

1+1=3

**Agile and Cloud
are teaming up!**



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Table of Contents

3 Competing in a Digital World

5 Agile Transformation or Cloud Adoption?

7 Client Case 1: Agile Transformation over Cloud Adoption

9 Client Case 2: Cloud Adoption over Agile Transformation

11 Agile Transformation and Cloud Adoption!

12 Why companies need to drive Agile and Cloud together

13 Drive a Fast and Efficient IT

15 Foster Happy Talents and Teams

16 Create an Adaptive Organization

17 Ensure High Quality Products and Services

18 Deliver High Value to the Client

19 What to do now? What is next?

22 Contact us

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Competing in a Digital World

The world is in a state of constantly accelerating change. One of the key drivers is exponential technological development, that shortens time to market for both improved and new technologies. Not only new products emerge faster, but also completely new business models and markets emerge with high frequency and disrupting incumbents. Therefore, resting on a seemingly secure market position in this world of volatility, uncertainty, complexity, and ambiguity is not futureproof for companies.

Any industry is impacted by the changes digitization brings, and most companies are already intensively engaged with the topic. To not only passively experience this change, but to actively shape it, it is essential to question and redesign various areas of the company making them ready for the digital age. For many companies, this is not big news. To embrace the changes enabled by digitization, companies are reshaping areas, applying new ways of working and trying to consider new digital technologies not as threats but opportunities. So, the question for companies is not anymore whether to tackle this change, but rather how to do it best. As Eric Ries (The Lean Startup) stated: **“The only way to win is to learn faster than anyone else”**.

Competing in the Digital Age

Technological disruptors have changed the industrial landscape in the past 20 years and pushed tech companies to the top. Who will be at the top in the next 10 years?

Most valuable companies 1996*

	Company	Industry
1	General Motors	Automotive
2	Ford Motor	Automotive
3	Exxon Mobil	Energy
4	Intl. Business Machines	Technology
5	General Electric	Conglomerat



Web 1.0



Big Data



IOT

Past Disruptors

Most valuable companies 2020*

	Company	Industry
1	Apple	Technology
2	Microsoft	Technology
3	Berkshire Hathaway	Finance
4	Alphabet	Technology
5	Facebook	Technology



Cloud Computing



Quantum Computing



Web 3.0



Artificial Intelligence

Upcoming Disruptors

Most valuable companies 2030*

	Company	Industry
1	???	???
2	???	???
3	How to utilize the next disruptors to move to the top?	
4	???	???
5	???	???



*By market capitalization

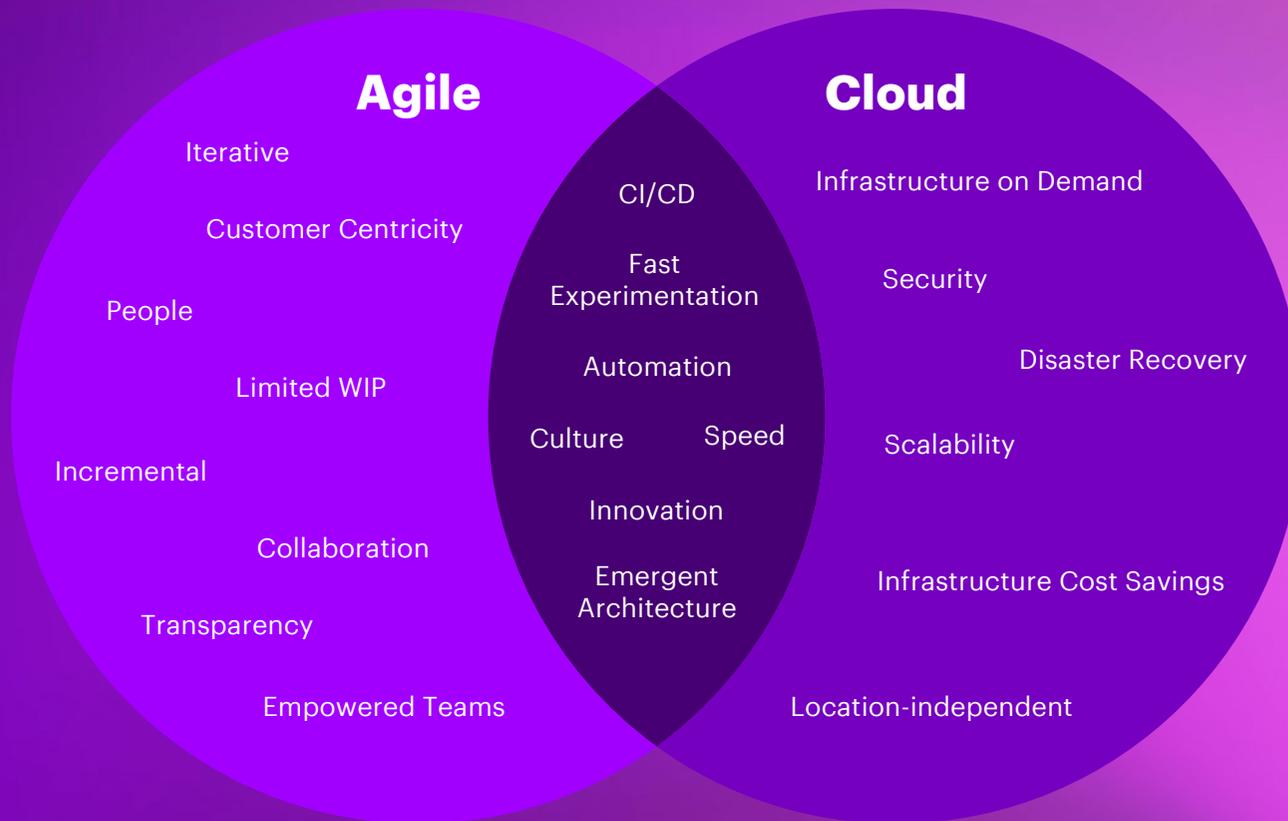
A person in a white t-shirt and dark pants is captured in mid-air, performing a high jump or kick. The person's right arm is extended upwards, and their left leg is kicked out to the side. The background is a dramatic sky at sunset or sunrise, with soft, colorful clouds in shades of orange, pink, and blue. The overall mood is one of energy and achievement.

Agile Transformation or Cloud Adoption?

Many of our clients see challenges ahead of them and want to get ready for the future. Often, we see that Agile and Cloud are not discussed as package and that different departments with different sponsors are responsible to drive the topics separately.

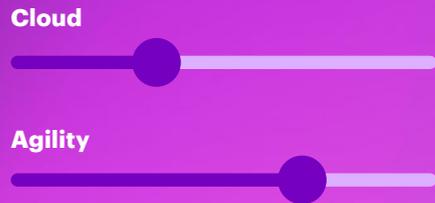
Whereas the cloud agenda is usually driven from an infrastructure department, Agile is on the agenda of the COO. This results in a clear disconnect of Agile and Cloud initiatives.

In the following chapter, we are going to describe two client cases, where Agile or Cloud led to substantial benefits and helped the companies to become future ready.



Client Case 1

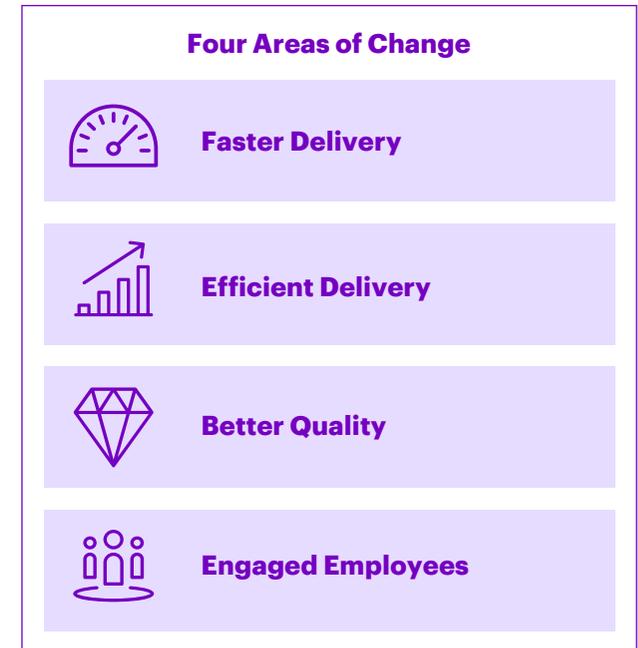
Agile Transformation as a prime focus, Cloud Adoption as a secondary focus



One of our clients, a financial institution, decided to start their Business Agility journey and to become an Agile enterprise. As the whole industry was and still is embarking on the Agile journey and as they believed in the benefits of an Agile business. At the time they were not connecting this endeavor to the cloud topic and thus were solely focusing on Agility.

During a multi-year transformation, the organization moved from a traditional to a Business Agility setup. As a starting point, they had defined four key objectives, which ultimately should lead to higher customer value. To achieve these objectives, they defined four areas for change. They focused on restructuring the organization along value streams and adapting the IT operating model to support the new organization.

To enable the organization to develop a new way of working, a team of Agile coaches and DevOps practitioners supported the delivery units to effectively work in accordance with Agile processes and to set up the technical foundation for efficient delivery.



Following a value-based and stable-capacity approach, they introduced lean portfolio management and a new budgeting process. Various initiatives around culture, behavior, and mindset helped anchor the change within the organization.

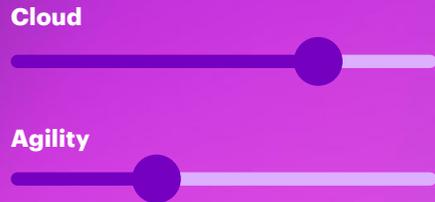
During a two-year timeframe, they were able to increase the development efficiency by more than 15%, reduce the number of critical incidents by **more than 10%**, increase the developer ratio within the organization by 5% and the employee satisfaction by more than 20%.

In parallel with the focused Agile transformation, the organization experimented with cloud without driving the topic in a structured manner. Some areas in the IT department took first steps towards the cloud and prepared their environment accordingly.



Client Case 2

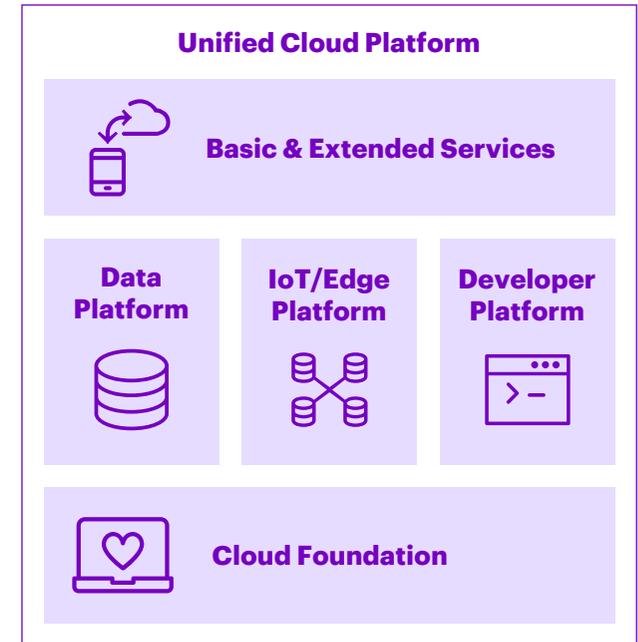
Cloud Adoption as a prime focus, Agile Transformation as a secondary focus



Another client had issues with the harmonization and integration across the value chain and put emphasis on Cloud adoption to become a holistic automotive software technology company intending to build software-defined vehicles. To achieve this intent, the company decided to build a unified cloud platform to enable live-updates and big data loops to gain experience from live vehicle data.

The client was struggling to shape and develop the required integrated vehicle architecture, managing its vast technological, organizational and process complexity. Another major challenge was the onboarding of future cars to use this platform as its core backend.

Existing and potential capabilities were reviewed. As a result, a hybrid solution that leverages legacy capabilities while also building on cloud capabilities to meet future needs was defined.



A central element was the roadmap for the future Cloud vision based on a demonstrated vertical team development approach for Cloud and Edge services. In order to define edge requirements and vehicle integration architecture, the company also worked closely with the automotive group and Microsoft.

The definition of guiding principles for the automotive group Cloud ecosystem followed as next step. So far, the Cloud transformation enabled the organization to drive scalability and efficiency. An increased operational control with the holistic integrated Cloud platform, the attraction of talent, and new ways of working were other achievements that came along with the new technology. Going forward, the goal is to enable new customer experience with continued digital innovation, and furthermore, improve tech cost optimization.

The projected value will be reached within the next two years. Ultimately, the global automotive Cloud Platform will be used by all the brands within the group and has the potential to be scaled to further automotive OEM's across the globe.

In addition to the Cloud adoption, the organization established Agile processes and requested the delivery teams to work in an Agile manner. Instead of coordinating the Agile transformation centrally, the different parts of the organizations were driving their individual Agile agendas.



A low-angle, upward-looking photograph of a person's legs and feet in mid-air, jumping against a bright blue sky filled with scattered white clouds. The person is wearing olive green shorts and white sneakers with white laces. The overall mood is energetic and optimistic.

Agile Transformation and Cloud Adoption!

Why companies need to drive Agile and Cloud together

The two client cases above demonstrate that both Agile and Cloud deliver tangible business benefits in isolation. However, companies can benefit much more, if they combine Agile and Cloud and create a symbiotic relationship between the two topics.

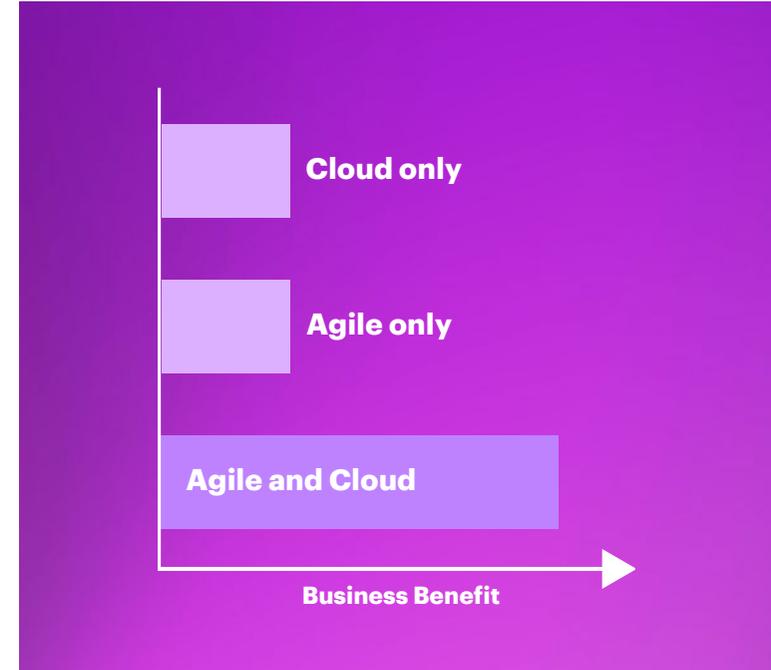
Agile is a way of operating and thinking. Companies want to adapt to changing markets in a fast and efficient manner in order to deliver value in a reliable way to their customers. To be able to do so, the technical foundations of their IT landscape need to enable such a way of operating.

The Cloud enables efficiency, elasticity, and innovation to drive enduring business change at speed and at scale. However, a company's

Cloud capabilities need to evolve step by step to unfold the full potential. The migration of existing infrastructure and applications and faster deployments are two central elements to reimagine business.

While Agile changes the way companies operate, Cloud provides access to innovative services and scalability. The combination of Agile and Cloud unlocks their full potential even further. However, when we combine Agile and Cloud, we can unlock its full potential even further. This would also mean that different departments and sponsors (e.g. Head of Infrastructure and COO) work together to bring the symbiotic value of Cloud and Agile to the entire business.

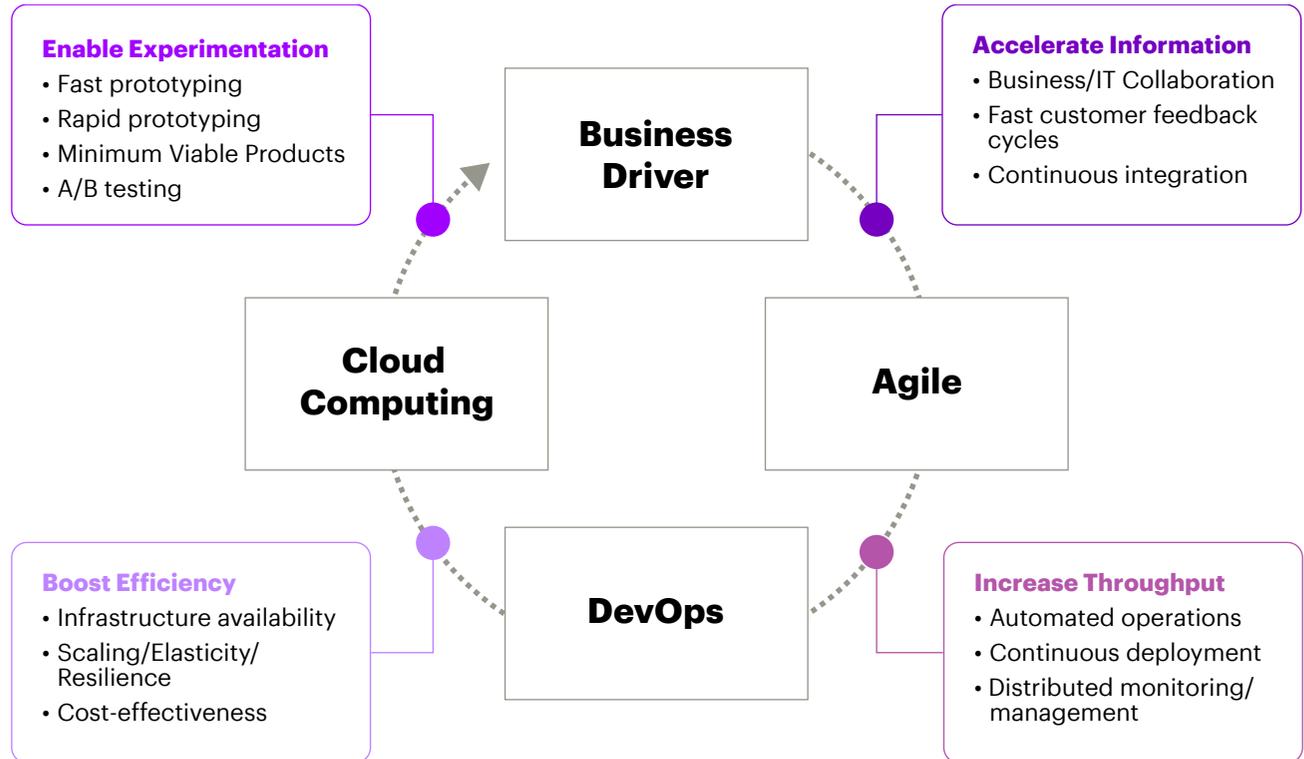
When we combine Agile and Cloud, we can unlock its full potential even further.



Drive a Fast and Efficient IT

Transforming to Agile ways of working helps organizations to reduce the time-to-market through more frequent releases with smaller batch sizes. Instead of working six or more months for a release, Agile companies often have release cycles of less than two weeks. To make this shift happen, people in the organization need to change their mindset towards cutting work into small and valuable pieces which can be incrementally released. This mindset change needs to go together with setting the technological foundation for frequent releases.

At this point, «The Cloud» can provide the right foundation. Cloud capabilities allow people within the organizations to efficiently release valuable pieces of work. Depending on the performed type of work, Agile organization utilize the cloud to completely move IT infrastructure and operating systems to cloud providers.



This allows not only to manage IT costs more rigorously, but also to utilize leading edge technology to scale and adapt according to the changing needs of the agile organization. As set forth above, Cloud capabilities in combination with Agile ways of working unlock the full potential of fast and efficient IT.

Referring to the first client case, the company managed to reduce its time-to-market for critical business applications through an Agile transformation. On top of changing the mindset of the people, they invested heavily in automation in the respective areas. To reduce the time-to-market further and to benefit from the automation within the whole organization, they would need to embrace the Cloud. With all the Cloud-native services and technologies set up, they could decide about their time-to-market by themselves and would not be limited by their IT systems.

In the second case, the automotive software technology company chose to go for a Platform as a Service approach in cooperation with one of the leading public Cloud providers. Even though the company had been struggling with internal organizational challenges to manage their IT organization as well as their cloud environment, they were able to set up a development environment called the «Developer Run Time». This environment allows developers to quickly develop new services and deploy those **within one day**. The Cloud enabled the organization not only to connect to standardized services from the Cloud provider, but also to set up a robust and efficient deployment pipeline including all necessary compliance and security checks.

However, even though the development environment was boosted by Cloud capabilities, the organization was still struggling to react to changing customer demands. New requirements and ideas were refined through a cumbersome process, resulting in long lead times. Only by embracing Agile, the company could react faster and prioritize new ideas in a smarter way.



Utilize leading edge technology to scale and adapt according to the changing needs of the agile organization.

Foster Happy Talents and Teams

Nowadays, for many companies it is hard to find and keep good talent, especially in engineering. Therefore, every company should have a focus on employee satisfaction. Moving away from classical structures and thinking towards embracing an Agile mindset and living Agile values, is aligned with the younger generation's understanding of a healthy workculture. Again, this is just half of the story. Along the culture and the values, the daily experience of an engineer plays an important role. Engineers are happy, when they can work with cutting edge technologies, and when the company is embracing the latest technological trends. The Cloud gives engineers the benefits of always having the latest technology on the market at hand. Hence, Cloud is also boosting the satisfaction of the employees.

In client case 1, the company worked a lot on the cultural elements and moved towards a trust-based and entrepreneurial way of working. This increased the workforce's satisfaction. Nevertheless, the engineers were often quite frustrated with the legacy technology they must work with. By moving their engineering environments to the Cloud, the company could avoid this frustration.

In the second client case, the Cloud capabilities have allowed the development teams within the automotive software technology company to quickly onboard new developers and create value from day one. By having a transparent user and access rights management within the Cloud environment, IT departments are capable of quickly scaling up and down.

Furthermore, the above mentioned «Developer Run Time» allows developers to work with the latest technology and quickly create new services. As an example, developers have been designing a «Remote-Lock-&-Unlock-Functionality», which can be used as a base function for a «Rescue Service». Cloud capabilities allow developers to be innovative and create value beyond the regular development work.

However, the organization could have been even more innovative, if they had tapped the potential of Agile ways of working enabling them to be more engaged with the customer.

Agile mindset and living Agile values, is aligned with the younger generation's understanding of a healthy work culture.

Create an Adaptive Organization

In a rapidly changing and disruptive market environment, organizations need to be able to adapt quickly. In order to do so, organizations need to be set up along products & services instead of working along projects. Furthermore, the governance and funding process needs to be set up in an Agile way, so that investment decisions can be taken throughout the year, strategic direction can be changed, and the organization can pivot accordingly. But changing the governance and funding processes is not enough. If the IT cannot react to quick investment decisions, the organization is still slow. The Cloud helps an organization set the technological foundation to react. Cloud technology is scalable, meaning that organizations can adapt quickly to changing demands, grow or shrink the cloud consumption by adapting data storage and computing power used.

In client case 1, the company restructured itself along value. Instead of bringing people together in projects, the employees were assigned to a value stream. This setup helped the organization react fast to market changes. Instead of closing or cutting down projects, funding could easily be moved from one to the other value stream. Although investment decisions could be taken quickly, the legacy IT landscape was preventing the company from reacting to market changes even more quickly.

In the second client case, the automotive software technology company managed to create simpler processes along the cloud capabilities allowing the organization to adapt quickly according to the customer's and developer's needs. Furthermore, by leveraging the scalability of Cloud, the organization can adapt their Cloud consumption to changes in the market environment, rapidly introduce new services or scale back as required.



Organizations need to be set up along products & services instead of working along projects.

Ensure High Quality Products and Services

Delivering high quality and reliable products or services to the client is on the agenda of all companies. Agile organizations have an advantage in this area. On one hand, the risk of incidents is reduced due to many small releases instead of big bang releases. On the other hand, combining change and run activities in the same team, leads to a different understanding of ownership: “You break it, you fix it”. With that, many teams learn how to avoid mistakes, even before they have happened. The Cloud can even make the quality and reliability better. There are many options on the cloud to automate testing, speed up roll-back scripts, etc.

In client case 1, the company combined the application engineering with the application support. Thus, an engineer was not only responsible to implement new features, but also to deal with the issues raised in the live application. With this double hat, the company has seen a significant decrease in critical issues.

As still a large part of the testing and releasing is done manually, not all issues are being captured, and releasing of bugfixes takes its time. Moving to the Cloud and increasing the automation degree would help make the applications even more reliable and increase the quality of the products.

In the second client case, the automotive software technology company is heavily working with subcontractors and other partnering organizational units as well as joint ventures. This complex organizational setup results in the challenge that developed software is not following common quality and security standards. As the company has implemented a Cloud environment, they had the opportunity to create the basis for all organizational units to contribute with their services on one platform. This allowed the automotive software technology company to create one standard and meet quality criteria.



Combining change and run activities in the same team, leads to a different understanding of ownership: “You break it, you fix it”.

Deliver High Value to the Client

All the before mentioned value levers are a means to deliver high value to the client. In addition to that an organization needs to understand and define what value is for them and to align the company accordingly. Equally important is to not just to define the value, but also to measure the generated value along the way. Whereas an Agile mindset helps in structuring the discussions to define value, the Cloud can help to measure the value generation. Built-in usage metrics in cloud native functions is easier than engineering measurements into an on-premise application.

In client case 1, the Agile organization embraced a value mindset and prioritized on all levels based on value. Measuring the value generation was much more difficult. A lot of effort would have been needed to implement value measurements in the code. Being on the Cloud would have helped the organization to use already existing measurement functions in real-time.

Even though in the second case the automotive software technology company is still evolving, the Cloud capabilities allow the organization to deliver high value to the client. This not only allows the Cloud to capture and monitor data to foster more data-driven decisions, but also allows the organization to overcome silos. Technologies are being harmonized across different brands, creating synergies, which ultimately results in more customer value. The automotive software technology company is still struggling to quickly respond to customer changes, as the release process is not lean yet. However, the Cloud environment will allow over-the-air updates and thus enable the organization to react to customer needs quickly and innovatively. But to do this in an innovative and sustainable manner, the Cloud technology will not be sufficient. Agile ways of working need to be evolved simultaneously.



An organization needs to understand and define what value is for them and to align the company accordingly.

What to do now? What is next?



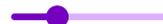
We have covered two client cases. One with a focus on Agile ways of working, and one with a technology focus on moving into the Cloud. Both cases have in common that they missed the chance of combining the power of Agile and Cloud as a joint transformation endeavor.

The first step to embark on such a joint transformation journey is to assess the status quo in terms of Agile and Cloud maturity as baseline. Next, you should define your ambition regarding Agile and Cloud including why you want to go onto that journey. Based on the ambition you should define the maturity level you would like to reach. This aspired maturity level for Agile and Cloud should be balanced and aligned with the enterprise strategy and goals. **Fast follower might need a lower Agile and Cloud maturity than companies focused on innovation and rapid experimentation.** Comparing the baseline and desired target state reveals the field of action.

The baseline assessment encompasses four scenarios:

Option 1

Agile: lower maturity



Cloud: higher maturity



You have focused more on technological innovation than on the people and process side. This often results in the risk that new technology is primarily accepted by innovators and earlier adopters, but not by most of the organization. Furthermore, the benefits from new technology might not be reaped in traditional delivery setups following a waterfall-approach with long release cycles and long predetermined project plans. Instead, enterprises need to embrace a customer-centric and fast-feedback-mindset, that is accompanied by working in short iterations. To enable the organization to reach its full potential with technological innovations, the enterprise needs to shift budget into building an Agile collaboration model, setting up an Agile target operating model with small and stable delivery units, and building an Agile mindset and culture within the organization.

Option 2

Agile: higher maturity



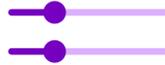
Cloud: lower maturity



You have invested more on the people and process side than on driving technological innovation and invest in Cloud capabilities. Focusing only on Agile does not automatically result in faster release cycles, higher deployment rate, etc. This means you might plan and work in short iterations but still have a long time-to-market. There is a disconnect to customer feedback, which interferes with rapid experimentation and limits innovation capabilities. Now is the right time to increase the budget for the digital agenda, especially with a focus on modularizing, decoupling and cloudification of the rigid legacy IT architecture by embracing a Cloud first strategy.

Option 3

Agile and Cloud:
even and low maturity



You have neither focused on renewing your technological foundation nor on adapting your way of working towards a future-proof operating model. Start thinking to embrace the Cloud and Agile journey. As you have not yet invested in any of the topic, it is now the right point in time to start your Agile and Cloud journey together.

Option 4

Agile and Cloud:
even and high maturity



You are on the right track to realize the benefits of a joint, Agile and Cloud transformation journey. The enterprise is well-prepared to transform into a continuously learning and improving organization. You have the foundations, process- and technological-wise, to innovate through rapid experimentation and fast release cycles. It is the right time to outlearn the competition and extend the digital agenda to leverage newest technologies such as AI, ML, etc., to launch innovations or be the next disruptor.

If you find your enterprise in **option 4**, you are lucky. You are on the right way to become a sustainable, learning, and adaptive organization that is ready to deploy the most recent technology to develop innovative products that solve the customer problems and deliver desired business results.

If you are in **option 3**, you must start thinking about the future and how you can start a journey to embrace Cloud and Agile simultaneously.

If you find yourself in **option 1 or option 2** you need to invest either in your Agile or in your Cloud capabilities to reach the state of option 4 in the quickest possible way.

Balance your Agile and Cloud capabilities to become the next disruptor!

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