 11-15 points — 19%

Increased by 3-10 points — 40%

Remained generally unchanged (+/- 2 points) — 21%

Declined by 3-5 points — 2%
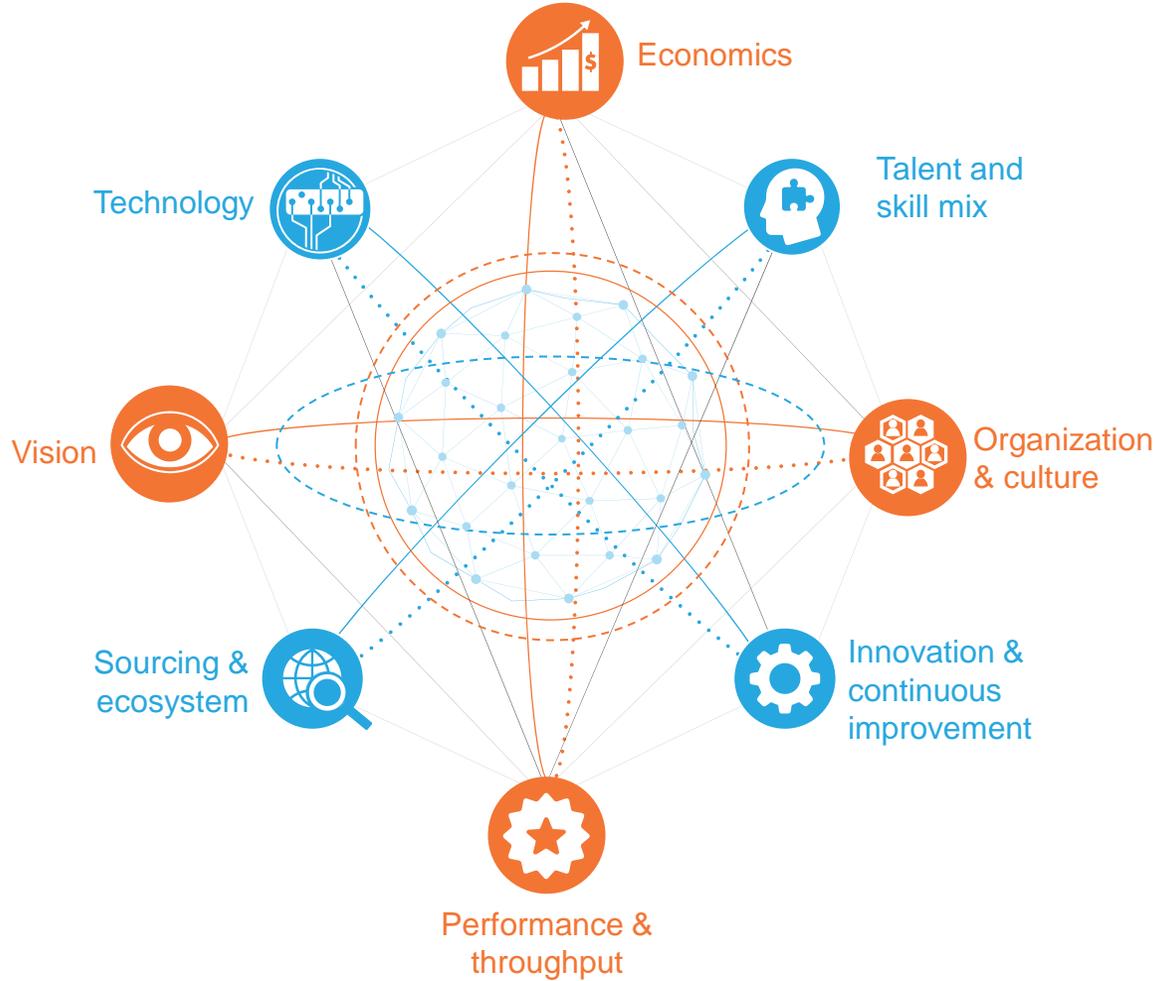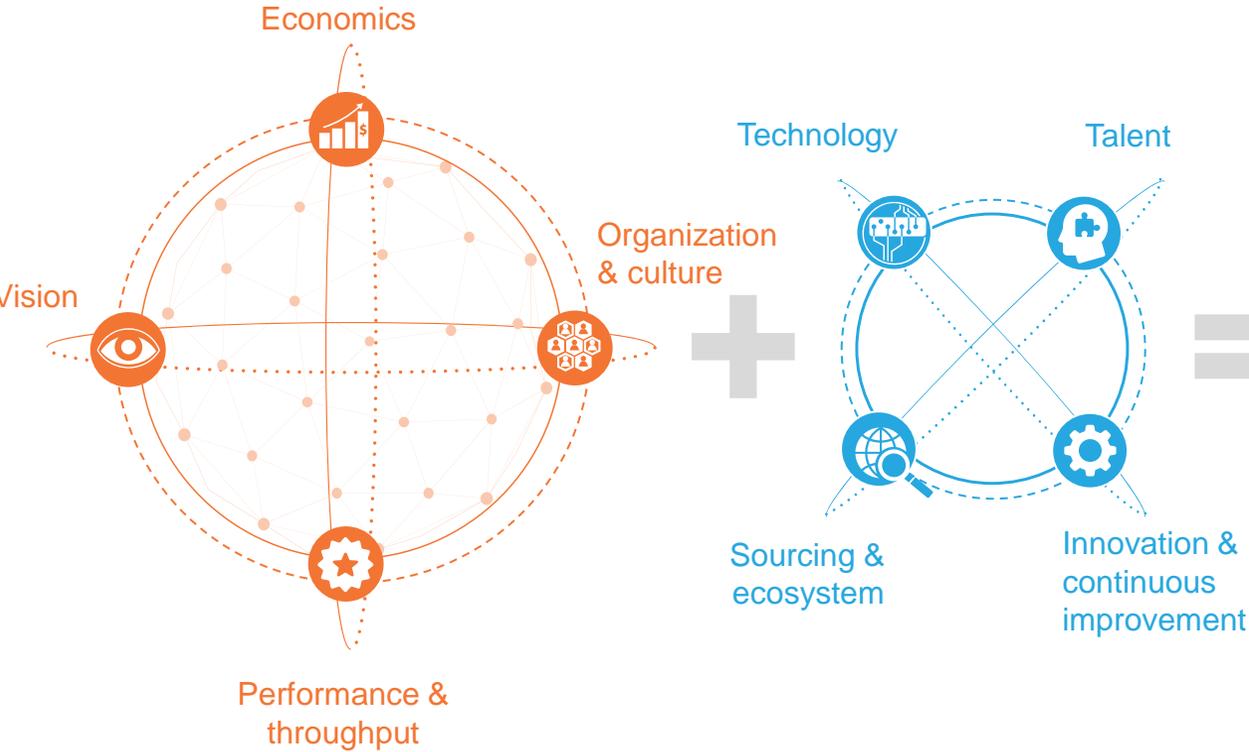
EXIT

Average attrition change

+10.5 points

* How have attrition levels in your organization changed (in percentage points) in the last three months? (For example, if attrition was 15% prior to the last three months and has risen to 25% in recent months, it has **increased by 10 percentage points**.)

A holistic approach to scaling Agile can enable breakthrough value

Key deterrent #1: Agile applied in a non-generative culture

3 of the top 5 challenges with adopting or scaling Agile relate to organization and culture[1]

Common intrinsic challenges

"We don't know what the scrum manager is doing"

"Agile won't work for us"

"My team does not want to work with Agile"

"We have bigger things to focus on"

"Old habits die hard"

Leading organizations need to foster a "generative" culture

Pathological	Bureaucratic	Generative
Power oriented	Rules oriented	Performance oriented
Low cooperation	Modest cooperation	High cooperation
Messengers "shot"	Messengers neglected	Messengers trained
Responsibilities shirked	Narrow responsibilities	Risks shared
Bridging discouraged	Bridging tolerated	Bridging encouraged
Failures scapegoated	Failure leads to justice	Failure leads to inquiry
Novelty crushed	Novelty leads to problems	Novelty implemented

1   State of Agile report, 2021

Key deterrent #2: Agile treated as a silver bullet

Common pitfalls

Agile as a solution to every project

No single product owner authority → chaos

Taking a waterfall approach to Agile rollouts

Favorable scenarios for adopting the Agile framework

Modularity
Possibility for the application to be broken down into meaningfully independent modules

Urgency
Time-bound project requiring rapid time-to-market

Novelty
New project in which the firm lacks prior experience
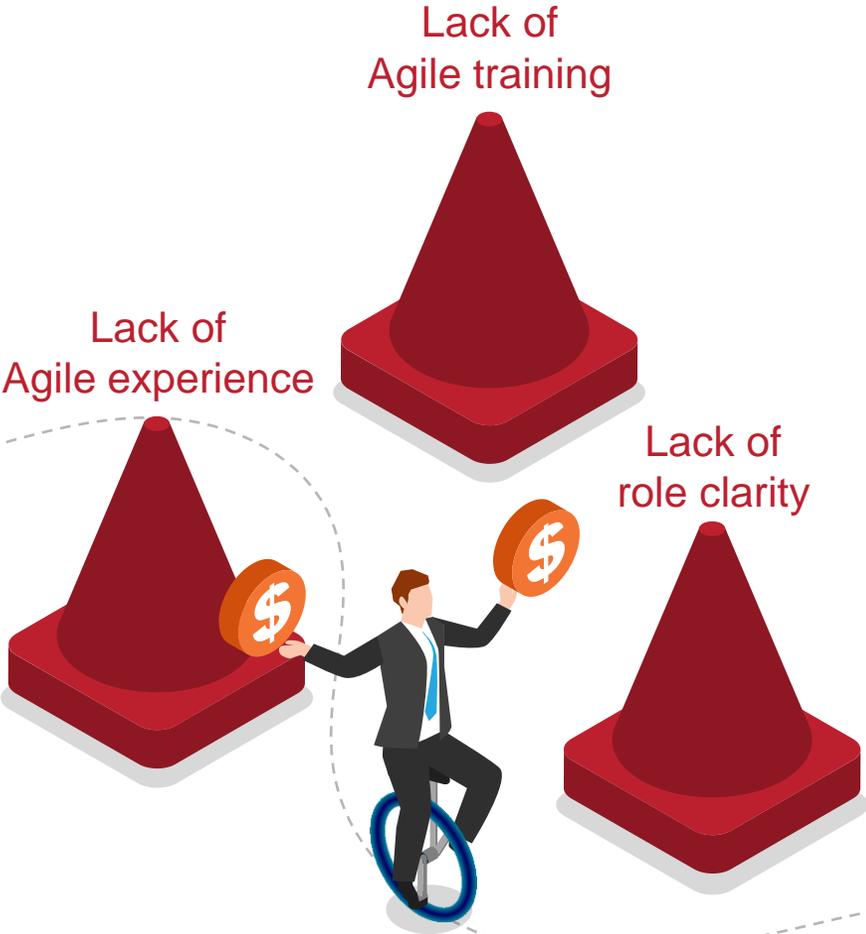
Talent profile
Team can function independently

Stakeholder involvement
Project involves significant involvement of business stakeholders

Key deterrent #3: Agile applied without the right workforce

Elements restricting performance and throughput

Lack of
Agile training

Lack of
Agile experience

Lack of
role clarity

As roles evolve in Agile, organizations need to adopt the right training and sourcing methodologies

Project manager	⟩⟩⟩	Scrum master
Program manager	⟩⟩⟩	Product owner
Deployment engineer	⟩⟩⟩	Agile coach
Release manager	⟩⟩⟩	DevOps engineer

Key deterrent #4: Agile applied with traditional funding models

50%

Of organizations cite
managing budgetary constraints
as a significant challenge

<10%

of executives believe that
budgeting is flexible enough
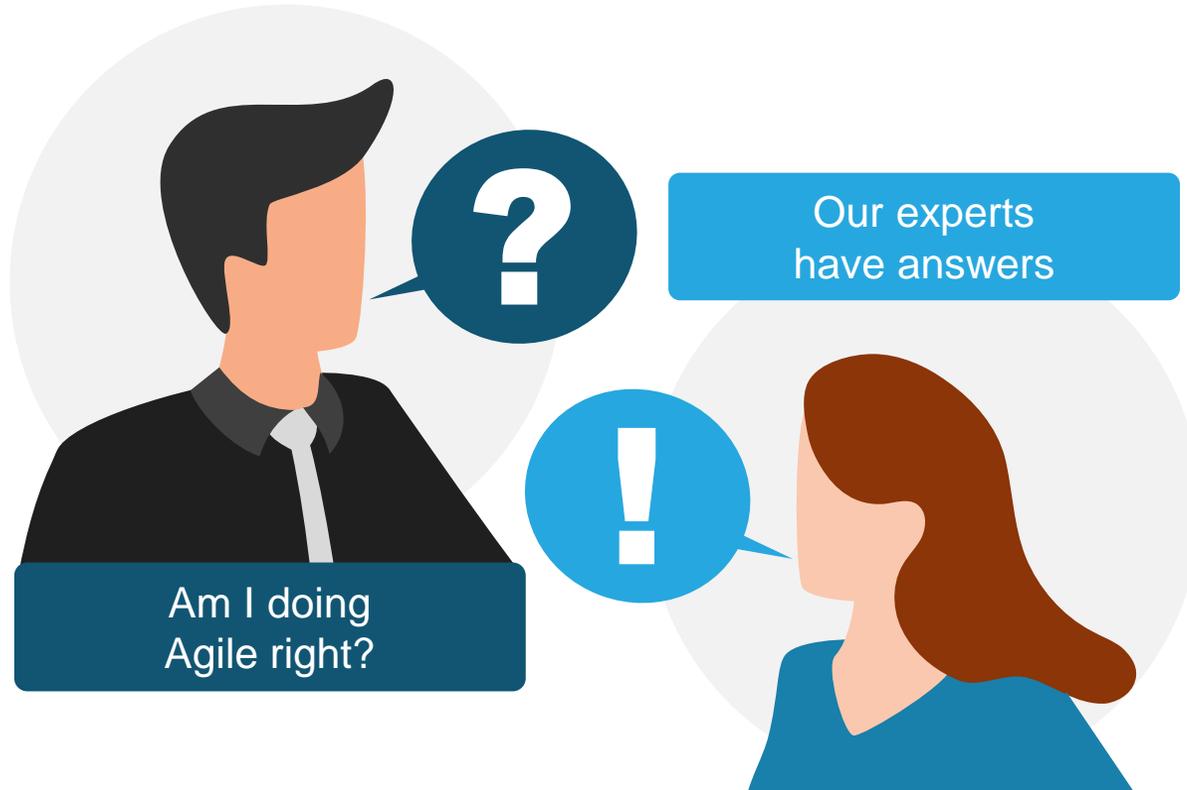to support product teams

Contributing factors

| Annual funding cycles | Comparing software RoI | CIO-product team dissonance |

Source: Everest Group survey, 2021

Calibrate your Agile journey | complimentary access to expert analysis and best practices

Our experts have answers

Am I doing Agile right?

Calibrate your Agile journey, with our Agile views on:

- **Designing Agile delivery teams:** pyramid design and shoring design
- **Identify the top five strategic KPIs along with industry benchmarks**
- **Outsourcing views (best practices vendor landscape):** tiered use of suppliers and construct transparency

HOW? To request the complimentary analyst inquiry, contact either Ankit Gupta or Ashwin Venkatesan (email addresses on an upcoming slide) or indicate your selection on the post-webinar survey

Offer accessible to organizations that use services, not those commercially selling services

Discussion points for today

Current state of adoption

Key adoption challenges

Getting Agile right

Q&A

What is the most significant challenge while scaling or adopting Agile practices? (Select one option)

- Pan-organization change management – **21%**
- Access to the right skills and talent – **12%**
- Inadequate leadership support and sponsorship – **26%**
- Proliferated technology landscape – **6%**
- Insufficient training and knowledge of best practices – **18%**
- Lack of relevant metrics to track value – **18%**

True distributed Agile delivery moves away from the concept of locations to self-governing pods built across multiple locations

True distributed Agile delivery

● Hub (primary sites)   ● Spoke (secondary sites)   ● Satellite (tertiary sites)   🏠 Work from home

Business HQ

Product owner

System architect

Product manager

Product manager

Feature pod 3

Feature pod 1

Feature pod 2

Model characteristics
- Onshore vs. offshore is no longer the central design principle
- Ownership, accountability, and autonomy shifts to virtually connected feature pods
- Distributed governance with self-sustaining feature pods

Feature pod characteristics
Virtually proximate global teams, responsible for end-to-end product features

Key operating model principles best-in-class organizations are following to drive Agile adoption and implementation
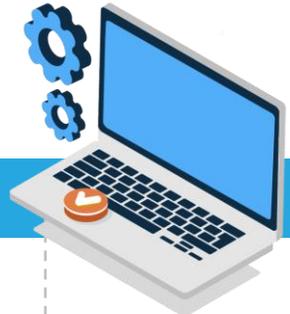

1 SIMPLIFICATION AND INDUSTRIALIZATION

2 PERSISTENT PRODUCT-CENTRIC TEAMS

3 "SHIFTING RIGHT" ON TALENT

4 NEW WAYS OF WORKING (NWOW)

5 AGILE FUNDING MODELS

Standardization and rationalization can help achieve better quality, control, and visibility in Agile initiatives
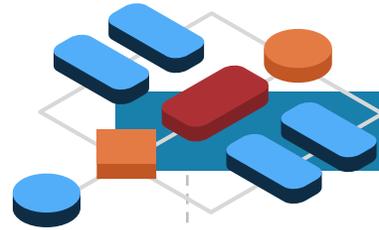
Technology standardization

Architecture standardization
- Standard enterprise architecture
- Covers infra, data, integration, and APIs
- Simplified choice of technology vendor

Toolset standardization
Preferred toolset for all processes; example: design tool – Marvel, Figma, Invision

Module definition

Aggregating and building a common set of module points

Approach 1 (preferred)
Driven by individual business features

Approach 2
Driven by discrete technology components

Repeatable components

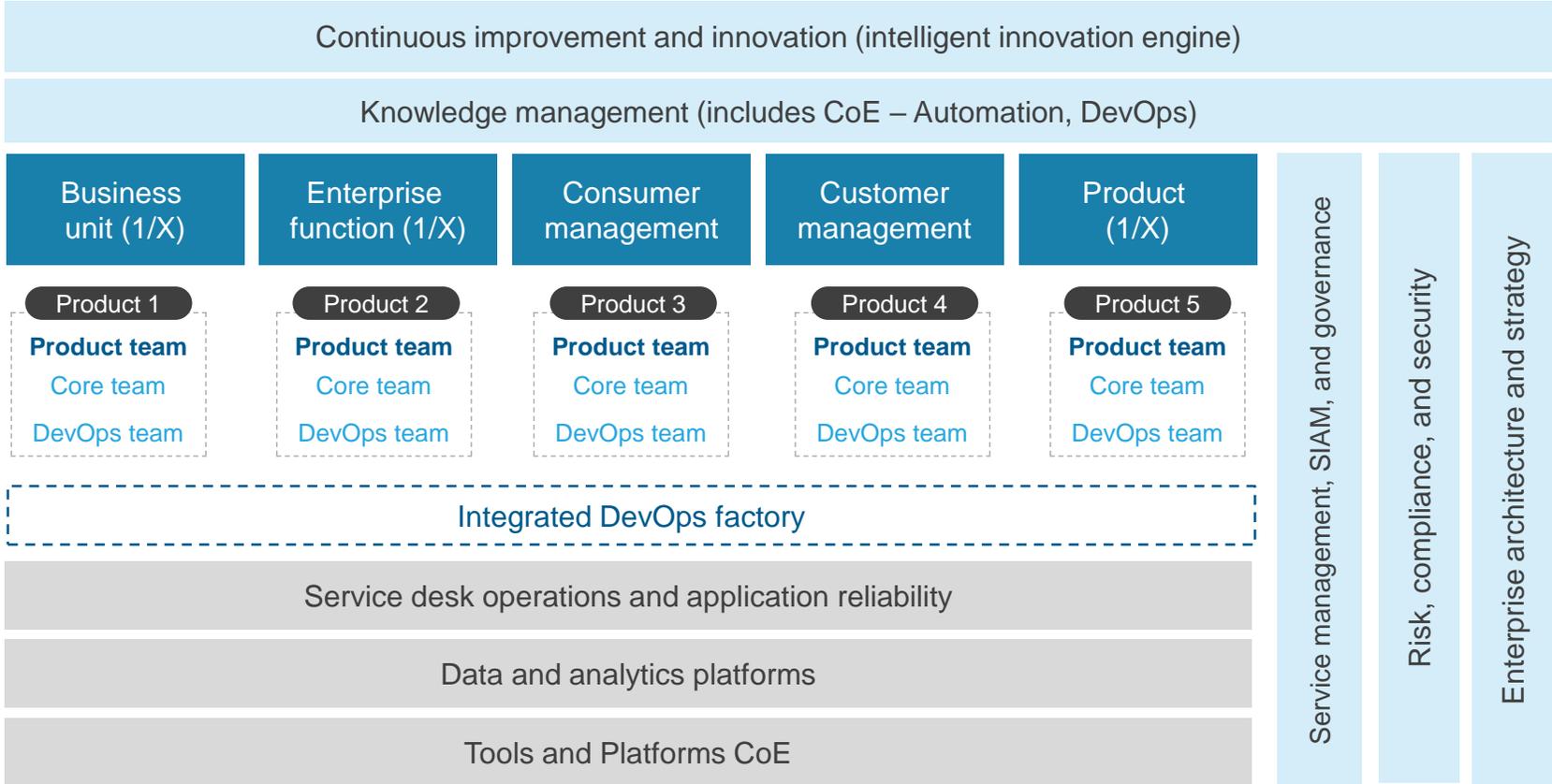**Effort standardization**

Better cost estimates

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Advanced enterprises are moving toward a product-centric organization model to foster better business-IT collaboration

Continuous improvement and innovation (intelligent innovation engine)

Knowledge management (includes CoE – Automation, DevOps)

Business unit (1/X)	Enterprise function (1/X)	Consumer management	Customer management	Product (1/X)
Product 1	**Product 2**	**Product 3**	**Product 4**	**Product 5**
Product team	**Product team**	**Product team**	**Product team**	**Product team**
Core team	Core team	Core team	Core team	Core team
DevOps team	DevOps team	DevOps team	DevOps team	DevOps team

Service management, SIAM, and governance

Risk, compliance, and security

Enterprise architecture and strategy

Integrated DevOps factory

Service desk operations and application reliability

Data and analytics platforms

Tools and Platforms CoE

Considering digitization of every business that our customers interact with, we know that we must organize around Agile principles. We must think about how we **move from project to product**, and we have to look at our supplier base in a digital ecosystem way because that is how the digital and data-inspired world is moving."

– Chief Digital and Technology Officer, Global HLS enterprise

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Enterprises need to shift right on talent and acquire the right skills to ensure success with Agile initiatives

67% Think **new skill gaps will emerge** due to structural changes in businesses

69% Say they **already have a talent shortage** in their organization

60% Believe **more retraining of existing teams** will occur

Illustrative full-stack developer skilling path

Degree of proficiency required ● High ● Medium ● Low ⬆ Upskill ★ Cross-skill

Software development
- Programming languages: ASP.Net, Java, Python, JavaScript
- Application development
- Agile
- Database programming
- Version control: Git and JIRA
- Web/mobile app development

+

Skill	Proficiency	Type
Full Stack knowledge: LAMP, MEAN, LAPP, MERN	High	Upskill
API management	High	Upskill
Microservices	Medium	Cross-skill
CI/CD and containers	Low	Upskill
Application protocols	High	Upskill

Front-end development
- HTML/CSS, JavaScript, Bootstrap
- UI/UX design
- Version Control – Git, JIRA
- Developer tools/ IDE – Eclipse, Intellij, Atom, Netbeans etc.

+

Skill	Proficiency	Type
Full stack knowledge: LAMP, MERN, MEAN, LAPP	High	Upskill
Back-end languages: Python, Java, and Ruby	High	Upskill
Database programming	High	Upskill
API management	Medium	Upskill
CI/CD and containers	Low	Upskill
Microservices	Medium	Upskill

Back-end development
- Java, Python, Ruby, and ASP.NET
- Server Knowledge: IIS, Nginx, and Apache
- Version control: Git and JIRA
- API (REST and SOAP)
- Database programming: SQL. NoSQL, and PostgreSQL

+

Skill	Proficiency	Type
Full stack Knowledge – LAMP, MEAN, and MERN	High	Upskill
Front-end language – HTML, CSS, JavaScript	High	Upskill
API management	Medium	Upskill
CI/CD and containers	Low	Upskill
Microservices	Medium	Cross-skill
UI/UX design	High	Upskill

→ **Full stack developer**

Everest Group Survey, 2021

Success in a Distributed Agile model also requires considering broader, softer work dimensions

Everest Group's hierarchy of IT employee needs
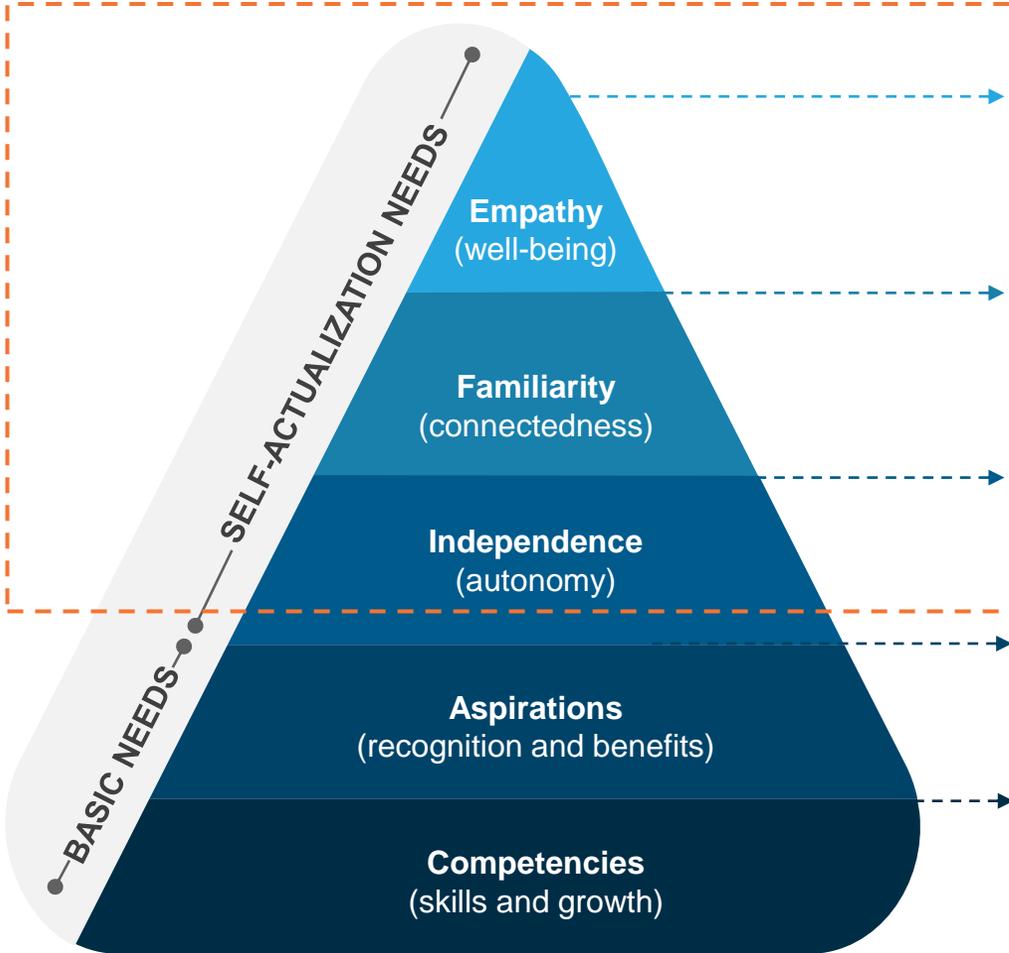
Initiatives garnering significant focus among enterprises at present

Considerations for enterprises

Employee touchpoints and social capital creation | opportunities across identities | **culture @ home** (via videos, branded goodies, etc.) | **smart workplace** (connected, green, contactless)

Strong onboarding experience (automation of systems/processes) | continuity in team compositions | facilitation of mini co-located teams

Flexibility of teams/projects/locations | well-defined work packets and outcomes | **specialized training for managers**

Industry-standard monetary benefits | culture of appreciation | **job rotations and lattice career path enablement**

Personalized career paths | focus on soft skills and personality dimensions

SELF-ACTUALIZATION NEEDS

BASIC NEEDS

Empathy (well-being)

Familiarity (connectedness)

Independence (autonomy)

Aspirations (recognition and benefits)

Competencies (skills and growth)

Case study: A leading bank adopted a hybrid pod-based delivery model to boost product building and reduce feedback response time

Objectives
- Transition from a waterfall approach to a more iterative approach
- Reduce product development time

Solution
- Introduced the concept of hybrid pods – small teams of three to eight people
- Anyone across the bank could start a pod and recruit others to join the pod

Impact generated
- Streamlined change management
- Reduced release time from 20 days to 5 days
- Client feedback response rate improved from 4 months to 2 to 4 weeks

What they did right – lessons learned

Pod comprising development and functional capabilities

Freedom to create and recruit people into pods

Ongoing focus on optimizing pods

Enterprises should adapt sourcing strategies for run vs. change – transparency is key for sustained sourcing outcomes

	Run		Change
Value proposition	Savings	→	Speed
	Hyper-automation	→	Hyper-productivity
	Standardization	→	Right, Re, multi (Skilling)
Supply model	Outsourcing reliant	→	Employee reliant
	Managed services	→	Staff augmentation
	Concentrated portfolio	→	Diversified portfolio
	Offshore	→	Local/best-shore
	Manage outcomes	→	Manage talent
Metrics	Focus on core business metrics	→	Focus on user satisfaction and delight
	Examples: revenue and user growth, Customer Satisfaction (CSAT) score, adoption rate	→	Examples: transaction response time,% accuracy of knowledge base search

Enterprises need to use flexible funding strategies aligned to Agile business needs

5

Annual cycle | project mentality | limited agility for new business priorities | locked-in investments

Agile funding models

Move from **fixed** to **flexible** funding models to align with enterprise objectives

Budgeting approach	➡ **Zero Based Budgeting (ZBB)**
Funds allocation	➡ **Aligned to top business priorities**
Review frequency	➡ **Quarterly funding calibration**
Funding mechanism	➡ **Capacity-based funding based on outcomes**
Sources of funding	➡ **Funds from vendors, consortia, academia**
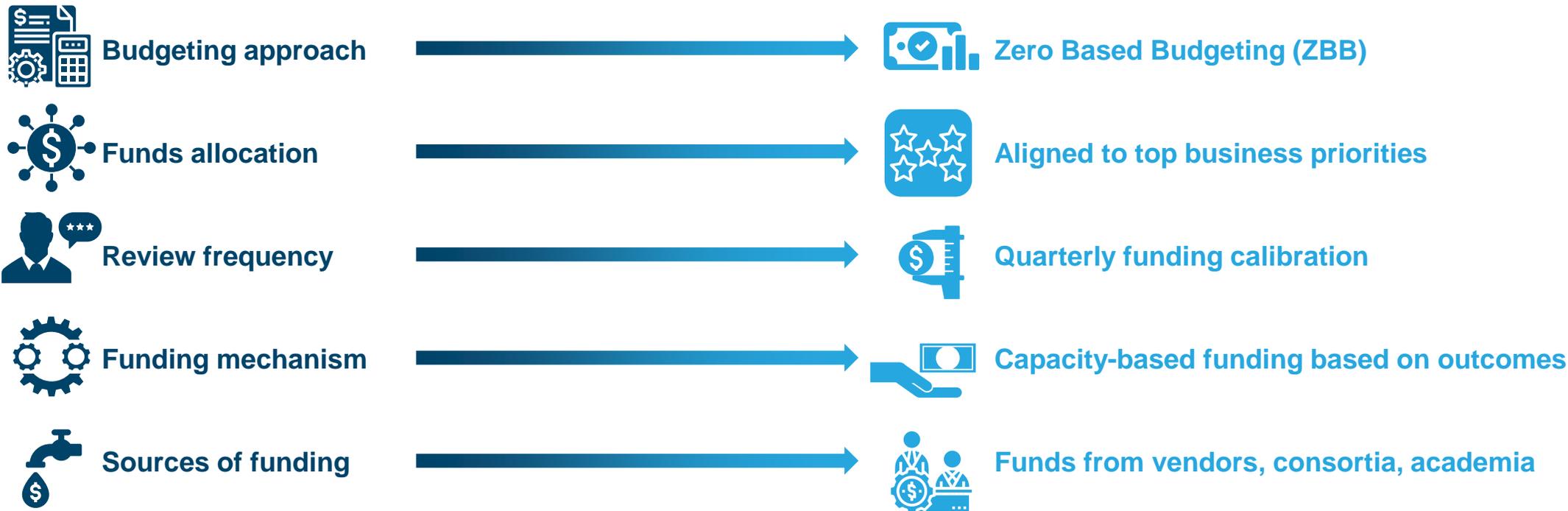
Everest Group's 5 guidelines to scale Agile

1 Drive balance between individual team autonomy and centrally-driven standardization initiatives

2 Build persistent teams – drive productivity gains by leveraging knowledge and benefits from past projects

3 Adopt a programmatic approach to build an IT talent base that can effectively address tomorrow's needs

4 Ensure transparency in engagement constructs to ensure sustained value from sourcing initiatives for Agile

5 Re-define funding models with focus on agility – move from fixed annual budgeting cycles to flexible funding models

Take our assessment | How do you compare to your peers?
Strategic IT Workforce Development Pinnacle Model® Assessment

Everest Group assists clients in capturing value from their services spend through memberships and focused projects

Memberships	Projects

Memberships

Intended toward helping drive efficient and informed sourcing decisions via two key engagement levers

Published research

Access to best-in-class research reports that examine engineering spending and sourcing from a variety of lenses:

- IT talent and location trends
- Service provider landscape
- Technology trends
- Sourcing trends

On-demand analyst access

On-going analyst access for additional perspectives and interpretations on topics aligned with published research reports

- Report debriefs
- Custom data-cuts
- Analyst discussions

Projects

Enterprises

- Sourcing strategy
- Location strategy
- Talent strategy
- Peer intelligence
- Global Business Services (GBS) Center evolution

Service providers

Strategy	Differentiation	Growth
Opportunity assessment	Market messaging	Account strategy
GTM strategy	Thought leadership	Account intelligence
Ecosystem strategy	Webinars/workshops	Price & solution reviews
Inorganic growth	Voice-of-the-customer	Live deal support

Discussion points for today

Current state of adoption	Key adoption challenges	Getting Agile right	Q&A
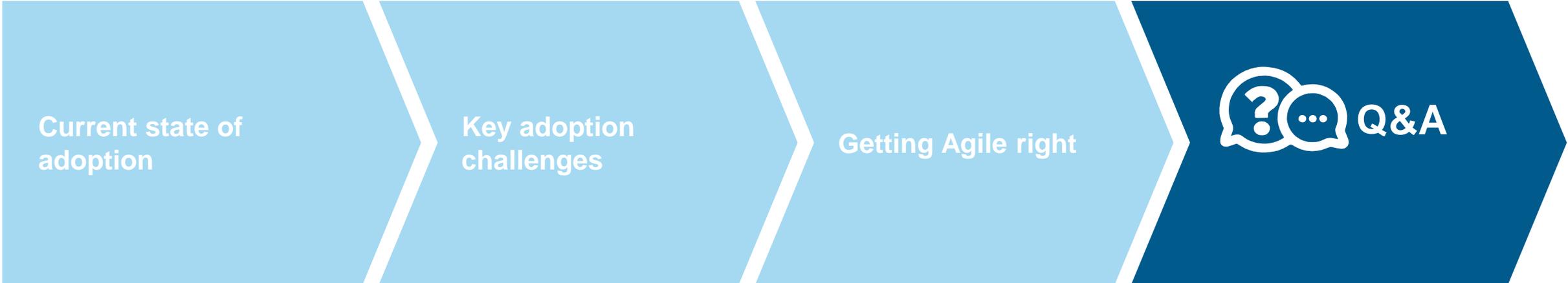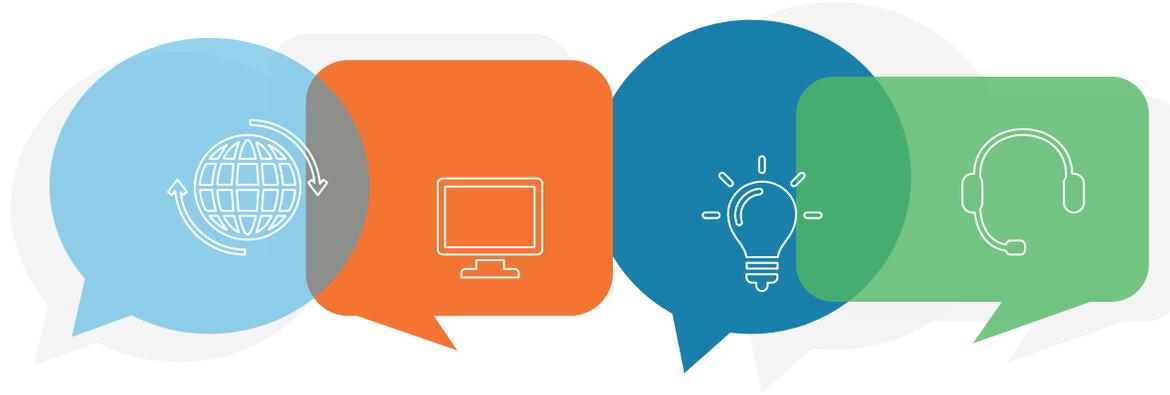
To ask a question during the Q&A session

- Access the **Questions** panel within the Zoom console, which is typically located on the bottom of your Zoom window

- Type your question in the dialogue box, then select **Send** to submit the question to our session Organizers/Panelists

- Attendees will receive an email with instructions for accessing today's presentation
- To ask a specific follow-up question, or for a complimentary assessment of your organization's digital effectiveness, please contact:
  - Michel Janssen, michel.janssen@everestgrp.com
  - Ashwin Venkatesan, ashwin.venkatesan@everestgrp.com
  - Ankit Gupta, ankit.gupta@everestgrp.com

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everestgrp.com/blog

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto
canada@everestgrp.com
+1-647-557-3475