TBM COUNCIL

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Evolving Technology Planning and Funding Models for Business Agility

The TBM Council asked organizations that have actively scaled Agile and DevOps practices across the Enterprise to provide **key insight into their real-world experiences and challenges.**

Based on these observations, the Council has provided recommendations that organizations can incorporate. Organizations that successfully address the areas below experience the following:

Highly aligned companies grow revenue **58%** faster and are **72%** more profitable while significantly outperforming their unaligned peers, including satisfying customers 3.2 to 1.

Organizations that measure investment performance are **38%** more likely to report **greater profitability** than those that do not.

The top **10%** of companies evaluate opportunities and reallocate budgets on a monthly to weekly basis.

Agile practices must be aligned to succeed at scale

Agile principles place a team's focus on value creation. However, value and priorities are relative to a specific Agile team, product, and customer and may not align with the top most priorities of the business.

A business is limited by its budget and human resources. Failing to align Agile teams to the right priorities will erode these limited resources. This challenge is only exacerbated as Agile teams are scaled across the business.

Today's businesses require continuous, end-to-end alignment of Agile product teams across the enterprise.

Alignment on Strategy

44% Identified a lack of a well-defined mapping of business strategies and capabilities to technology as their biggest challenge for alignment.

90% Are planning to leverage products, services, or a hybrid as the point of intersection between business and technology planning, with 22% opting to move directly to products.

22% Chose a lack of metrics to prioritize investments at the strategic level as their biggest challenge in business and technology alignment.

56% A clear majority of 56% of those interviewed are incorporating Objectives and Key Results (OKRs) and value streams into their business planning.

Recommendations

The combination of TBM, Lean Portfolio Management, and Enterprise Agile has been proven in practice as a highly effective solution to connect business strategy to technology investments.

Business planning should provide strategic themes and OKRs that express strategy in objective terms and serve as critical inputs for portfolio planning and management.

To minimize the risk of failure, organizations can trial applying these recommendations in a part of their business portfolio before extending to include the full portfolio.

Portfolio planning sessions must include business, finance, and technology leaders and incorporate LPM practices including guardrails and horizon planning.

Organizations that have yet to define business vs. delivery, platform, or infrastructure services can map the portfolio of business applications to products. This then avoids the step of adopting a service-orientated approach for the entire technology portfolio on their journey to a product or product-services hybrid operating model.

Funding Business Agility

22% Mentioned the siloed nature of teams and activities involved in changing the business and running the business as a challenge to align finance to execution while supporting agility.

22% Said their primary hurdle is the challenge of evolving financial planning activities to match the pace of Agile work and planning.

11% Identified overly detailed reporting and overly rigid budgeting processes as a hurdle for finance teams supporting agility.

55% Identified their biggest challenge in aligning finance with technology delivery as funding organized by cost-centers and organizational structures rather than products, services, or solutions.

44% Have prioritized the adoption of DevOps practices, which more closely integrate development and operations as a technology supply chain to better understand and fund the value streams.

Recommendations

Funding models must align with and support the mix of delivery methodologies in use. To support Agile-at-Scale, financial management teams should be able to support Program Increment (PI) or quarterly planning at a minimum and target monthly and ad-hoc planning.

Traditional budgeting through cost centers and project expense planning can be difficult to align to Agile operations enabled through continuous product funding and digital value streams. Maintaining hybrid solutions that can fund and manage the costs of both projects and value streams will be key long-term.

Value Stream Management and DevOps practices provide an ideal solution for funding Agile product lifecycles and avoiding issues where funding for an element of the supply chain is not accurately planned for.

The TBM framework and discipline provide a proven solution for reforming financial management models capable of modeling product and value stream costs as well as managing finances across hybrid models that include a mix of products and projects.

Business Value Realization Models

33% of organizations reported a lack of agreement on what constituted value as opposed to just cost-orientated metrics.

22% of respondents cited that lacking a framework to link work execution back to investments is a challenge.

55% of the organizations interviewed are prioritizing the incorporation of OKRs and value-streams into their value realization models.

Recommendations

Costs are a core element of value qualification, and TBM practices can be combined with Agile metrics to round out the value realization model.

Avoid overly complex OKR hierarchies that attempt to describe business outcomes to the lowest level of detail within the portfolio resulting in endless debates over value attribution.

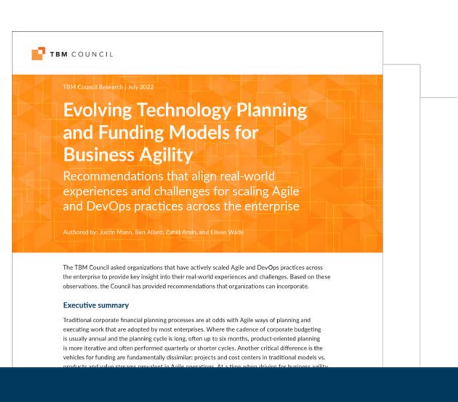
Connect planned business value to products via the portfolio, adopt forward-looking Agile metrics that can drive the desired outcomes, and track the progress toward value realization through PI/quarterly planning activities.

Adopt forward-looking measures to assess the potential for Agile product teams and steer investment decisions. Leverage light-touch, backward-looking assessment measures only where they provide actionable insights.

Identify teams that predictably deliver business outcomes and look to shift high performing teams to focus on strategic priorities.

Agile Funding in Public Sectors

While public sector organizations can benefit from these recommendations there are unique differences, including reliance on internal service-delivery agencies, and planning and approval processes set by governing agencies that must be considered.



Find out more in the full paper

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Founded in 2012 the Technology Business Management (TBM) Council is a nonprofit business entity dedicated to advancing the discipline of TBM through education, standards, and collaboration. Governed by an independent board of both global and regional business technology leaders, this diverse group represents some of the world's most innovative companies, including Mastercard, Wells Fargo, State Farm Insurance, Nike, Stanley Black & Decker, Equifax, ANZ Group, Commonwealth Bank of Australia, Adidas, Mercedes Benz, and more. The TBM Council provides best practices for leaders to leverage so they can react quickly to changing market dynamics and optimize cloud and agile strategies to deliver on business objectives.

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