



DIGITAL PRODUCT DELIVERY 2021

REALISING VALUE AT SPEED WITH AGILE



MMT DIGITAL
an **msq** company

INTRODUCTION

In a digital-first world that is evolving rapidly with increasing demands from consumers and stakeholders, quickly understanding what works and what doesn't is imperative. This needs to be done both introspectively and by taking learnings from others.

This report, with **input from over 250 IT leaders** is designed to help organisations understand where the opportunities and risks in digital transformation at scale sit and how to set themselves up for success.

The analysis will inform readers on the latest state of the marketplace, giving technology leaders a greater understanding of digital transformation. We'll discuss agile ways of working and the opportunities that lie ahead for those ready to grab them, whilst helping those who already are on the agile journey.

OUR RESEARCH PROCESS INCLUDED:

- A quantitative survey of 257 Chief Technology Officers (CTOs), Chief Information Officers (CIOs) and Digital Directors at UK-based organisations with 10,000+ employees
- Interviews with decision-makers at leading brands such as **Vodafone, Boots, Moneyfarm and Oak North**

Using research data and in-depth interviews as well as our client case studies with industry-leading organisations including **Vodafone** and **Boots**, supported by insights from **Moneyfarm**, the leading European digital wealth manager, with £1.6bn under management, and **OakNorth**, the fast growing UK bank for small and medium-sized companies, we are able to present a clear and rounded view of how a range of businesses use agile principles to transform product delivery and increase speed to market, driving greater business value at scale. Comparatively, it also becomes clear that those who don't follow the fundamentals of good digital product delivery are adversely affected in their ability to realise value for stakeholders and customers.

We will discuss why identifying value is fundamental in **successful product delivery** and how this approach needs to be baked into an organisation's DNA for it to be truly successful. This report will demonstrate why, if you are one of the many organisations not doing this today, you are likely losing out. We will look at how to **identify value** and call out the difference in delivery success for those that are able measure effectively and those that are not.

We will then review how to use measurement to drive **continuous improvement**, maximising opportunities and returns, which is where companies can really start to capitalise on their digital investments.

To bring these ideas to life in a real-world context, we also explored how current MMT Digital clients such as Boots and Vodafone used agile principles to transform product delivery and increase speed to market, driving greater business value and scale.



257 surveyed

...across a range of
company sizes

...with budgets
ranging from

500 to
>10,000
employees

100k to
>500m

...and spanning a number of different industries

ARCHITECTURE & ENGINEERING EDUCATION
SALES, MEDIA & MARKETING
EDUCATION FINANCE HUMAN RESOURCES
LEGAL RETAIL & LEISURE
MANUFACTURING & UTILITIES
HEALTHCARE TRAVEL & TRANSPORT
IT & TELCOMS ARTS & CULTURE



KEY RESEARCH THEMES INCLUDE:

- Senior technology leaders say digital investment is “not used well nor regularly analysed”.
- CTOs find it difficult to understand where value sits in their digital products, which leads to unclear priorities.
- Lack of agility and ambiguous delivery makes it hard to respond to new customer demands.
- The majority of organisations surveyed are not currently releasing digital products on a continuous basis.
- The number one challenge for digital leaders is to realise the vision and value they set out to achieve.



A TIME OF UNPRECEDENTED CHANGE

Driven by new consumer and corporate demands, the need for scalable, effective and customer-centric tech solutions has put digital agility at the top of most business agendas.

But as competition increases, so too do expectations.

Today’s technology leaders are tasked with delivering valuable digital products to customers at an accelerating pace, all without compromising on quality or efficacy of output.



**As Sean Hunter,
Chief Information Officer
at OakNorth, puts it:**



**“Everything moves very fast.
We’re delivering more and more
implementations for customers
that are challenging to deploy
into, but we’re continuing to
increase our speed to market.”**

Add to this budget constraints, new ways of working and a marketplace full of disruption, and it's clear to see why many organisations struggle to realise the anticipated value from their digital transformation.

It is evident that, whilst most organisations know they need to transform and are adopting agile principles to do so, many lack the capabilities to deliver digital innovations in an effective, timely and cost-efficient manner.

NOT KNOWING WHERE VALUE LIES LEADS TO UNCLEAR PRIORITIES

57%

Our research shows that less than a quarter of senior technology leaders say they have an “excellent handle” on the effectiveness of their digital investment, while more than 1 in 2 (57%) say it’s “not used well” nor “regularly analysed”.

40%

Despite the best intentions, 40% of CTOs say they “find it difficult to understand where value sits in our digital products and struggle to prioritise work across our portfolio”.

This disconnect leads to problems throughout an organisation. If engineers, for example, only understand the ‘what’ and not the ‘why’, then a divide will emerge between the company vision and product delivery. When this occurs, individual teams will lack clarity on the specific value they’re trying to drive.

more than
1 in 3

senior technology leaders say their delivery teams
“don’t have a good understanding of value”

In this case, it’s not so much that delivery teams are unable to grasp the concept of value – it’s more that this value isn’t communicated clearly enough to ensure a consistent focus among teams.

Not knowing where value lies can lead to unclear priorities. In fact, well over a third of digital leaders say **“realising the vision and value we set out to achieve”** is their biggest challenge.

To overcome this, organisations need to find new ways of supercharging lean agile product delivery practices to develop high performing teams that are focused on value.

Nearly a quarter of respondents that have **“an excellent handle on the effectiveness of what we output”**, are more likely to **“understand the value of our digital products and use this to invest, prioritise and release to market iteratively”**.

When value is well understood and defined across teams, this leads to a host of benefits, including **“speed to market of digital products”**, **“internal communication within development teams”** and **“quality of innovation”**.

EMBRACING AGILE

As companies look to drive digital innovation at scale, the entire culture, behaviours and structures of the organisation need to work in tandem. Achieving this requires a new mindset – one that embraces agile in order to break down silos and create new value streams.

Taken as a whole, we arrive at three important conclusions:

- 1.** When culture, behaviours and structures become truly agile, organisations can increase speed to market, deliver efficacy of output and drive digital innovation at scale.
- 2.** Senior technology leaders know they must embrace agile ways of working, but having the capabilities to deliver digital products and services in an effective, timely and cost-efficient manner is a real challenge.
- 3.** A gap between strategy and delivery will stop organisations realising their market potential, which is a problem that can put customer acquisition and retention at risk.

In our fast-paced digital world, it's clear that agile ways of working are no longer just a 'nice to have' – they are a must for any organisation that wants to outpace the competition and deliver real value to its customers.



For an example of an organisation that is reaping the benefits of agile, we can look to leading health and beauty retailer, Boots. With a large engineering capacity, Boots needed to find ways to drive innovation and rapidly release digital products to market to meet customers demand.

With that in mind, Boots adopted a SAFe agile delivery process that is focussed on value-based prioritisation and enabling creativity and innovation to come to the fore. It was especially important for them to provide a framework that their suppliers and vendors could work within to ensure the consistent measurement and delivery of value. As an example of the benefits of this approach they recently designed, built and

released a functioning chat bot in several weeks, something which previously would have taken several months.

This approach will also materially impact the bottom line as key functions can be delivered at speed that are proven to deliver customer value.



Steve Westgarth,
Head of Engineering at Boots,
comments:



“Boots traditionally rely on suppliers to deliver our digital services across the various business units, and by establishing a centralised engineering capability within Boots IT, we have standardised Agile behaviours, practices and measurements. The result being significant improvements in speed to market and value to our customers.”



THE CHALLENGES WE'VE UNCOVERED

Today, most businesses recognise the need to embed agile ways of working across all levels of the organisation, from strategy, structure and processes to people and technology.

Despite this, many organisations struggle to develop a measurable digital strategy that maximises return on digital investment.

There are a host of challenges – both internal and external – that every technology leader must embrace and overcome in order to adopt an agile-first approach to product delivery.

Traditionally, it has been hard for businesses to draw insights from teams to measure progress at scale. Outdated systems and isolated silos hinder an organisation's ability to track team engagement and the corresponding links to commercial success.

While nuances exist from sector to sector, our quantitative survey findings and brand interviews point to a number of prevailing challenges. Each of these have a marked impact on an organisation's ability to focus on the customer, build trust and deliver value that matters.

KEY CHALLENGES INCLUDE:

40% **Slow speed to market**
of digital leaders say their biggest challenge in 2021 is “bringing new products and features to market”. As customer demands shift and markets evolve at an accelerating rate, digital transformation is running at a speed unimagined in previous years. Keeping pace with these changes while bringing new products to market is an ever growing challenge.

72% **Product delivery is not continuous**
of organisations still release digital products either monthly, quarterly or once or twice a year. This project-based delivery model suggests that the very structure and processes of most organisations are not set up to enable agile ways of working, thus hindering progress at the most fundamental level. As a result, companies may inadvertently stifle innovation and diminish the value delivered to the end-user.

40% **Value is difficult to comprehend**
of CTOs say they “find it difficult to understand where value sits in our digital products and struggle to prioritise work across our portfolio”. If success is not consistently defined across departments, then the overall business goals will not be translated into clear goals for digital teams. As such, value becomes difficult to comprehend, as shown by the fact that 1 in 3 digital leaders say their delivery teams “don’t have a good understanding of value”.

32%

Innovation is not clearly defined

of senior technology leaders say innovation is “expected within product delivery but not defined”, which highlights inconsistencies across vision, design and delivery. An ambiguous approach to innovation makes responding to changing demands hard, since there’s no clear vision for who is responsible or how this will happen.

50%

Customer-centricity remains a challenge

of organisations are still striving to become more customer-centric; 1 in 2 companies “only test digital prototypes at the start of delivery” or “have no direct access to customer feedback at any point of product development”. These silos close the loop of continual feedback, design and development, which makes it harder for companies to complete successful agile transformations.



SOLUTIONS LIE IN BEING AGILE

Being agile as a business and as an engineering team provides many benefits. When done well, product delivery becomes more manageable and you start to look at value as the key driver for prioritisation, while measurement becomes a useful tool.

The benefits of agile product delivery

Adopting a sound agile product delivery methodology not only enhances efficacy of output, but it can also transform speed to market. Measurement, transparency and a willingness to share are key. From sharing test-and-learn findings to actively managing skills and resources to needs, the ability to move quickly and confidently is intrinsically linked to greater commercial performance.

DEFINING VALUE

To master agile, it's imperative that organisations set a clear vision and define value from the outset.

This is always easier said than done, but the companies that can embrace the challenge will reap the rewards via greater speed to market and stronger efficacy of outcomes.

As OakNorth's Sean Hunter describes, "With agile, we're able to implement faster and organise structures, so that individual engineering teams can do what works best for them."

An agile transformation requires changing deeply entrenched behaviours, processes, governance, structures and communication channels, all of which are the more challenging aspects of digital transformation.

In order to create a culture of agile, dynamic and high-performing teams, value must be clearly defined and communicated across the business. This phase is necessary to set the groundwork so that technology leaders can build digital products and services that create value for an organisation and its customers.



**Sean Hunter at
OakNorth comments:**



"We offer value to banks by bringing speed to market. For some things it's easy to put a value on, notably where our features have a specific commercial value. For others, it's very hard. Say you have an enhancement that the customer wants – that's where it becomes more challenging."

PRIORITISE FEEDBACK AND MEASUREMENT

To create digital solutions that serve the end-user, value must be defined at the start of product design and measured throughout delivery. If technology teams can't measure value, then it can't be properly managed.

Given that 50% of senior technology leaders say they have “no direct access to customer feedback at any point of product development”, this sends a clear signal that product development is not as customer-centric as it should be for many organisations.

Value is driven by customers, so to maximise this, organisations need to make feedback and measurement a priority.



DELIVER VALUE FASTER

88%

of digital leaders say “**quality issues**”, “**poor agile discipline**” or “**poor technical governance**” are barriers when attempting to deliver quality outcomes at speed. Speed to market is a real challenge for companies that haven't adopted an agile approach.

Moneyfarm overcomes these hurdles by ensuring that delivery outputs move as quickly as possible without compromising on value.



**Moneyfarm's
Attia Jamil says:**



“We’ve designed our teams based on outcomes. Each team has a KPI that is attached to a specific company goal, so everything is interlinked. As part of measuring the outcome, we purposefully measure the output. We want to understand how fast we can move without compromising on quality and value.”

The organisations that can change thinking, break down silos and adopt agile ways of working will succeed in measuring effectiveness and developing digital solutions that solve real problems at pace.

Vodafone: An agile transformation

Most senior technology leaders know that agile product delivery can help their organisation bring value to market faster and more efficiently.

To make this happen, however, organisations must have a robust understanding of where that value sits and how it can be tracked. The best agile teams understand the value of the product from the vision and business case all the way through the product backlog to individual user stories.

Take Vodafone, for example:

Developing an agile culture allowed Vodafone to achieve its vision of a modern, fast, componentised and fluid enterprise architecture.

This tried and tested model enables organisations to remove reliance on poorly integrated monolithic legacy platforms. Instead, releases can be made continuously, multiple times every day, so that investments made in digital products can be realised by consumers immediately.

As new features can be readied, validated and rolled out, there is also less pressure on testing, as it's carried out at a much smaller level. Marketing tests can even be carried out in a live environment, with instant feedback gathered and rollback if needed.



As Ben Connolly, Head of Digital Engineering at Vodafone points out:



“By forming a single, fully integrated team across our organisations, we’ve gone way beyond the boundaries of in-housing. This new model has enabled us to deliver a number of key initiatives, from launching new products and services, building a new digital infrastructure, rolling out agile methodologies at scale to revolutionising the customer experience with emerging technologies.”

For Vodafone, none of this would have been possible without change in culture and thinking. By removing silos and empowering delivery teams so that processes aren't a blocker, value can be delivered much more efficiently and innovation has a real chance to shine.

THE POWER OF CONTINUOUS DELIVERY



Vodafone isn't alone in this, Moneyfarm's Attia Jamil comments:



“We continuously release digital products. In fact, we had 409 releases in the previous quarter. At the end of each quarter, we introspect and further optimise our software delivery lifecycle processes. We do not believe in waiting until the end of a sprint to get your product out there. As soon as we can release reliably to market, the earlier we can seize opportunities by being ahead of our competitors and the earlier we can validate our hypothesis by gaining early feedback and iterating the product accordingly to satisfy the needs of our customers.”

Cross-departmental communication is what enables engineers to make quick decisions and design lightweight solutions that can be delivered to customers rapidly. In this scenario, iteration takes place after the core solution has been released.



OakNorth's CIO Sean Hunter adds, **“We divide our agile engineering teams across large organisational units, and then subdivide this into tribes, and then each of the tribes have smaller squads. This means engineers deal with a particular group of 6-8 people.”**

These agile teams allow the business to ensure **“product changes are delivered weekly via continuous integration,”**

Sean concludes.

A SERIOUS RISK

42%

While continuous delivery has unequivocal benefits, many organisations struggle to make it a reality. 42% of digital leaders say they **“only test prototypes at the start of delivery”** and that it is **“not a continuous process”**.

29%

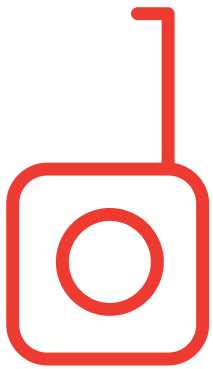
A lack of consistency across teams and product owners only compounds this issue. In fact, 29% of senior technology leaders say **“we have an inconsistent approach from workstream to workstream”** and that it **“varies a lot between our different product owners”**.

72%

As a consequence, 72% of organisations report that **“digital products are not released on a continuous basis”**, which we defined as hourly, daily or weekly.

Failure to bring products to market quickly is a serious risk in today's hyper-competitive landscape. This not only puts customer acquisition and retention at risk, but it can damage an organisation's wider commitment to drive value, efficacy of output and innovation.

The most successful companies build high-performing teams that are made up from roles across all specialisms, focusing less on efficiency within their own silo and more on efficacy of output. This is why it's pivotal to break down silos, track value and focus on driving continuous delivery. To maximise return, however, organisations must possess the capabilities to measure agility.



MEASURE AGILITY AND MAXIMISE RETURN

To embrace agile at scale and capture value, digital leaders need to reimagine the business as a network of high-performing teams.

Overcoming departmental structures of the 20th century requires a complete re-thinking of how business hierarchies should operate. To succeed, organisations must start by prioritising flat, fluid structures that allow space for high-performing, cross-functional teams.

Each of these high-performing teams, while connected by the same sinew, should operate as independent business units that are obsessed with creating value, rather than simply delivering functional tasks.

This enterprise-level agility is a radical move away from the dominant model of the past hundred years, which prioritised top-down reporting structures, strict annual budgeting and separation of business and technology.

For today's organisations, agile methodologies provide an exciting opportunity to turn aging operating models into dynamic, high-performing, value-focused business units.

MEASUREMENT LEADS TO SUCCESS

63%

of respondents rated their agile product delivery capability as “quite good.”

79%

cite **“communication issues”, “disconnect between business needs and engineering / IT capacity”** and **“the wider business not working in agile”** as barriers to delivering quality outcomes at speed.

This contradiction underscores the importance of sound measurement across business units.

While product delivery may seem “quite good”, without an underlying ability to track, measure and assess specific areas, organisations may struggle to comprehend how much value is being lost.

MMT Digital’s clients are able to use MMT’s **Agile Maturity Index (AMI)** to understand vital insights on speed to market, efficacy of output, team culture, technical capabilities and the different perceptions of those capabilities.

This powerful tool provide exciting opportunities to track, measure and improve an organisation’s agile transformation, which is necessary to drive positive agile culture change across large-scale engineering teams.

Armed with deep, scalable, data-driven insights, organisations can then put a clear figure on value, better measure agility and ultimately maximise their return on investment.

CONCLUSION

As the demand for innovative, customer-centric technology solutions grows, organisations are facing mounting pressures to deliver digital products at speed that do not compromise on quality or efficacy of output.

While 63% of senior technology leaders say their agile product delivery capabilities have been “quite good” over the past 18 months, the extant evidence paints a different picture entirely.

Less than 1 in 4 digital leaders say they have an “excellent handle” on the effectiveness of their digital investment, with a resounding 57% reporting it’s “not used well nor regularly analysed”.

Given that 40% of CTOs “find it difficult to understand where value sits in our digital products”, it’s not surprising that more than 1 in 3 digital leaders (39%) struggle to “realise the vision and value we set out to achieve”.

When business vision and product value are not clearly defined, this causes a cascading effect that impacts development speed and diminishes efficacy of output.

To overcome these challenges, organisations must first identify value and enter a phase of discovery that will enable them to define what this future customer experience should look like.

Next, businesses need to focus on bringing products to market at speed. Here, continuous delivery is necessary in order to mitigate the risks of a project-based delivery schedule. Achieving this requires an agile methodology that breaks down silos, creates high-performing teams and increases speed to market.

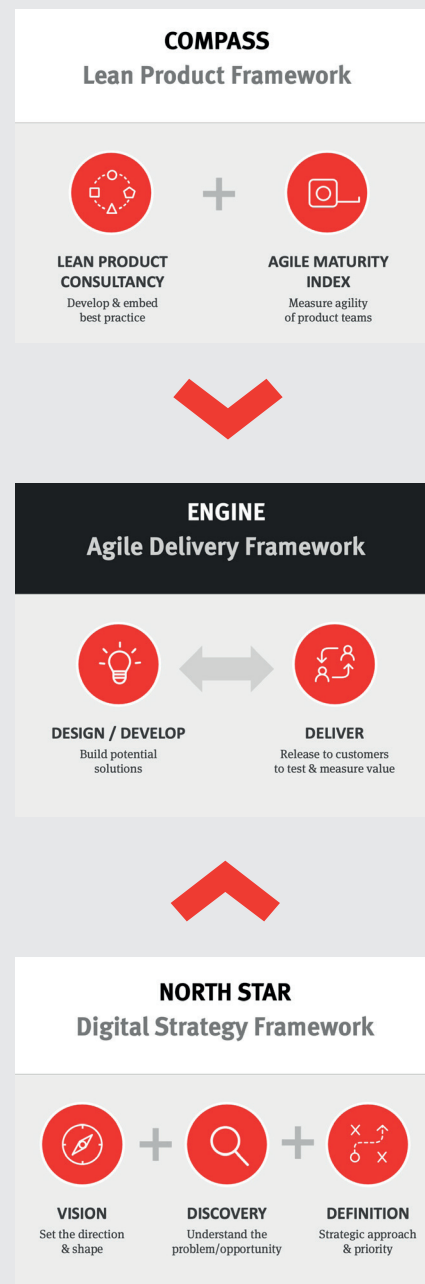
Finally, these agile systems and lean product deliveries must be tracked, quantified and measured to ensure that value is continually being driven at all levels of the business.

It is not enough for organisations to use elements of SAFe and Lean Agile Product Delivery, the ways of working need to be baked into the day to day working practices of teams.

By harnessing insights such as those delivered by the **Agile Maturity Index**, organisations can benchmark and assess agile strategies to drive continual improvement, essentially becoming agile organisations at their core, as opposed to just ‘doing agile’.

At a time of relentless change, there’s never been a more important moment for organisations to harness the power of agile, increase speed to market, deliver efficacy of output and drive digital innovations at scale.

MMT are well versed in supporting organisations on this journey at various stages using their 3 stage frameworks.



MMT DIGITAL

We help clients build digital products that transform business performance. Part agency, part consultancy, we're leaders in combining technology, experience design and lean agile product delivery.

Utilising our core frameworks, we work in partnership with our clients in a lean and agile way. We move fast to build trust with their customers and deliver value that matters.

To get the most of your agile transformation, visit our website to learn more about the **Agile Maturity Index**, a service we offer to help companies gain vital insights on speed to market, efficacy of output, team culture, technical capabilities and your different teams' perception of these capabilities in order to help product teams, engineers, senior leadership and C-suite to make better informed decisions.

[FIND OUT MORE](#)

www.mmtdigital.co.uk

info@mmtdigital.co.uk

