

# CAPCO | DIGITAL

**AGILE AND MODERN DELIVERY BEYOND IT**

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**Over the past 15 years, Canadian financial institutions have been on a journey to adopt agile mindsets and practices. Digital market forces are accelerating a ‘modern delivery 2.0’ revolution. Will your firm survive and thrive by adopting a modern delivery culture?**

**The modern delivery revolution** is an imperative for the Canadian financial market, which has been dominated by the Big Five banks and heavily protected by government regulation for over a century. Now, disruptors in business, technology, and society are driving a wedge between financial institutions (FIs) and their customers. New big tech entrants, shifting customer expectations, digital technology innovation, and deregulation threaten every banker’s standard operating model. And that was before COVID-19, which is motivating customers to fundamentally rethink how and with whom they want to do business.

If Canadian FIs cannot adapt to their accelerated pace of change, they will face decreasing market share, increasing service and maintenance costs, and lost customer opportunities. Now is the time for FIs to push beyond their comfort zones and embrace the transformative modern delivery approach.

**Modern delivery 2.0** applies the next level of agile thinking to all aspects of doing business, not just information technology (IT). It covers six key domain areas, including dynamic strategy, design thinking, agile tooling, capacity-based planning and funding, public cloud services, and scaled agile.

# MODERN DELIVERY 2.0 COVERS 6 KEY DOMAINS

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## TRADITIONAL DELIVERY

### Fixed Strategy

**The strategy** is a fixed roadmap at a point in time, difficult to translate into target outcomes, and unable to pivot based on market conditions.

## MODERN DELIVERY 2.0 APPROACH

### Dynamic Strategy

The strategy is translated into **dynamic roadmaps** at the enterprise and product levels that continuously evolve to reflect delivery outcomes based on market conditions and the team's capacity.

### Voice of the Customer

The customer's voice is recognized, but there is no use of personas and customer feedback is requested after delivery.

### Journey Mapping and Design Thinking

**Journeymapping and design thinking** are embedded in the delivery process from ideation to continuous improvement. Three design-thinking principles are at the core of journey mapping: focus on users and their tasks **early on, adapt and adjust** throughout, and continuously **measure** the experience.

Design thinking is approached as a philosophy, a basic framework upon which innovation and human-centred thinking can take shape. It requires a commitment to curiosity, the courage to make and test incremental changes, and buy-in from all corners of your company to reap the benefits.

### Static Project Software

Static project tracking tools are updated by a few managers and communicated on frequent cadences.

### Dynamic Agile Tooling

**Dynamic tracking tools** (virtual or physical) are updated by the practitioners performing the work and communicated in real-time.

Takes a holistic view across strategic build and BAU, for strategy and governance, planning, requirements, development, quality, and operations.

## Project Funding

Funding of agile teams is done in a silo and based on an approved business case with early requirements. Funding changes go through a change order process.

## Capacity-Based Planning & Funding

**Capacity-based prioritization planning and funding** move away from project requirements to solution vision allowing real-time pivoting of initiatives.

Leverages a framework for modernizing funding, governance, and reliable metrics for measuring execution and business value through initiative-specific objectives and key results (OKRs).

## On-Prem

Matured DevOps started to leverage the cloud in specific departments.

## Public Cloud Services

Development security and operations collaboration framework (**DevSecOps**), continuous integration and continuous delivery (**CI/CD**), and **public cloud** enable faster, more efficient execution of the vision. Integrating business alignment directly into the software development life cycle process to accelerate product success and reduce scope failure.

Employs a security-first approach with a focus on automation, while maintaining strict compliance requirements.

## Agile for Development

Agile introduced in development technology teams somewhat in isolation from the business.

## Scaled Agile

**Agile is introduced enterprise-wide and executive teams work together with the value streams.**

Applies a structured approach that considers:

- Organizational readiness
- Agile pilot and strategy
- Reporting and metrics
- Coaching and development
- Pilot team formation
- Scale, sustain and improve

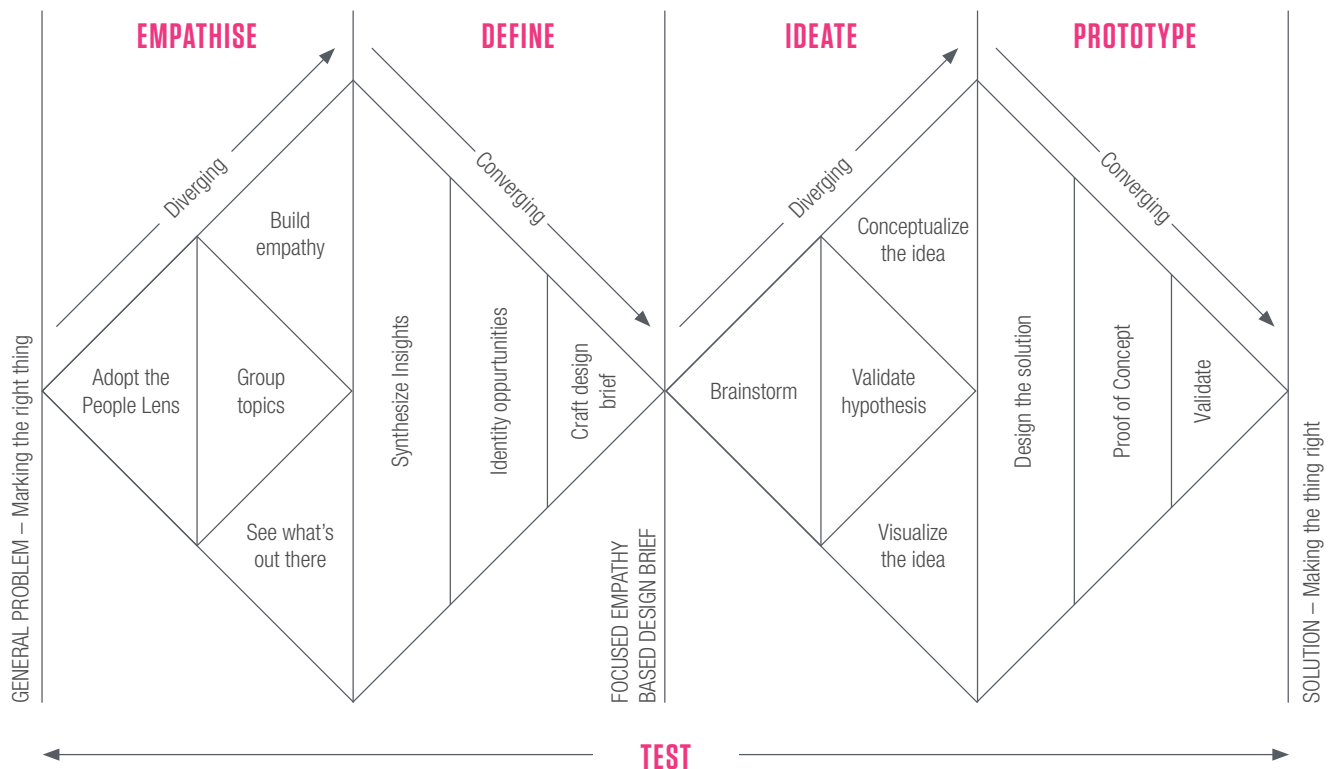
# MODERN DELIVERY 2.0 DELIVERS RESULTS

The three outcomes FIs can expect from a modern delivery 2.0 approach include improved client experience, increased speed-to-value, and greater organizational agility.

**Improved client experience.** A modern delivery approach integrates customer feedback across the delivery cycle, from ideation to continuous improvement. By introducing customer insights at multiple points across the delivery cycle, the team reduces risk and introduces a built-in mechanism for driving innovation. **The benefits are threefold:**

- **Success.** Co-creating processes with customers leads to a higher probability of success by reducing risk.
- **Differentiation.** A unique client experience drives revenue and growth in the heavily commoditized financial services industry.
- **Speed.** Real-time client needs are reflected in the end-product.

**Application of design-thinking principles and the integration of client feedback across the delivery cycle help FIs create a differentiated client experience that resonates in the market.<sup>1</sup>**



1. Capco Canada

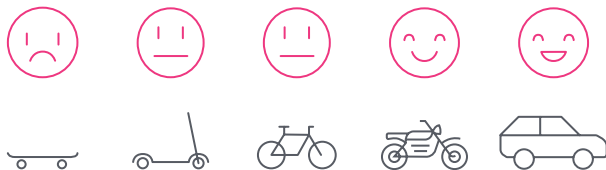
**Increased speed-to-value.** Empowering teams with a problem statement to solve versus a final solution to deliver creates an opportunity to develop and deliver a minimum-viable-product (MVP), which increases speed-to-value. The discourse changes from requirements to value-based iterations when the team moves away from a project-based approach with strict parameters and focuses on how the solution will satisfy customers. **Benefits include:**

- MVP is delivered providing clients with a working solution to their identified need quicker
- Solution retains constant visibility as incremental value-based iterations are made
- Client feedback is actively integrated into the solution, and risk is reduced by introducing smaller features and “bite-sized” pieces to clients

**Traditional delivery: Product delivered at the end of a project without capturing feedback or early value<sup>1</sup>**



**Modern delivery: Product delivered incrementally, seizing customer feedback and value throughout the process**



**Greater organizational agility.** Organizing the workforce around business value streams, combined with technology modernization and new ways of working enable efficiency and a culture of agility across the organization. **Benefits include:**

- Cross-functional platform teams (vs. product teams) eliminate siloes, increase transparency, and ensure the right people are working on the right thing at the right time
- Organizational efficiency is enabled through full stack business and technology modernization (i.e., digital portal, business services, core)
- Culture of agility is embodied and promoted top-down, across teams and bottom-up (grass roots)

Retooling and redesigning an entire business model, inclusive of people and technology, is a commitment — but one that pays dividends. Take BBVA<sup>2</sup>, Spain’s second-largest bank, as an example. BBVA made a commitment to a modernization change. It started from the top in 2015, when the honorary chairman of BBVA Foundation, Francisco Gonzalez, declared, “BBVA will be a software company in the future.” BBVA accelerated its digital transformation process with the launch of BBVA Next Technologies.

A scalable and modular customer-centric platform was one of the first priorities and technology investments for BBVA. It operates in real-time to provide mobile customers with the service they demand, such as BBVA Wallet, a mobile payments app that makes the bank competitive against new startup and digital companies.

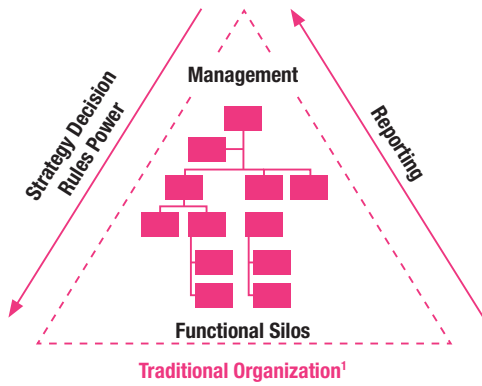
This rapid-fire ideation and prototyping process, similar to the approach taken by financial technology startups, makes the company agile, more productive, and able to deliver innovation on a timetable similar to digital giants. Gonzalez believes BBVA’s most prominent competitors will eventually be tech platform providers, like Google and Amazon, so he is focused on proactively transforming his bank well before they enter the industry. BBVA’s knowledge of its customers and what they want should be vital in helping the company remain competitive, even if tech titans decide to step into banking.

1. Henrik Kniberg - The Spotify Model

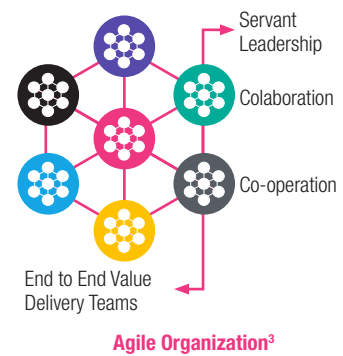
2. <https://www.bbva.com/en/bbva-launches-open-banking-business/>



## Transforming from a Traditional to an Agile and Modern Delivery Organization



**The dual operating system model of Business Agility<sup>2</sup>**



As FIs transition from a traditional to an agile and modern delivery organization, they reach the SAgile middle ground when resources are organized around value, maintaining the traditional organization in the background.

1. Traditional Organization: Scrum.org. <https://www.scrum.org/resources/blog/business-agility>

2. The dual operating system model of Business Agility: © Scaled Agile, Inc.

3. Agile Organization: Scrum.org. <https://www.scrum.org/resources/blog/business-agility>

# CONCLUSION

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As the pandemic forces bank customers to do more financial business online, their expectations and requirements are changing quickly. Investing in an agile and modern delivery approach beyond IT offers Canadian FIs an immense opportunity to get and stay ahead of the curve to survive in today's rapidly changing and competitive landscape. This new mindset and way of working allow FIs to improve the client experience, increase speed-to-value, and increase organizational agility. By adopting a more customer-focused,

collaborative, adaptive, flexible, transparent, and open agile culture, FIs will be able to provide more positive futures with customers and employees like never before.

The alternative scenario of Canadian FIs attempting to maintain their traditional approaches in this dynamic environment is less appealing and less profitable, by the minute. Leaders of the past who will not change, will not survive. New leaders will be on the upswing. Are you ready to meet your customers in the future?



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## ABOUT CAPCO

Capco is a global technology and management consultancy dedicated to the financial services industry. Our professionals combine innovative thinking with unrivalled industry knowledge to offer our clients consulting expertise, complex technology and package integration, transformation delivery, and managed services, to move their organizations forward.

Through our collaborative and efficient approach, we help our clients successfully innovate, increase revenue, manage risk and regulatory change, reduce costs, and enhance controls. We specialize primarily in banking, capital markets, wealth and asset management and insurance. We also have an energy consulting practice in the US. We serve our clients from offices in leading financial centers across the Americas, Europe, and Asia Pacific.

To learn more, visit our web site at [www.capco.com](http://www.capco.com), or follow us on Twitter, Facebook, YouTube, LinkedIn and Instagram.

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