



From Lean in Automotive to Lean IT

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The quest of improving IT delivery




Make Agile work for the Banks

→ Agile@Scale

vs Make the Banks Agile

→ Lean transformation

Toyota: Emergence of Lean

- 
- Toyota Production System
 - Customers need variety
 - Smaller batches
 - Just-in-time
 - Lean value chain
 - Lean as industry standard

Lean transformation: Porsche in the '90s



70% drop in sales
between 1986 and
1993

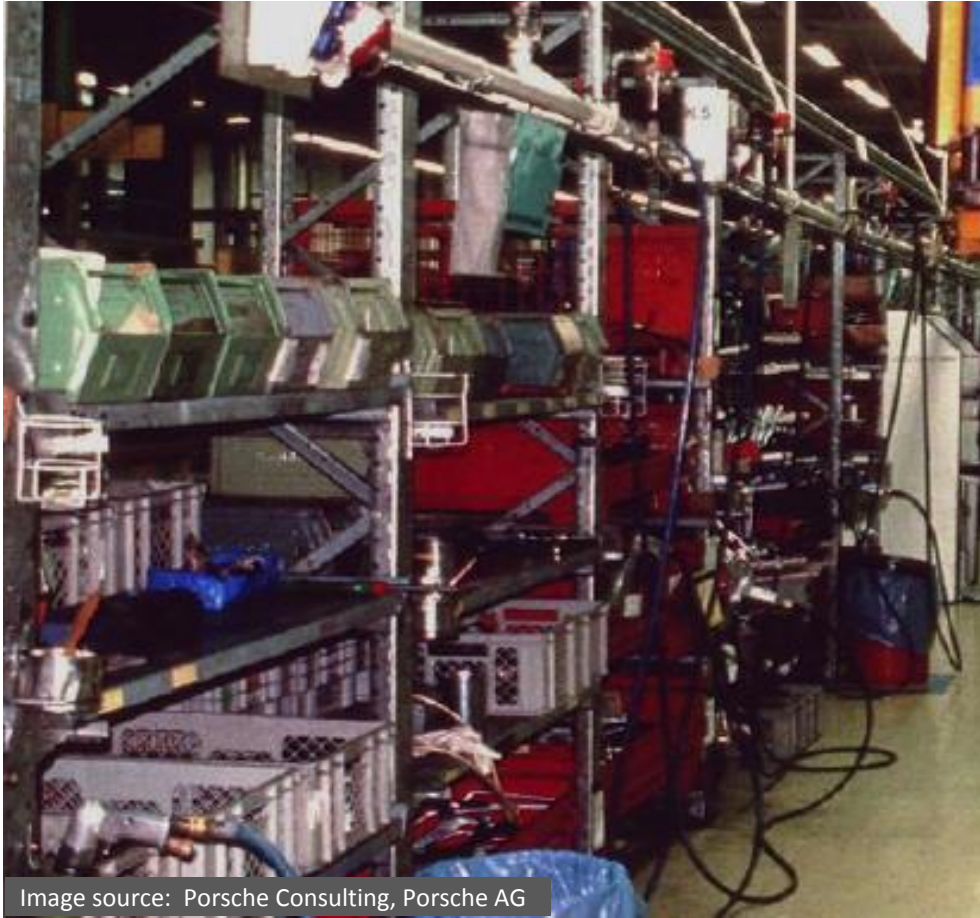


Ranked <#30 for quality
High production costs



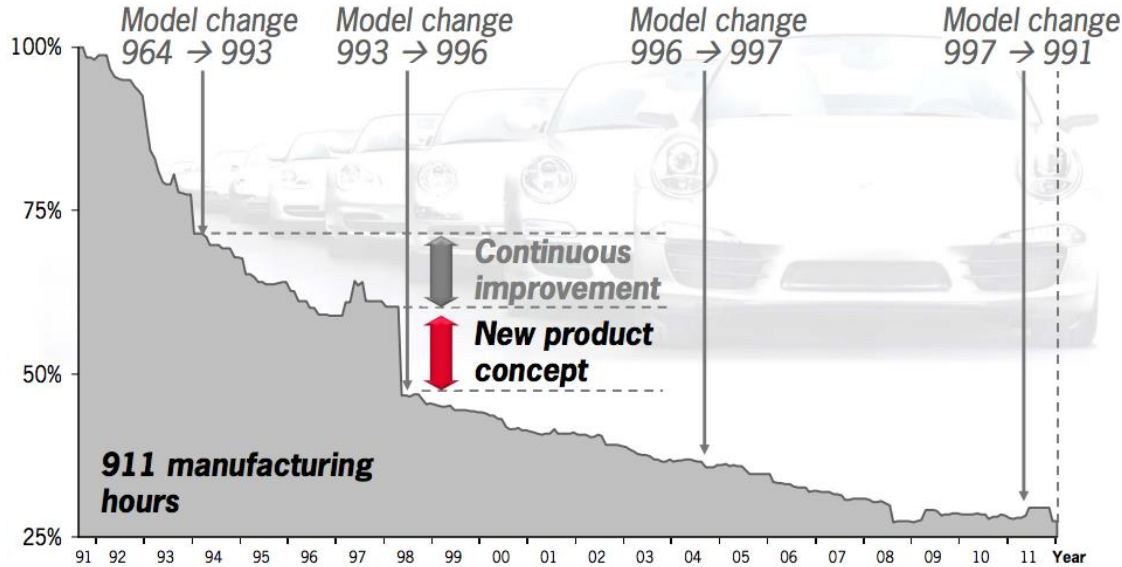
Losses of €214m
over 3 years

“We must fix Production”



- New CEO - Wendelin Wiedeking
- Japanese Lean consultants: *“the factory looks more like a warehouse”*
- Reduce inventory
- Gemba: Cut shelf-height
- Reduce production defects

Production recovery



**Continuous evolution of the production,
73% less time to assemble the 911**

Architecture evolution



The Porsche 911 - 50 years of evolution
A classic architecture, always improved

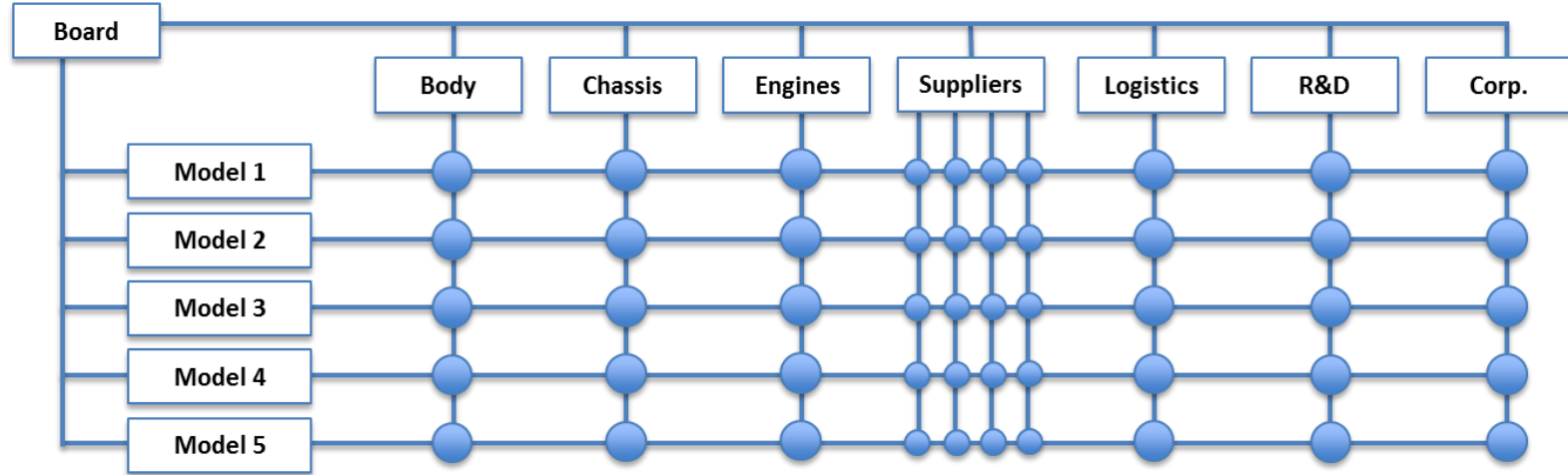
Standardisation of platforms



Image source: Porsche AG

Standardisation of platforms and components (incl. VW group)
Standardisation of processes, tools and assembly
...yet highly desirable & differentiated products

Matrix organisations in Automotive



Automotive manufacturers adopt a matrix organisation
This drives platform development and component reuse

The results

- 
- Porsche sold 225,000 vehicles in 2015 (**x10 volumes of the 90s**)
 - **Most profitable** car manufacturer in the world
 - **#1 for Quality** (2013-2015)
 - Zuffenhausen is still the **historic factory** + Leipzig
 - **€8,911 bonus awarded to every employee** in 2015

How is this relevant to IT in Banks?



“ The main difference between Service and Manufacturing is the Service department doesn’t know that they have a product.”

W. Edwards Deming

Is IT so different than manufacturing?

Information Technology:

Bespoke Development → Standardised assembly

Standardisation of Platforms and Components

Separation of engineering from production

Automotive Manufacturing:

Mass production → Mass customisation

End product almost bespoke due to high level of variants

Product configuration documented and maintained (CMDB)

State of the Financial sector

**Global
Financial
Crisis of 2008**

**Need for
drastic cost
cutting**

**Need to
transform
Legacy IT**

**Technology
disruption
& FinTechs**

**Burden of
Regulatory
Compliance**

**New entrants
with leaner
operations**

Are the Banks of 2016 like the Porsche of the 90s?

Typical struggles of IT in Banks

- Tactical solutions leading to technical debt
- Business focus leading to silos & poor re-use
- Disruptive programmes of Change
- Inconsistent infrastructure & tools
- Go “low-cost” / Off-shoring



**A considerable waste
on the shop floor of IT Delivery**

How do we steer IT to success?

PRODUCT

- Standardise components
- Engineer platforms and micro-services
- Track config (CMDB)
- Manage technical debt

SERVICE BASED ARCHITECTURE



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PROCESSES

- Improve tools
- Standardise assembly
- Automate
- Optimise processes
- Safeguard quality
- Measure everything

**“PRODUCTIONISE”
DEVELOPMENT**

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PROCESSES

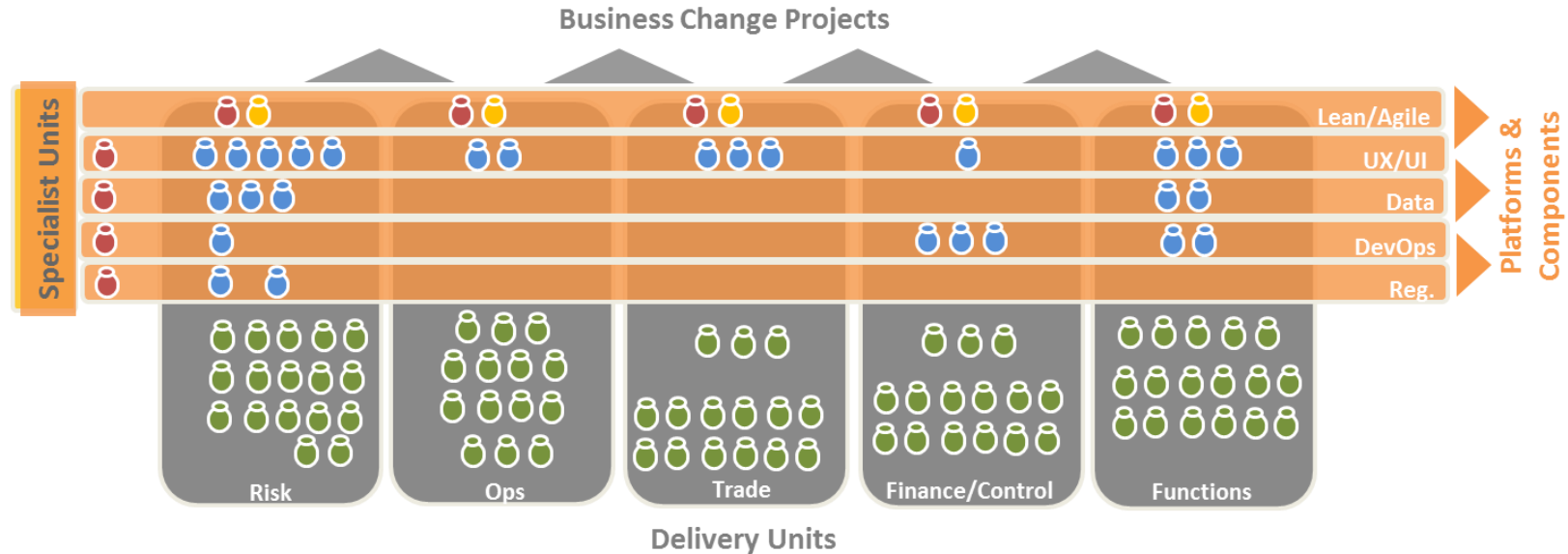
- Sharpen tools
- Standardise assembly
- Optimise processes
- Automate
- Safeguard quality
- Measure everything

ORGANISATION

- Organise for re-use
- Include partners into the value chain
- Separate engineering from production
- Incentivise continuous improvements

**WHO
ACTUALLY
DOES IT?**

Lean IT: A matrix organization of IT Delivery



**Delivery units produce
Change projects and
optimise Delivery**

**Specialist units enable re-
use whilst engineering
platforms & components**

IT industrial revolution has arrived!

Banks need to reduce their IT costs & waste, like Porsche needed to fix production in the '90s

Lean will change IT in Banks like it changed Automotive manufacturing decades ago

Which Bank CIO will initiate a Lean transformation of their IT like Wendelin Wiedeking did in his time?

Thanks for listening



GFT 

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[@WeAreLeanIT](https://twitter.com/WeAreLeanIT)

With special thanks to Porsche Consulting for providing insights into advanced Lean practices and operational excellence.