SCALED AGILE®

Drive Real Results with Business Agility

Dealing with Disruption

The Fortune Global 500 index annually ranks the world's top revenue-grossing companies and can be seen as a proxy for enterprise health and longevity. Over the last two decades, however, it also has reflected the dramatic changes affecting the world's top businesses. Since 2001, for example, the number of Chinese companies on the Fortune Global 500 index has grown from 10 to 120, while the number of North American companies on the index has dropped from 215 to 143.[1]

Incumbents that have long dominated their markets in traditional industries such as healthcare, energy, and retail are increasingly fielding threats from nimble disruptors and new market entrants whose headquarters are on the other side of the world. As technology expands—and even levels—the playing field across the globe, companies must be prepared to respond to disruption outside their industry and beyond their borders.

To remain competitive, many organizations commit to 'going digital.' A recent survey by Forbes and Huawei found that two-thirds of the world's top companies have made digital transformation a key part of their strategy, and 70 percent of companies on the Fortune Global 500 index have implemented or plan to set up digital transformation teams.[2] Indeed, the companies that successfully harness technology to drive results grow revenue twice as fast and are twice as likely to increase their profits.[3]

1 Wikipedia, Fortune Global 500.

2 "How Fortune Global 500 Companies Are Grappling With Technological Disruption," CIO.com, September 28, 2018.

3 Laurent-Pierre Baculard, Laurent Colombani, Virginie Flam, Ouriel Lancry and Elizabeth Spaulding, "Orchestrating a Successful Digital Transformation," Bain & Company, November 22, 2017.

In the midst of this sea change, however, it's easier to identify the problems rather than the solutions. Enterprises often fear the investment costs of change, but dismiss the cost of inaction. They consider technology to be foundational to their success, but overlook the importance of operational upgrades, culture change, and engaged employees and customers. They acknowledge the need to evolve into more adaptive and streamlined businesses, but they don't have a roadmap for how to get there. A Bain & Company survey of 1,000 organizations found that, "The payoff from digital transformation can be impressively high, but the success rate is regrettably low."[4]

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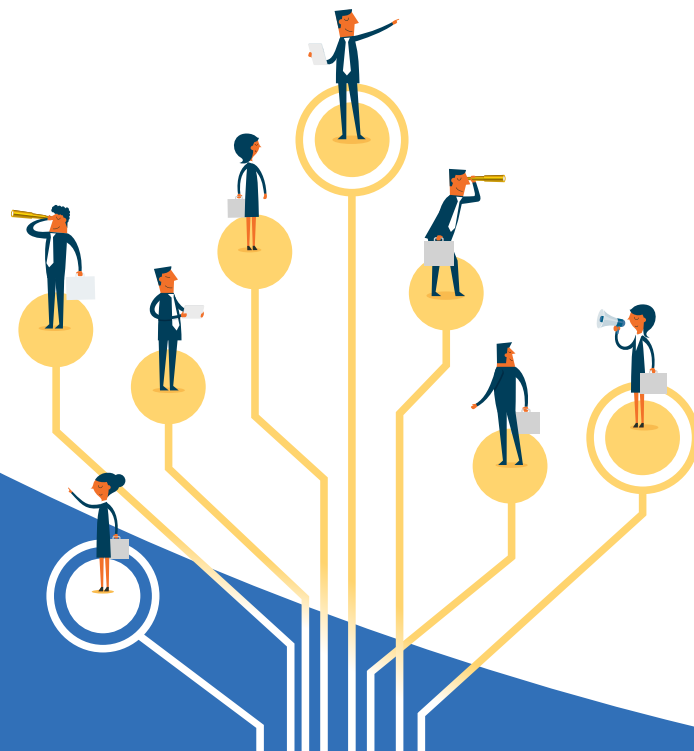
Innovation requires us to systematically identify changes that have already occurred in a business—in demographics, in values, in technology or science—and then to look at them as opportunities. It also requires something that is most difficult for existing companies to do: to abandon rather than defend yesterday.[5]

–Peter Drucker
Management consultant

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4 Laurent-Pierre Baculard, Laurent Colombani, Virginie Flam, Ouriel Lancry and Elizabeth Spaulding, "Orchestrating a Successful Digital Transformation," Bain & Company, November 22, 2017.

5 George Gendron, "'Flashes of Genius,'" Inc. Magazine.

Become Resilient, Efficient, and Innovative

Leaders responsible for delivering improved outcomes understandably want solutions with proven success and minimal risk. Comprehensive change efforts are complex, and for many enterprises, incremental changes may not be enough to achieve measurable business results. These enterprises often must engage in transformation across the organization—in their operations, processes, structure, and culture.

Over the years, one set of approaches has proven highly effective in helping companies become more resilient, efficient, and innovative. Agile, originally developed for software professionals, emphasizes collaboration and rapid iteration to improve time-to-market and innovation. Lean, borrowed from Japanese manufacturing, organizes around value streams to improve productivity and minimize waste. DevOps is a collection of proven practices to help key members of an organization— including development, operations, security, and compliance—improve quality and deliver value to customers faster. Together, these approaches provide a flexible template for building operational excellence and continuous improvement into any business.

Scaling Agile is a popular transformation method for leading companies because it's proven, customizable, and sustainable, allowing them to see short-term results while building long-term strength and responsiveness. Recent research from McKinsey finds that more than 70 percent of enterprises are making Agile transformation a top priority.[6] And their investment seems to be paying off: more than 80 percent of business units that have transformed to Agile have seen moderate or significant improvements, and these Agile organizations are 50-percent more likely to outperform their competitors.[7]

6 Bo Krag Esbensen, Klemens Hjartar, David Pralong, Olli Salo, "A tale of two agile paths: How a pair of operators set up their organizational transformations," McKinsey & Company, February 2019.

7 "How to create an agile organization," McKinsey & Company, October 2017.

> *Agile is especially important for traditional companies that are going digital, because what made them successful in the past is not necessarily going to make them successful going forward.*[8]
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> **–Jeanne Ross**
> MIT

Drive Business Results with SAFe®

According to Gartner, 77 percent of Agile organizations have already implemented or are considering an enterprise agile framework[9] to help them broaden their impact. With more than 500,000 people trained and implementing its practices at organizations around the globe, SAFe is one of the fastest-growing frameworks for scaling Agile and has been identified by multiple surveys and analyst firms as "the Most Used and Considered Framework."

SAFe began as a framework for effectively scaling Agile principles and practices from a single development team to teams of teams, business units, and entire organizations. As it has grown to integrate industry best practices, SAFe has incorporated Lean principles that focus on delivering maximum value in the shortest possible time, and DevOps practices that harness collaboration to more reliably build, test, and release products on demand.

8 Jeanne Ross, "For true digital transformation, businesses must embrace agility," MIT Sloan Executive Education innovation@work Blog.

9 Mike West, David Norton, "Market Guide for Enterprise Agile Frameworks," Gartner, Inc., August 27, 2018 ID: G00338510.

SAFe is a mature framework, supported by a strong global partner network and an extensive and evolving curriculum with in-demand certification opportunities, that can yield improvements for both customers and employees. Typical outcomes (based on SAFe case studies) include:

* 50-percent faster time-to-market

* 35-percent increase in productivity

* 50-percent improvements in quality

* 30-percent more motivated and engaged employees

Read the following case study snapshots to see how two organizations used SAFe to scale Agile more broadly and drive business results.

1

AIR FRANCE KLM

"SAFe gives us the framework we have been missing while at the same time empowering each business domain to define their own way to reach their goals."

– Didier Lavielle, Programme
   Manager for Agile Adoption,
   Air France-KLM

In the increasingly competitive transportation industry, companies need to balance operating costs and customer expectations with global regulations and multiple rivals. To this end, Air France–KLM wanted to improve its performance—specifically the speed and quality with which it launches applications. After successfully implementing Agile in its Commercial Digital business unit, the company wanted to scale Agile more broadly across 11 different units. This would require bringing together diverse business domains and the diverse cultures at their French and Dutch offices.

Best practices:

The company chose SAFe to give it a rigorous framework for adopting and implementing Agile and Lean practices, and to provide training for people to better collaborate across functions and contexts. After launching an Agile Release Train with a 150-person, cross-functional planning event in Paris, the results rolled in:

- **SPEED**. Before moving to Agile, Air France–KLM typically averaged six months between releases. After adopting SAFe, it released 17 times in seven months.

- **QUALITY**. Of the 17 releases, the company experienced just one delay.

- **PRODUCTIVITY**. On average, teams using SAFe are delivering at least 20-percent more effectively than legacy teams.

- **MARKET SHARE**. Air France–KLM saw a 20-percent increase in its share of the small and midsize cargo business by streamlining its IT systems and instituting dynamic pricing.

- **EMPLOYEE SATISFACTION**. The company's employee satisfaction rates rose by 25 percent after adopting SAFe.

- **ADAPTABILITY**. Because it now does strategic planning on a quarterly rather than annual basis, Air France–KLM has been able to adapt its strategy several times to quickly take advantage of emerging business opportunities.

Read more case studies at scaledagile.com/case-studies

2 CASE STUDY

CISCO

"Companies that successfully scale up agile see major changes in their business. The business is better able to read changing conditions and priorities, develop adaptive solutions, and avoid the constant crises that so frequently hit traditional hierarchies. Disruptive innovations will come to feel less disruptive and more like adaptive business as usual. It leads to greater efficiency and productivity in some of the business's big cost centers. Changes come on line faster and are more responsive to customer needs. Finally, the business delivers measurable improvements in outcomes—not only better financial results but also greater customer loyalty and employee engagement."[10]

— Harvard Business Review

There were just a few small teams in Cisco's Cloud and Software IT (CSIT) group using Agile practices when broader adoption became part of the company's IT strategy. Most teams were still using waterfall techniques, and were eager to replace their large, sporadic releases with continuous delivery. Take the case of the Subscription Billing Platform (SBP), a technology that supports subscription services across the company. Separate teams were responsible for design, build, testing, and deployment, and when requirements were finalized late, the delivery teams missed their delivery dates. Release cycles stretched on for months, causing delays that affected quality and meant teams had to work overtime to make up for schedule slips.

Results with SAFe:

Cisco launched multiple Agile Release Trains, with the teams working closely together to communicate needs and resolve blocks. They delivered the latest SBP release on time and in scope, with huge improvements over its results with previous waterfall methods:

- **QUALITY**. Cisco saw a 40-percent decrease in critical and major defects, with a 16-percent drop in the defect-rejected ratio and 25-percent fewer quality assurance defects.

- **EFFICIENCY**. There was a 14-percent increase in defect removal efficiency.

- **COLLABORATION**. Daily stand-ups helped teams to see beyond their own role, work together more efficiently, and take accountability for a common goal.

- **EMPLOYEE SATISFACTION**. Employees were happier in their jobs; they didn't need to work after hours and had fewer meetings.

10 Darrell K. Rigby, Jeff Sutherland, Andy Noble, "Agile at Scale," Harvard Business Review, May–June 2018.

Read more case studies at scaledagile.com/case-studies

Adapt and Compete in a Digital World

When enterprise leaders scale Agile adoption beyond their development groups and undertake Agile transformations, they're not following a development or management fad: they're seeking tangible business results. The improvements delivered by scaling Agile—faster time-to-market, higher quality, greater customer delight, improved predictability, and increased employee satisfaction—correlate directly to top-line and bottom-line growth. By providing a blueprint for how to implement Agile, Lean, and DevOps with high ROI, SAFe helps companies adapt and compete in a digital world.

When your organization is ready to pursue true business agility, we can lend a steady hand. Contact us to get started.

About Scaled Agile

Scaled Agile, Inc. is the provider of SAFe®, the world's leading framework for business agility. Through learning and certification, a global partner network, and a growing community of over 500,000 trained professionals, Scaled Agile helps organizations build agility into their culture so they can quickly identify and deliver customer value, capitalize on emerging opportunities, and improve business outcomes. Scaled Agile is a contributing member of the Pledge 1% corporate philanthropy and community service movement.

Learn more at scaledagile.com