

The Impact of Multi-speed Delivery on the Enterprise

Oliver Kremer



INTRODUCTION

The corridors of companies today are filled with buzzwords like DevOps, continuous delivery and multi-speed delivery. But if you ask more precisely what they mean, you will quickly find that only a few people who use these terms can make a direct, practical reference to their own company. Even in the executive offices of these companies, it is still difficult to derive suitable definitions for them and their practical applicability to the business at hand.



In fast-moving and digitally enabled business ecosystems and platforms, organizations need new ways of working that complement the traditional waterfall methodology.

Multi-speed delivery is one of those buzz words. When it comes to multi-speed IT delivery, we often hear platitudes about putting customer enthusiasm before shareholder returns and about the beauty of company-wide agility and the nobility of self-organized, self-responsible product teams.

Though at first this may sound simple, in reality it involves great complexity in terms of organizational, operational and governance models, and it presents significant challenges to a company's willingness and readiness to change. We find very different interpretations of multi-speed delivery from company to company and even within a single company.

In fast-moving and digitally enabled business ecosystems and platforms, organizations need new ways of working that complement the traditional waterfall methodology. They need to demonstrate flexibility and responsiveness to regulatory and fiscal requirements and to rapidly changing customer requirements.

This ISG white paper explores how can we combine the “new” and the “traditional” in a meaningful way without creating major construction sites elsewhere in the company.



What is multi-speed delivery?

Multi-speed delivery aims to achieve a range of development and response speeds so that development teams can release products at the optimal speed for their customers, business units or products.



Multi-speed delivery recognizes that there is no single approach – agile or waterfall – that covers all requirements.

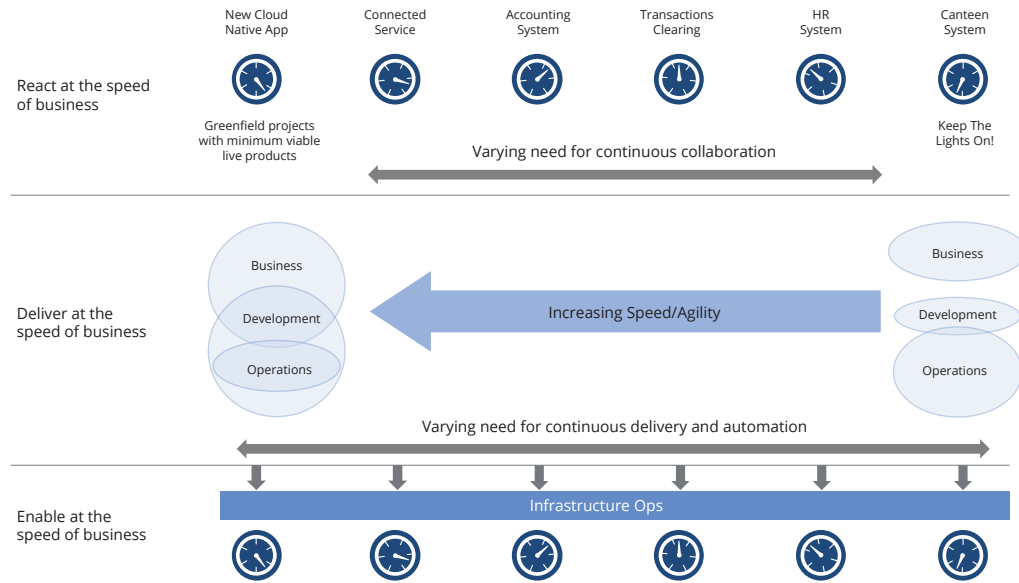
Today's fast-paced and complex market dynamics have created a new reality in which rapid and accelerated technological developments, customer preferences and employee expectations are changing all aspects of our lives. Organizations can no longer provide a merely average service or customer experience without fearing a major business impact – and, despite the fact that immature and volatile requirements have to be refined step by step to get a high customer acceptance for a solution, the traditional development period to reach desired product maturity of months or even years is no longer acceptable. This is why different development and response speeds are necessary.

While the principles of DevOps strive to align the goals of development, operations and quality assurance teams, the premise of continuous delivery is to make sure the software product is ready for production and that software release cycles are tied to business requirements.

Multi-speed delivery recognizes that there is no single approach – agile or waterfall – that covers all requirements. Instead, an organization needs a range of development approaches so it can vary its release speeds depending on the kind of software, including legacy applications (the “systems of record” that represent the intra-enterprise processes, capabilities and databases), transitional applications (the “systems of differentiation” in the area of business process or industry-specific differentiation) and disruptive applications (the “systems of innovation” that drive growth in new areas).

Figure 1 below illustrates the need for varying development speeds in enterprise and IT functions. The depth of integration between business units, IT development and IT operations changes significantly depending on the enterprise operating model. The market clearly shows a shift from traditional to agile corporate structures.

Figure 1: Depth of Integration of Bus-Dev-Ops



For enterprises to meet the rapid pace of technological change and consumer expectations, they must be willing to consider a dramatic change in the way they work.

How is multi-speed delivery used?

Multi-speed delivery combines best practices of both traditional and agile methods and enables cultural change to maximize business results. An organization must assemble the most important selection criteria for each project and weigh them based on its internal requirements and needs. Figure 2 below shows the criteria a team may use to determine the most appropriate development approach or method.

Figure 2: Selecting the Right Method

	Traditional					Agile	
	Very Low	Low	Medium	High	Very High	Weight	Value
Requirements	1	2	3	4	5	1.0	4
Volatility of requirements			3			1.0	3
Ratio of planned vs. unplanned work			3			0.5	3
Time to market				4		1.5	4
Sponsorship				4		1.0	4
Early stage in lifecycle			3			0.5	3
Test automation				4		1.0	4
Results							3.4

WATERFALL → SCRUM → KANBAN + Continuous Deployment

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Companies need to rethink their way of working, organizational models and existing governance structures.

The higher the degree of agility required for a project, the higher the demands on the operating model and the necessary organizational change.

For enterprises to meet the rapid pace of technological change and consumer expectations, they must be willing to consider a dramatic change in the way they work. For most companies, this includes a significant shift in how they align business products and customer orientation and in how they apply agile structures to improve throughput of development work and responsiveness. Becoming an agile enterprise, therefore, requires transformation of the IT operating model that facilitates the far-reaching influence of a multi-speed IT environment on the governance of the company.

To begin, organizations must first answer the following questions with regard to their overall governance structure:

1. How do we make decisions?
2. When and how often do we make decisions?
3. What roles play a part in decision-making, i.e., who gets to make decisions?
4. What information in the form of data or knowledge do we need to make decisions?

These questions need to be answered specifically with regard to the following key areas of governance:

- Strategy, portfolio and business and IT orientation, including all strategic decisions and the development of an investment portfolio as well as the orientation of the business and IT
- IT development (projects) execution, including decisions concerning innovation and delivery of investment portfolios
- Operations, including all operational decisions on current IT services and their changes
- Architecture, data, security, compliance and risk, including decisions relating to specific IT security and regulatory issues
- Strategic vendor management, including decisions concerning all aspects of the partner ecosystem in which a company operates.



Decision-making in almost all areas of the company is exposed to at least moderate influence by the multi-speed delivery approach and that IT operations are significantly affected.



Figure 3 below illustrates the influence of multi-speed delivery on these five existing governance structures. It is easy to see that decision-making in almost all areas of the company is exposed to at least moderate influence by the multi-speed delivery approach and that IT operations are significantly affected.

Figure 3: Multispeed Delivery Impact on Corporate Governance

		How	When/Frequency	Roles	Information
Types of Decision-Making	Strategy, Portfolio and Business and IT Orientation				
	IT Development (Projects) Execution and Innovation				
	Operations: Changes, Performance and Quality				
	Architecture, Data Security, Compliance and Risk				
	Strategic Vendor Management				

Low Impact
 Medium Impact
 High Impact

ISG helps organizations assess enterprise agility, develop a sourcing strategy, design an agile target operating model and partner ecosystem and manage the inevitable organizational change. Contact me to discuss how we can help you.

ABOUT THE AUTHOR

THE IMPACT OF MULTI-SPEED DELIVERY ON THE ENTERPRISE



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Oliver Kremer holds a degree in aerospace- and aeronautics-engineering. He is a director in ISG's Sourcing Solutions team and advises ISG clients on the extension and modification of existing sourcing contracts as well as the introduction of new, modern multi-provider sourcing contracts. He supports clients in the subsequent conversion, transformation, implementation and stabilization of the new operating model. His expertise ranges from consulting, service development and sales to line, delivery and account management. Mr. Kremer has managed multinational organizations with up to 1,500 employees and a comprehensive P&L for ADM, ITO and BPO. He is a scrum.org Certified Professional Scrum Master and Certified Professional Product Owner.



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