

USING IT PORTFOLIO MANAGEMENT TO ENSURE BIMODAL SUCCESS



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You've heard the debate about Gartner's concept of bimodal IT. What Gartner defines as "the practice of managing two separate but coherent styles of work: one focused on predictability; the other on exploration"¹ is seen by critics as inherently "flawed".²

Critics see the strict separation of systems, budgets and personnel as a hindrance to digital success and damaging to staff morale. They warn the CIO against embracing what they perceive as an oversimplified model for action in an only vaguely understood new world of immense complexity. One thing all pundits agree on: Digital is forcing companies to pick up speed in delivering new business solutions. Why is this? There are several reasons:

- Technology innovation is enabling disruptive business innovation
- New types of competitors made possible by lower market-entry costs are more nimble than the incumbents
- Pervasiveness of information on competitors' products, services and prices has companies moving quickly on initiatives to retain customer loyalty

Because of these drivers, companies are looking more and more to agile development to keep pace with business demand. Yet with agile, there is a fear of unbridled, unconstrained and uncontrolled development that will soon have nothing to do with what the enterprise strategists set out to accomplish in the first place. But agile development (the motive of Mode 2) does not mean a "coding-cowboy" free-for-all. In Gartner's report "How to Achieve Enterprise Agility With a Bimodal Capability" (24 April 2015, Simon Mingay and Mary Mesaglio), Gartner states: "Organizations need to change their methods. They need to adopt more appropriate governance and planning mechanisms, as well as create a capability and a culture that allows them to experiment more, fail fast, fail small and fail visibly. They need to manage this capability in combination with running the more-predictable, mission-critical steady state. This is a bimodal capability."

¹ Gartner Glossary <http://www.gartner.com/it-glossary/bimodal/>

² <https://continuousdelivery.com/2016/04/the-flaw-at-the-heart-of-bimodal-it/>

The report goes on to say, “Managing uncertainty—that is, being able to move forward even when the future is unclear or when a predefined plan is impossible—is foundational to success in the digital era. Often, the desire to manage uncertainty is masked by a focus on speed, but frequently that’s because speed is seen as a way to respond to uncertainty. The benefit of speed afforded by bimodal is eclipsed by the benefit of being able to move forward when the future is unclear.”

What Gartner describes is exactly what you can do with Integrated IT Portfolio Management (ITPM). It is the basic tenet of Software AG’s Alfabet software for IT planning and portfolio management: the ability to move forward on business and IT strategy in a world of constantly changing parameters. At its core an information management system, Alfabet provides:

- Up-to-the-minute, current information on available and planned IT assets and their lifecycles
- Projects that are planned or in progress and are using those assets
- Collaboration facilities for sharing and synching planning and execution information
- The ability to establish repeatable planning, management and governance processes for a steady procedural foundation as a mainstay for the fleet strides of agile development

This paper explores the significance of ITPM in supporting bimodal IT.

A digital assessment: finding where you need agility

Where to start? Business wants innovative digital solutions quickly and you know agile development techniques can help. For that matter, you’ve likely got some agile projects in progress. But do you actually know if those projects are in support of your company’s digital strategy? Or was it a weak moment in which IT kowtowed to the business stakeholder with the loudest voice and the deepest pockets? Using a business capability map, a feature of ITPM, the IT organization can collaborate with business counterparts to identify which capabilities require a high degree of digitalization in order to be competitive and differentiating—that is, which capabilities require digital operational excellence, a highly digitized customer experience, or both. Assessing a capability’s current digital strength will show a gap between the required and current digital strength to provide a starting point for directing agile development initiatives. It also exposes where agile development resources are being used even if there is no agility requirement from business. Such resources could be moved to areas of greater need.

Further assessment shows how each application is being handled—that is, what development mode they are in. If it is a capability that requires fast delivery of solutions, most of the supporting applications should be in Mode 2. An ITPM system brings to light the characteristics of the applications making up the capability, specifically:

- What mode has been chosen for each application
- Which mode the application is actually being operated in according to certain criteria such as whether a product manager and SCRUM team is assigned, whether application development follows agile methodology and whether DevOps methods are in use for agile deployment of the software.

This facilitates the alignment of the application portfolio to the chosen mode strategies. The risk profile of an application is also important for determining its development mode, and an ITPM system can deliver this information. An ITPM system also provides information about the lifecycle of the applications so an organization can assess which Mode 1 applications will be retired soon and can be replaced with applications developed in Mode 2.

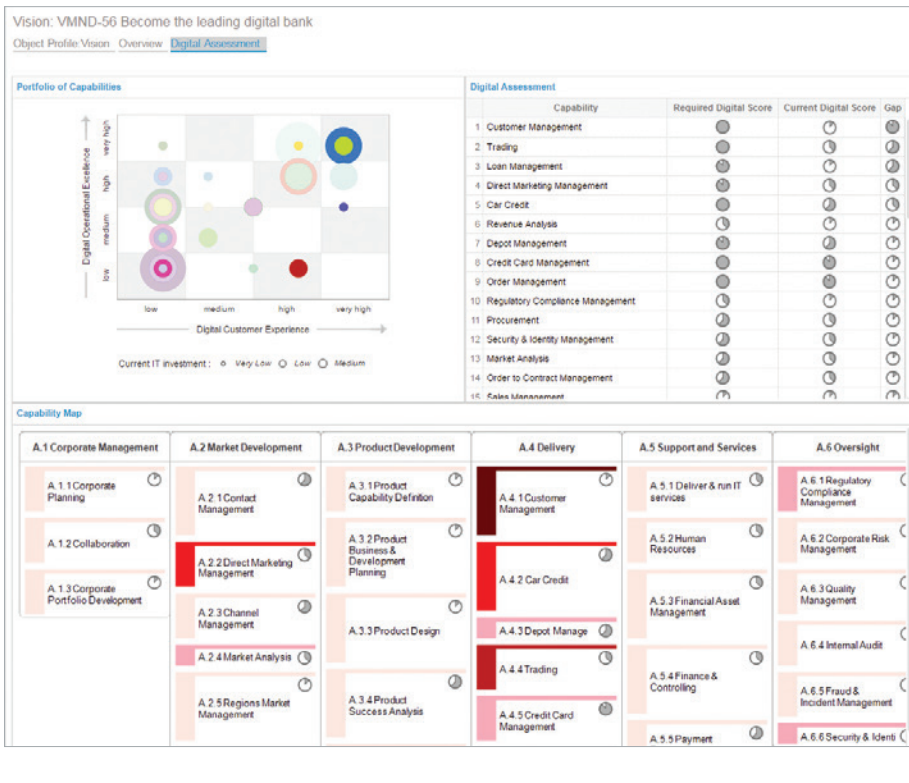


Figure 1: This cockpit gives an overview of the as-is and required digital strength of the capability portfolio of the enterprise, thus pointing out where the biggest gaps lie. The portfolio chart top left shows where each capability lies in regards to required digitalization. The assessment top right shows the gap between the required digital strength and current strength. The capability map at the bottom uses the following indicators: box color (dark = large digital strength gap), box size (large = number of supporting applications) and bubble icon (solid = high current digital strength).



Figure 2: This Gantt chart shows the lifecycle and bimodal information for the applications supporting the capability "Customer Management". The column "Mode" shows if the applications are in Mode 1 or Mode 2. From the lifecycle information at the right, we see that a number of Mode 1 applications seem to be retiring soon, so it might be a good idea to replace them with Mode 2 applications. The second column "Mode 2 ?" represents the Mode 2 fulfillment score for each application. It is computed using all the information in the remaining columns.

Integrated portfolios identify relationships between Mode 1 and Mode 2 systems

In his article "The Flaw at the Heart of Bimodal IT," Jez Humble writes "The second flaw in the Bimodal model is that those fast-moving user-facing services are almost always coupled to systems of record". Some may interpret bimodal to mean a strict separation between Mode 1 and Mode 2 systems or that synchronization needs to occur only at a few defined points. Humble challenges that thinking: "However the reality is that unless product owners of Mode 2 ("Agile") systems are collaborating throughout the delivery lifecycle with the product owners of the systems of record they integrate with, the rate of evolution of any Mode 2 system will be constrained by the rate of change of the slowest system of record it talks to."

An ITPM system supports independent portfolio decision-making for the optimization of individual portfolios for applications, projects, technologies and demands. It also enables cross-portfolio analytics, providing a high-level view of how various IT portfolios interrelate to assess the impact of change to any one portfolio on any other. How portfolios are demarcated can depend on the characteristic of the applications within or how the applications are to be handled. For example, they can be:

- Systems of innovation, differentiation or record for the purpose of pace-layering
- Systems supporting customer-facing activities, product development activities or internal shared services
- Systems that should be developed in Mode 1 or Mode 2

With this comes the ability to relate assets in one portfolio to assets in other portfolios, enabling an organization, in the case of bimodal, to:

- Identify relationships in which one asset may be hindering the progress of another
- Act on that knowledge to quickly move forward in solution delivery.

One of the relationships maintained by an ITPM system such as Alfabet is the information flow between applications, enabling you to identify integration points. This critical information may lead to a de-coupling to ensure that a Mode 1 application doesn't hinder another in Mode 2.

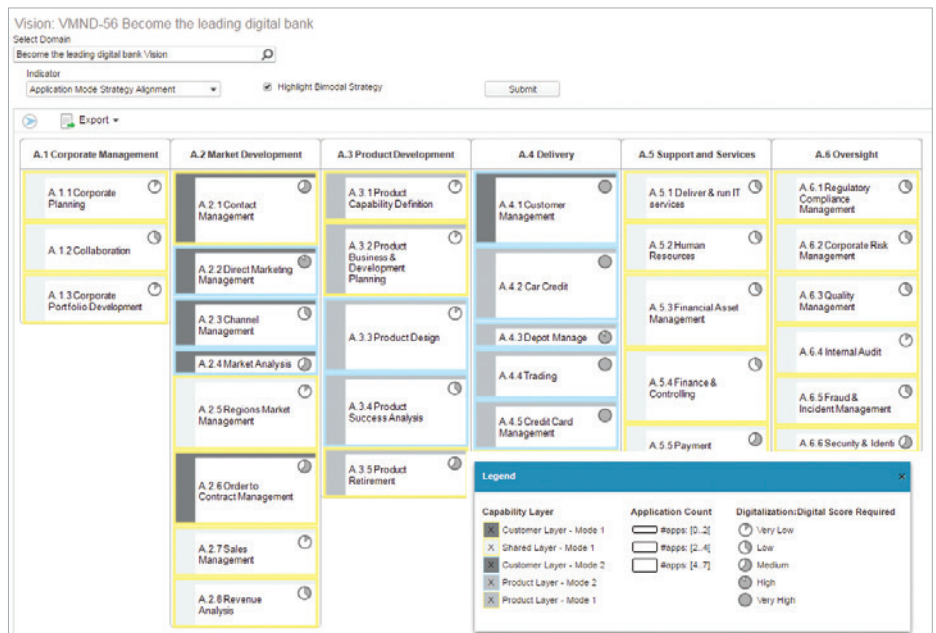


Figure 3: We can see that the capability "A 4.1 Customer Management" has a high "Required Digital Score", is assigned to the "Customer Layer", is in Mode 2 and is supported by a high number of applications. The quality and level of digitalization of Customer Layer capabilities will have a direct impact on customer perception in the digital age. It makes sense to assign the Mode 2 strategy overall for this capability and focus efforts here to improve its quality and the extent of digitalization.

An inventory of digital treasures

What makes an ITPM system so effective in supporting decision-making on IT investments? It's its ability to demonstrate the interconnectedness of enterprise assets and, just as important, the wealth of information in the underlying repository of architecture artifacts. The many and varied users of an ITPM system feed information as to what artifacts exist and are planned: applications, solution building blocks, business functions, features, business services, IT services, microservices, technologies, technology components and APIs, for example. Solution developers can also see:

- What lifecycle state they're in
- Which current or planned projects are using or changing those assets
- What the preferred organizational standards are

For agile development, this instant access to the available ingredients for a digital recipe enables faster decisions on which elements to use and holds less risk of impacting another element adversely.

Bimodal is for business too

The techy terms associated with bimodal IT are enough to make any business person find a way to quietly leave the room when the discussion turns in that direction, and IT surely sees bimodal as its domain. But it is a myth that business stakeholders do not need to be engaged during development. In his June 2016 Gartner presentation "Myth Busting: What the PMO Needs to Know About Agile", Gartner analyst Nathan Wilson shows the reality of business stakeholder involvement:

Engagement is required:

- Feedback is only needed if you want to deliver software that actually solves a business problem
- Stakeholders don't know what they want until you show them what you build (then they know that you have built the wrong thing)

Since its purpose is to ensure IT supports business needs, an ITPM system provides a way to include business stakeholders in what's been perceived to be IT territory. Strategy grids, business capability maps and demand catalogs provide the context for IT development so business stakeholders can relate what is developed to its business origin. Collaboration facilities ensure an avid exchange on a feature-by-feature basis.

Even beyond business understanding IT change and its relationship to business, to be truly agile, the business needs to learn agility, too, in:

- Creating new organizations
- Training people
- Establishing agile processes
- Changing product concepts
- Offering new services

In the digital age IT can and should work with business peers to ensure agility is woven into what is the fabric of the enterprise and that agility initiatives are in synch. An ITPM system can help.

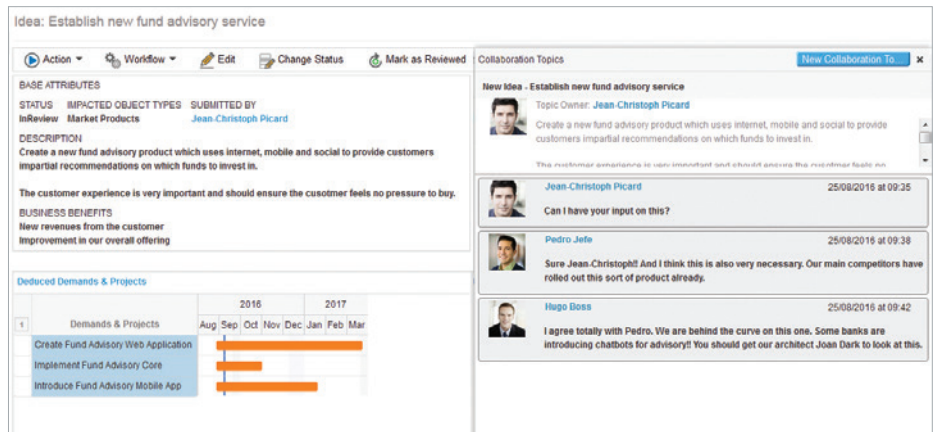


Figure 4: Collaboration facilities ensure all relevant stakeholders are involved in developing the products that are developed in Mode 2.

Keeping development moving forward

The build-to-change mantra of agile and the spontaneity of product management can lead to chaos if there is no governing framework for changing the IT landscape. The freedom that agile development teams have by not having to adhere to a project plan that is set in stone from beginning to end does not mean there is no need for procedural guardrails and other facilities that will ensure all eyes are on the target. As Forrester states:

“Integrating strategic planning with execution practices moves an organization beyond disconnected and dysfunctional activities to a continuous cycle.”³

Alfabet’s IT planning capabilities provide a clear path from demand to budget and a clear line of sight from strategy to execution. This is important to keep all stakeholders tethered to the strategy and targeting the desired business outcomes. Additionally, a system for strategic planning enables faster decision-making and provides transparency into new demand. Even Gartner underscores the need to understand the origin, history and evolution of a Mode 2 application:

“For Mode 2 projects, it is not quite clear at the inception what the end result will be so it is essential that the problem to be addressed is well understood – so the strategy, the demands, the capabilities, the processes and the IT architecture give insight into the problem.”⁴

An ITPM system includes the project portfolio—or in the case of agile development, the product portfolio. Product features are documented as to lifecycle (delivery date), budget, functional scope and the core definition of what the product is (MVP).

Because Alfabet captures information at all phases of a product’s creation and lifecycle, the product history can at any time be referenced. This is essential to avoid repeating errors in earlier product versions.

3 “The Agile Planning Ecosystem Takes Center Stage”, May 12, 2016, Margo Visitacion and Gordon Barnett, Forrester Research

4 “How to Achieve Enterprise Agility With a Bimodal Capability” 24 April 2015, Simon Mingay and Mary Mesaglio, Gartner

Next steps

By using ITPM, you can turn digital business from a “must-have” duty into a great adventure. You can ensure you have prepared sufficiently for scaling a mountain of digital challenges and will be the first one to reach the top. How does Gartner describe it? “What makes Mode 2 distinctive is its focus on innovating, exploring and managing uncertainties. Bimodal is much more than agile and much more than enterprise agile. It includes a range of capabilities all focused on exploring the future in small chunks and reacting to what is discovered.”⁵

In this capacity, ITPM helps you answer the questions:

- Where do I start?
- How do I know if I have the right capabilities?
- Is my IT landscape capable of supporting bimodal?
- Do I have an environment that lets me experiment more?
- Can I be tactically bold and still stay within strategic boundaries?
- Can I ensure rapid progress without abandoning control over cost?
- Are all critical and relevant aspects of risk being considered?

With the answers provided by Alfabet for ITPM, you can choose your mode, get started on agile and begin to transform your company into a Digital Enterprise.

For more information, talk to your Software AG representative or visit www.softwareag.com/alfabet.

⁵ “Deliver on the Promise of Bimodal”, Simon Mingay and Mary Mesaglio, 18 February 2016

ABOUT SOFTWARE AG

Software AG offers the world's first Digital Business Platform. Recognized as a leader by the industry's top analyst firms, Software AG helps you combine existing systems on premises and in the cloud into a single platform to optimize your business and delight your customers. With Software AG, you can rapidly build and deploy digital business applications to exploit real-time market opportunities. Get maximum value from big data, make better decisions with streaming analytics, achieve more with the Internet of Things, and respond faster to shifting regulations and threats with intelligent governance, risk and compliance. The world's top brands trust Software AG to help them rapidly innovate, differentiate and win in the digital world. Learn more at www.SoftwareAG.com.

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