

The background of the slide is a photograph of a man in a server room. He is wearing a checkered shirt and glasses, looking at a server rack. The room is filled with server racks, and there are blue and red lights illuminating the scene. A large, semi-transparent blue circle is overlaid on the left side of the image, containing the text.

How to Build a Digital Initiative Transformation Office?

Program and Portfolio Management Post COVID-19

Digital Initiative Transformation Office, a combination of people, processes, metrics, methodologies and tools, centrally drives and manages the diverse set of digital initiatives in your organization

Have you recently wondered if your program and portfolio management (PPM) capability has kept up with the ever accelerating pace of digital change during the pandemic? If yes, you are thinking right. As other digital practices mature, it is now the time to kick-start a PPM upgrade that scales along with your upcoming initiatives and gives you a head start out of the COVID-19 crisis.

COVID-19 accelerates existing program and portfolio management trends

The ongoing Coronavirus pandemic is a pressure cooker for business and IT capabilities alike. While organizations with a low digitization maturity risk falling behind the curve even faster, competitors will excel and come out of the crisis stronger than ever. Increased pressure on an organization as a whole and PPM comes via the following trends:

- **Agile methodology:** Companies have invested in upskilling their teams in agile methodologies and started to adopt frameworks like SAFe¹ or LeSS². The future will therefore see fewer traditional v-model based programs and projects.
- **Remote collaboration:** Offices and delivery centers are closed, forcing colleagues to work from home. With COVID-19, agile teams must therefore be well equipped to deliver initiatives remotely across the globe in a seamless way³.

- **IT metrics:** The approach to measure the success of IT initiatives is shifting away from traditional cost-center driven metrics such as on-time and on-budget delivery towards more evolved means such as release frequency, risk mitigation and time-to-market.
- **Product centricity:** Internally, many organizations are moving away from a project-oriented delivery model towards a more product (or service) centric organization. New roles such as the product owner are emerging and other roles like the traditional project manager are becoming less prominent.
- **Technology shift:** The technology landscape is changing rapidly, especially trends around cloud computing⁴ have significantly impacted not only how infrastructure and software is delivered and hosted but also how IT organizations are structured.
- **Customer first:** Besides agile, related methodologies such as design thinking are shaping how products and services are delivered in the future and therefore, have a major impact on PPM capabilities.

As-a-service models: On one hand, many organizations discover as-a-service as an additional lucrative source of income for their own business models. On the other hand, they intensively leverage the whole bandwidth between infrastructure and software as-a-service offerings to increase scalability, flexibility and drive down costs.

While the traditional role of program management will eventually disappear, there is a great opportunity for the PPM capability to reposition itself as a key enabler and driver for digital change in a post COVID-19 world. This is what can be referred to as a Digital Initiative Transformation Office.

Why act now?

During COVID-19, every organization realized that being digital is paramount for survival and therefore, many new digitization initiatives have been started. Organizations are now building the foundation for future growth.

Operating in this new-normal world with a “survive - grow - transform” mindset requires a stable foundation for planning and execution that can scale quickly and reliably. Scaling only works though with the right people, processes, methods, metrics and tools in place.

This is where the implementation of a **Digital Initiative Transformation Office (DITO)** becomes relevant.

Form a mission statement

To provide guidance on setting up a DITO, it is important to understand the overarching objectives and mission statement of this entity. Typical objectives are:



Make digital initiatives comparable to each other in terms of cost, quality, agility, delivery speed, benefits and risks.



Track every initiative from its first ideation stage, up to the productive use in a consistent way.



Ensure that the right set of information is available at the right point in time to make informed digital related investment / divestment decisions across the organization.



Ensure that all digital initiatives are using a coherent delivery management methodology (catering for both v-model, agile and hybrid approaches).



Establish a common understanding regarding the dependencies between all digital initiatives.



Ensure that best practice delivery methods and technology platforms are established across all products / business lines.



Remove overheads, which is typically necessary to set up the right set of management tools and assets for new initiatives.

Those objectives need to be tailored for each organization. Based on the identified objectives, a mission statement for a DITO could be the following:

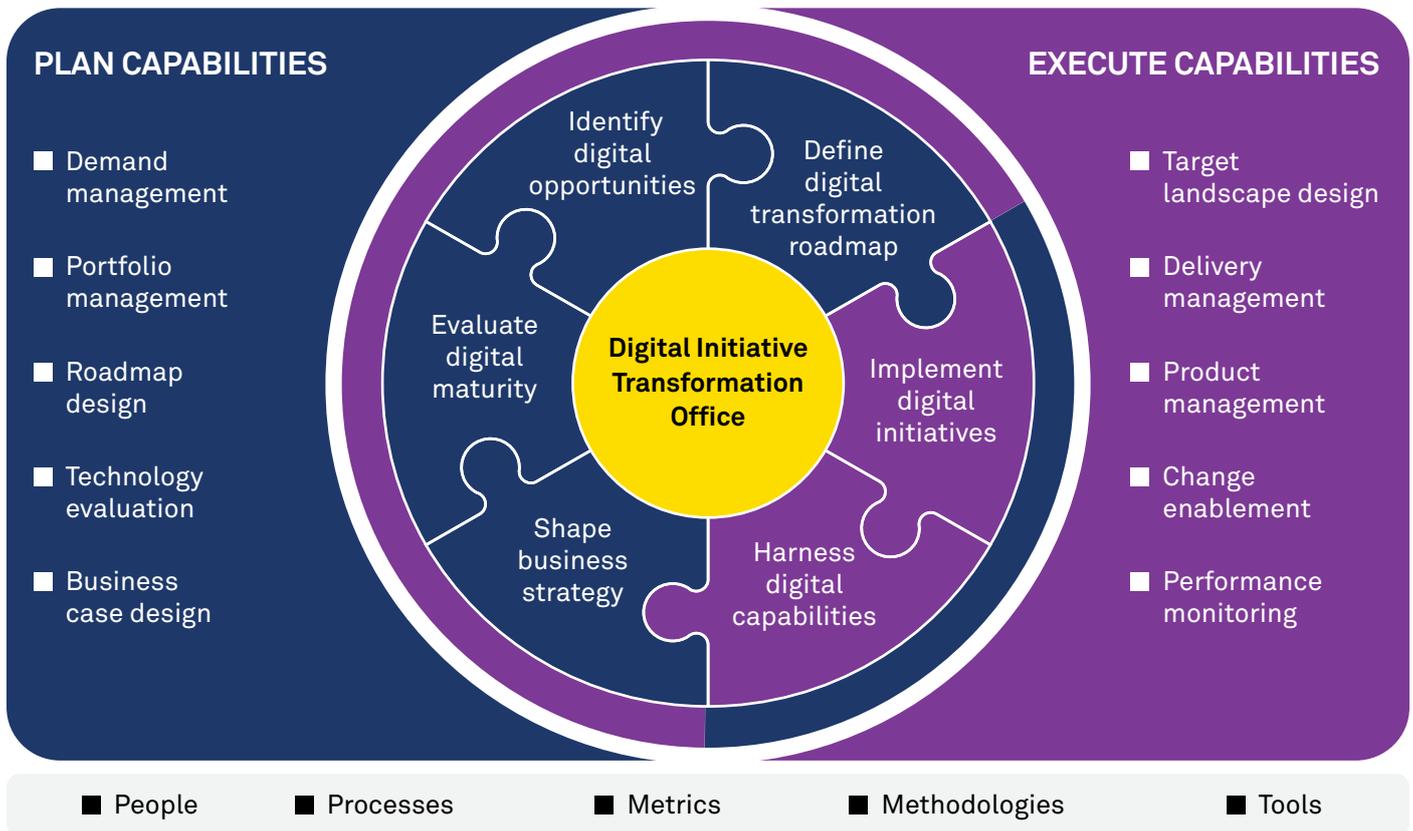
Mission statement: The Digital Initiative Transformation Office is the central umbrella view across all digital initiatives from ideation to go-live and operations. It will

- a) Provide transparency on how well we perform towards achieving our business objectives and
- b) Accelerate and mature our digital delivery capabilities by
- c) Foster a strong alignment between business and IT. It will do so by providing the right mix of people, processes, metrics, methodologies and tools.

Introducing the Digital Initiative Transformation Office

The DITO is an integral part of the end-to-end digital decision-making cycle. Only then can it provide the needed holistic support throughout the digital investment lifecycle. It enforces a structured approach that all stakeholders can adhere to. The key capabilities of a DITO are depicted in figure 1.

Digital Initiative Transformation Office (DITO)



Legend: □ Digital Initiative Transformation Office key capability
 ■ Digital Initiative Transformation Office building block

Figure 1: Key capabilities of the Digital Initiative Transformation Office

The supported digital investment lifecycle typically consists of the following six phases. Those phases might vary for each organization and the model should be adjusted accordingly.

- **Shape business strategy:** Reinvent or update the business model and challenge every aspect of an organization. Design how an organization will interact with customers and its ecosystem and how that affects processes and structures.
- **Evaluate digital maturity:** Conduct an honest assessment of an organization's digital capabilities in comparison to competitors.
- **Identify digital opportunities:** Identify, which ideas have the highest potential and how does that stack up to an organization's capability.

Define how success will be measured and who will be accountable.

- **Define digital transformation roadmap:** Define the right mix of initiatives and resources that best align to the identified business ideas. Take into consideration the current organization's capabilities and architecture.
- **Implement digital initiatives:** Execute the implementation of agreed initiatives. Setup the right governance and delivery methodologies. Move quick and maintain the needed agility to react to an ever-changing environment.
- **Harness digital capabilities:** Rollout products and services to end users as quickly as possible. Get feedback early and adapt accordingly. Conduct an outcome-based assessment of what your organization is delivering to customers.

PLAN capabilities

Figure 2 shows the five core planning capabilities where the DITO can position itself to support the wider organization.

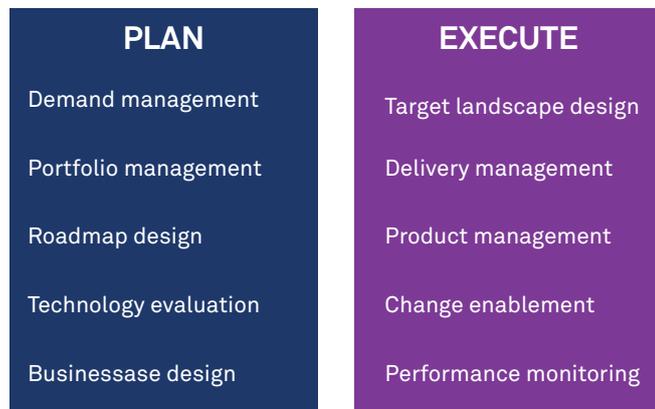


Figure 2: Core planning capabilities DITO supports

A big paradigm shift impacts most organizations during their digital transformation: the need to break open existing silos and move towards a more product/service centric organization.

Therefore, all planning related capabilities must be adjusted. Agile cross-functional teams can be formed and eventually the definition and approval of demand is conducted within the different products. The product is where IT and business colleagues work close together and where an impulse for future growth is sparked.

This itself has an impact on how IT budget is allocated. Rigid IT budgets no longer suffice. Instead, organizations are moving towards flexible budget guardrails to give teams the needed level of agility.

Decision making metrics must be rethought and engrained in the demand and portfolio management processes. In a digital world, it is even more important to find the right mix between traditional business and investments made for rapidly growing or emerging business.

As technology is a significant enabler for innovation and therefore business growth, mechanism must be put in place that ensure that enough time is allocated for technical innovation and experiments. To avoid waste, it must be incentivized to share insights on new technology across teams and products.

To not lose sight of the big picture, activities across products and services must be streamlined based on a clearly defined set of rules that a) have the built-in flexibility to react to change and b) provide the long-term guidance needed in larger organizations.

EXECUTE capabilities

Once an initiative goes into execution mode, the set of capabilities given in figure³ play a crucial role.



Figure 3: Core execute capabilities DITO supports

From a delivery viewpoint, having the right processes and tools for scaling in place is paramount for a successful IT organization.

An organization must balance the need to move quickly with the best fit-for-purpose technology while at the same time not piling up additional technical depth across the organization.

Especially larger, established organizations rely on existing programs and applications that are best delivered via a traditional v-model approach. At the same time, agile teams have become the norm. Hybrid approaches must be designed that allow agile teams to release features in short time intervals while still adhering to an organization's quality gates and release windows.

Change never comes easy: every organization needs to adapt to the new ways of working. True digital leaders understand the networks within an organization and can bridge the gap across formerly divided silos. They understand that innovation happens at the intersection of different disciplines and they can apply systems thinking. The organization should always work towards the global optimum instead of looking for the local optimum.

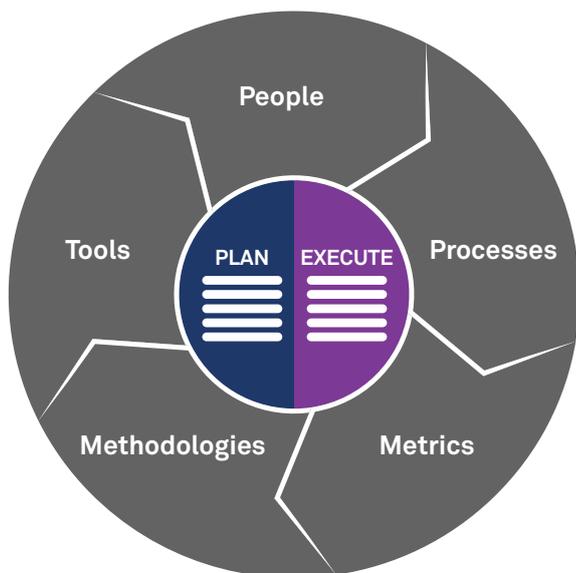
The performance management process and associated metrics must be rethought so that the envisioned way of working is incentivized. In case an organization wants to become more agile and flexible, KPIs must be reworked and the right tooling needs to be in place to measure them.

How can you start? Take a minimum viable product approach!

Any of the five DITO building blocks (people, processes, tools, metrics and methodologies) can be taken as an on-ramp scenario.

As a rule of thumb, pick one or multiple building blocks and implement them across one (at most two) capabilities as a starting point. This results in a maximum of ten initiatives that will be targeted in parallel (see figure 4). The less items you focus on for your MVP, the more likely you are to set yourself up for success.

Digital Initiative Transformation Office (DITO)



Legend: ■ DITO building block
□ DITO key capability

Figure 4: Creating on-ramp scenarios

Here are four potential on-ramp scenarios that have proven successful:

Scenario 1: An integrated tool suite for target landscape design and delivery management

Tooling is a great starting point to drive behavioral change within an organization. With this scenario, it is important to pick tools that already come with preferred-practice processes, data model, reports and workflows. It is important to choose a trusted implementation partner to avoid upfront design decisions that will hinder wider adoption when ready for scaling.

Delivery management and target landscape design are two capabilities that are well suited due to the high tool maturity and relative ease of tool setup. Those type of tools also have an immediate impact and can be deployed quickly for agile teams doing product development or cloud transformation initiatives.

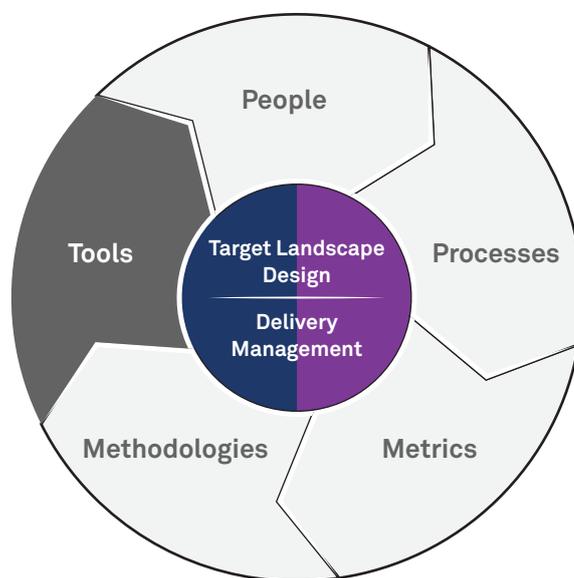


Figure 5: Tools for target landscape design and delivery management

Scenario 2: Introduce a common agile methodology for delivery management

Typically, an organization has already deployed a variety of agile teams without ever developing a clear vision on how their work can scale and blend in with the rest of the organization. This is where agile frameworks such as SAFe come in.

The DITO can become the leading unit to streamline agile initiatives and, together with the agile teams, define the ways-of-working that should be adopted by all agile teams. It is advisable to listen to the lessons that successful teams have learned previously.

The added value that the DITO can bring on top of the mentioned frameworks is the fact that hardly any organization will make a 180-degree turnaround to fully adopt one of the frameworks. Instead, different components of the framework(s) must be leveraged in perspective.

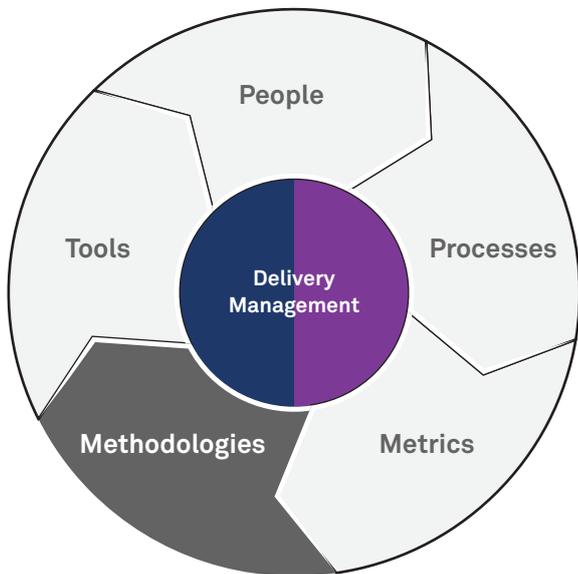


Figure 6: Agile methodology for delivery management

Scenario 3: Move towards product-centricity

True agile organizations must move towards a more customer-focused setup and form cross-functional teams. One solution is to reorganize around products and services and set up the respective agile teams.

The DITO can become the entity to give the right impulses and provide guidance on this endeavor.

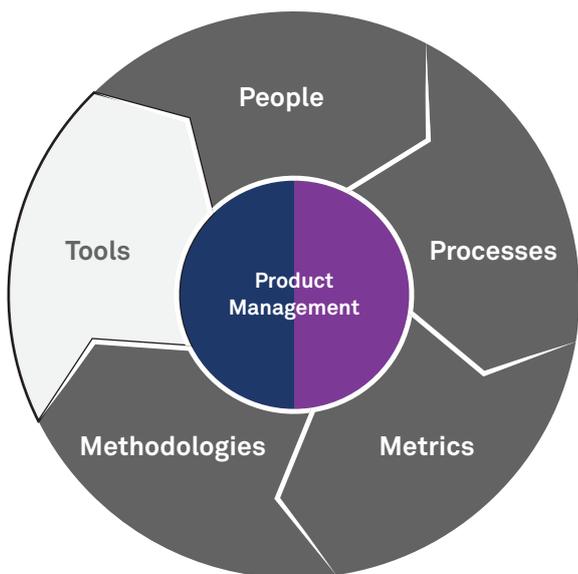


Figure 7: Product-centric approach

Scenario 4: Agile demand and portfolio capability

If portfolio visibility is your biggest pain point, then try to go with scenario 4. You will leverage the DITO to establish common processes and metrics for demand requestors and portfolio managers that combines v-model and agile initiatives.

It is advisable to target a certain project or product and use it as a prototype to establish new ways of working, tooling, etc. Once operational, this model can be scaled and rolled out across the wider organization.

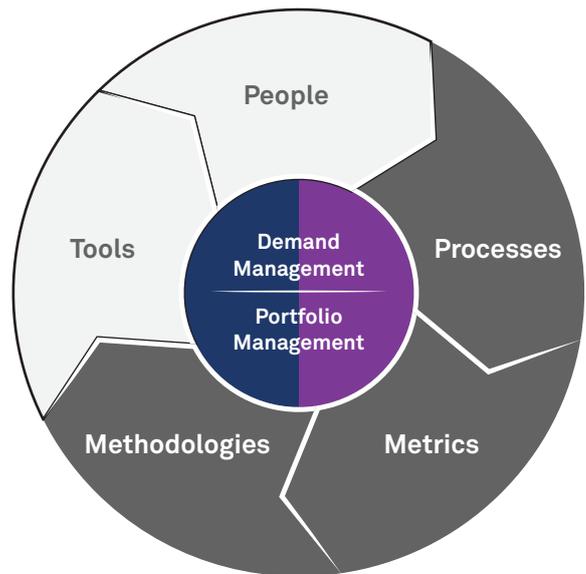


Figure 8: Agile demand and portfolio capability

360° digital transformation management

This article has introduced the concept of a Digital Initiative Transformation Office.

The DITO forms a central umbrella view to manage the diverse set of digital initiatives in your organization.

The DITO is a combination of people, processes, metrics, methodologies and tools (building blocks). The on-ramp scenarios can be used to discuss potential starting points in your organization.

About the author

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Nils has more than 15 years of experience in delivering the whole bandwidth from smaller strategic IT assessments up to multi-year systems integration initiatives.

He has implemented agile and v-model aligned IT Governance processes and tools across a wide variety of global organizations.

Nils is based out of Frankfurt, Germany. If you want to find out more on how to set up a Digital Initiative Transformation Office.

References

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²LeSS Large Scale Scrum official website: <https://less.works/>

³Adopt “Agile Anywhere” for Seamless Software Delivery:
<https://wiprodigital.com/2020/04/01/adopt-agile-anywhere-for-seamless-software-delivery/>

⁴Wipro Cloud services: <https://www.wipro.com/cloud/>



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