White paper:
Trends in digital transformation for financial services

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Introduction
As clients demand more digital services from all manner of financial service providers, businesses have looked to digital tools and a change in culture to save costs, introduce new technology and ways of working to grow their business and meet changing client needs. More than ever, businesses are also looking to digital transformation consultancies for their next evolution, realising that external expertise offers a fresh perspective on the businesses in terms of technology, people, and process automation to deliver a successful future.

As a digital transformation innovator with deep technology expertise, Agile Mind has a clear understanding of these challenges. Our digital transformation services are designed to deliver pioneering approaches to your business strategy and how to make your firm fit for the age of digital. We live and breathe new ways of working that serve our clients across the world.

This document describes our approach to digital transformation, which is our suite of services to redesign how your business operates in the digital age. The document focuses on the strategy, governance, execution, and controls that we have deployed to help protect firms from a digital transformation going off the rails.

Challenges with big consulting firms
All firms we have spoken with that have brought in one or more of the big consulting names for a digital transformation have not seen a correlation between the costs of numerous consultants and value delivered to their organisation. In one case, a firm spent more on a digital transformation than many other large firms would aspire to make in annual revenues! At the end of that failed venture, only a mobile app with minimal features was delivered. Big consulting names rarely have real-world expertise of how to address the changes needed for the digital age. They excel at slick sales pitches and PowerPoint slides, but that is where the expertise ends. Digital transformation is not a top-down or 'big-bang' event. We recommend starting small to gain expertise within the muscle-memory of your own staff as they get more confident in the new skills needed.

Understanding your business strategy
What are your strategic OKRs? This is a question that is often accompanied by a request to explain what OKRs are. Objectives and key results and changing the game for firms that are committed to business growth, stability, and measurable outcomes. Teams align their work around outcomes and work towards impacting key business results that have time-bound targets. This is a world apart from doing and delivering – only the clients or stakeholders will be able to tell you if the output of teams was of value to them. OKRs give leadership transparency on whether incremental progress is showing that the strategy is working and allows for decisions on whether to pause, pivot or persist, given the feedback from short

cycles of team delivery (feedback cycles are usually within one month to demonstrate progress).

Understanding people roles

Project and programme managers are an artifact of the industrial age, when teams were chased up to give status updates. Those asking for updates often didn't have the ability to help teams when they were struggling, thus adding limited value. Our approach is to train people up on product ownership, where product owners are empowered to make their own decisions on priorities aligned to OKRs and what to focus on to get the key results – no committees required. Next, we work to create self-organising teams that are cross-functional (e.g. operations, technology, sales, marketing), who learn to solve their own delivery problems and produce outcomes how they see fit, within the boundaries of well-defined safety controls. Making work and progress transparent on a weekly basis shows headway and gives teams an opportunity to raise impediments to leadership that they have not been able to solve themselves. Teams are flat structures. Loyalty in the team is to the customer, not a line manager. The role of line managers is to ensure that team members have the skills and support necessary to do their role. HR can help by crafting performance goals that grow a culture of collaboration. Goals ask how that person helped the team achieve OKRs in each quarter, or how wearing multiple hats helped accelerate outcomes. People are no longer bounded to functional job descriptions: the whole team helps to get the work done and people are encouraged to grow their skills more broadly.

Aligning technology with your business strategy

A key injunction is not to separate IT from business. The idea of a them-and-us culture is not fit for the digital era. When you buy shares on a stock market, you are dealing with technology, not a business. Think about that – digital offerings are changing the way businesses interact with clients. Technology is the business, and the strategy of a business needs to have technology leaders as key stakeholders on a permanent basis. Imagine a formula-1 racing team designing a car without asking the driver for input! When it comes to technology partners, it has been almost universal that offshoring to save money is a false economy. A smaller contingent of people in physical proximity to your key decision-makers will ensure there is domain expertise and that not only the right things are built, but that they are built right. There is minimal contract negotiation on SLAs with a skilled in-house team or a local technology partner.

Deliver continually

Weekly delivery synchs herald the end of steering committees. Leadership often has endless hours of steering committees in their diaries where status updates are given and too much emphasis is placed on milestones and delivery dates at the expense of business value. Teams get back time as they are preparing only a single update. There is <u>zero business benefit</u> to delivering something on time and within budget if it didn't impact key results on a specific OKR! The purpose of a delivery synch is such that the people doing the work provide updates on work done, progress towards impacting key results and request help for impediments they have been unable to solve. If impediments are not resolved by leadership, then teams cannot be expected to deliver to their original commitments! This approach to delivery saves costs by cutting out expensive project and programme managers and allows decisions to be made from the data presented. When the target is about achieving an OKR impact, it makes it much easier for leadership to determine a pause, pivot or persist decision. There is no point continuing down a path of failure to save face with these inputs. Capital can be deployed elsewhere when a hypothesis turns out to be false. A hypothesis in this sense is an educated guess that by engaging in certain activities, a particular business outcome will be realised. Any business hypothesis must be capable of being tested with observations and if the outcome is not possible, then the hypothesis is false, and an alternative path can be chosen. This is the human factor. Only people who know the business domain can be in a position to propose a way to achieve business outcomes and give leadership the transparency on whether it is working or not. This is where learning with short cycles saves so much time, money, and effort, as course correction becomes much easier.

Measure continually

By removing the middleman project and programme managers, teams self-report on progress against OKR impacts. These are the people who know the exact details of what is going on and can be clear about their forecasts towards objectives and key results. At scale, multiple teams can be within the domain of a value stream owner (sets priorities and strategic direction on **what** to be done) and a delivery owner (supports teams on **how** they deliver and helps resolve impediments). Working within the digital age supports the need for data-driven decision-making. If, for example, a new product or feature receives a low net promoter score from clients or users, it reflects poorly on the teams who did the work for not getting early feedback every sprint (a sprint is usually 2 weeks' duration) from stakeholders to steer the direction. Nevertheless, there is no point rolling the product out *en masse* if it isn't going to delight customers. A new hypothesis is needed to achieve the OKR for the business.

Conclusion

Adapting for the digital age takes courage. It's easy to slip back into doing things that worked successfully in the past. With customers being easier to poach by increasing competition, being lean and outcome-focused is essential. Working towards OKRs gives the whole organisation visibility on what the business strategy is, and empowers teams armed with this knowledge to generate hypotheses on how to make this happen. Frequent feedback allows decisions to be made on whether the observations validate or fail any hypothesis. Building internal, expert, and cross-functional teams is a key to success in delivery of digital products.

For these reasons and more, smart organisations trust us with their digital strategy. We will continue to invest in growing our expertise and offering to give you the tools, transparency, and expertise to thrive in the digital age.

Next steps:

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