

Leading Digital Transformation – Case Study

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CONFIDENTIAL

Agenda

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Background

Learning outcomes

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Introduction

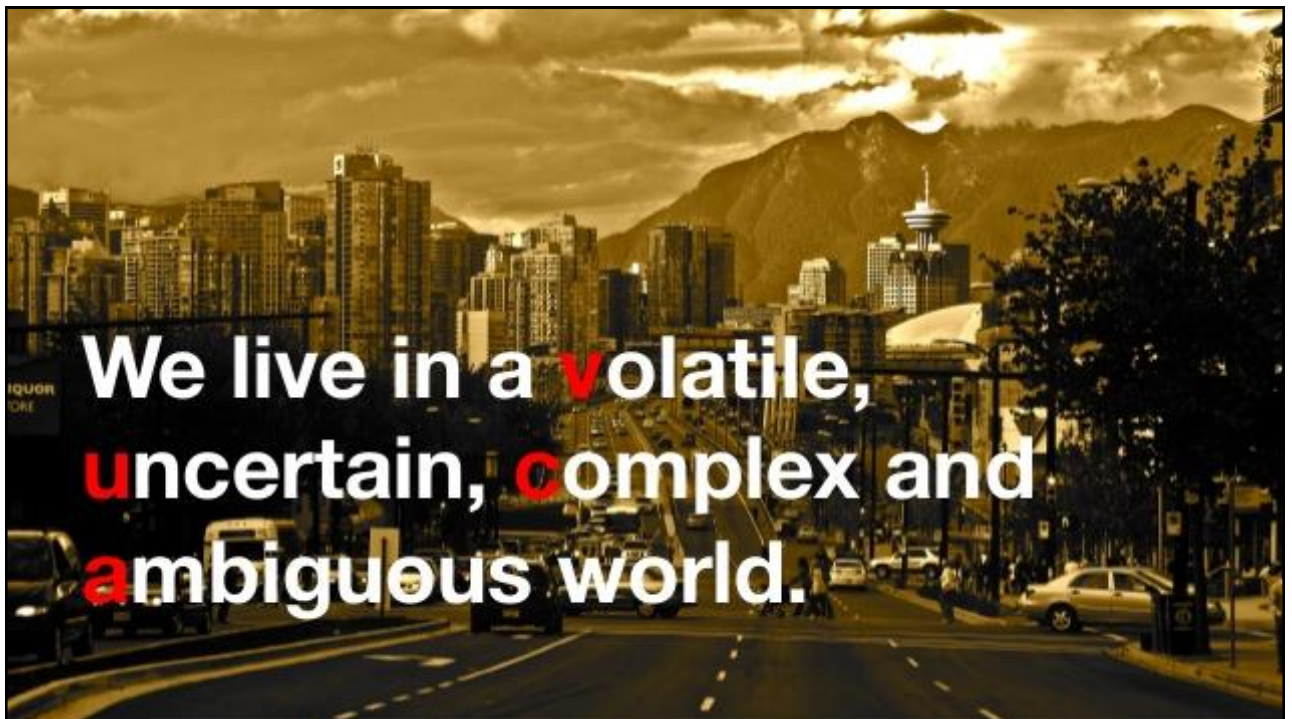
- 20+ years of experience in managing complex global PMO's, portfolios, programs & projects in enterprise & consumer products and services
- Worked in wide variety of domains: SaaS, mobile Apps, mission critical computing, Cybersecurity, CLOUD & Containers
- “Stanford Certified Program Manager”, Certified Scrum Master, Certified Scrum Product Owner, Certified SaFE practitioner & Expert Kanban practitioner
- [linkedin.com/in/avinpatil/](https://www.linkedin.com/in/avinpatil/)

Learning Outcomes

- **By the end of the presentation you should have:**
 - Understood what digital transformation is
 - Obtained practical insights into how to successfully lead digital transformation
 - Understood new role of project/program manager
 - Learned how to prepare for digital world

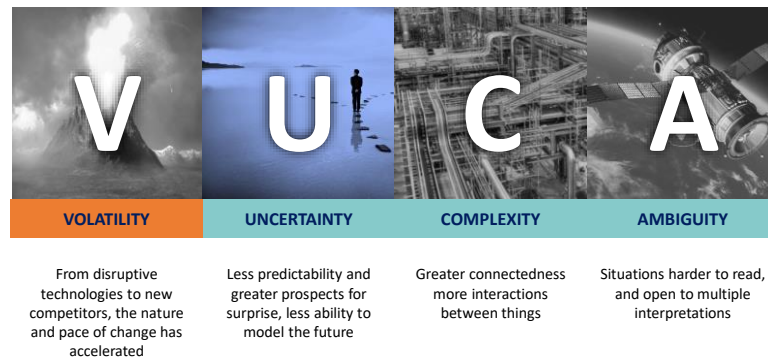
Background

Primarily based on digital transformation VMware's Cloud business unit underwent to deal with disruptive changes in business landscape, competition & business models



**We live in a volatile,
uncertain, complex and
ambiguous world.**

An ever changing environment...

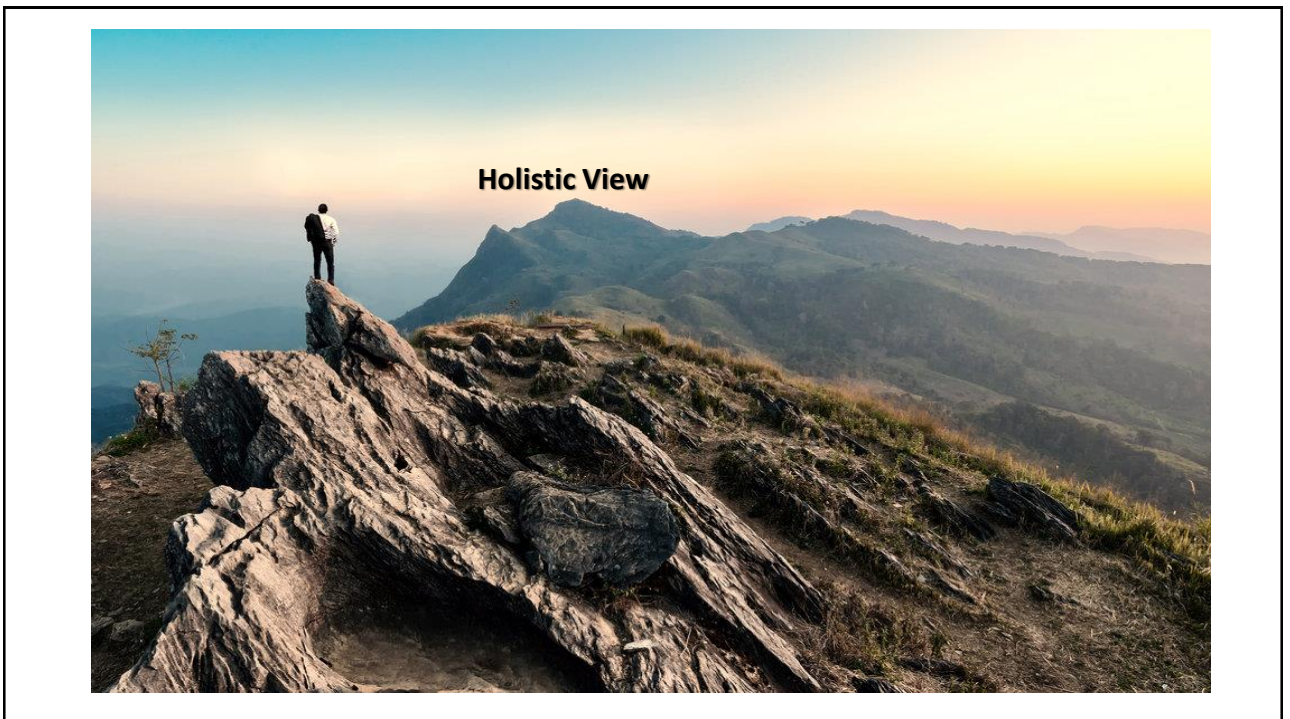


What is Digital Transformation?

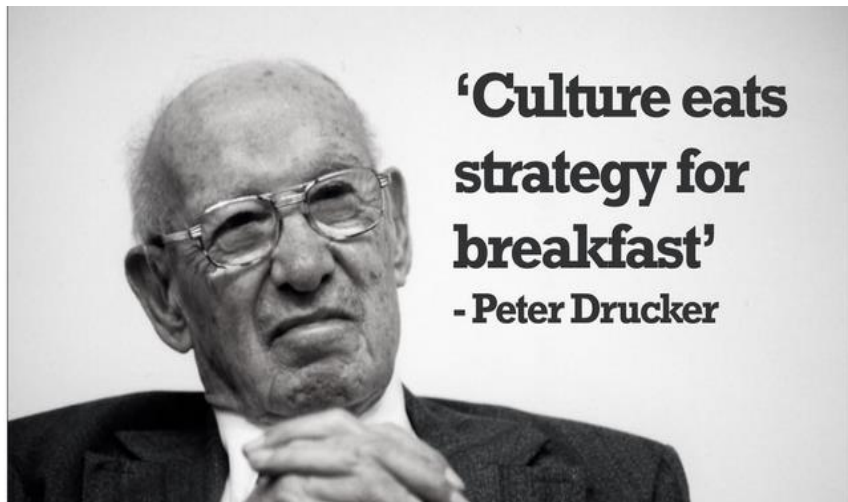
Digital transformation is not just the digitization of processes or using digital tools, but reinvention of business by reimagining the processes using digital tools, changing culture, improving ability to take risk and organization's ability to innovate, collaborating to deal with disruptive changes in a business model, and adapting to a competitive landscape/business environment.

Context

- ❖ Commodity business with intense competition
- ❖ Customers moving from Data Center to Cloud
- ❖ New workload going cloud native
- ❖ Necessary re-invention by digital transformation to stay relevant



Focus on
human side
first



**'Culture eats
strategy for
breakfast'**
- Peter Drucker

Cultural characteristics of digitally mature companies

- ❖ Organizational agility
- ❖ Being more experimental
- ❖ Engaged in continuous learning
- ❖ Recognizing and rewarding collaboration
- ❖ Accepting risk of failure
- ❖ Organizing around cross-functional teams

* Professor Gerald Kane, Boston College

Organizational Agility



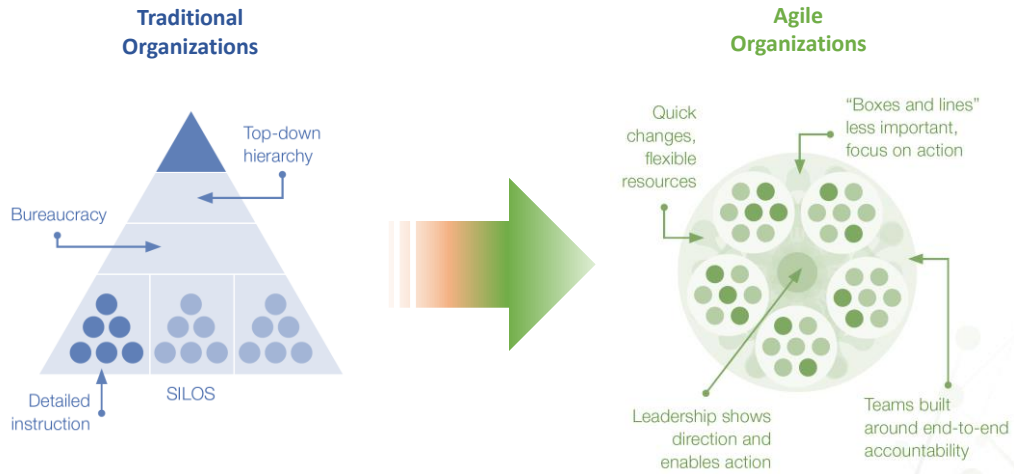
“Organizational Agility is the ability of an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment.”

Aaron De Smet, Principal Consultant | McKinsey & Company



Organizational Agility

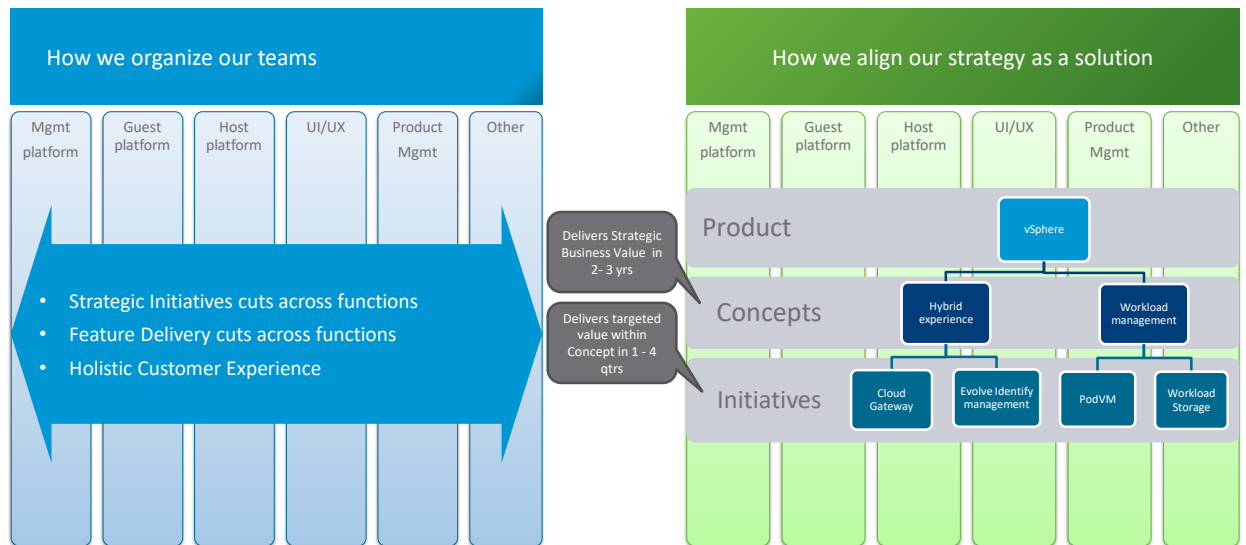
the ability of an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment.



Aghina, De Smet & Weenda, "Agility: it rhymes with stability" | McKinsey Quarterly, December 2015, McKinsey.com

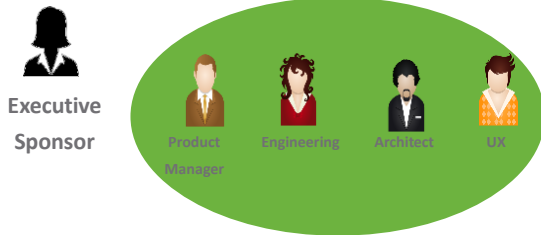
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Aligning strategy, organization and execution



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Solution: Concept Team



- **End to end ownership of concept including vision, planning and execution**
- Cross-functional team with 4 roles: PM , Engineering, Architect & UX
- **Each role is composite role.** Each role may have more than one person, but **one lead**
- Each role represents and aligns all functional members working on the concept (e.g. PM leader represents/aligns all PMs).
- Each Concept team has an Executive Sponsor. Executive sponsor should not be part of concept team
- Meets regularly to track progress on Initiatives

[Concept team Home page](#)

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Making the virtual concept teams work

- ❖ **Socialization** at different levels
- ❖ **Business drivers** for digital transformation
- ❖ **Management accountability** – HR goals
- ❖ **Visible support** from General manager
- ❖ **Lot of initial push back** – change is hard
- ❖ **Tools support** & process automation
- ❖ **Training**
- ❖ **Cross-pollination**

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Experimental thinking

- ❖ Prototypes & POC
- ❖ MVP and not full features
- ❖ Fail fast
- ❖ Take risks

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Innovation & Growth mindset

- ❖ **Earlier focus** on preserving existing market share
- ❖ **Growth mindset** : Encouraged organization to develop growth mindset
- ❖ **Blue ocean strategy**
- ❖ **Holistic view of innovation** – not just product innovation
- ❖ Think in terms of **solutions and services**
- ❖ Several new innovations introduced in last 2 years
- ❖ **Innovation**: Successful Cloud service on AWS, Edge computing, subscription service, new security business
- ❖ New products for Life cycle Management, Containers – Project Pacific
- ❖ Dramatically increased pace of innovation

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Collaboration

- ❖ Self-organizing virtual teams built around a solution/service were effective in increasing collaboration within the business unit
- ❖ Collaboration across business units – huge problem.
- ❖ Conflicting BU priorities
- ❖ CEO, GM's forcing top down collaboration opportunities across BU's



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Risk taking



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Dynamic portfolio management



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Venture Capital Approach



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Improved go-to-market

- ❖ Old Cadence -Yearly releases
- ❖ New cadence -Six monthly/Quarterly release – goal to move to monthly
- ❖ Digitization of processes made it possible to track more closely



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Customer Focus Personas and Use cases

Common personas across BUs to design, build, validate, and market VMware use cases

Personas

Created by Boaz Gordin, last modified on Jul 16, 2018



Jason
Cloud Admin



Vanessa
Cloud Provider SRE



Scott
Developer



Wei
Network Admin



Hector
Security Analyst

1. Learn about personas

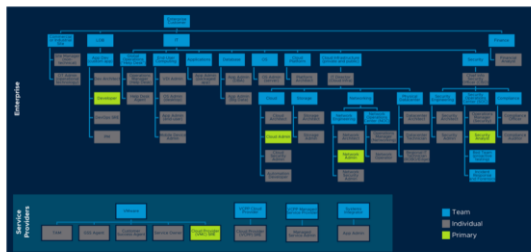
<https://confluence.eng.vmware.com/display/PER/>

2. Identify use cases and end-to-end workflows

<https://confluence.eng.vmware.com/display/EO/Use+Cases+and+Workflows+template>

3. Use personas and use cases in planning

Specify primary persona in Jira persona field; specify use case in Jira epic description



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Analytics



- ❖ Tools
- ❖ JIRA – product Lifecycle management
- ❖ Resource management
- ❖ Dash boards and reports
- ❖ Analytics to track teams

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Role of Program Manager – steer ship in perfect storm

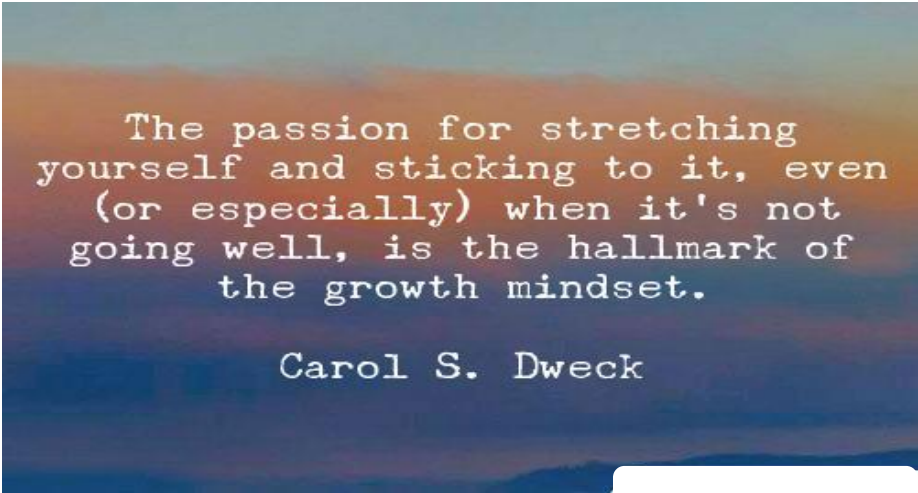


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Role of Program Manager

- ❖ Growth Mindset
- ❖ Business acumen
- ❖ Part of executive team
- ❖ Strategy formulation and strategic big picture view
- ❖ Change agent
- ❖ Innovation agent
- ❖ Facilitate collaboration
- ❖ Awareness of latest digital tools & technologies
- ❖ Analytics
- ❖ Execution

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The passion for stretching
yourself and sticking to it, even
(or especially) when it's not
going well, is the hallmark of
the growth mindset.

Carol S. Dweck

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Business Acumen



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Change agent



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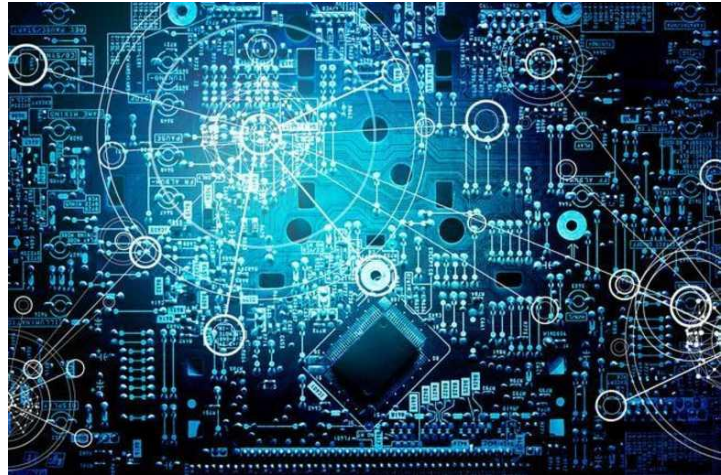
Innovation
Agent



Facilitate
Collaboration
across
business
units



Awareness
of latest
tools &
technologies



Call for action

- Think holistically. Look at big picture & plan well
- Focus on human side and developing digital culture
- Make business agile by breaking down silo's , developing new org structures, improving collaboration
- Increase risk taking, introducing innovation at speed in product, solutions, services and business models
- Identify right tools and digitize processes
- Change management
- Make sure digital transformation meets business goals



Backup slides

Concept Team: Overall responsibilities



1. Defines – Narrative/story/business drivers
2. Defines goals - Identify Top 3-5 Initiatives (Goals for this year)
3. Defines metrics/ KPI's, personas and use cases
4. Establish Initiative Teams
5. Accountable for creation, prioritization & grooming of backlog
6. Accountable for committed roadmap for the concept
7. Owns architecture for the concept and accountable for ensuring the architecture fit in overall product
8. Resourcing: Ensure initiatives are funded as per the priority. Identifies and resolves Staffing gaps
9. Escalates resourcing issues & risks
10. Establish core team meeting at a regular cadence to review plan and execution
11. Report out to Execs & concept owners in regular Concept Review Meetings
12. Provide periodic updates to engineering community

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Concept teams deliver value to customers



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growthMINDSET

Assumes that intelligence and other qualities, abilities, and talents **can be developed** with effort, learning and dedication.

~ Carol Dweck

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THE PASSION FOR STRETCHING YOURSELF AND STICKING TO IT, EVEN (OR ESPECIALLY) WHEN IT'S NOT GOING WELL, IS THE HALLMARK OF THE GROWTH MINDSET.

- CAROL DWECK -

LIBQUOTES.COM

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Collaboration

- ❖ **Self-organizing virtual teams** built around a solution/service were effective in increasing collaboration within the business unit
- ❖ **Collaboration across business units – huge problem.**
- ❖ **Conflicting BU priorities**
- ❖ **CEO, GM's** forcing top down collaboration opportunities across BU's
- ❖ Example's
 - ❖ Security BU & cloud BU to integrate security in main VMware product – New product AppDefense
 - ❖ Networking BU & Cloud BU – Integrating networking into main VMware product – New product NSXi
 - ❖ Collaboration between new acquisitions – Heptio, Pivotal and Cloud BU for Containers

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Risk taking

- ❖ Fail fast
- ❖ Management is demonstrating risk taking by trying new things and when it failed pivoting quickly to something different
- ❖ Earlier 3 attempts at launching cloud business failed. Company succeeded in 4th attempt
- ❖ After attempt to organically develop security business didn't get enough traction VMware bought Carbon Black
- ❖ Management is encouraging experimentation, prototyping and cross BU collaboration to try new approaches to develop products, services & solutions
- ❖ Lot of support from business unit management

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Active Portfolio Management

- ❖ **Static Portfolio's**
- ❖ **Alignment** of investments & resources with strategy
- ❖ **Dynamic rebalancing of portfolio** – bi-monthly review
 - ❖ strategy/market conditions/competition
- ❖ **Key strategic initiatives** reviewed bi-weekly
- ❖ **Strategic focus**
- ❖ **Pivot quickly**

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Active Portfolio Management



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Business Acumen & Strategy

- ❖ **Business landscape:** Need good understanding of domain, business & competitive landscape, company financial & business strategy
- ❖ **Business Models:** Deep insights into different business models
- ❖ **Strategy:** Strategy formulation and converting strategy into plan and actions

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Backup slide





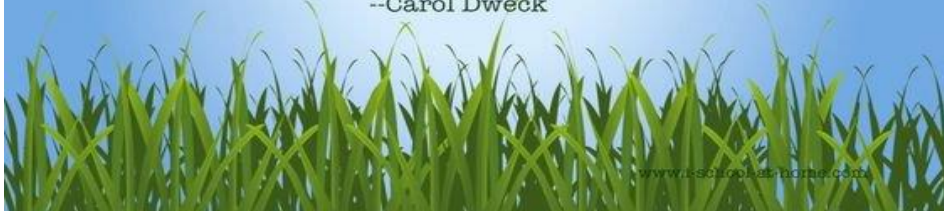
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The Growth Mindset:

"People believe... their talents and abilities can be developed through passion, education, and persistence.

For them...it's about a commitment to learning—taking informed risks and learning from the results, surrounding yourself with people who will challenge you to grow, looking frankly at your deficiencies and seeking to remedy them."

--Carol Dweck



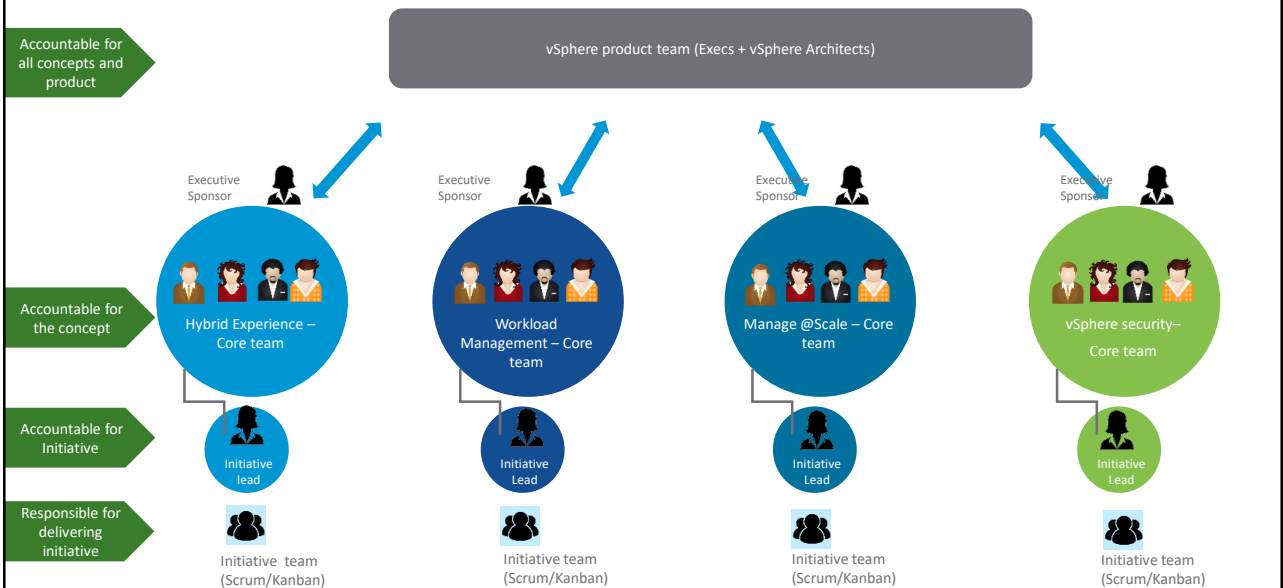
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Business Strategy

Change culture
 Change organization structure: Break silo's, flat structure
 Align investments with corporate strategy
 Active portfolio management
 Improved go-to-market
 Customer focus
 Analytics strategy

vmware

Structure



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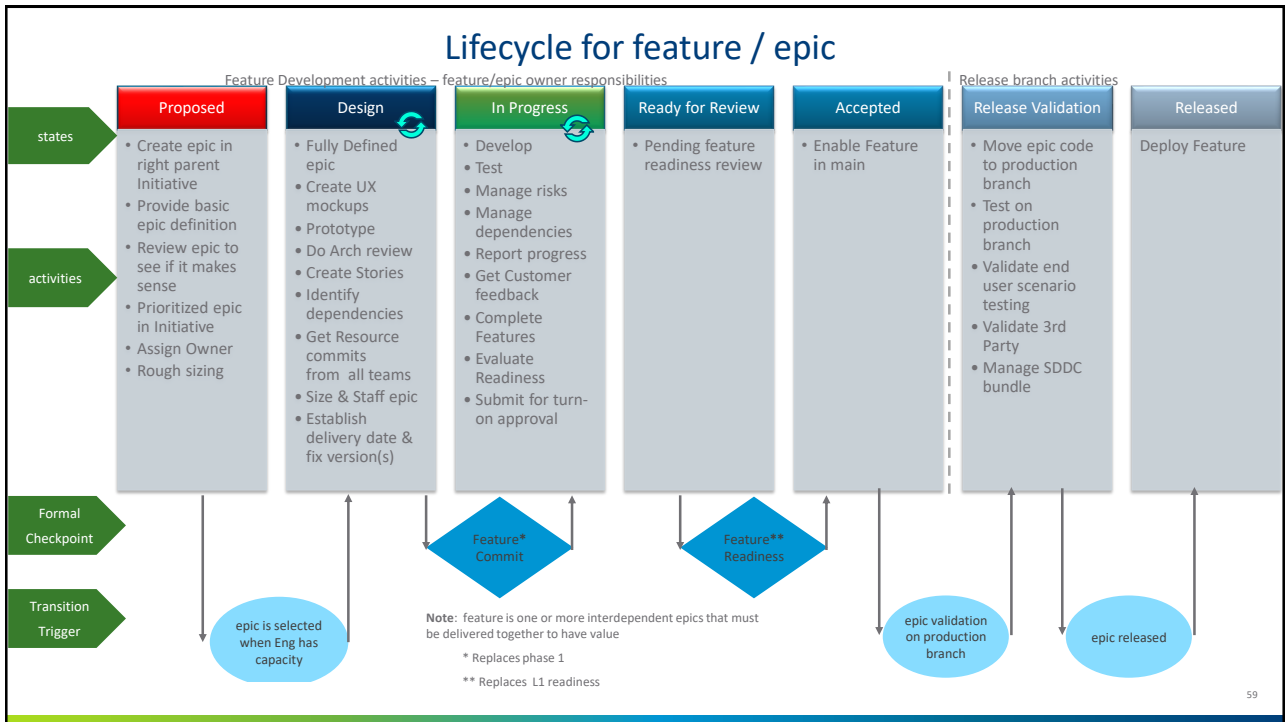
Organization Structure

Concepts - functionality divided into 8 buckets

Cross-functional Self- governing team – End-to-end ownership & empowered for decision making

Executive Sponsor - escalations





Venture Capital Approach

- ❖ In a established company - **Innovate like a venture capitalist**
- ❖ **Executives** - should think of themselves as **funders**
- ❖ **The VC mindset** – involves thinking big, taking risks, and adopting a broader, more objective view of opportunities, based on insights pulled from data.
- ❖ **CEO/GM role** is to allocate resources to identify strategies that work to steer capital and resources to things that are most likely to create value
 - Joe Dwyer & Sean Johnson, Faculty Kellogg School of Business
- ❖ VMware has successfully adopted this approach since last 2 year. Many new-gen companies like Amazon, Google follow this approach

Member of executive team



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Backup slide