



DEVOPS DAYS

LONDON '16

DEVOPS: WHY WE FAIL AT SCALE

*Joanne Molesky, Principle Associate
ThoughtWorks*

Inspiring ideas

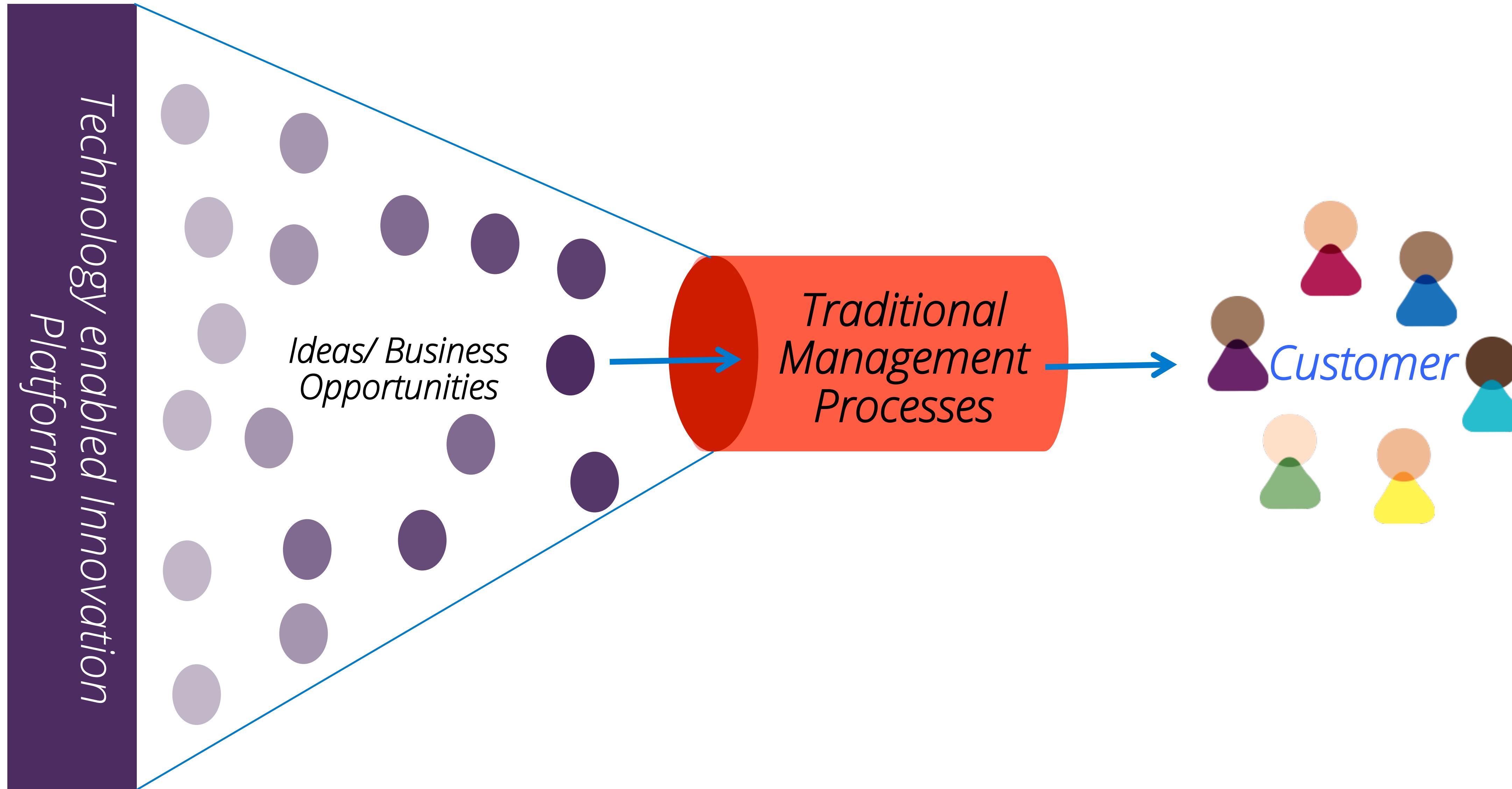


**RIGHT NOW, YOUR COMPANY HAS 21ST
CENTURY INTERNET ENABLED BUSINESS
PROCESSES, MID 20TH CENTURY
MANAGEMENT PROCESSES, ALL BUILT
ATOP 19TH CENTURY MANAGEMENT
PRINCIPLES.**

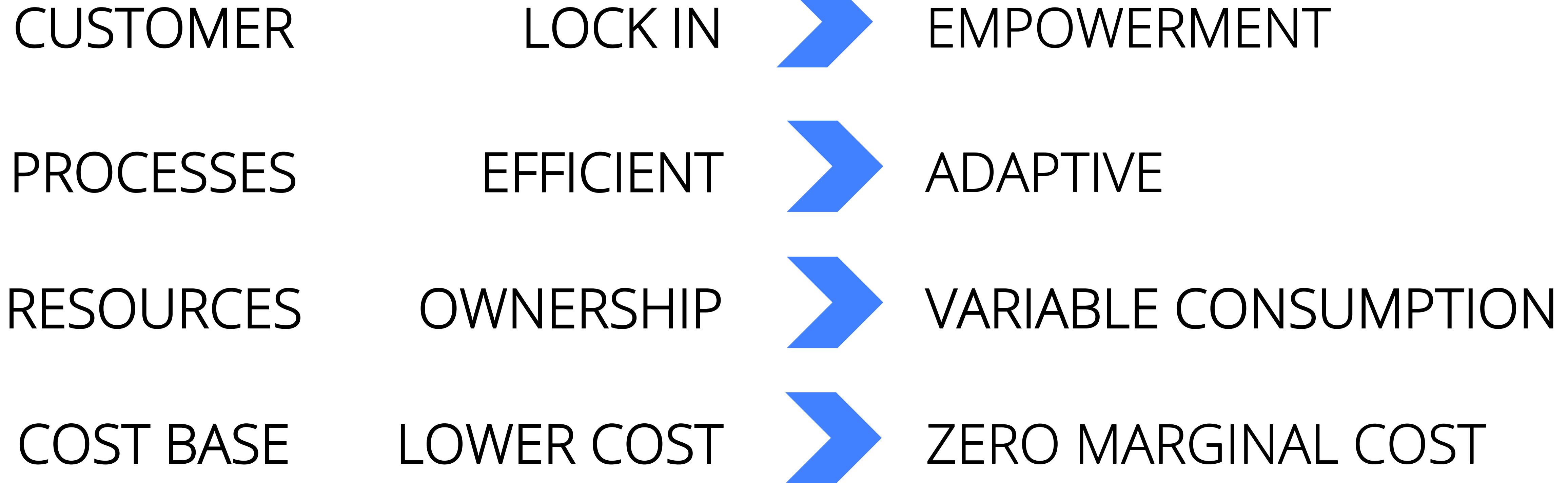


- Gary Hamel, American Management Expert

TECHNOLOGY IS NO LONGER THE BOTTLENECK



CONVENTIONAL BUSINESS MODELS UNDER ATTACK



TECHNOLOGY BASED BUSINESS DISRUPTION

Quantum Computing

Organisational agility:
How business can survive and thrive
in turbulent times

A report from the Economist Intelligence Unit
Sponsored by EMC

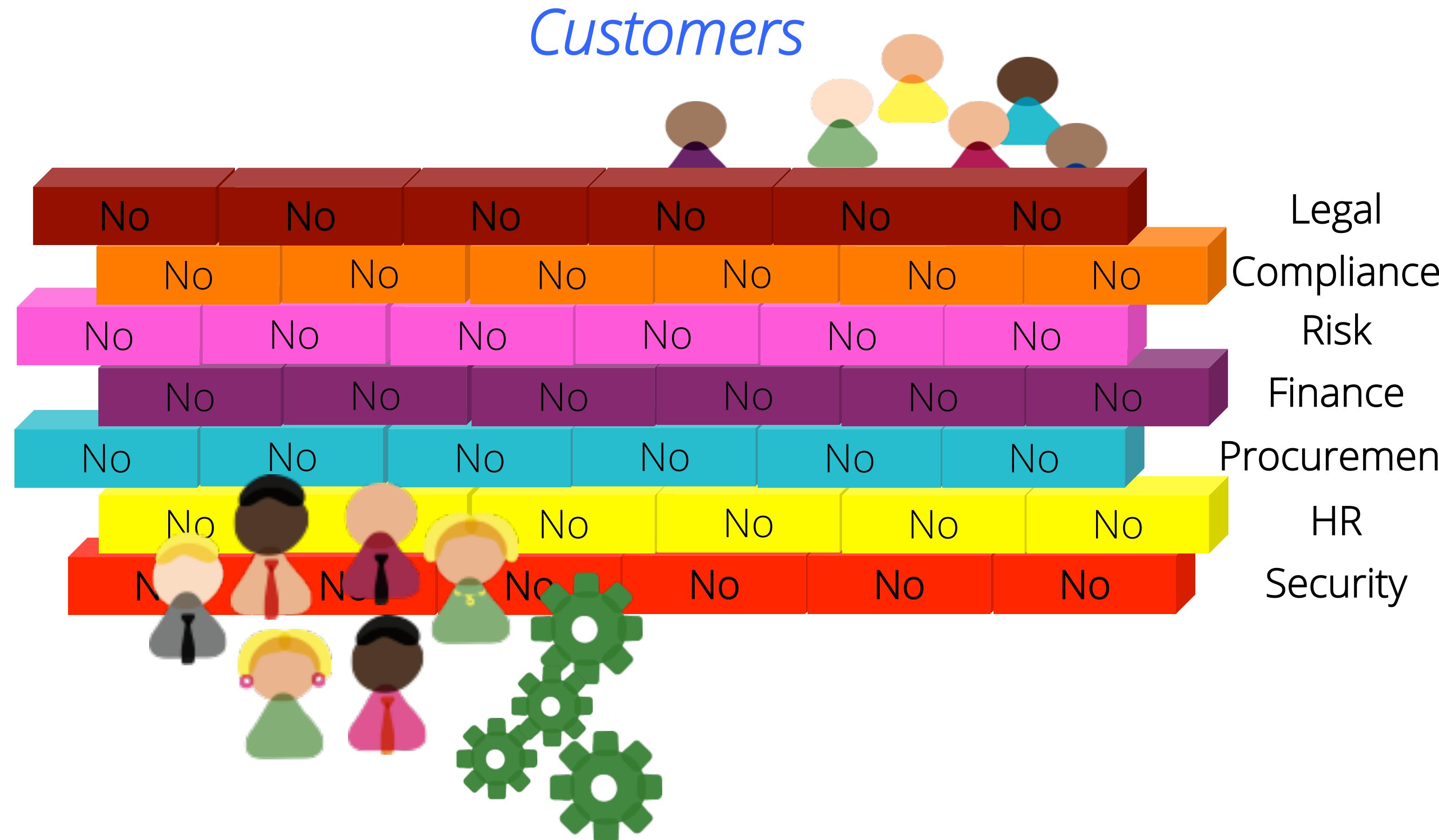


**THE MAIN OBSTACLES TO
IMPROVED BUSINESS
RESPONSIVENESS ARE SLOW
DECISION-MAKING,
CONFLICTING DEPARTMENTAL
GOALS AND PRIORITIES, RISK-
AVERSE CULTURES AND SILO-
BASED INFORMATION.**

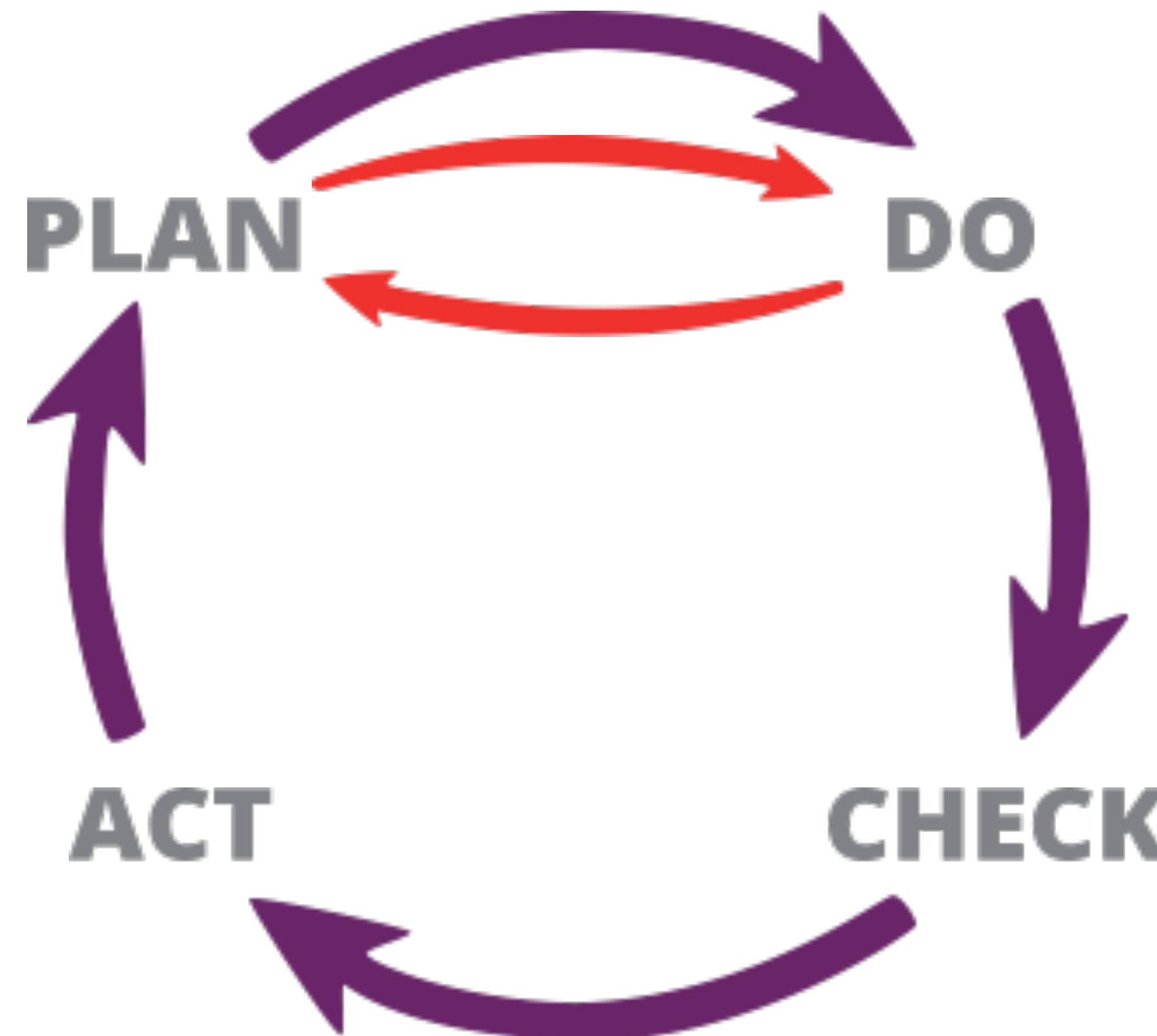


*Economist Intelligence Unit:
“Organizational agility: How business can survive
and thrive in turbulent times”*

THE WALL OF NO



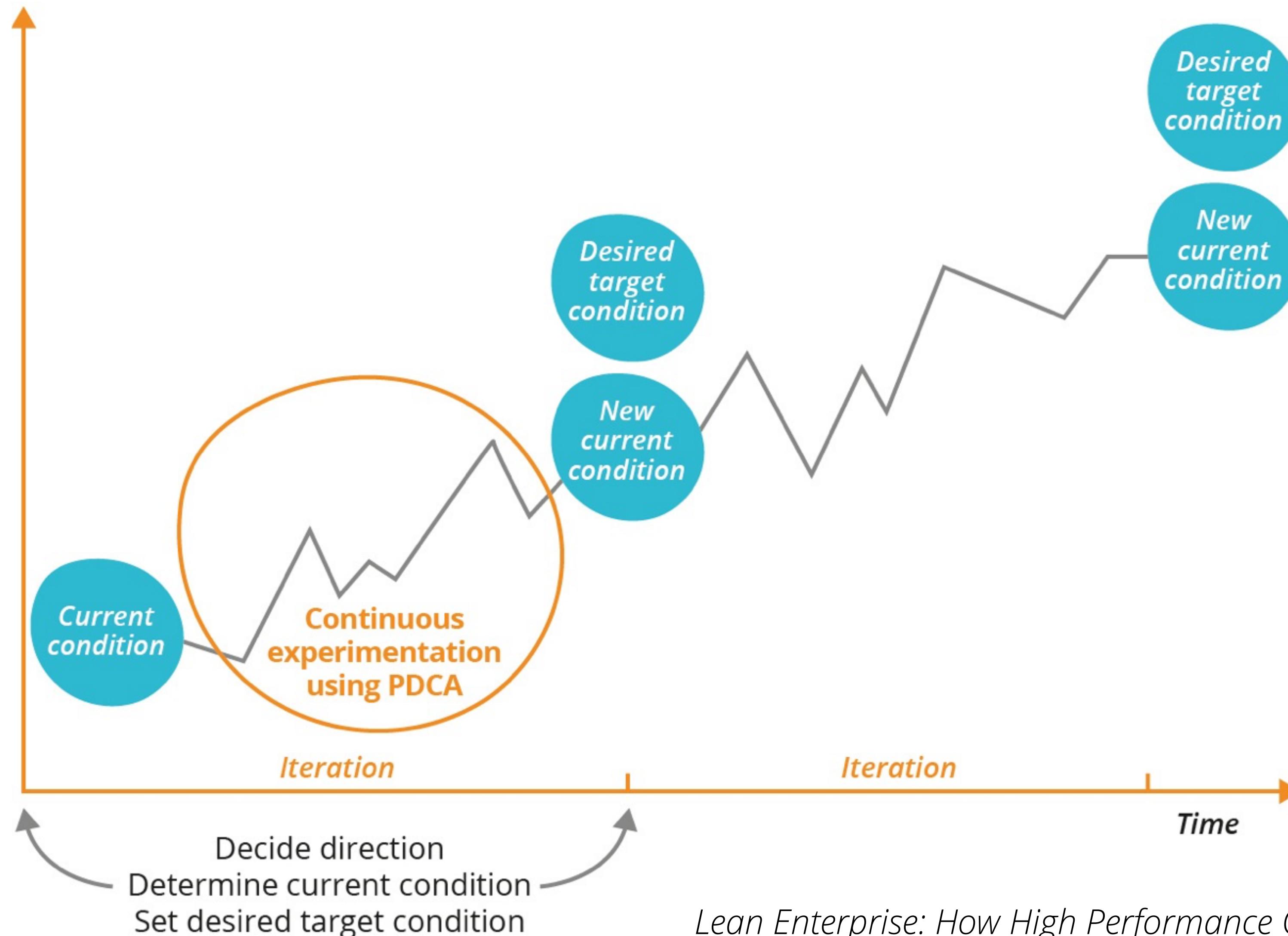
STOP THE PROCESS MADNESS



█ Lean Enterprise Loop

█ Enterprise Loop

EXPERIMENTATION AND CONTINUOUS IMPROVEMENT



Humble, Molesky, O'Reilly
Lean Enterprise: How High Performance Organizations Innovate At Scale

END TO END THINKING



TRANSFORM FROM PROJECT THINKING ...

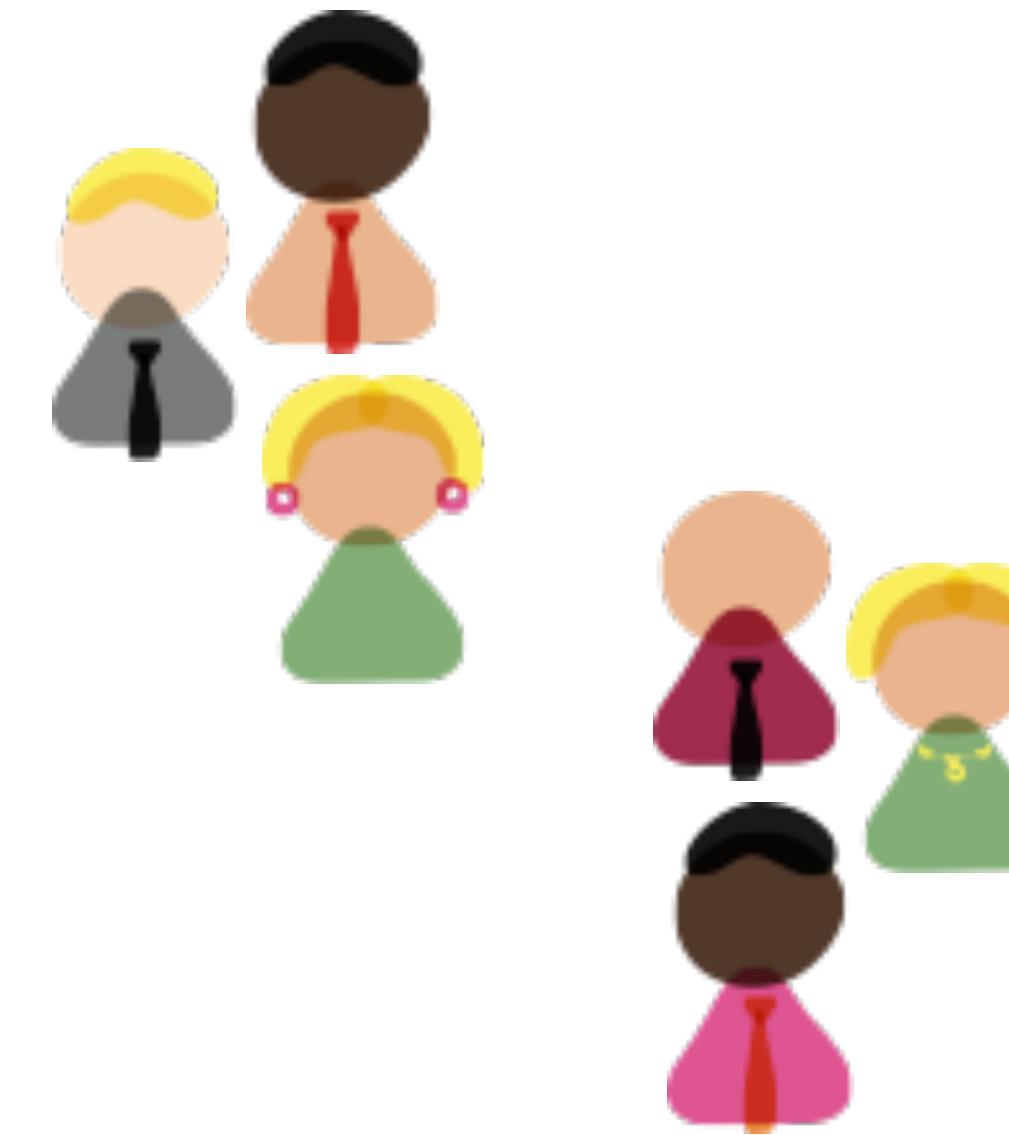
BUSINESS

*Many 'good' ideas -
WE NEED \$\$\$!*



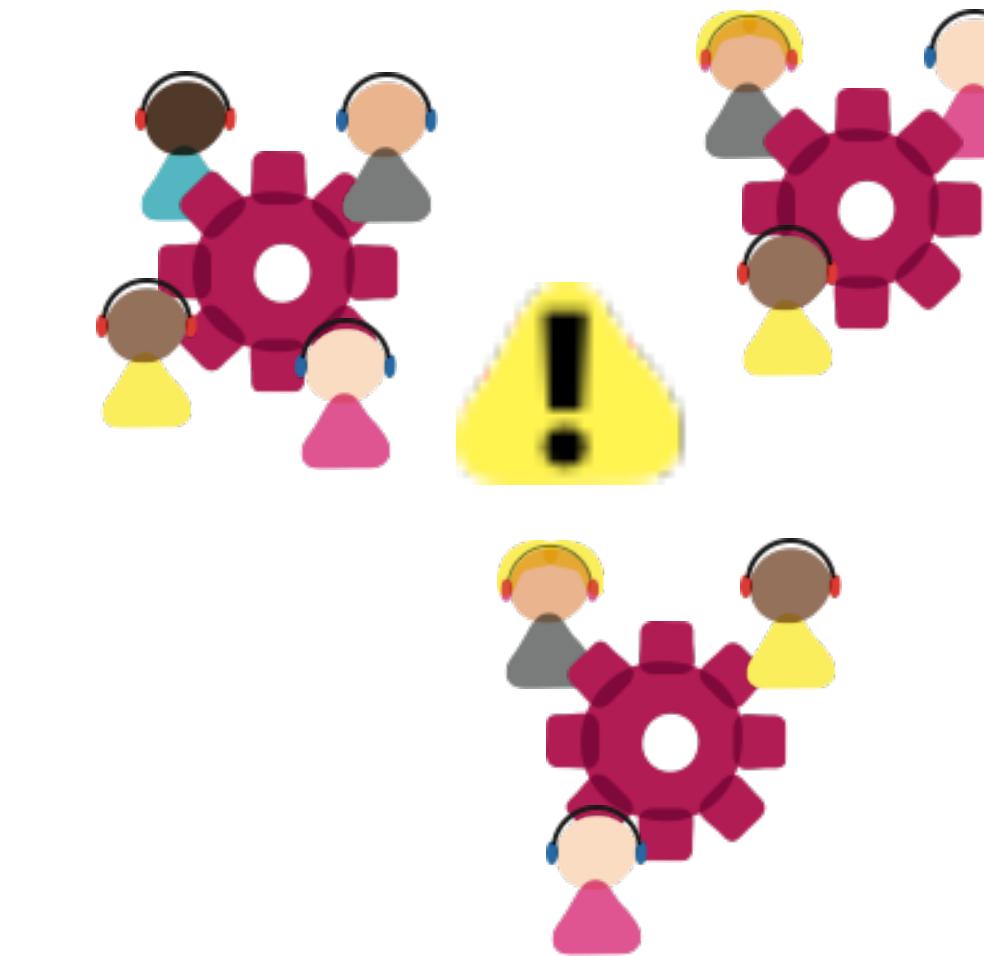
PROJECTS

*We're working -
GIVE US \$\$\$!*

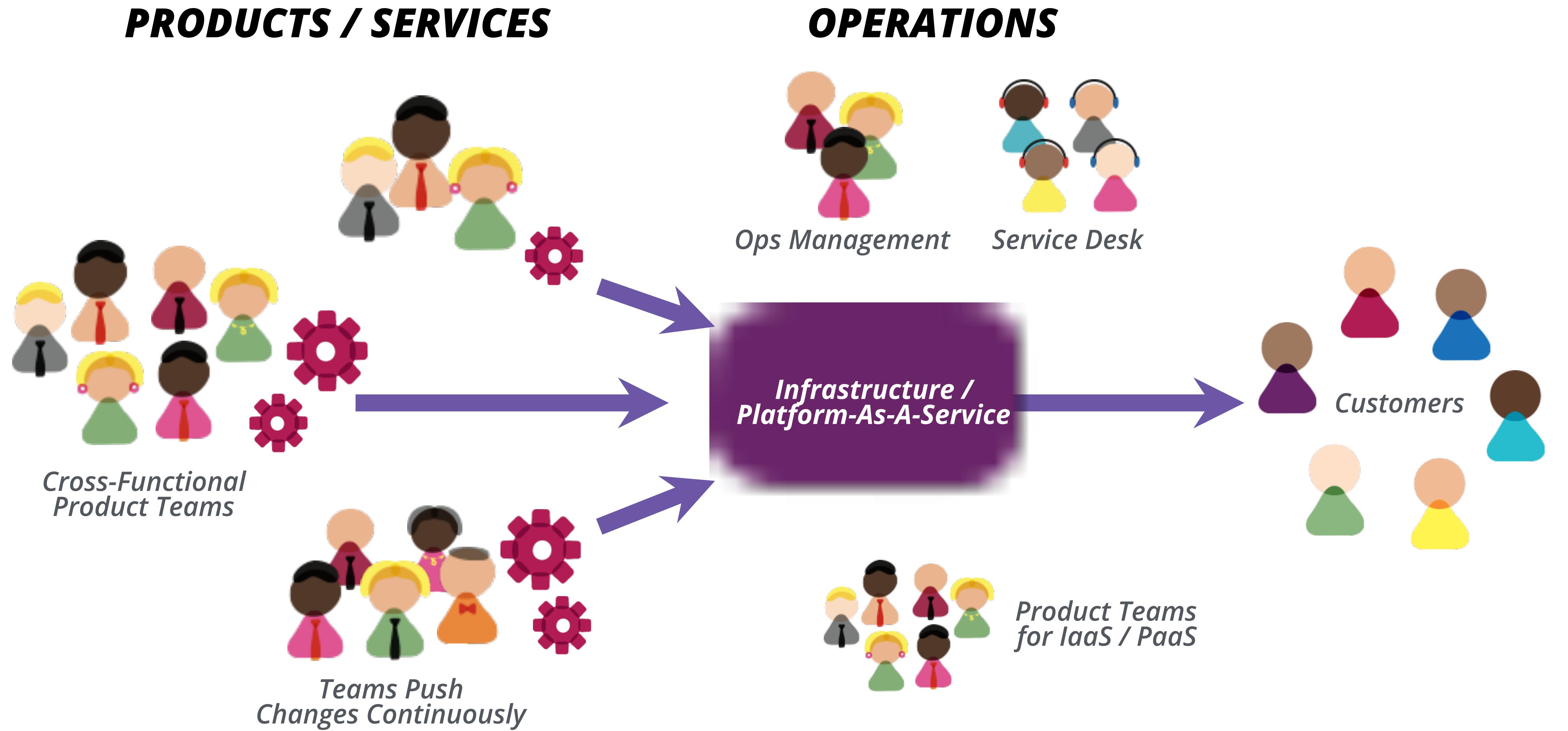


OPERATIONS

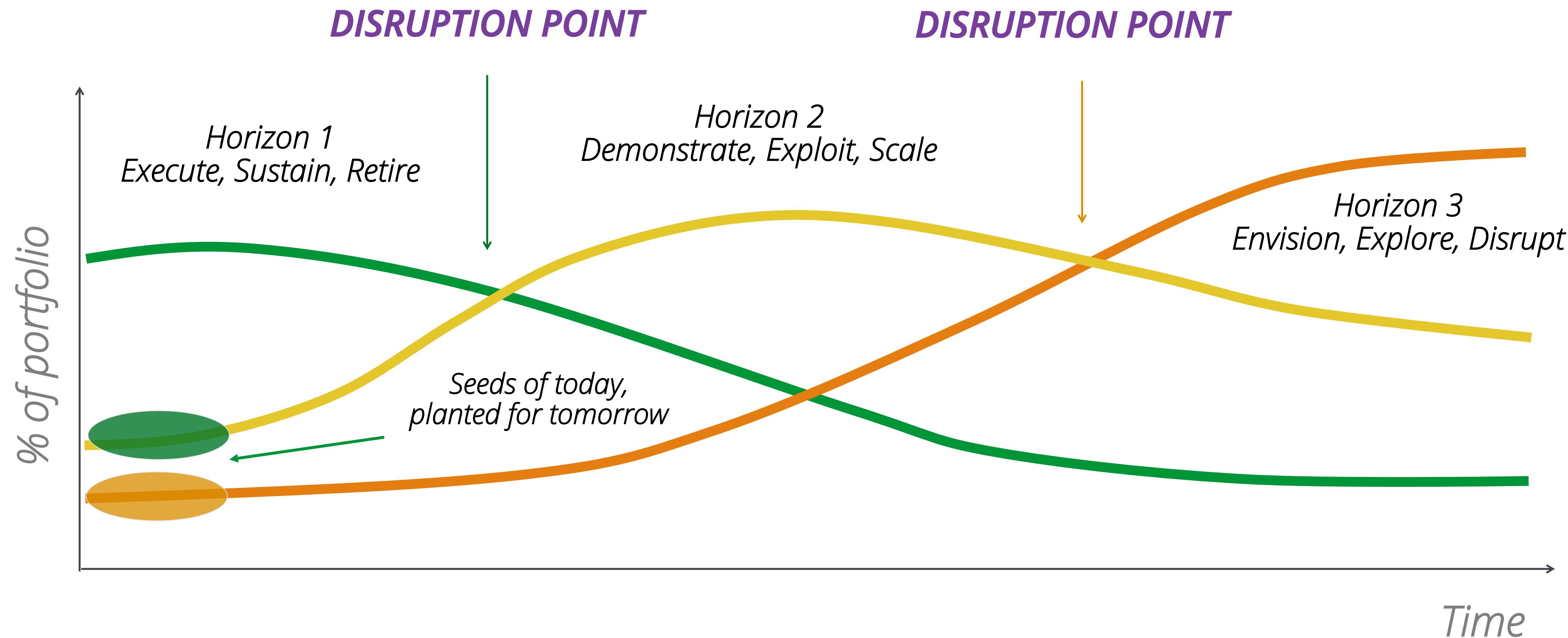
*That doesn't work -
NEED MORE \$\$\$!*



TO PRODUCT THINKING...



ENTERPRISE PORTFOLIO – THE THREE HORIZON MODEL



Humble, Molesky, O'Reilly, Lean Enterprise: How High Performance Organizations Innovate At Scale

BUSINESS MODEL STRATEGIES

EXPLORE

- *Uncertainty*
- *Complex*
- *Emergent*
- *Experimental*

EXPLOIT

- *Improved understanding*
- *Cause and effect*
- *Accumulated knowledge*
- *Forecast*

BUSINESS MANAGEMENT STRATEGIES

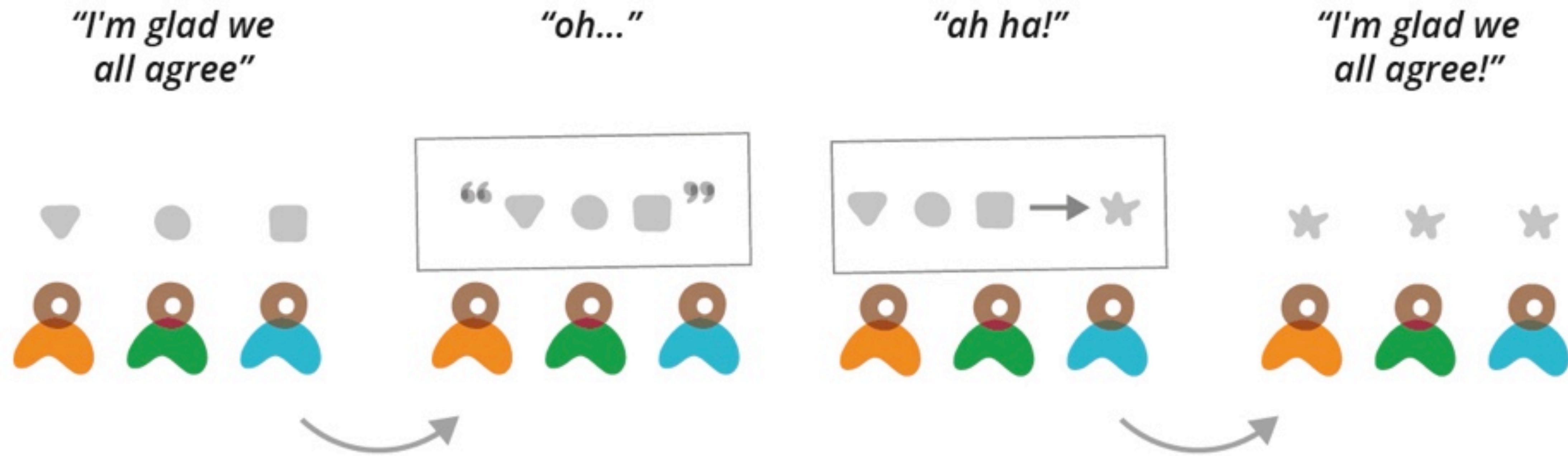
EXPLORE

- Limit resources
- Accelerated feedback
- Reduce risk
- Spark creativity

EXPLOIT

- Larger funding blocks
- Short feedback cycles
- Focus on outcomes
- Know when to stop

COMMON MEASURE OF SUCCESS



UNDERSTAND THE INTENT



MAKE BUSINESS DECISIONS

Funding Decision

Capitol expense	Operating expense
Projects	Ongoing support and maintenance
Empty the bucket - maximize	Reduce the bucket - minimize
Predictability based on false assumptions – failure not allowed	Rationalize variances that are based on long term predictions
Limited bets with high risks	Absorb all risks handed over

Business Decision

Innovate	Continuously improve
Dedicate time in this area	Improve support and maintenance
Experiment and learn from failure	Reduce risks of failure
Decision based on evidence produced with restricted resources	Ambitious long term targets for measureable outcomes.
Distribute risks with more bets, reduce stakes for each	Reduce risks through simplification and less bloat

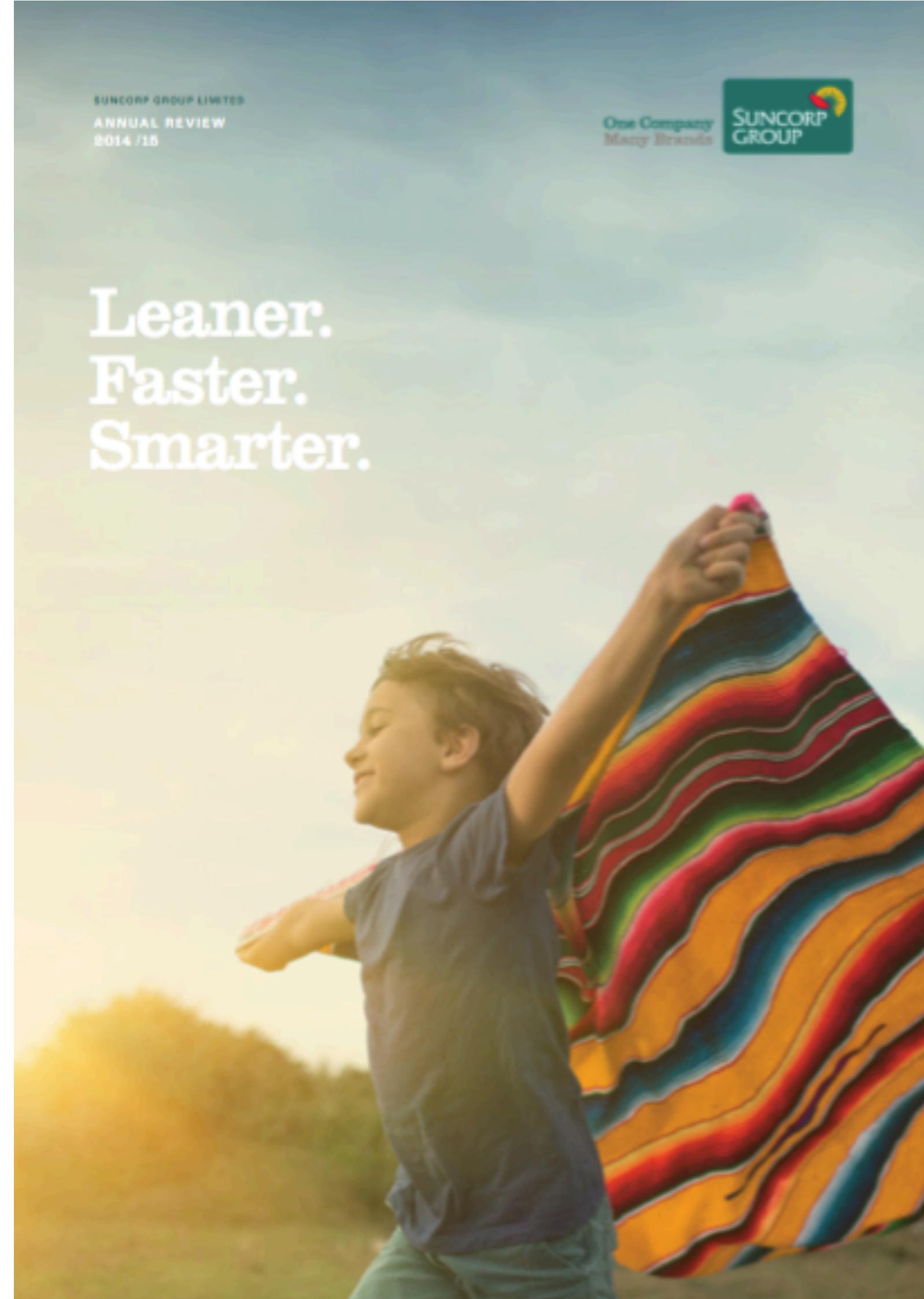
2011

2.3Bn budget
Actual £10bn
Outcomes?



2015

Technology simplification
£105m savings
(+ve) citizen experience
Flagship



**Leaner.
Faster.
Smarter.**

Suncorp's 2015 annual report

- Net Profit After Tax up 55.7% - 1.133 B\$AUS
- Improved Customer and Employee satisfaction, Community Involvement and Environmental Impact

HOW DID THEY DO IT?

- Created a foundation of technical excellence
- Formed the “right” cross functional team
- Fostered a culture of continuous improvement across the organisation
- Limited initial scope and delivered value early & often

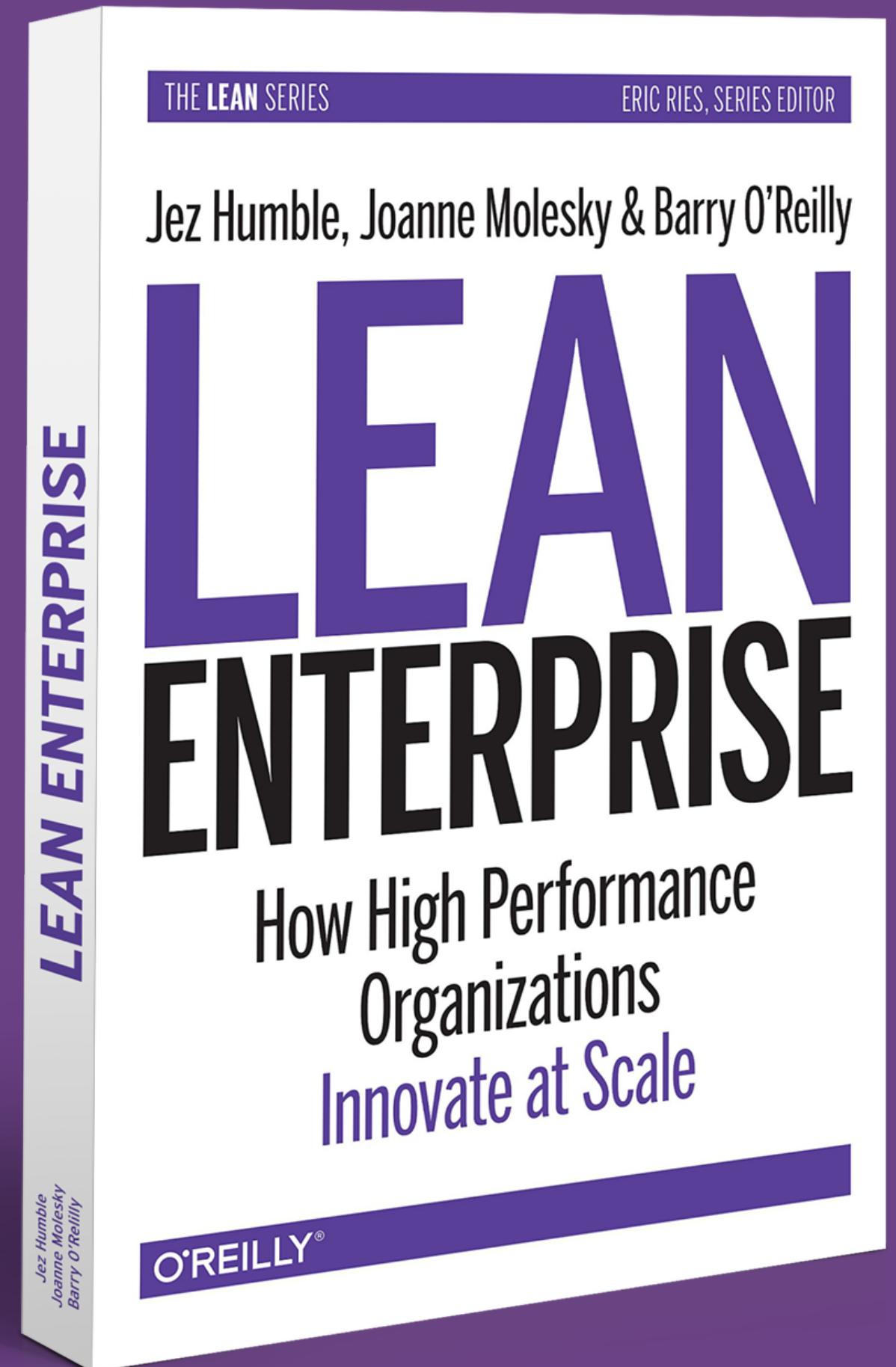
PERFORMANCE MEASUREMENT

MEASURE THINGS THAT MATTER

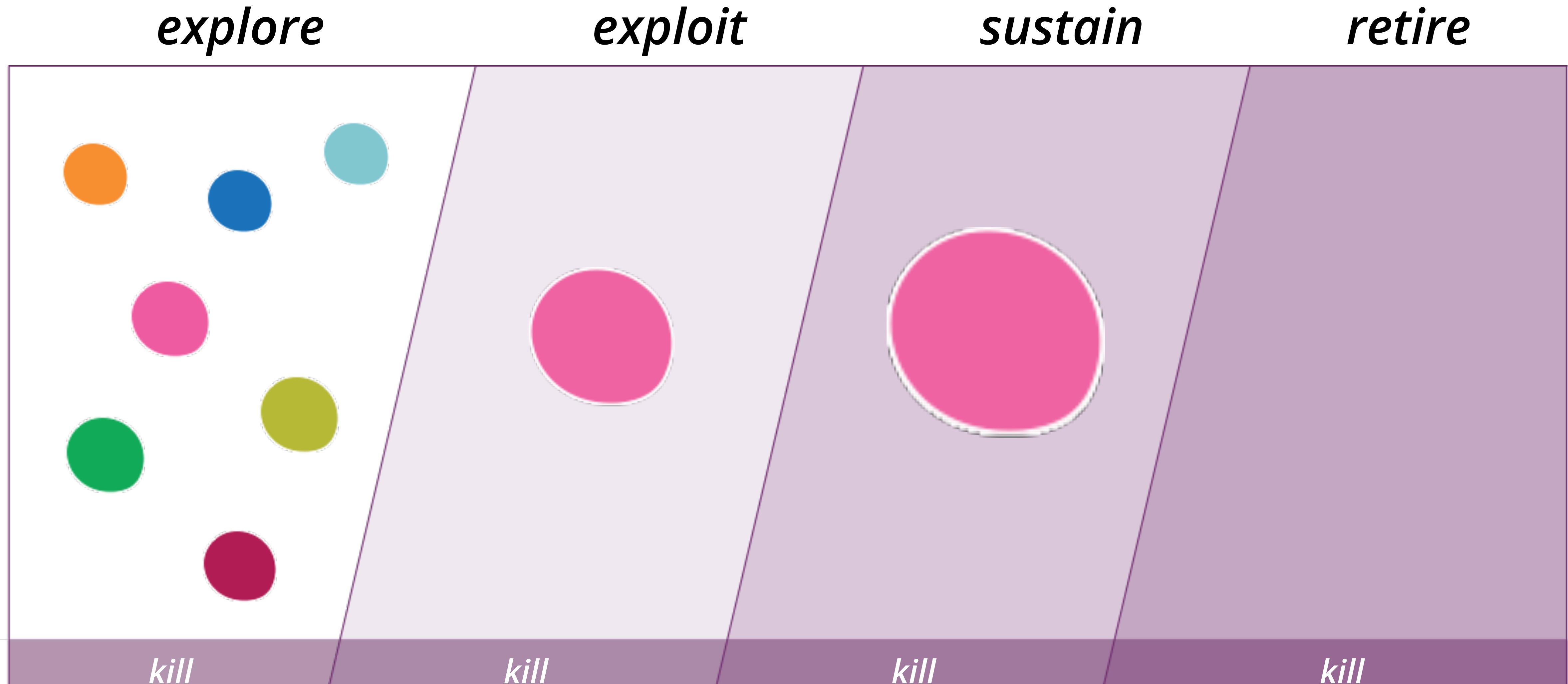
- Do our customers advocate us to others?
- What is the outcome we achieved?
- Have we reduced complexity of our technology?
- Are we getting better?

THANK YOU

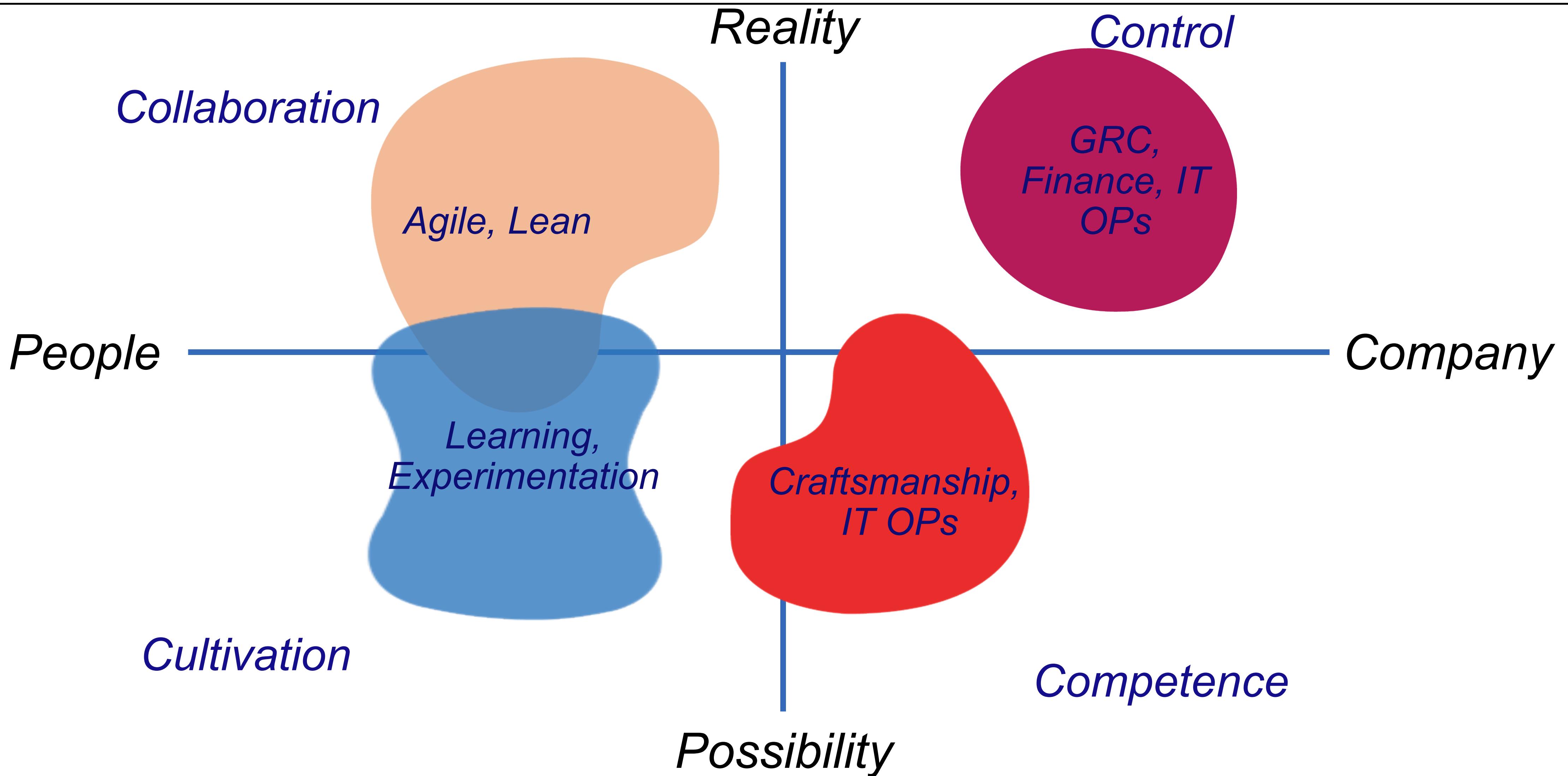
Joanne Molesky jmolesky@thoughtworks.com
@jemolesky #LeanEnterprise



INNOVATION PORTFOLIO

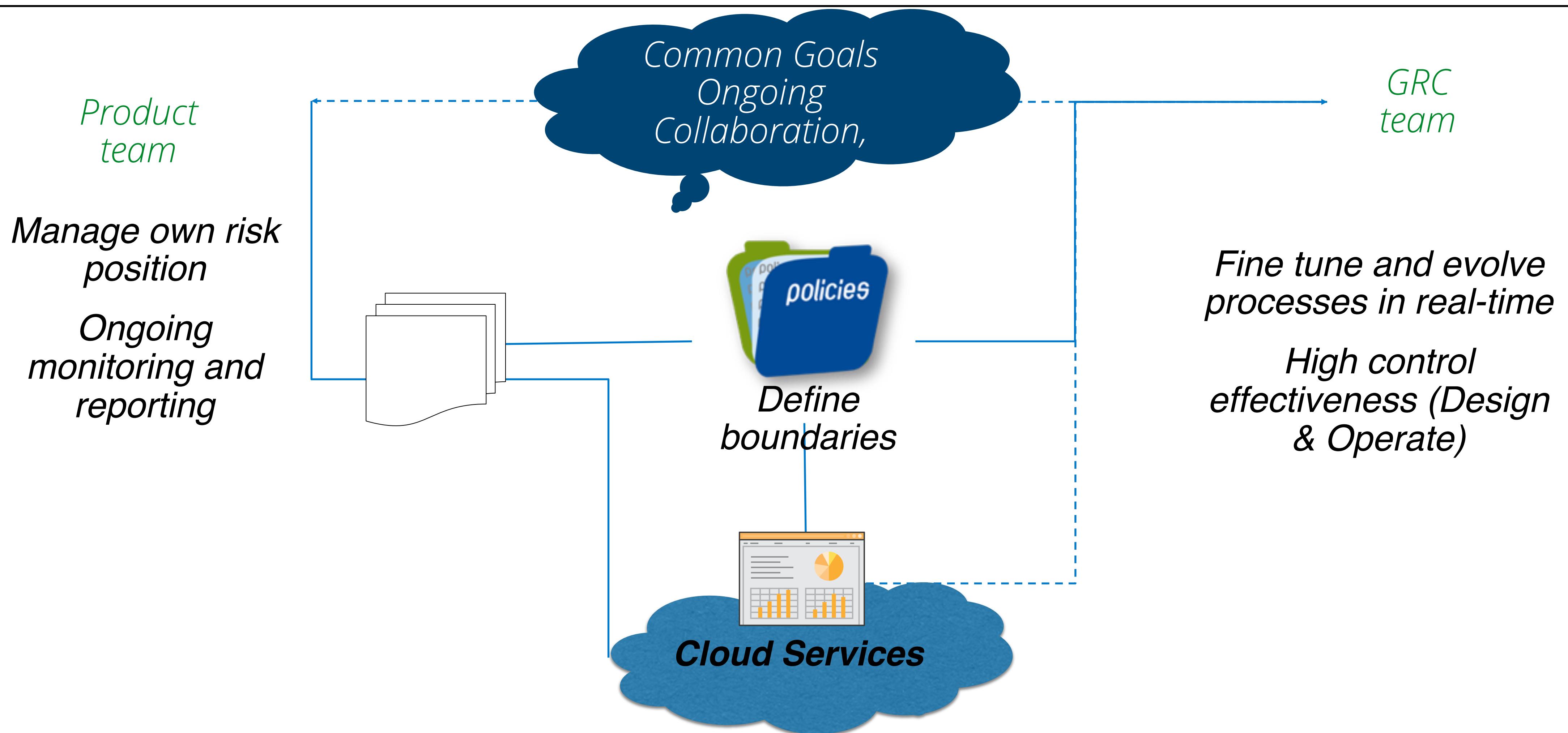


SCHNEIDER CULTURAL MODEL

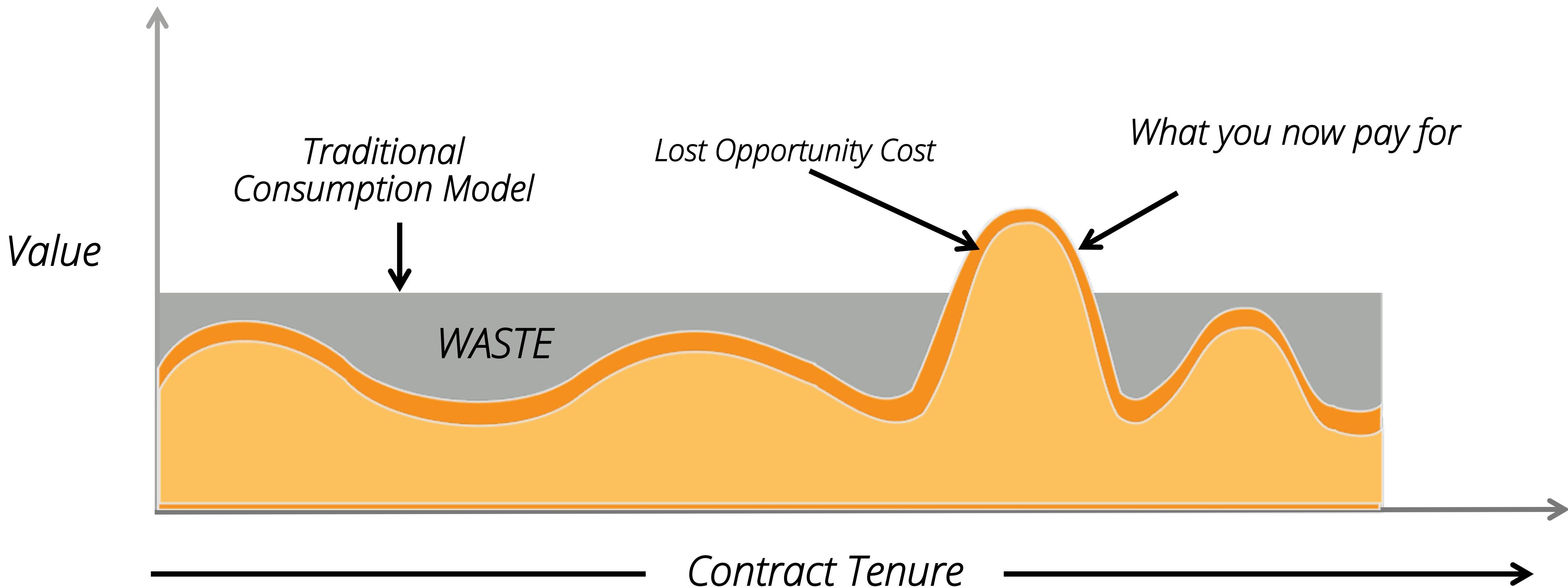


Adapted from Michael Sahota

ALTERNATIVE APPROACH



RETHINK SUPPLY AND DEMAND MODELS



A woman with long dark hair is shown from the chest up, looking upwards with a thoughtful expression. She is wearing a dark button-down shirt. The background is dark and out of focus, with some blurred text visible.

“

**ADHERING TO BUDGETING RULES
SHOULD NOT TRUMP GOOD
DECISION MAKING.**

”

- Emily Oster, American Economist

FASTER FEEDBACK CYCLES FOR FUNDING

Relationship Complexity	Focus	Rate of Change Required	Funding Model
One to one	Customer-facing	Fast: multiple times a day, daily or weekly	Short duration: 2 weeks, small teams, Small funding blocks. Use temporary infrastructure
Interdependence between 2 – 3 product teams	Middle value: orchestration of business value between products teams	Moderate: 2 weeks - 3 months	Short duration: 2 – 4 weeks small mixed product teams, small funding blocks. Use temporary infrastructure initially
Enterprise Level	Core Operations: e.g. ERPs, CRMs, Big Data, reporting	Slower: Less than 4 times per year	Longer duration: 3 – 6 months. Start with small teams and build up over time. Continued funding decisions every 4 – 6 weeks . Larger funding blocks to support core infrastructure changes.

SOFTWARE IS EATING THE WORLD



*Technology as a strategic capability
Willingness to support experimentation
Iterative, adaptive working processes and practices
Provide a safe learning environment*