



# Digital Transformation the Future of IT

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# The industry landscape – and the path ahead

Many banks are highly profitable,



and most are performing well.

Despite improved performance ... banks are challenged by

Continuing pressure to reduce expenses



Preparing for credit cycle change



Maintaining or growing non-interest revenue



Optimizing their effective tax rate in the aftermath of tax reform



Expanding net interest margin (NIM) as rates rise



Evolving (and generally rising) customer experience expectations



Banking institutions are transforming to meet these challenges and improve their financial performance.

They are urgently investing to improve customer experience and reduce costs.

Success in real transformation hinges on having the right mix of people, talent, and the capacity to accept change.

# Digital transformation ambition and ability are not aligned

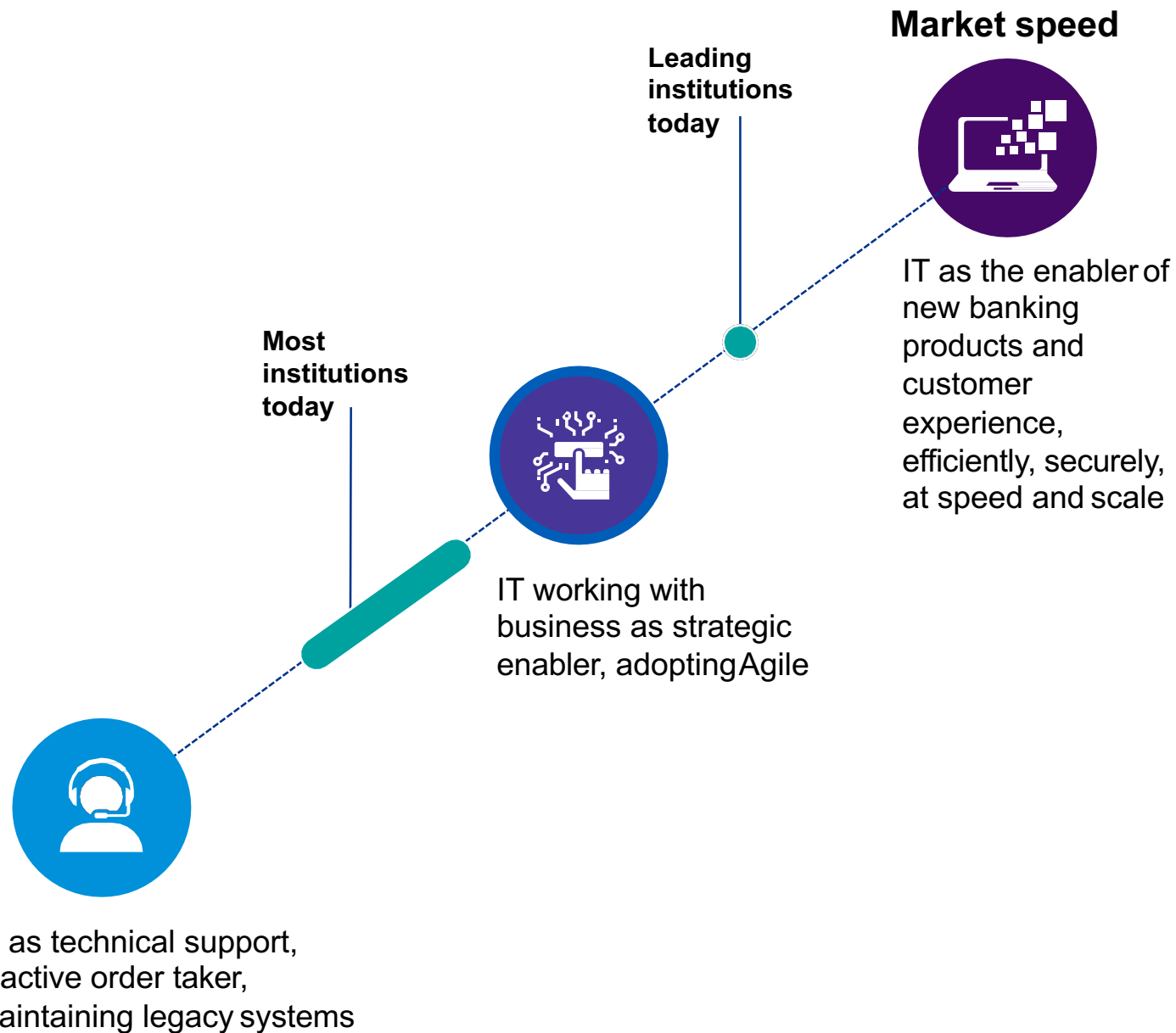


1. KPMG CEO Outlook 2019
2. Harvey Nash / KPMG CIO Survey 2018

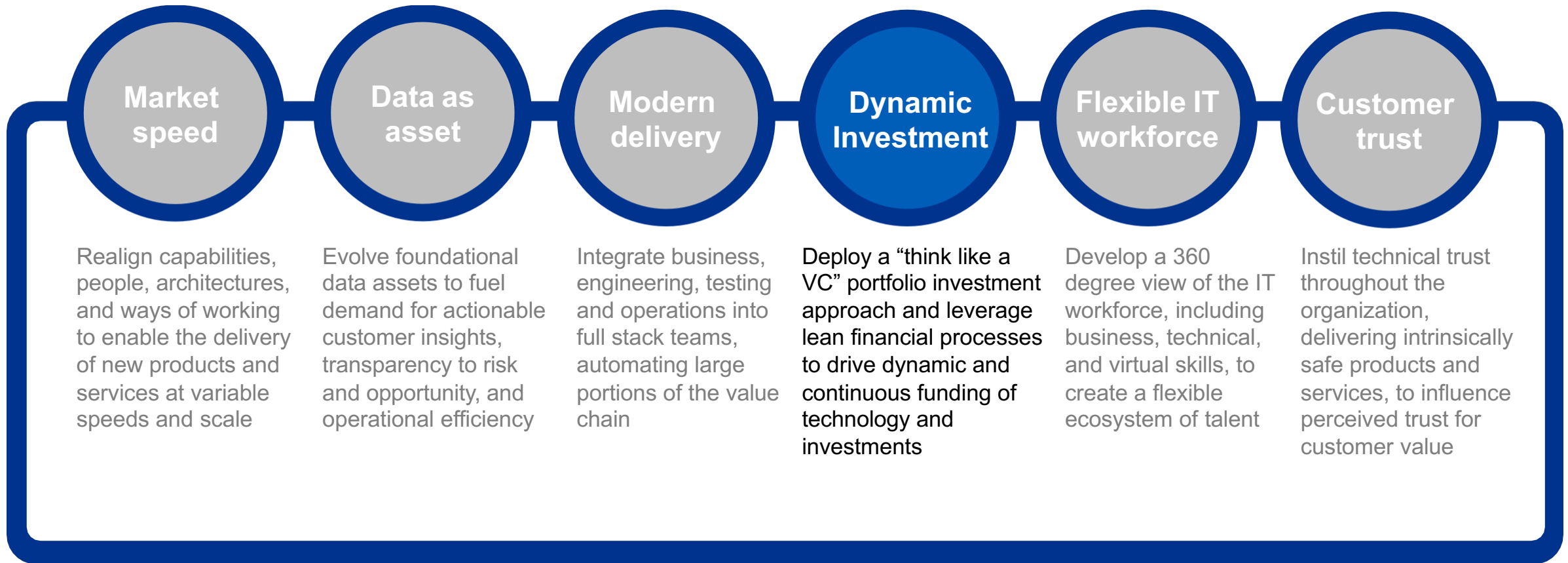


The IT function must respond to accelerating forces and

# evolve the IT operating model

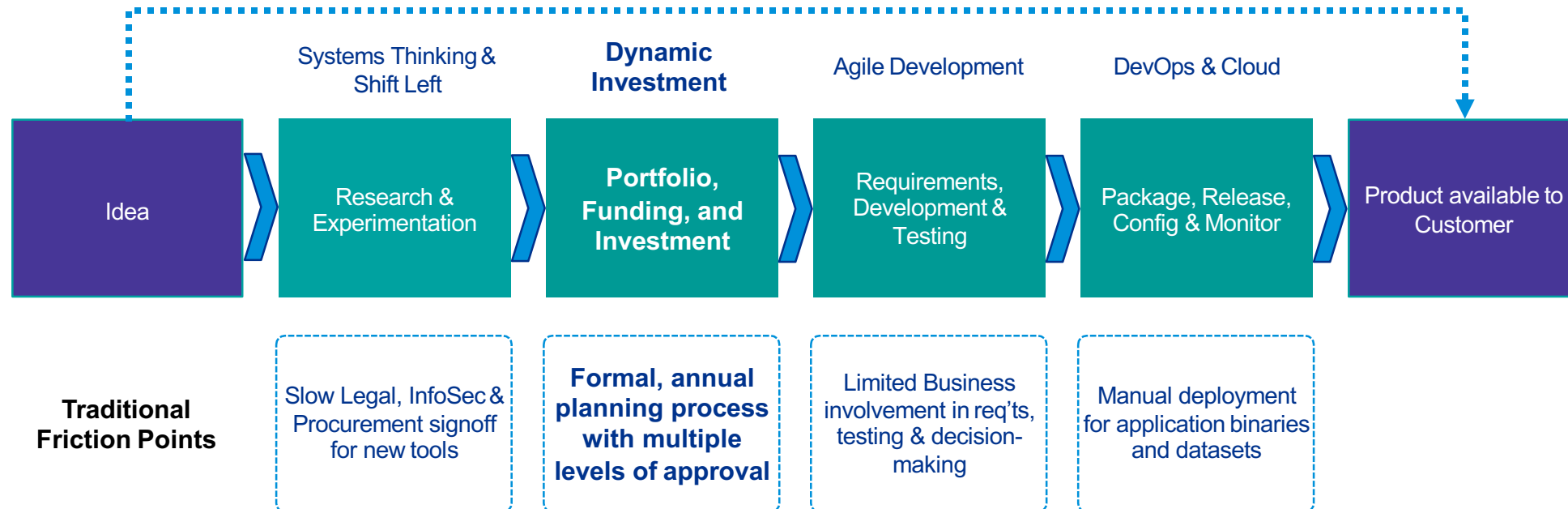


# Powering up to market speed



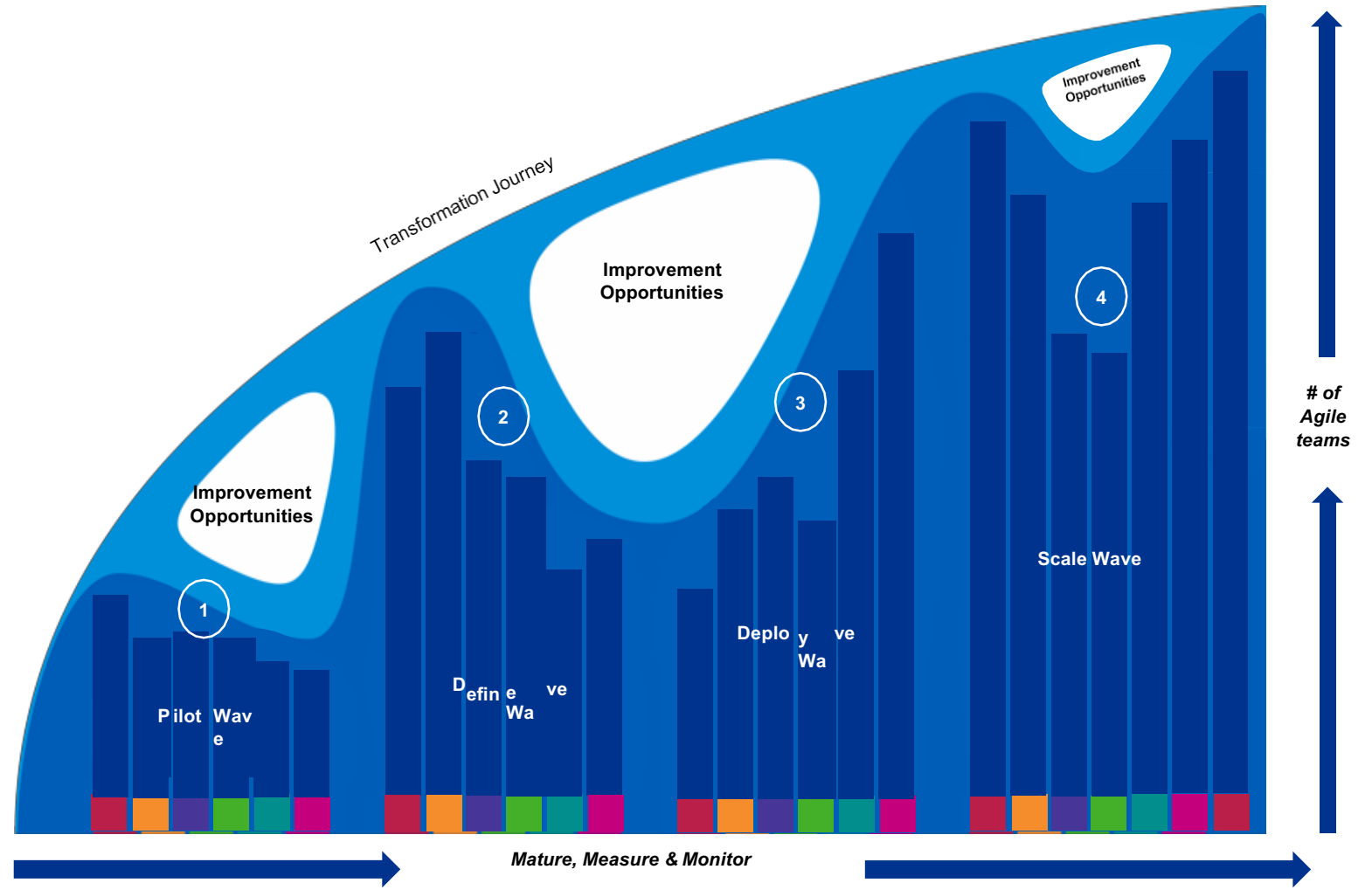
# More change is required than Agile and DevOps alone

The flow of a good idea can be interrupted months and even years before it reaches a developer or CI/CD tool chain



# Dynamic investment is often the final wave of an Agile transformation

- The final wave requires massive change at the portfolio level
- This is often an “all or nothing” event that replaces the people, process, and tooling of how IT and the business interact
- Banking has reached a tipping point due to the large number of teams delivering digital transformation in an Agile way of working



# Dynamic investment solves for



## **The funding of capital with Agile**

Capital guidance for IT investments is written for a waterfall governance model



## **Transition from projects to products**

Portfolio's must be restructured around products instead of projects



## **Making big things small and small things big**

Agile teams are often disconnected from market and product strategy



## **Catching bad ideas faster**

Traditional portfolio governance is not prepared to manage real-time analytics of value



## **C-Suite and executive reporting**

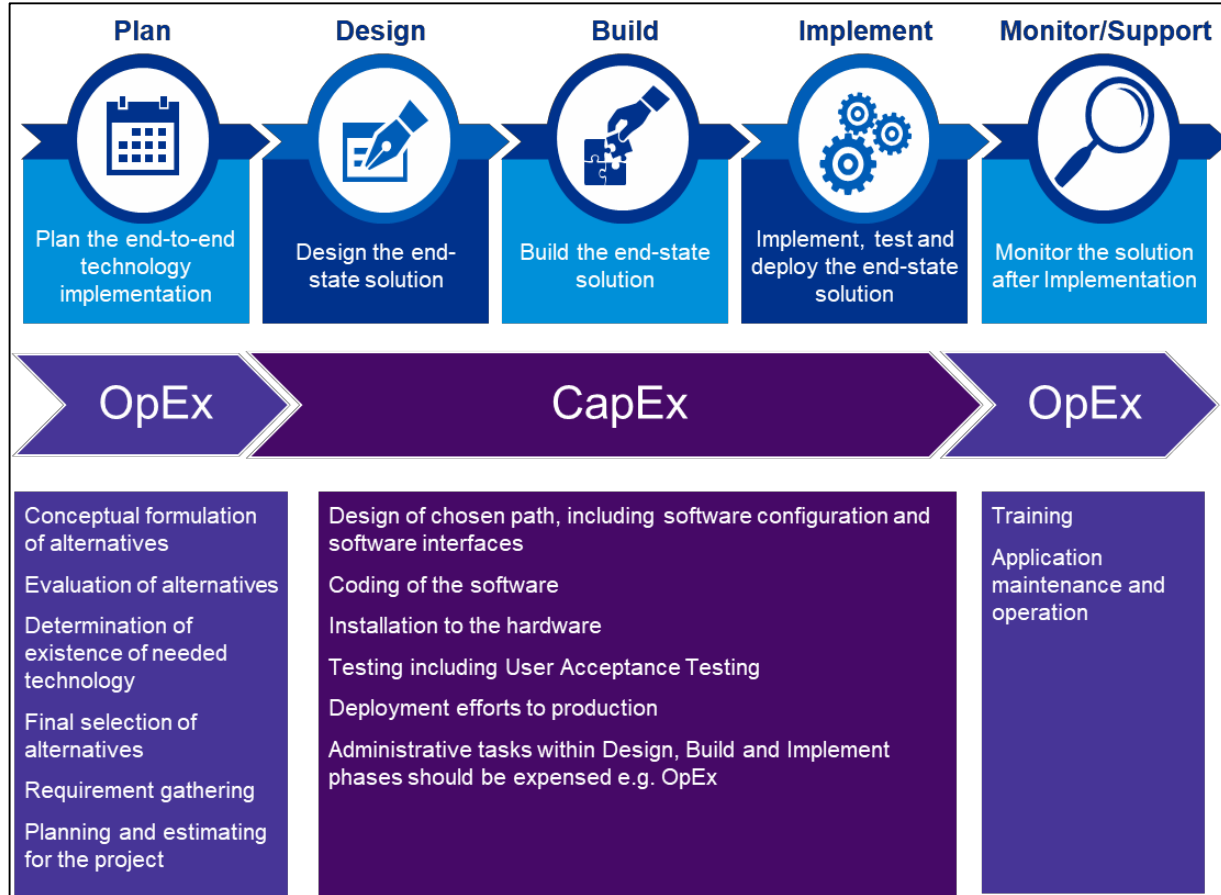
Agile workflow tools are often configured without consideration to report a consolidated status



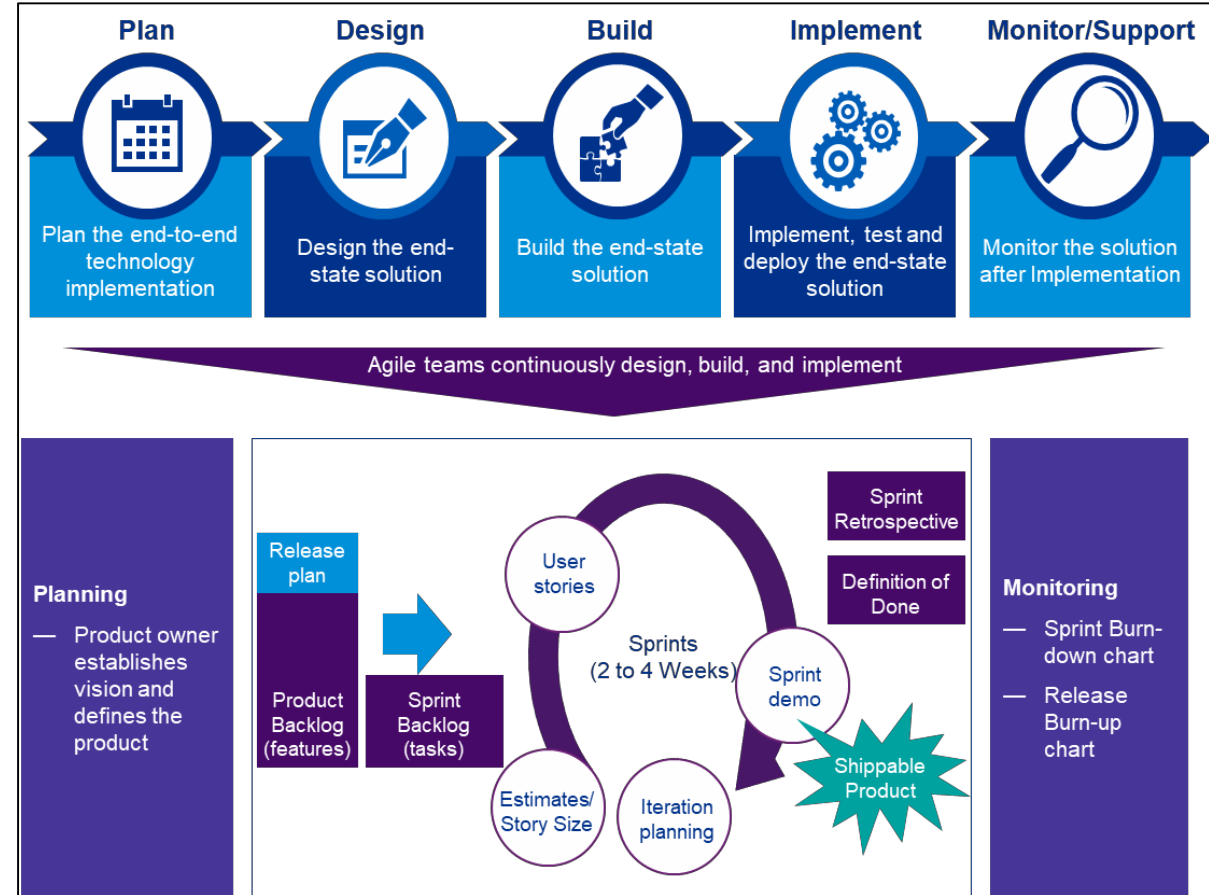
# The funding of capital with Agile

Capital guidance for IT investments is written for a waterfall governance model

## CapEx with Waterfall



## CapEx with Agile and DevOps

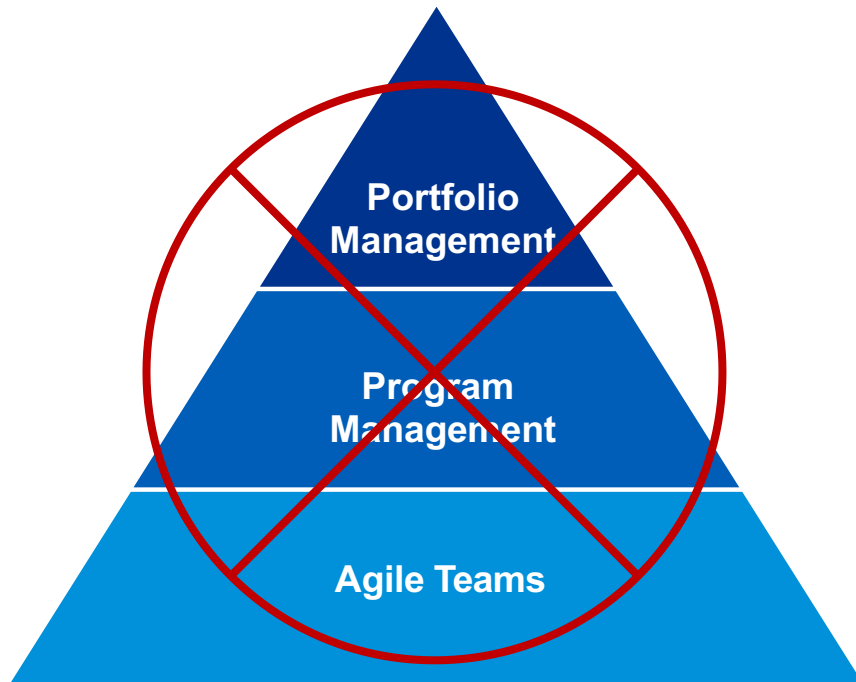


Calculate CapEx by replacing timecards in traditional PPM tools with story points in Agile work management tools

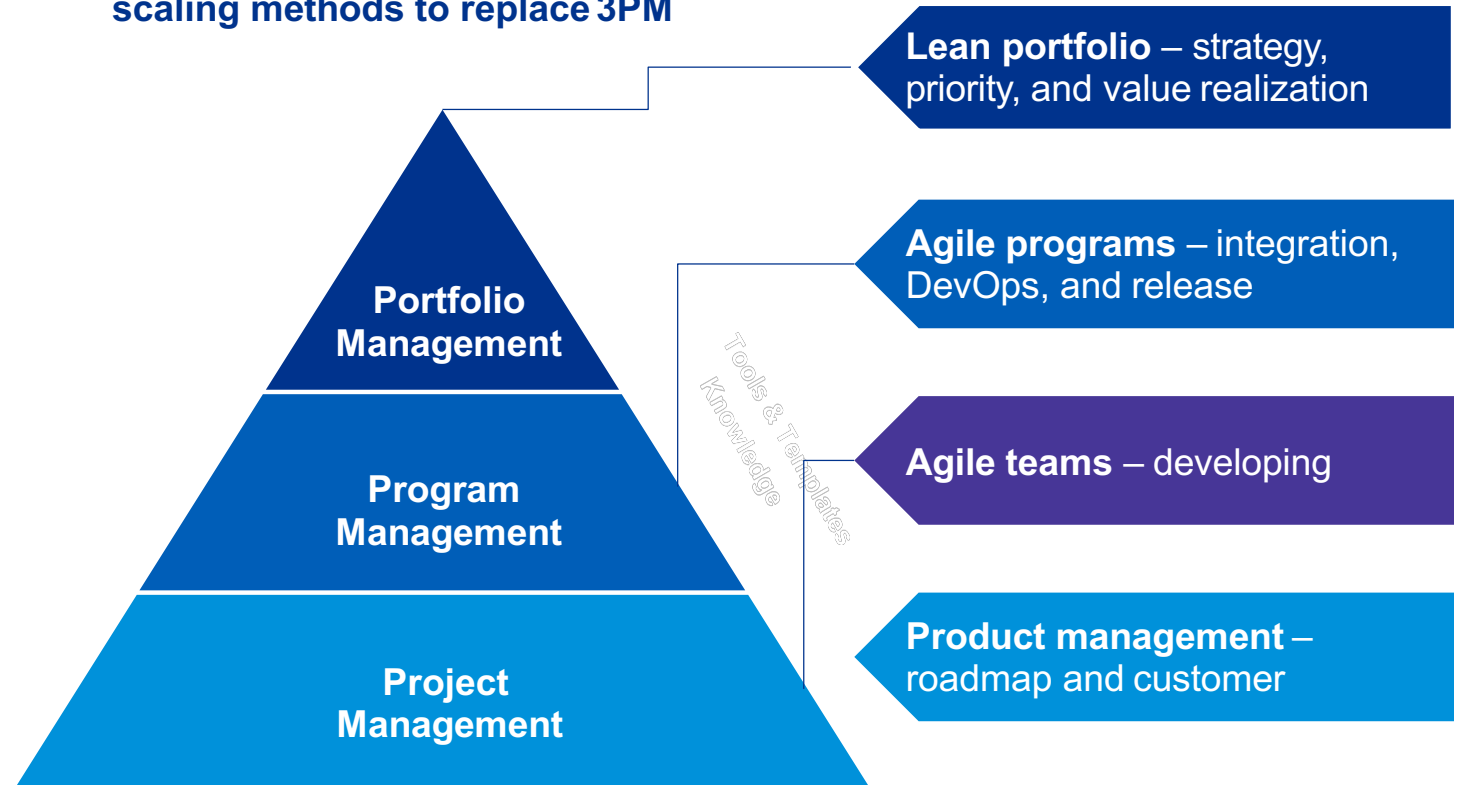
# The transition from projects to products

Portfolio's must be restructured around products instead of projects

Most companies govern agile teams with projects



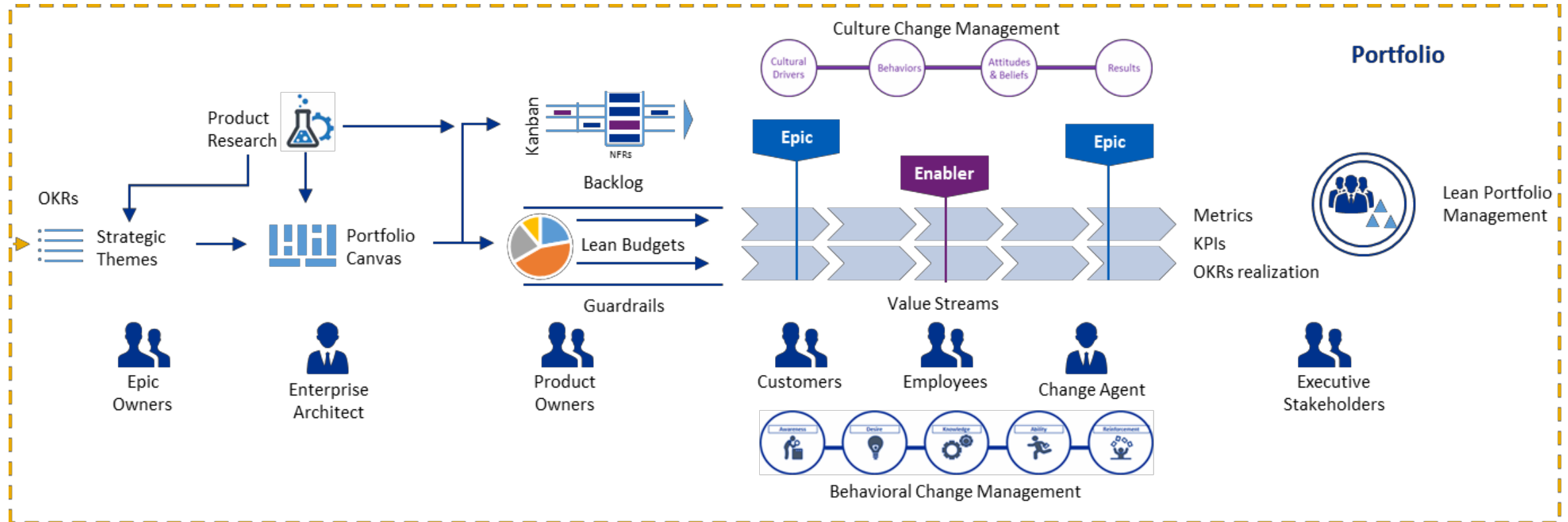
Market leaders leverage Agile scaling methods to replace 3PM



Enable a continuous prioritization process that can react to market feedback with Agile scaling methods such as the Scaled Agile Framework

# Making big things small and small things big

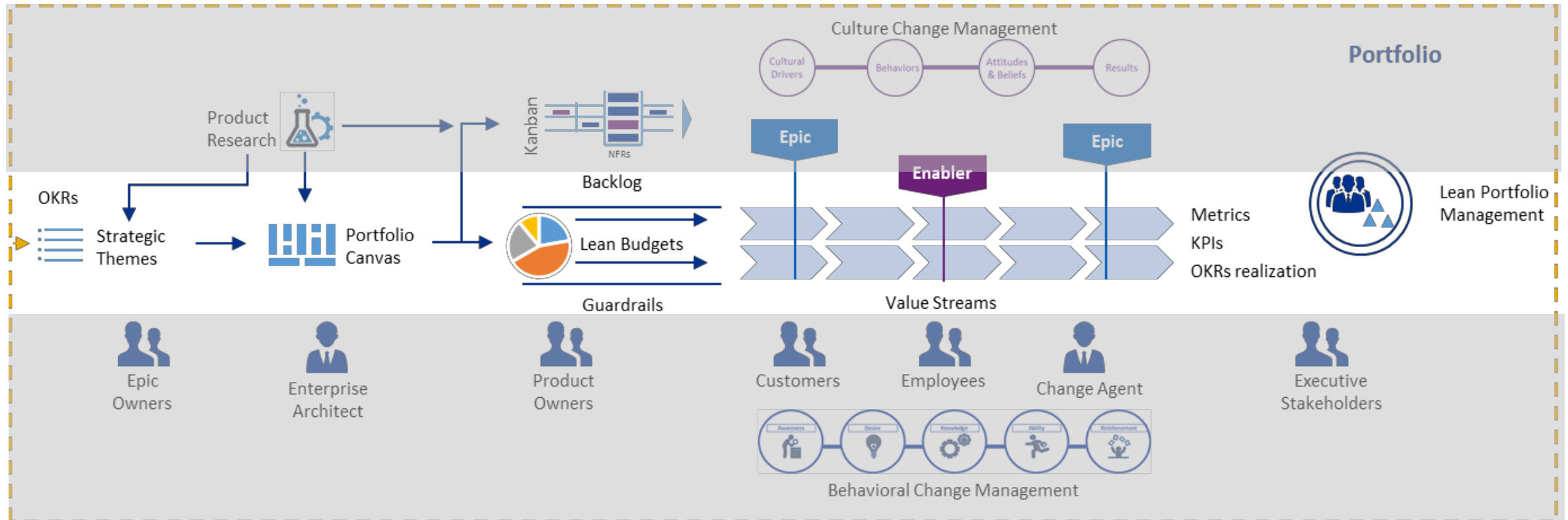
Agile teams are often disconnected from market and product strategy



Establish trust and delegate responsibility to Agile teams by setting strategy and goals by portfolio

# Catching bad ideas faster

Traditional portfolio governance is not prepared to manage real-time analytics of value



Improve value realization through OKR's, lean business cases, and quarterly reviews

# C-Suite and executive reporting

Agile workflow tools are often configured without consideration to report a consolidated status

Investigate Gartner's new magic quadrant for "Enterprise Agile Planning Tools" which connect Agile work management systems to strategy and reporting

Figure 1. Magic Quadrant for Enterprise Agile Planning Tools



Source: Gartner (April 2019)

# Summary of recommendations



## **The funding of capital with Agile**

Replace time cards with story points to calculate CapEx



## **Transition from projects to products**

Enable continuous prioritization that can react to market feedback with Agile scaling methods



## **Making big things small and small things big**

Establish trust and delegate responsibility to Agile teams by setting strategy and goals by portfolio



## **Catching bad ideas faster**

Improve value realization through OKR's, lean business cases, and quarterly reviews



## **C-Suite and executive reporting**

Investigate Gartner's new Agile magic quadrant to connect strategy and reporting to Agile teams





Thank you





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