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Accelerating Business Agility & Product Development with Value Stream Management

"Value streams are the currents that carry business outputs to business outcomes." - Jim Rice

AGILE/
DEVOPS
GLOBAL
CONFERENCE

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Value Stream Management
Hmmm… What are people thinking it is?

Value

Flow

Customers

Measure

Systems

- **Forbes States that**: Value stream management is a lean business practice that helps **determine the value of software development** and delivery efforts and resources. It also helps to improve the **flow of value** to the organization, while managing and monitoring the software delivery life cycle from end-to-end.

- **Forester States that**: VSM maps and visualizes people, processes, and technology, providing all stakeholders the capability to observe and measure through metrics the **flow** of product epics, features, and work item artifacts in the value stream. It gives the business, executives, teams, and individuals transparently take ownership of what they each can do to deliver.

- **SAFe States that**: Value Streams represent the series of steps that an organization uses to implement Solutions that provide a continuous flow of value to a customer. A SAFe portfolio contains one or more value streams, each of which is dedicated to build and support a set of solutions, **which are the products, services, or systems delivered to the Customer, whether internal or external to the Enterprise.**

Gartner States that: Value stream mapping **enables DevOps teams to remove waste**, build mutual trust, increase transparency and align their goals with organizational objectives. **This "systems thinking" approach helps DevOps teams to expand their focus beyond siloed operational metrics to instead deliver on customer-centric, team-level performance indicators..**

Why Value Stream Management
Value Streams are the currents of business outcomes.

Need

Technology is disrupting businesses at an accelerated rate. **A new approach to drive customer-driven innovation and speed to market is needed**.

To survive and thrive, organizations must understand and **improve flow from demand to delivery for their customers**

Opportunity

Organizations often fail to understand and optimize **end-to-end (E2E) flow of valued products and solutions to their customers.**

Frequently technology is the primary focus of transformation (cost-driven), which can quickly undermine the goals of speed to value and avoid disruption. (e.g., Nokia, GE, Equifax, Xerox)

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Outcomes we can Achieve

Embrace **Value Stream Management** as a **transformative & Agile Product Delivery** tool to optimize E2E flow of products and solutions.

Recognize Value Stream Management as crucial to optimal ROI play for digital transformation.

Institutionalize VSM disciplines to continually improve E2E flow of value for the customer.

Benefits

- Increased customer focus
- Better strategy-to-execution alignment
- Greater business engagement / outcomes
- Future-proof Investments
- **Realized Value, not Assumed Value**
- Reduced cost of delay
- Better Value Sooner, Safer, and Happier

Value Stream Management for Agile Product Delivery
Requires a precise understanding of the starting point and its surroundings.

NTT DATA believes that with proper Value Stream Management practices illuminating the way, we can accelerate the *"currents" of business value flowing through your organization with an aligned* Product Delivery Model.

Strategic Product Discovery

Value Stream Management
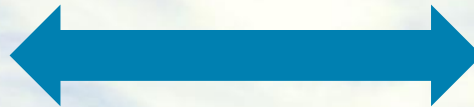
Agile Product Planning

Product Agility Governance

Value Stream Management for Agile Product Delivery
It's not just a Tool for DevOps or Value Stream Mapping

Product Agility Governance Tool

- Develop Strategic Roadmaps
- Measure your Flow Metrics
- Understand the Business Value being Developed, Delivered, and Realized.

Agile Product Planning Tool

- Prioritize the Product Delivery Portfolio & Funding Allocations
- Define Success for your products – Measure what matters
- Align your Products to Strategy

Strategic Product Discovery Tool

- Define your Strategic Value Streams
- Organize teams to Value Streams
- Enable Product/Team-accounting vs. Project/Cost-accounting.

When you say Prioritize your Value Stream - How

Speed – Time to Market: You will have a faster way to respond to customers and adapt to changing business, competitive, and market challenges
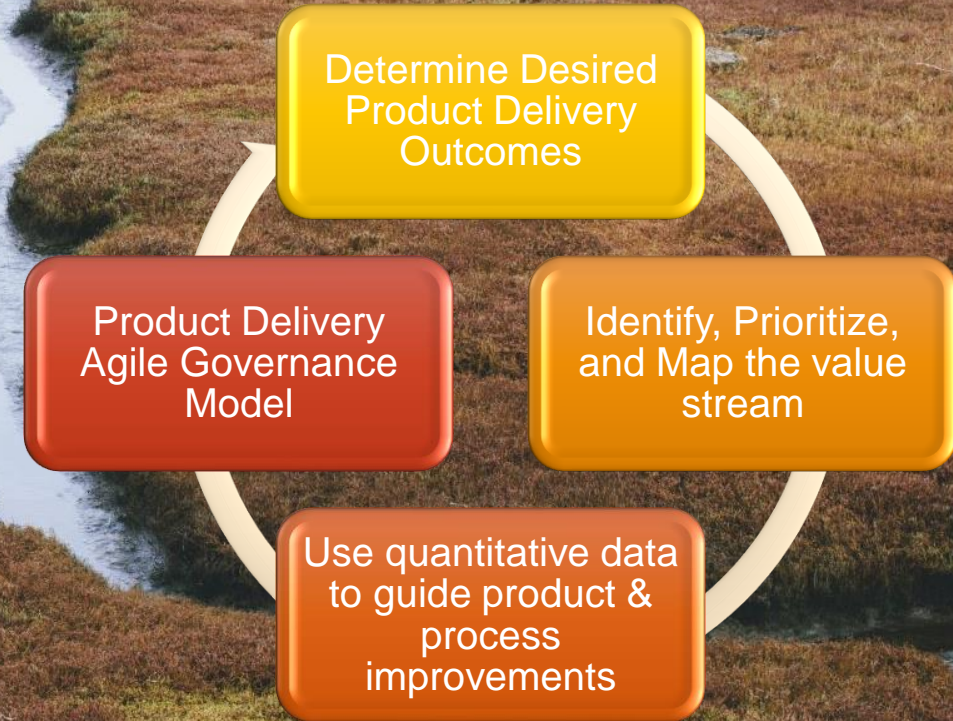
Drive Value to the Customer: When leveraged correctly, agile and product delivery practices will drive value to customers faster

Ability to Adapt & Respond: You will be able to respond to disruptive technologies and changing market conditions; we need to be able to deliver value to our customers more frequently and in shorter timeframes

Transparency: The agile product delivery approach's actively involves the client throughout the entire project including the iteration planning, review sessions, and new feature builds in the software.

Predictability: Practices such as Scrum with Sprints are held on a fixed schedule of 1 to 4 weeks duration. By using this time-boxed method, predictability is high as new features can be delivered to the stakeholders quickly and frequently

Drive Improved Quality: The projects are broken down into manageable units, making it easier for the team or focus on high-quality development, testing, and collaboration.

- Determine Desired Product Delivery Outcomes
- Identify, Prioritize, and Map the value stream
- Use quantitative data to guide product & process improvements
- Product Delivery Agile Governance Model

Value Stream Management – to ALIGN successful OUTCOMES

Given its benefits, it is not surprising that Gartner predicts that, "**by 2023, 70% of organizations will use value stream management to improve flow in the DevOps pipeline**, leading to faster delivery of customer value."

Discover & Assess

- ❖ **Value Stream Identification (Business & Technical)**
- ❖ Rapid portfolio analysis
- ❖ Business value and technology review
- ❖ 1st Value Stream Identified
- ❖ Move from Project to Products
- ❖ Assessment of Current process

Prepare & Planning

- ❖ **Value Stream Analysis**
- ❖ **Define Success Measures**
- ❖ **Value Stream Mapping**
- ❖ Initial Align to OKR's/Goals
- ❖ Outcomes Backlog Prioritized
- ❖ Key Programs Identification
- ❖ Identify roles and resources
- ❖ Provide Training
- ❖ New Product Alignment to the value streams
- ❖ Funding strategy

Execute - Design & Build

- ▪ **Value Stream Management**
- ▪ DevSecOps for Agile Development (Technical Value Streams)
- ▪ Initiate VSM as part of Transformation
- ▪ Agile Lean Portfolio Trainings Agile - Roles, Practices
- ▪ Align Value Streams to Portfolio & Funding
- ▪ Develop on cadence and synchronize delivery
- ▪ Transformation Governance Initiated – Measure Success

Improve - Measure & Adapt

- ▪ **Lean Portfolio Mgmt. to support Value Delivery Operating Model**
- ▪ Prioritize retrospective learnings
- ▪ Check portfolio vision-OKR alignment with delivery and adapt as needed

Business value forms the core. Everything developers create must ultimately be in service of value streams. **Value streams, in a development and operational context, convert business hypotheses to digitally enabled solutions delivered to the customer.** Avoid big-bang changes by adopting value stream management (VSM)

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Optimized Value Based Delivery

Execute
Governance

Product Model – Value Delivery Defining Success

*Flow Metrics – Leading indicators
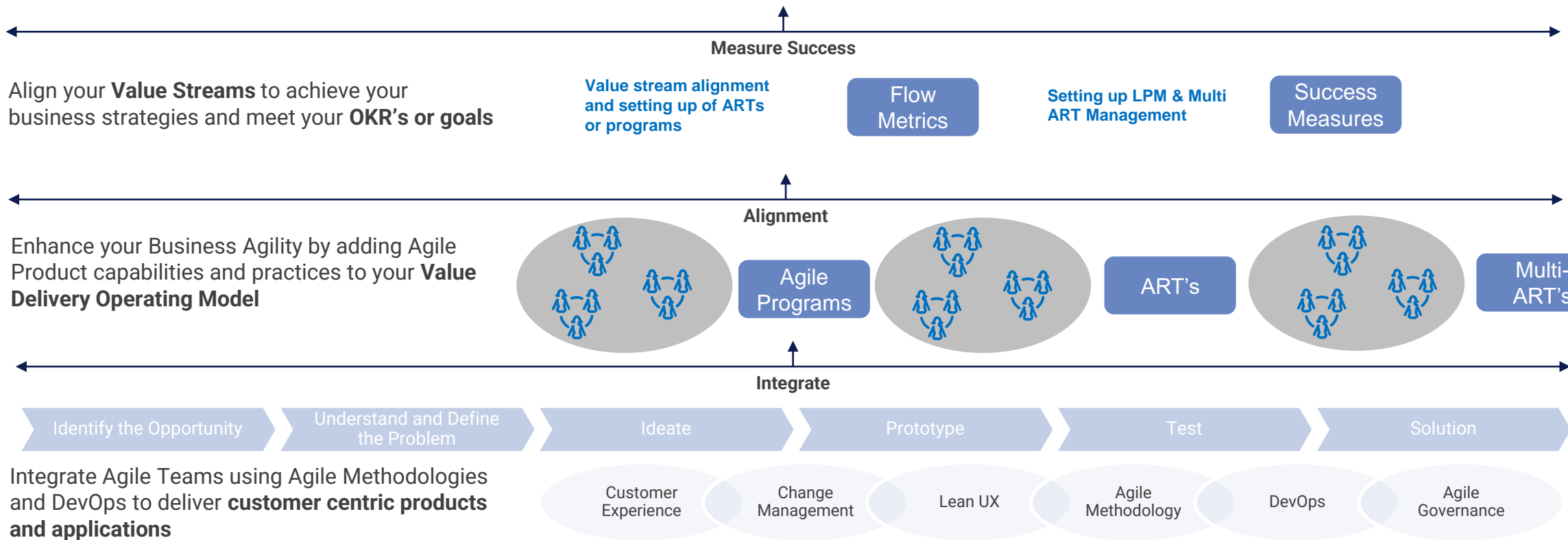
- Velocity
- Efficiency
- Cycles
- Defects
- Load
- Choke Points

Business Value

- Value
- Cost
- Quality
- Time to market
- Cost of Delay
- Happiness

Measure Success →

Align your **Value Streams** to achieve your business strategies and meet your **OKR's or goals**

Value stream alignment and setting up of ARTs or programs

Flow Metrics

Setting up LPM & Multi ART Management

Success Measures

Alignment →

Enhance your Business Agility by adding Agile Product capabilities and practices to your **Value Delivery Operating Model**

Agile Programs

ART's

Multi-ART's

Integrate →

Identify the Opportunity	Understand and Define the Problem	Ideate	Prototype	Test	Solution

Integrate Agile Teams using Agile Methodologies and DevOps to deliver **customer centric products and applications**

- Customer Experience
- Change Management
- Lean UX
- Agile Methodology
- DevOps
- Agile Governance

Putting it all together – It takes time to mature

Setting Strategic Directions – Outcomes Identified

Business Strategies	Enterprise Architecture

Development of Strategic Roadmaps – Rolling Budgeting (12 – 18 months)

Top-Down Guidance from the APMO

Prioritize the Product Delivery Portfolio & Funding Allocations

Optimized Products & Solution Architecture

Product Delivery Value Measured – Roadmaps, Strategies

Flow Based Metrics

"Data from VSM convinced our executives to transform how we approve budgets, allowing agile teams to move faster with less friction"

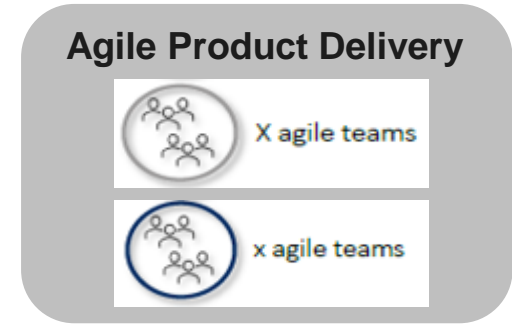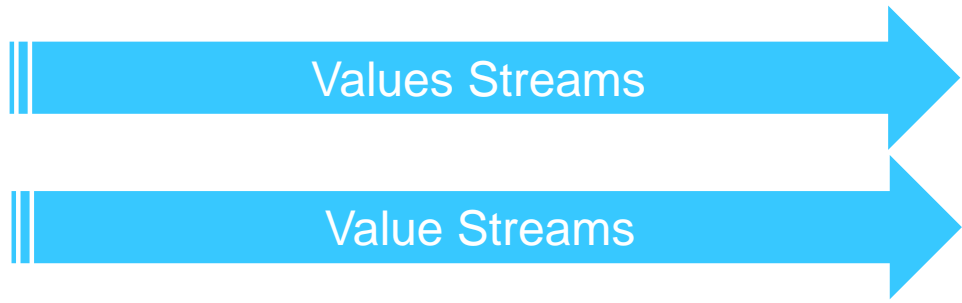See the Forrester Report "Digital Business Requires Agile Financial Planning"

Measure the Outcomes and Adjust Funding as needed

Values Streams

Value Streams

Agile Product Delivery

X agile teams

x agile teams

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Contact Keith Buehlman at NTT DATA with any questions or conversations
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THANK YOU

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