



# Transforming Your Business: Scale Agile and Measure the Success



# How to scale agile

Before we tackle the question of how to scale agile, we should first answer this potential grenade of a question from a skeptical board member: "I can see the value of switching to agile, but why does the whole company need to become agile?"

That's a fair question, and in some cases the answer may well be that you don't. But consider this: What draws customers to your company rather than a rival? If the answer is a product that requires any kind of software development, including the production of hardware or services, then you exist within a fast-moving marketplace.

*"The case for scaling agile practices is rooted in software's new and expanding place in the value chain," wrote Otto Berkes in Digitally Remastered.<sup>1</sup> "If the ability to deliver innovative experiences is a central determinant of competitive differentiation, then it stands to reason that your entire [business] needs to be optimized to deliver on that strategy."*

Berkes' reasoning is simple. The proven benefit of agile project development is that it's a faster way to deliver better projects. Scale that up to be multiple projects, or a series of related projects, and you can see how the value to your customer will quickly grow. Take agile even further and scale beyond your IT and dev teams for that extra value. By getting outside departments and teams on board with agile adoption, more and more organizational roadblocks will cease to exist.

"We believe that agility could also be used in multiple ways—in everything we do. In fact, the world is changing very quickly around us, so much so that we cannot afford anymore to have projects taking two to five years to deliver, because, during this time, the initial requirements have changed."

**Philippe Husser, Senior Partner, Progress Direction, Michelin<sup>2</sup>**

<sup>1</sup> Otto Berkes, "Digitally Remastered: Building Software Into Your Business DNA," September 2016

<sup>2</sup> Project Management Institute, "Pulse of the Profession 2017," February 2017

## Measure frequently

Maybe your organization is already convinced that agile-at-scale is the pathway to future successes. That's great, but how you measure those future successes is equally important.

Agile metrics are a key factor in determining the speed, cadence and velocity in which your teams can deliver value you to your customers.

Without the proper agile team data, your agile methodologies, practices and processes could be easy seen as a work distraction, instead of an impactful and improved new way to work.

Over the next two pages, we offer a blueprint for measuring success.



# Measuring success

Metrics, data and analysis must answer “why,” not just “what” to ensure continuous improvement of customer experience. Why is a feature not being used? Why are some customers churning off an application? Why is a minor improvement driving a spike in adoption? As with agile, prioritizing customer value through measurement requires both organizational and cultural transformation.

Here’s a blueprint for starting that process:



## Step 1: Focus on the questions

The questions you are working to answer must become your true north. Instrumentation, data collection and analytics are simply a means to an end. Technology is a powerful tool, but it can’t tell you the questions that matter to your customers and your business. Importantly, make sure that the answers to your questions drive specific, meaningful action.



## Step 2: Measure for insights

It will be tempting to over-instrument code and infrastructure, and to collect massive amounts of data that simply becomes another management headache. Resist the urge and start small instead, concentrating on a specific area to demonstrate value. Keep in mind that you won’t always know what data will be valuable ahead of time and that you will need to be speculative. Don’t be afraid to over collect strategically as long as doing so does not become an operational burden.



### Step 3: Run experiments

Use analytics to guide ongoing experiments and to predict changes that will improve the customer experience. Armed with insights, you can then make changes to your service—or provide two different versions at the same time—and measure customer response to inform your product development. Analytics allows you to validate the results of proposed optimizations before adopting them at scale. You must not experiment at your customers' expense, but you can learn from your customers to improve the value and experience you give them.



### Step 4: Optimize for the business

Ensure that your efforts are deeply integrated into the business. The insights gained from targeted instrumentation can inform your business, and your business needs should inform the insights you set out to obtain. Your digital channels are central to your ability to understand your customers who, in turn, help to shape the evolution of your products and business. Integrate customer-facing measures such as Net Promoter Score (NPS) to track your progress and to help guide the evolution of your applications and services.

Don't get distracted by data. Instrumentation and data collection are important but must be focused on answering questions that matter to the customer and to the business in a continuous feedback loop.



# The PayPal story

## **It's impossible to imagine the challenge facing Kirsten Wolberg when she joined PayPal in 2012.**

As a new VP of Technology, everyone she spoke with in the development organization told her the same thing: it was really hard to get work done.

At that time, PayPal relied on waterfall development methodologies and, because their workforce was so specialized, there were 85 bottlenecks within the development process. One problem was that the development teams were focused on very large-scale development projects that would take years to get out the door. Huge product specification documents would be thrown over the wall to development teams. By the time the product was released, there was often a complete disconnect between what customers wanted and what the technology teams delivered.

Additionally, PayPal was operating with a *"project mindset,"* rather than a *"product mindset."* If a technology leader had a product idea to develop, she or he would assemble developers from across the organization. After the release was out the door, those developers would be assigned to the next new project. As a result, products were essentially orphaned after they were rolled out; there was no one who understood the code and maintained consistent ownership of the product and whether it was meeting customer expectations over time.

PayPal began experimenting with some pilot agile projects, introducing the concepts of minimum viable product and dedicated Scrum teams. They began seeing some benefits right away. *"With teams in place that fundamentally own the products in the marketplace, they took responsibility for the customer experience. They care about the quality of that product. They care about what the next release is going to look like, and how it's going to meet customer needs. That mindset shift has resulted in much better experience for our customers, and a better experience for our teams, because they have much greater pride in the work they're doing,"* said Wolberg.

With these initial successes in hand, Wolberg pushed for a “*big bang*” approach to scale agile quickly to the rest of the development organization. She realized that because development teams are so dependent on each other, PayPal wouldn’t see the full benefits of agile until they had all teams adopting the methodology. Additionally, Wolberg feared that because everyone would feel the pain involved with change but not see the benefits in the short-term, executive support for agile might wane if they didn’t move quickly enough.

After seven months of planning and training, PayPal moved from having 20 percent of its development organization following agile approaches to its entire technology and product organization of people adopting agile, Scrumming in two-week sprints. The results speak for themselves: in the 18 months prior to its full-scale adoption of agile, PayPal had rolled out three new products. In the six months after full-scale adoption, it had rolled out 58 new products and features.

*“By forcing the entire team—3,500 people across four major development centers and 40 global business offices— to move on the exact same day to a new way of working, the entire organization began to see the benefits immediately,” Wolberg said.*

## PayPal in numbers

**1998**

Company  
founded

**18,100**

Number of  
employees (2016)

**40m**

Visits to paypal.com  
per day<sup>3</sup>

**\$73bn**

Market cap,  
Aug 2017<sup>4</sup>

**210m**

Number of worldwide  
PayPal accounts<sup>5</sup>

**6.5m**

New active accounts  
(net) in Q2 2017<sup>5</sup>

**\$106bn**

Total payment value  
in Q2 2017<sup>5</sup>

**21%**

Revenue increase  
2016 vs. 2015<sup>6</sup>

<sup>3</sup> Alexa.com, “PayPal,” August 2017

<sup>4</sup> Yahoo! Finance, “PayPal Holdings, Inc,” August 2017

<sup>5</sup> PayPal, “PayPal’s Second Quarter 2017 Financial Results,” July 2017

<sup>6</sup> PayPal, “PayPal’s Fourth Quarter and Full Year 2016 Results,” January 2017

There is no magic to scaling agile across an enterprise. It takes hard work, perseverance and a rock-solid focus on your goals. But as the PayPal story shows, it's possible to grow from a handful of agile projects to a fully agile mindset, across all areas of your business, if you have a powerful enough driver: that is, your customers demand it.

It's equally clear that you will need cold, hard data to back up your efforts. This serves a dual purpose: it allows you to gather insights to inform decisions, and it gives you evidence of success for you to share with everyone in your business. CA Technologies is here to help.

For advice on how to scale agile at a speed that is right for your business, visit us at **[ca.com/scaling-agile](https://ca.com/scaling-agile)**



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