



# How IT leads disruptive innovation at banking giant ING



By **Phil Wainewright** November 28, 2016

☐ Dyslexia mode

**SUMMARY:** How moving to agile IT has led disruptive innovation at banking giant ING as it rolls out bizdevops throughout its business



Is it conceivable that a global banking giant can reinvent itself to compete as a digital enterprise? It **often seems unlikely**. But one exception may be Dutch multinational ING, whose IT function has become the catalyst for a root-and-branch transformation of the business.

Like all banks in the wake of the 2008 banking crisis, ING has faced the need to



reinvent itself. It has gone from 110,000 employees a decade ago to 52,000 now, and from being the world's most profitable bank to being the first major to repay the €10 billion it had had to borrow from the government to stay solvent.

Along the way, its IT function adopted agile development, following a radical team collaboration model more usually associated with digital startups. Originally codified at digital music service Spotify (PDF), this devolves development to small, autonomous, cross-functional teams that are each responsible for delivering their own production code in a devops model (I recently wrote about how this approach works at Sky Betting).

## Changing the way of working

Adopting agile changed development cycles from the old multi-month waterfall projects to an iterative continuous delivery approach in which teams were able to release new code into production almost instantly. This gradually started to have an impact on the rest of the business, explains Brendan Donovan, CTO and head of IT infrastructure, ING Bank:

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*This changed the way of working within the IT organization in Netherlands.*

*Do you make that kind of a change like this overnight? No, you don't. It took time. When you've made the movement to IT and you've improved the skills and capabilities and you've gone agile, you start bumping up against the line of the weakest resistance. Guess what that is? It's the business and the customers.*

*That movement in IT put massive pressure on the business. Now the IT people were releasing code to our customers six times a day. They were actually bypassing marketing, sales, communications, risk, finance ... they were talking to customers directly. They are getting feedback, instant feedback. The customers are happy ... However, the business, now, is in trouble. They don't know what to do in this agile movement.*

## Going bizdevops

So last year, ING Netherlands — the bank's largest business unit, employing 14,000 people — decided to adopt a 'BizDevOps' structure in which the Spotify model was rolled out across the entire business. **This ING video describes how it works.** Initially started at head office, in the past year, this approach has swept across the entire Dutch organization of ING. It means that IT and marketing people work together to deliver products — putting the customer in charge, says Donovan:

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*The product managers and the marketers don't dictate requirements any more, the customer does, in real time.*

*What if your customers are giving you real-time feedback and you're actually releasing the code into production in an hour's time, and they're using it?*

*That's agility, that's speed. I never thought I would see it in my lifetime, but it's here.*

Emboldened by this success and targeting a new phase of growth, the bank has now embarked on an \$800 million initiative to rebuild its core mainframe systems over the next two years on a Cassandra NoSQL database. Donovan explains that this is essential to cope with the volume of payments a fast-growing digital bank has to process:

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*In the mobile generation people are making payments eight times a day — that's exponential volume. You can't handle that kind of volume with a mainframe, and a Tandem sitting in front of it, and the client server, and call center, and Internet. The chain is too long.*

## Pursuing innovation

Meanwhile, the bank is pursuing other innovations. It has a fast-growing direct banking recently launched in Germany. It's currently launching its own mobile

payment app, Payconiq, in Belgium. In the US, it's partnering with small business loan company Kabbage. Donovan believes that reorganizing along bizdevops lines is critical to sustaining the pace of innovation.

*// The technology works. There's no problem with technology, and it will get better. The problem lies in the simplification of your organization ...*

*The senior leadership team have to back it. But start the movement small and it snowballs. It just builds. If you give people autonomy and purpose and then you let them free, you create unbelievable [outcomes]. The trouble is, we have too many silos, too many power hierarchies, too many handover points.*

Adopting these new skills and ways of working is one of three focus areas that are essential to drive change in an organization, he says. The other two are a shared corporate mission and a willingness to innovate. With those in place, he believes that the best place to start on the path to a more devolved and agile way of working is in IT.

*// Start a movement in IT. Start to move that part of your company, the other units will follow. That IT unit understands digital best. Start the movement there.*

## Disrupt yourself now

Equally important is to change the culture to value employees as people and to trust their potential and commitment. If enterprises don't make this move they won't retain the commitment of today's millennial workers, he believes.

*// Make employees back to people with purpose and mastery and skills and talent. Whether you're in comms or HR or marketing, you want the best people. They're not employees, they're people. If you don't do that, the millennials will*

*not stay with you.*

*You've got to move hierarchy to community. Command and control is dead. If you think you can maintain that you will not retain any great people.*

*The millennials are only renting. they won't stay with you.*

*Value top skilled engineers. They create the digital future. You need to change your digital policies to actually reward them. They're the new rock stars. Listen to your developers, give them a problem to solve, not the solution.*

His parting shot is a call to action:

**//** *I'm going to leave you with one message. Disrupt yourself now, don't wait. Disrupt yourself now, don't wait.*

## My take

Last year Barry Crist, CEO of Chef, told me that the devops approach of continuous delivery **could sweep through an enterprise in just 1-2 years**. For anyone who doubted the truth of that assertion, ING provides the proof that it can be done.

Nevertheless it's impressive to see that this kind of structure can be applied to a large, established financial institution as much as to **digital startups and software companies**.

It may seem a daunting prospect to change the way an enterprise operates so fundamentally. But as Donovan plainly believes, it may be the only way to make the transformation to a truly digital enterprise. It's an inspiring example for others to emulate.

*Image credit - ING bank branch Creative Commons Attribution 2.0 Generic*

*Disclosure - Brendan Donovan was speaking at Workday Rising EMEA in Barcelona earlier this month. Workday paid my travel to attend the event and is a diginomica premier partner.*

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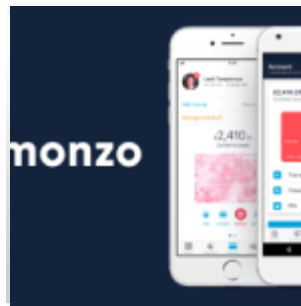
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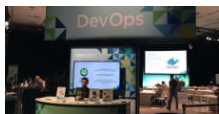
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