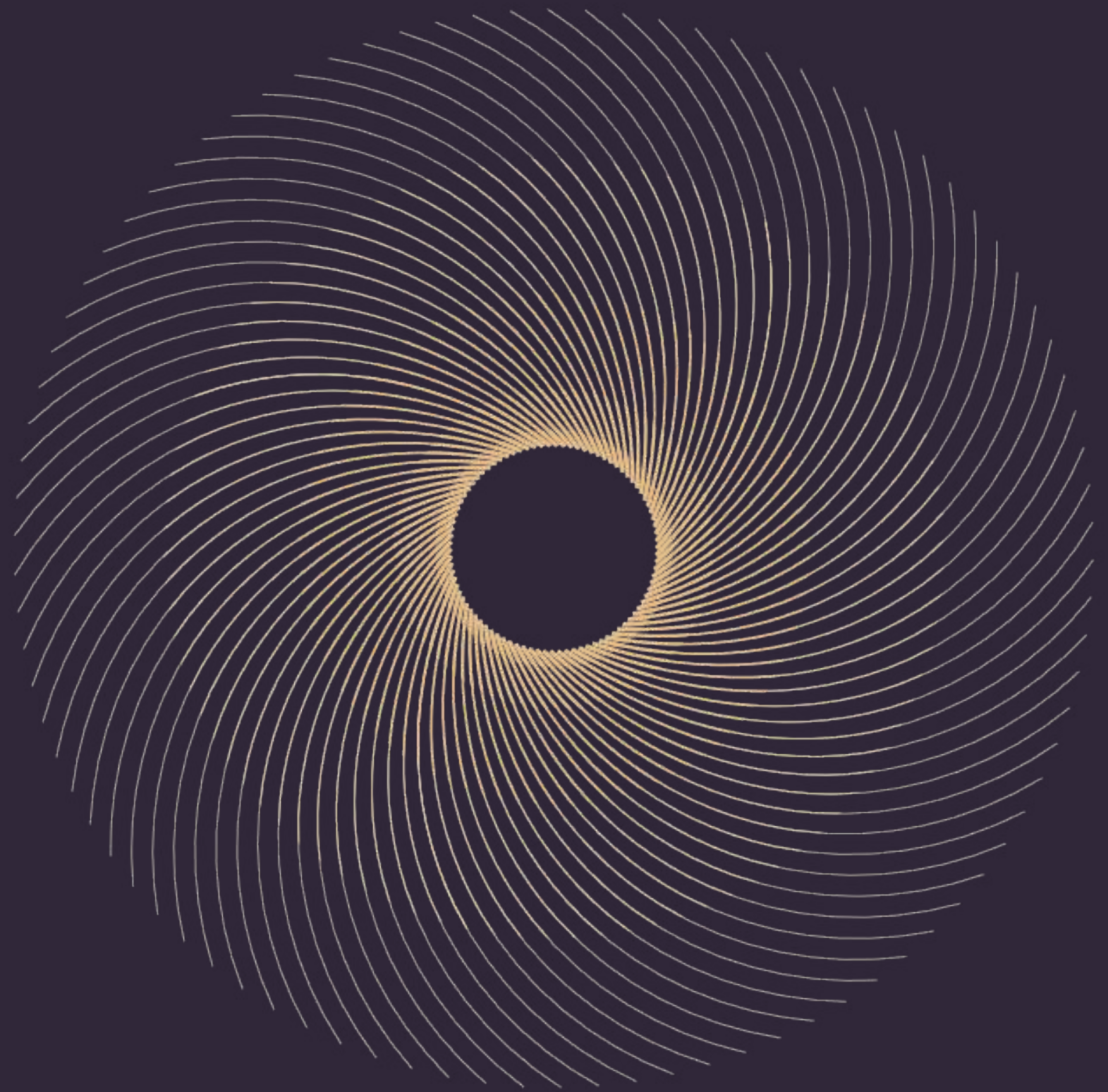The Big
Picture
—

The Golden Age is here

Five surges in technological innovation
over the last 250 years have transformed
our lives. The fifth is entering its most
explosive period. Are you ready?

HYPR

Index
—

Executive summary

—

- We're at the beginning of 'The Golden Age' in our tech revolution. It's the period of greatest reward for enterprises that are ready to take advantage

- Taking advantage depends on getting value into the hands of customers faster. Accelerating the flow of customer value delivered through software becomes the focus for the enterprise

- Flow of value is determined by the enterprise's value delivery system. This system comprises of technology and people organised in a customer-focused Value Stream

- Legacy enterprises need to change their system to remove flow constraints and reach higher levels of digital maturity. It's the only way they can compete with enterprises whose system is unencumbered by out-of-date thinking and methods

- Enterprises needs to make system investments that meet multiple demands. From disruptive innovation to 'flying the plane' to reducing costs. In the Golden Age, directing investment to the right places in the system at the right time is critical

- There is now a clear picture of what a great system looks like and where investments might be made. They are always about people and technology together, building the right thing, building it right and embedding a continuous improvement mindset and practices

- Transformational change has rarely worked and for good reason. Transitional change where the flow of customer value becomes the lens for action to improve the system is the way forward

- Well-placed efforts to accelerate flow compound over time

- Every change journey needs a story and an energised leadership. Putting customer value at the heart of it will make sense to everyone

Setting the scene

'The Golden Age' is a period of prosperity that comes after a 'Turning Point' in a technology revolution. The concept was developed by Carlota Perez in her seminal work Technological Revolutions and Financial Capital.

To thrive in this Golden Age, enterprises need to rapidly accelerate the flow of value they deliver to customers from software. We call this 'The Pursuit of Relevance'.
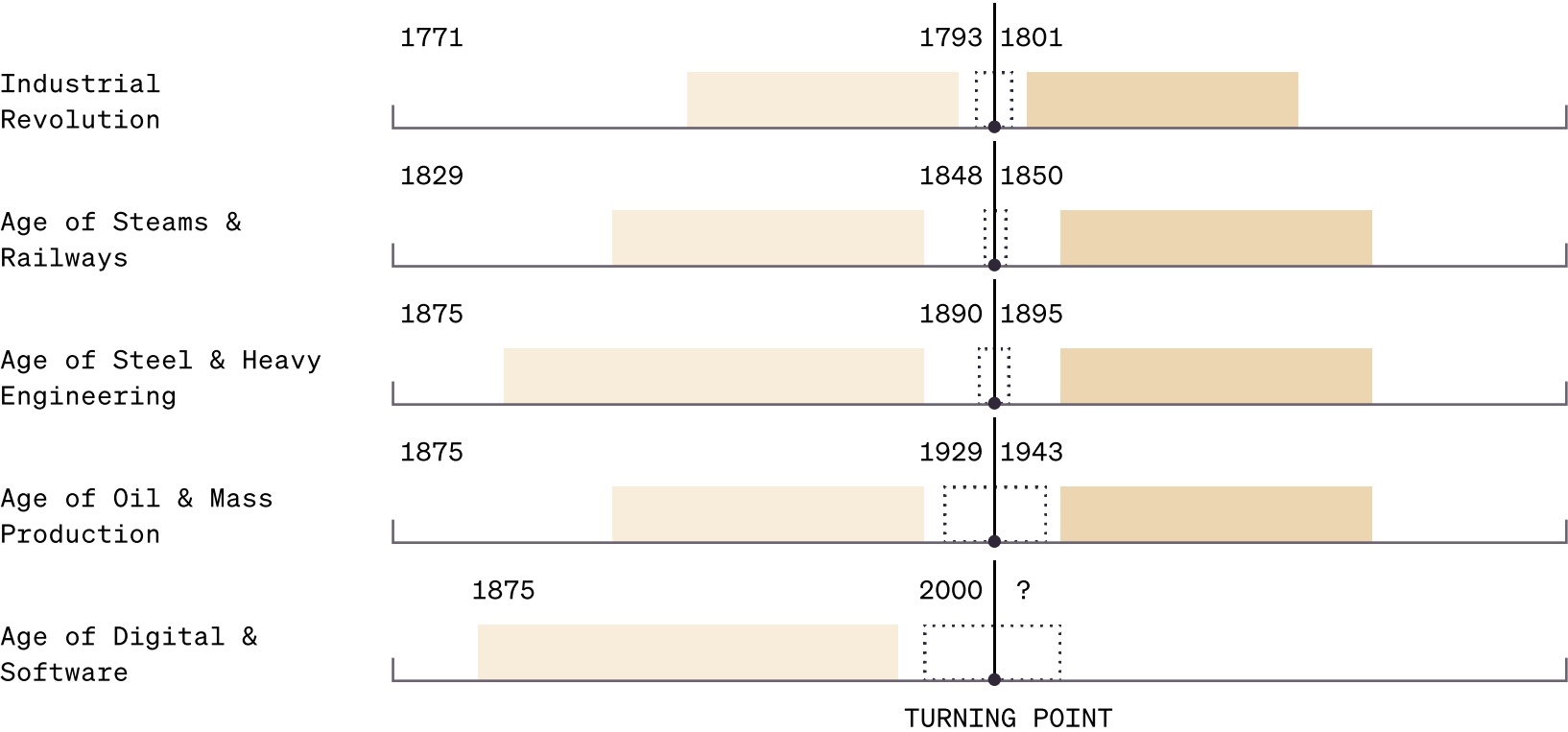
'The Big Picture' explores the themes of today's digital landscape and considers the key system level changes required to accelerate the flow of value.

Your place in the future

We've passed the Turning Point in a technological revolution that will determine the future of countless enterprises. Your place in the Golden Age of the Digital and Software revolution is at stake.

TECHNOLOGICAL REVOLUTIONS

	1771	1793	1801
Industrial Revolution			

	1829	1848	1850
Age of Steams & Railways			

	1875	1890	1895
Age of Steel & Heavy Engineering			

	1875	1929	1943
Age of Oil & Mass Production			

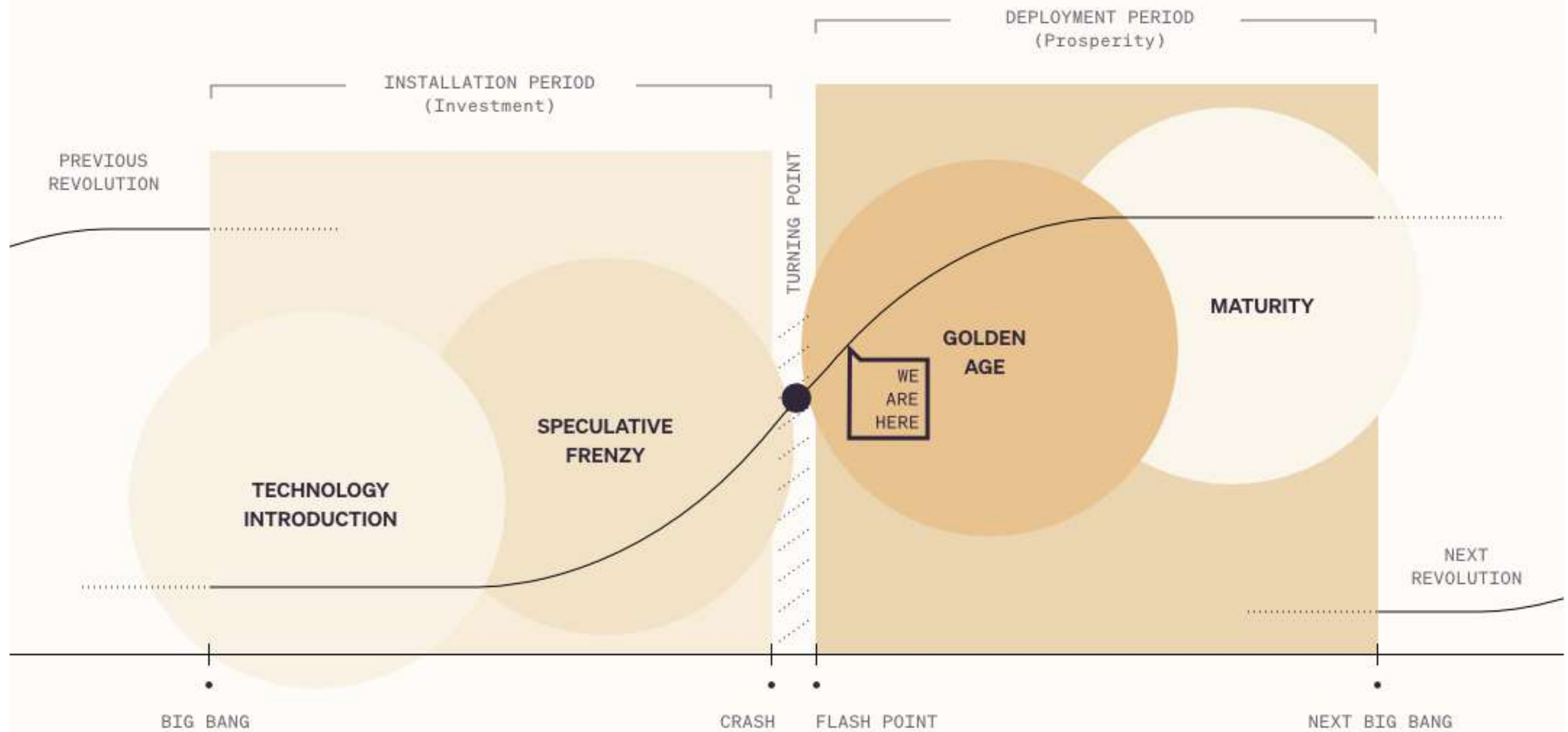|	1875	2000	?
Age of Digital & Software			

TURNING POINT

Adapted from *Techno-economic Paradigms: Essays in Honour of Carlota Perez*, edited by Wolfgang Drechsler, Rainer Kattel, Erik S. Reinert

In 2002, Carlota Perez introduced us to the dynamics of 'Bubbles and Golden Ages' in her book *Technological Revolutions and Financial Capital*. She explained past innovation revolutions and identified patterns through which we might consider future ones. Twenty years later, her ideas appear remarkably prescient.

The most significant pattern she identified is that every revolution has a Turning Point. It's usually started by a crisis which lasts for a few years. During that time, the economic conditions are disturbed enough to motivate creative disruption.

Our crises have included recent wars, a global financial crisis and the pandemic. And climate change is moving front and centre into (almost) everyone's view.

The creative disruption we've experienced started with the transformation of mobile phones into pocket computers that could deliver everyday and wholly new disruptive services. It's continuing today with the accelerating development of generative AI to deliver game-changing impacts everywhere. Artificial General Intelligence (AGI) has essentially arrived.

INSTALLATION PERIOD
(Investment)

PREVIOUS
REVOLUTION

TURNING POINT

MATURITY

GOLDEN
AGE

WE
ARE
HERE

SPECULATIVE
FRENZY

TECHNOLOGY
INTRODUCTION

NEXT
REVOLUTION

BIG BANG

CRASH   FLASH POINT

NEXT BIG BANG

THE LIFE & TIMES OF A TECHNOLOGY REVOLUTION

Adapted from AudioTech's summary of
Technological Revolutions and
Financial Capital by Carlota Perez

> " The new paradigm discloses the potential for a quantum jump in total factor productivity and opens up an unprecedented range of investment opportunities

Perez

Beyond the Turning Point

We're at the end of the Turning Point right now. In the immediate future, Perez says activity will shift from 'installation' to 'deployment' (see diagram on previous page), from investment to prosperity, from frenzied speculation to a Golden Age – a time of great opportunity and prosperity for those able to compete. *The biggest opportunities therefore lie immediately ahead.*

The Golden Age. The startups have a head start

To prosper in the Golden Age, enterprises must organise to deliver new customer value and focus on accelerating the flow of that value. Perez pointed to "a new, best-practice form of enterprise that emerges as the techno-economic paradigm crystallises". During this Turning Point, it was the 'startup'.

'Startups', unencumbered by systems of the past, developed new systems with no constraints to flow. They could deliver value at pace and continuously evolve the system in lockstep with other innovations in infrastructure, technology and practices.

Crucially, startups saw the algorithm as *a new means of production* and focused on making that as efficient as possible. They shifted from the traditional ideas of economies of scale to *economies of flow*.

'Legacy' enterprises with entrenched, late-industrial methods could no longer rely on the systems that served them well in the past. Their systems constrained the flow of value and left them unable to deliver at speed of change. These enterprises were disrupted by the startups and have spent more than a decade playing catch up.

WHAT IS CUSTOMER VALUE?

Customers are both internal (your people) and external (buyers, shareholders, partners etc). Customer value comes in many forms and is derived from many things. Here's a shortlist:

- Better customer experience
- New features
- New products
- Increased market share
- Increased revenue
- Improved security
- Improved resilience
- Reduced cost
- Process efficiency
- Reduced transaction times
- Better workplace experience
- Learning

The last one in this list – 'Learning' – is the internal customer value that's most ignored and probably least valued. Enterprises that learn with intent and fold back that learning into what they do improve how they deliver the next value.

The race for digital maturity

The typical legacy enterprise response to the startup was to undertake a wholesale 'digital transformation'. By embedding new processes, cultures and business models, the goal was to achieve ever-greater levels of digital maturity. So how are they doing?

In our five stages of Digital Maturity, very few enterprises can claim to be highly-mature 'Digital Innovators'. The majority are still in the **Digital Purchaser** or **Digital Follower stages**. This suggests that enterprise transformations have failed to fully deliver.

Achieving Stage 4 Maturity – **'Incrementally Digital'** – is the minimum necessary to compete in the Golden Age. At this stage, enterprises are untangling flow constraints to enable the free flow of customer value and getting working software into customers' hands with confidence, at pace, at any time.

We're helping enterprises achieve this by ensuring, among other things, that their systems move to hyper-scalable Contemporary Architectures and highly automated Progressive (Continuous) Delivery practices.
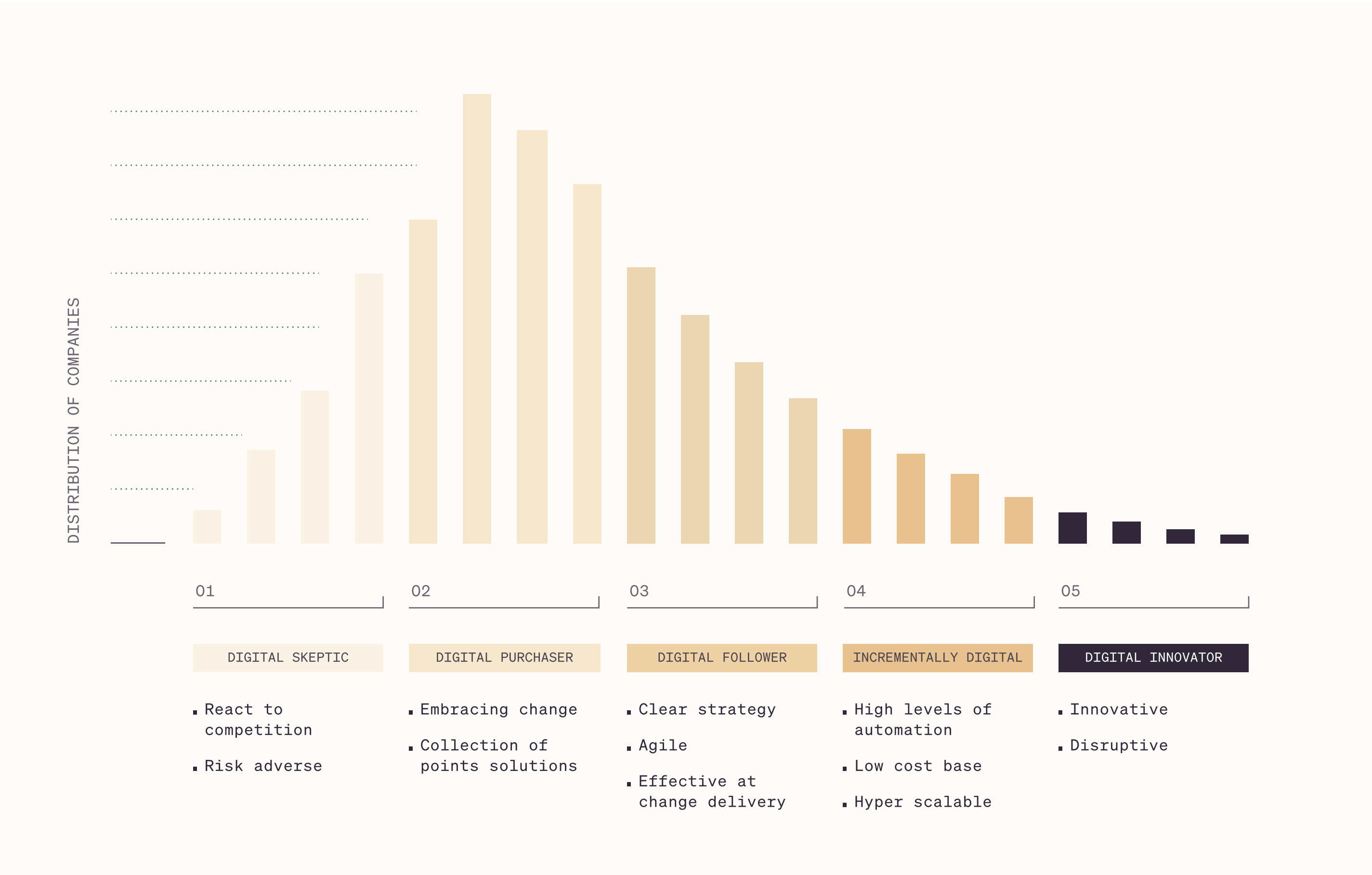
The highest level of maturity – **'Digital Innovator'** – is achieved by enterprises that not only improve flow of value from existing products and services, but are continuously innovating and creating clear blue water with new ones. Very few legacy enterprises truly get there. For proof of that, think about how many of them are positioned to lead the value creation from AI.

There are many reasons for this but the standout is that executive leadership teams aren't clear about how their enterprise might play in this age...

"The problem is not with enterprises realising that they need to transform. The problem is using managerial frameworks and infrastructure models from past revolutions to manage their businesses in this one"

Dr Mik Kersten, *Project to Product*

THE STAGES OF DIGITAL MATURITY

DISTRIBUTION OF COMPANIES

01

02

03

04

05

| DIGITAL SKEPTIC | DIGITAL PURCHASER | DIGITAL FOLLOWER | INCREMENTALLY DIGITAL | DIGITAL INNOVATOR |

- React to competition
- Risk adverse

- Embracing change
- Collection of points solutions

- Clear strategy
- Agile
- Effective at change delivery

- High levels of automation
- Low cost base
- Hyper scalable

- Innovative
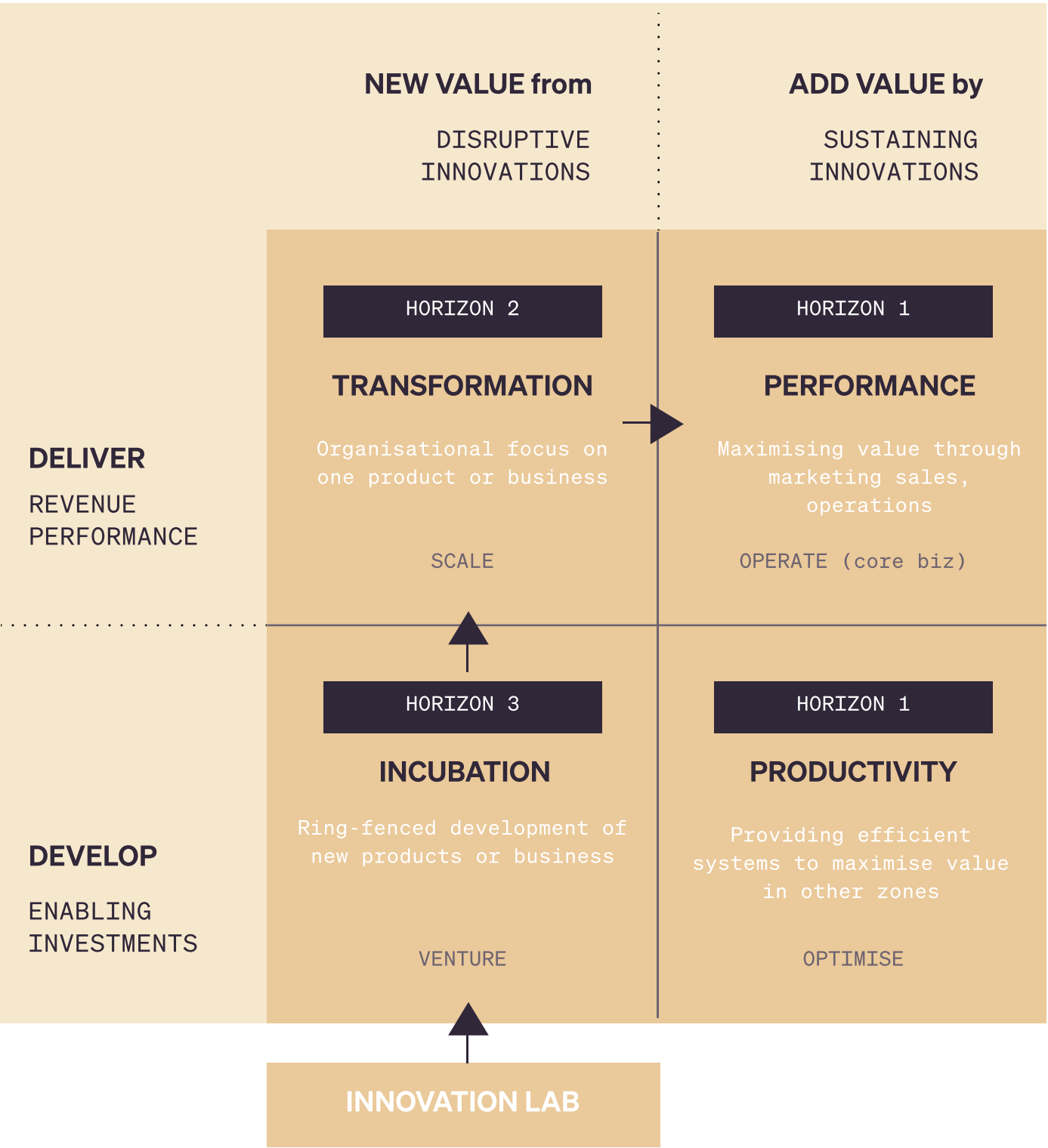- Disruptive

How do you want to play in the Golden Age?

—

You're committed to investing in your future. But how and where do you direct resources for the best return? Geoffrey Moore's work in Zone to Win – Organizing to Compete in an Age of Disruption – remains relevant. It provides a model to understand innovation priorities and innovation's alignment to business strategy.

The four zones in brief

The Zone to Win model helps you identify your current focus and how that might need to change to prosper in the Golden Age. First, a brief introduction in Moore's own words:

"A company needs to segregate investments in disruptive innovation from those in sustaining innovation and, at the same time, to separate its mission-critical activities from its enabling ones. These two divisions result in four zones of activity, each internally aligned around its own goals and objectives, each demanding a different style of leadership to achieve those ends.

"The sustaining side of this model is the home of established enterprises and their operating models. Their mission-critical obligation is to "make the number," and they are supported in doing so by a variety of enabling shared services. The disruptive side, by contrast, is the domain of emerging businesses. They are gestated under a set of enabling conditions where fast failure is often a virtue, but when it is time to bring a chosen one of them to scale, it becomes mission-critical".

NEW VALUE from
DISRUPTIVE
INNOVATIONS

ADD VALUE by
SUSTAINING
INNOVATIONS

DELIVER

REVENUE
PERFORMANCE

HORIZON 2

TRANSFORMATION

Organisational focus on
one product or business

SCALE

HORIZON 1

PERFORMANCE

Maximising value through
marketing sales,
operations

OPERATE (core biz)

HORIZON 3

INCUBATION

Ring-fenced development of
new products or business

VENTURE

HORIZON 1

PRODUCTIVITY

Providing efficient
systems to maximise value
in other zones

OPTIMISE

DEVELOP

ENABLING
INVESTMENTS

INNOVATION LAB

Note: We've adapted Moore's Quadrant
to include additional labels that should
make it more self-explanatory. For more
detail, read the book or see his
presentation

Diagram adapted from Geoffrey
Moore's book *Zone to Win –
Organizing to Compete in an Age
of Disruption* and incorporating
thoughts of Adam Thompson *(Zen
Organisations)* and Frank Diana
(Reimagining the Future)

"Enterprises... are pulled in multiple directions, not just by their own economic interests and those of their shareholders but also by those of their customers and partner ecosystems as well. Torn by these forces, their efforts at Digital Transformation lack focus and prioritization, and it is no wonder they fall short of the mark"

Geoffrey Moore

Short-sighted on Horizon 1

Moore's model states that every business needs to achieve an appropriate balance of investment and activity (dependent on market conditions) across the four zones. Activity in each, of course, is essential – every enterprise must optimise, operate, scale and venture.

In our experience however, we find that many enterprises are simply too focused and too busy in Horizon 1. They have a product or service they've been selling for some time and they're really good at it – so they tend to stick at doing what they're good at rather than looking ahead. But simply improving the flow of existing customer value doesn't cut it if you want to prosper in the Golden Age.

Instead, enterprises need to shift left and invest in Horizon 2 and Horizon 3 activities. The innovations that are ventured and scaled there are rich sources of new customer value that are transitioned over time into the Performance zone.

A leadership team that's aligned to achieving the highest levels of digital maturity will have a vision for making this shift and a commitment to making it happen.

Is your enterprise positioned for making the shift?
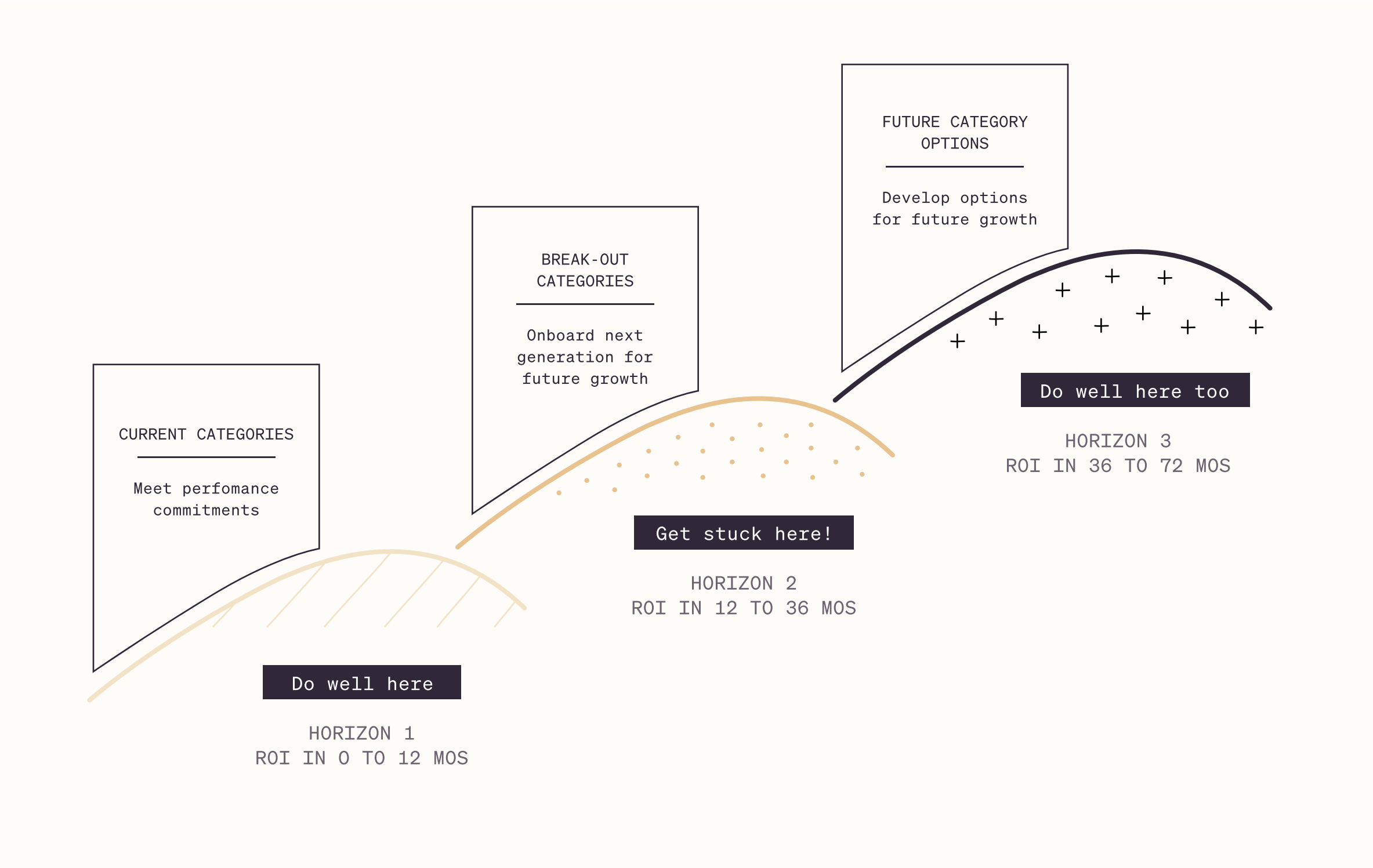
THE INNOVATION HORIZONS

CURRENT CATEGORIES

Meet perfomance commitments

BREAK-OUT CATEGORIES

Onboard next generation for future growth

FUTURE CATEGORY OPTIONS

Develop options for future growth

Do well here too

HORIZON 3
ROI IN 36 TO 72 MOS

Get stuck here!

HORIZON 2
ROI IN 12 TO 36 MOS

Do well here

HORIZON 1
ROI IN 0 TO 12 MOS

Diagram adapted from Geoffrey Moore's book *Zone to Win – Organizing to Compete in an Age of Disruption*

The battle for resources

Enterprises which have an imbalance across the zones have an imbalance in resource allocation. This is the 'CIO/CTO/CDO Paradox'. The business wants the CIO to reduce cost and expects IT to optimise in the Productivity zone. At the same time, the business expects new customer value to be delivered by the CDO in the Performance and Transformation zones. Moore's model can help enterprises address this paradox by making more timely, market-aligned investment decisions. And that's crucial for another reason…

Historic failure to address the CIO/CTO/CDO Paradox leads to compromised investment. The battle for resources might, for example, result in the development of sub-optimal technology solutions. Those will eventually constrain the flow of value delivered to customers.

How does your enterprise address the paradox?

This very topic came up In an executive round table discussion which we transcribed into a blogpost. Our guests Dr. Mik Kersten and Eric Willeke explained how to think about resourcing across the four horizons. The key words about resourcing start about half-way through.

IT is the business enabler

IT's efforts have traditionally been project-focused in the Productivity zone – supporting business operations. But becoming fully organised to deliver customer value in the Golden Age requires IT to make its own paradigm shift. It must focus on business outcomes delivered from the flow of customer value, not project-based activities. IT must become the enabler of H3 and H2 innovation.

This transition requires that technology investments, for example, must be directed at creating a more holistic, contemporary system that reflects the different requirements of every zone, and enables the delivery of business value across the zones.

What's the holistic view of your contemporary system?

Deficiencies in practices and cultural conflicts

Even when enterprises commit to investing more in disruptive innovations, they often assume that the skills they have in building, selling and delivering their existing products in the Performance and Productivity zones are transferable to the Incubation and Transformation zones. They're not.
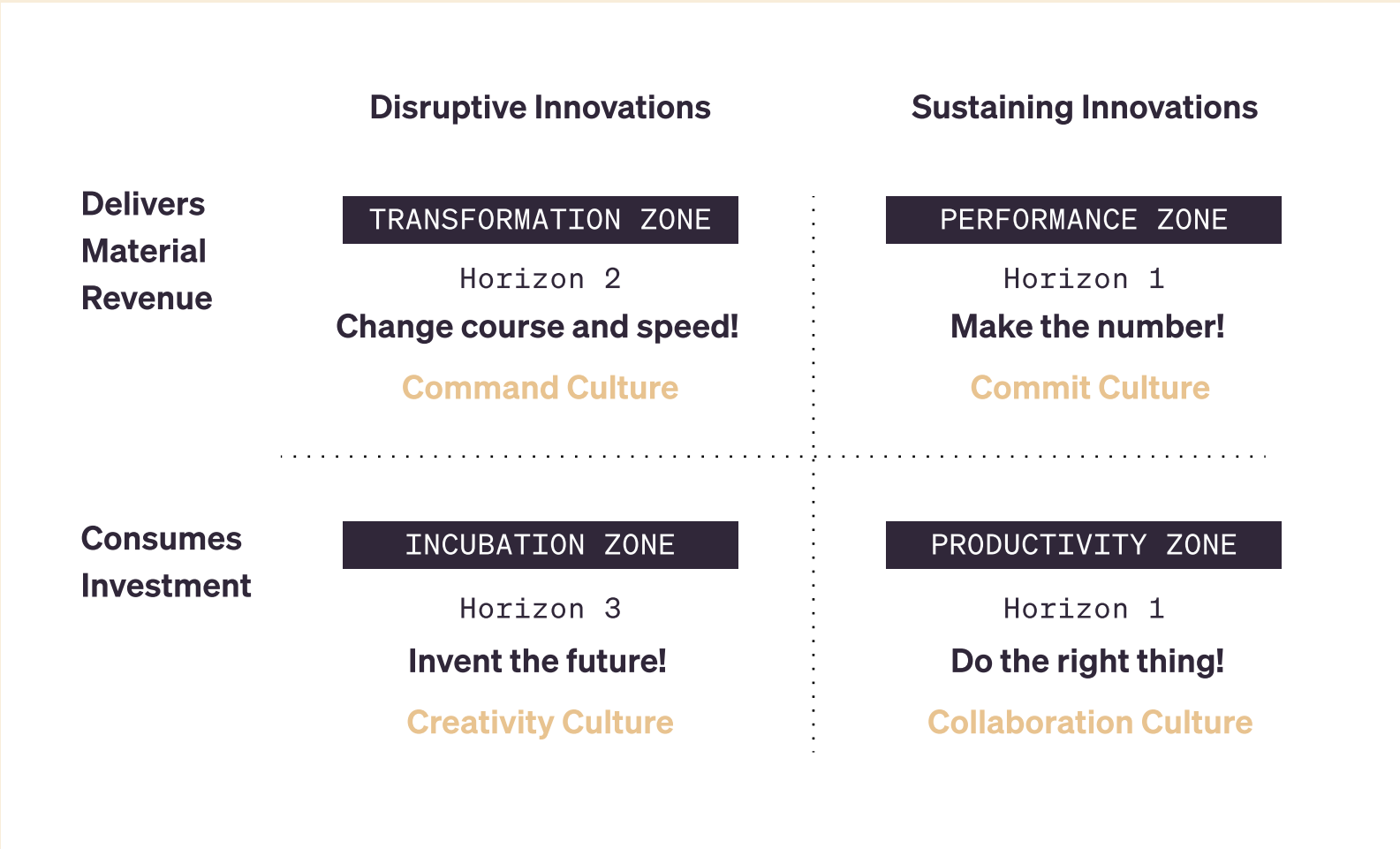
The different objectives and demands in each zone require very different mindsets, behaviours and cultures. This creates super-complex relationships, conflicts and the potential for bad decision-making.

Enterprises need to accept and accommodate these different cultures and create appropriate team topologies for each zone.

Have you embedded different practices and mindsets for delivering in different zones?
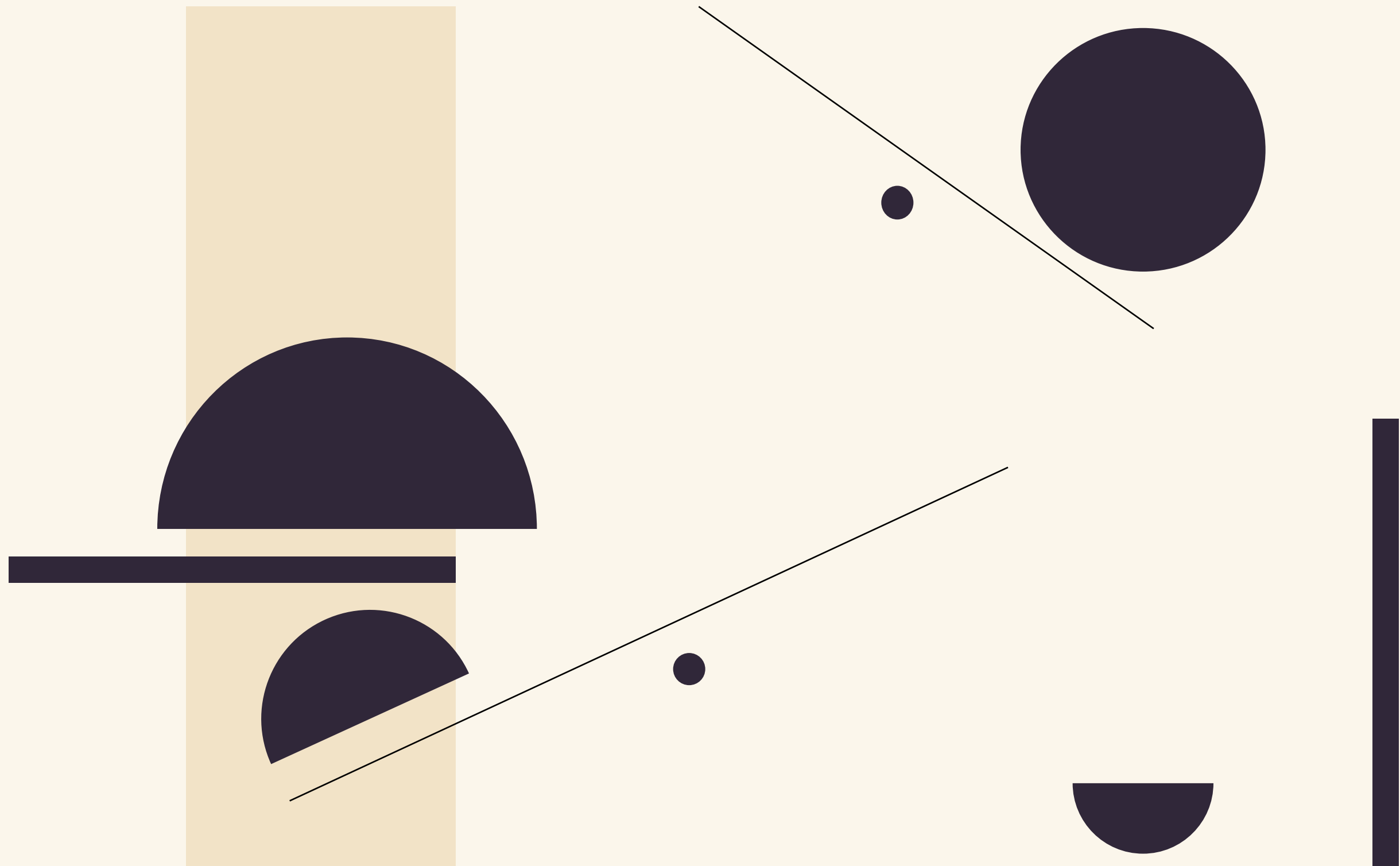
Your big picture – better understood

Discovering your enterprise's context and appetite for investment across the Innovation zones helps you create a big picture for WHY and HOW you must play in the Golden Age. Next, we consider the critical shifts you may need to make.

	Disruptive Innovations	Sustaining Innovations

Delivers Material Revenue	`TRANSFORMATION ZONE`
	
	`Horizon 2`
	
	Change course and speed!
	
	Command Culture
		`PERFORMANCE ZONE`
		
		`Horizon 1`
		
		Make the number!
		
		Commit Culture

Consumes Investment	`INCUBATION ZONE`
	
	`Horizon 3`
	
	Invent the future!
	
	Creativity Culture
		`PRODUCTIVITY ZONE`
		
		`Horizon 1`
		
		Do the right thing!
		
		Collaboration Culture

Think system. Think flow

Today's enterprise must become a holistic customer value delivery system focused on maximising and accelerating the flow of that value.

It's a system that brings people and technology together to create, deliver, operate, validate and continuously improve the products and services that customers demand. As well as ones they haven't even thought about yet.

So what does it look like?

A system designed for flow

Your value delivery system is highly complex with many moving parts. While your system is unique to you, there are common patterns that point to the highest levels of digital maturity and how well enterprises flow value to customers.

We've identified these patterns in a series of statements. There's the good and there's what we see in our work.

01 Your system overall

- You know your system intimately. Many leadership teams don't have the full picture and don't truly understand how things fit and work together to make the system

- You understand where the constraints to flow exist or might develop, and why. Enterprises don't always have the right frameworks, models or metrics to see the constraints in the first place

- You know what things you should improve first and the likely value of that improvement. Enterprises find it very hard to determine priorities and allocate resources effectively

- You have the right tech and future roadmap. Your'e confident that your tech investment decisions will keep you on the right side of change and won't leave you stranded in future. Enterprises may not have the insights they need into what the future might bring

- You think of your system as a Value Stream that reflects alignment between technology and business leaders and has connected end-to-end delivery processes. Value Stream Management is mostly absent in NZ enterprises

- You are organised in the right way – the work of teams is focused on pools of value in domains / services / products. Enterprises still allocate resources and focus teams on projects
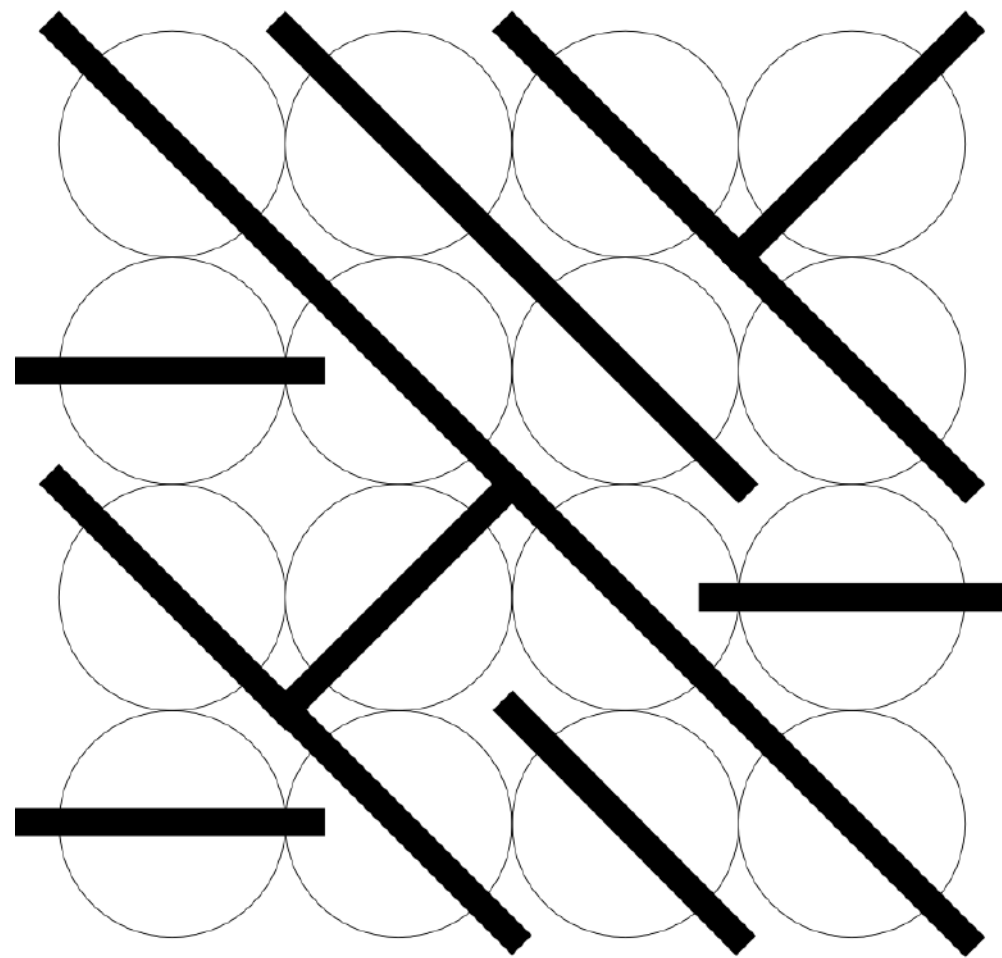
- You can see work in the system, how it flows in the system, where it's being delayed and by what. Most enterprises measure activity, not flow of value related to business outcomes. This makes it impossible to see what's happening and get the insights to remove constraints

- You make sure you don't have too much work in the system. You know the value of that work to the business and you prioritise future work by its value to the business. Lean Portfolio Management is still not widely practised

- Your leadership is an energy source for change that incentivises teams by providing the appropriate safety, funding, conditions and environment for success. Leadership teams usually underestimate the desire and needs of their teams to experiment, innovate and deliver better

- If you're a smaller enterprise, you are confident that you have enough technical smarts in the room to meet the future, scale fast and accelerate flow. SMEs often refrain from hiring outstanding technical leaders on cost grounds. To their later cost

02   Your technology

- You are cloud-native thinkers. Every enterprise likes to believe it is, but some still remain grounded

- You're sensibly dismantling the legacy monolithic architectures that hold you back and building new architecture in slices. Enterprises still prioritise large-scale transformation over iterative transition

- Your architecture is future-proofed and you have well-designed services and APIs that allow you to evolve with customer demand. Enterprises miss opportunities to build architectures in favour of flow, cost of ownership and its ability to evolve

- You're tackling some of the underlying constraints to flow as you go – technical debt, scalability, quality, performance etc. Enterprises are still too reliant on band-aid approaches or building 'shadow IT' to fix persistent legacy issues

- You're doing all of this on a 'fastest path to value' basis – one priority service or domain at a time, learning all the time. Enterprises often try to change too much at one time, or cannot see priority paths to value. They may miss opportunities to experiment with a domain or service that might lead to discovery of new patterns they can apply elsewhere

- You have well-orchestrated pipelines deployed in scalable cloud IaaS environments that allow you to safely deploy working software in seconds. Every day. It's more common for teams to be building too much in one go, with inadequate automation and a fear of deployment

- You're building the right thing and validating its market fit and customer experience value through research, prototyping and social media targeting. Enterprises miss opportunities for Continuous Discovery that ensures they're actually ideating and innovating the things that customers want

03 **Your people**

- You know that the people in your system are as important as the tech. Too many enterprises still focus on the tech and not enough on the human constructs that allow people to deliver customer value

- You are relentlessly focused on creating an environment in which people have a good experience and can succeed. It's safe, supportive, learning-oriented and properly resourced. The environments and experiences of teams in the majority of enterprises is nowhere near good enough. If it takes weeks to onboard new arrivals onto technology, how good is the experience?

- You're transitioning the enterprise's DNA by introducing ways of working based on Lean-Agile principles and agreed delivery practices focused on flow and feedback. Most enterprises are moving this way but many struggle to embed the changes or see immediate value

- You're shifting teams away from project-based delivery to value-based thinking and organising teams around Value Streams. Many enterprises still take a 'project-view' of the world and view people's work as activities rather than the value they deliver

- You have long-lived, self-organising and multi-skilled teams which are empowered to respond, adapt, learn and continuously improve the value delivered to customers. Enterprises aren't reaping the rewards that 'ownership' of value delivery affords a well-set-up, cross-functional team

- Your people have the insights they need to understand and measure how work flows in the system, to test hypotheses based on real-time data from every Value Stream and to make improvements that accelerate flow. Most enterprises measure activity not flow of value. Their metrics don't shine a light on the constraints to flow

Beyond the sum of their parts

A holistic customer value delivery system encompasses all the things we list. Every impediment removed from the system should improve it overall, otherwise they are sub-optimal fixes – just fiddling at the edges.

We can see in our work that enterprises are recognising this. In helping enterprises find and fix problems, we also see improvements in the system that are beyond the sum of the fixes. This is when flow really begins to accelerate.

In the next section, we look at the broad approaches to making change successful and sustainable...
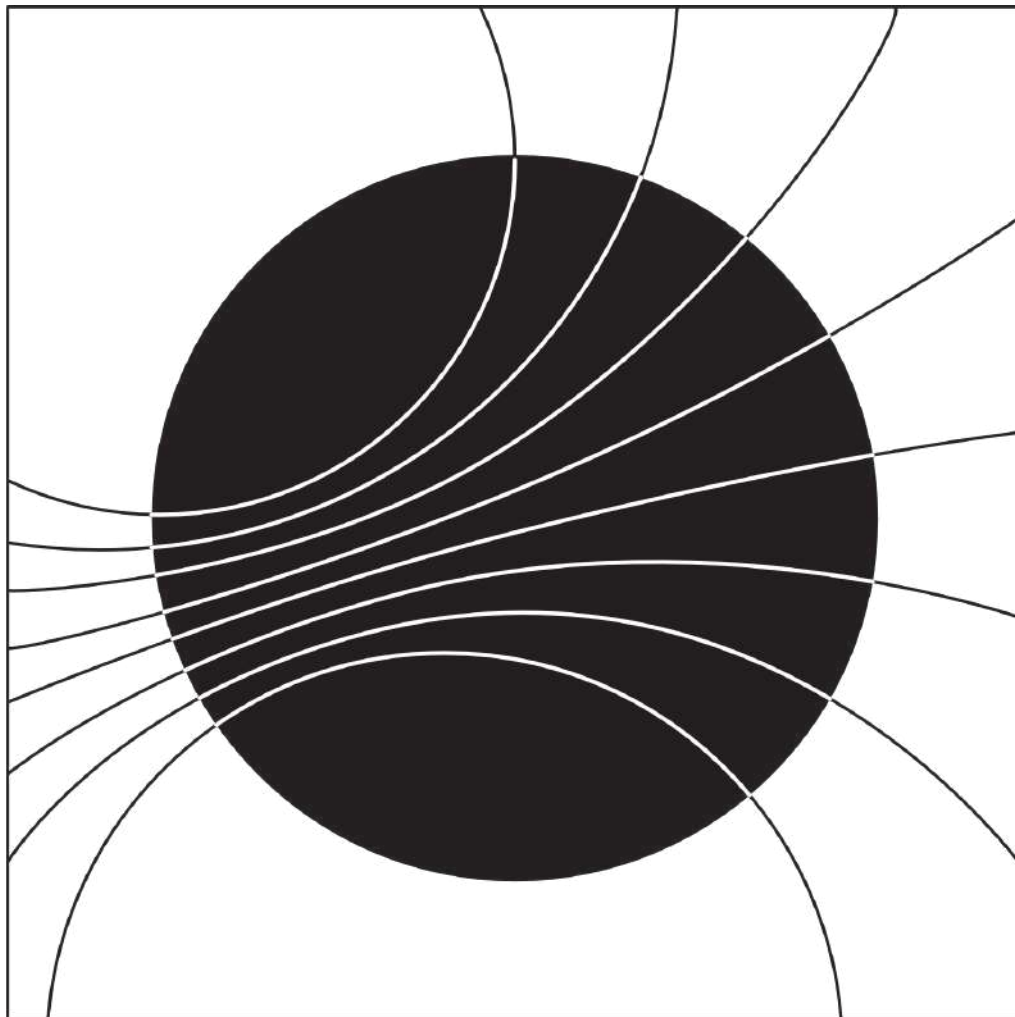
Transition, not transformation

—

For over 15 years, enterprises have been rushing headlong into 'digital transformation' programmes. The failure rates are spectacular – as high as 85% – and any quick trawl across the internet will give you the reasons why. We think it all starts with the word.

Rushing headlong to a big thing

'Transformation' is a loaded word. It suggests – and heightens expectation of – a wholesale change in business process, business model, domain or enterprise culture – or all of these – usually within a predetermined timeframe. There is a formalised, business-cased view of a desired destination, the investments and initiatives required to reach it, the milestones along the way and final outcomes that will surely result.

The digital transformation start button is pressed and the ugly caterpillar is on its way to being transformed into a beautiful butterfly. Except the butterfly rarely emerges. And that implies that transformation is, in reality, a high stakes gamble.

If it feels like waterfall, it probably is waterfall

Transformations often look like waterfall projects born in response to an urgent requirement – 'we need to stay relevant! What's our digital transformation initiative?'. The delivery of value from the initiative might take some years, a period during which new things emerge over the horizon. If what emerges requires a change in the transformation initiative – a change within a change – the delivery of value might be substantially delayed or, at worst, curtailed. Given that the average transformation takes about four years, we can safely assume that the sands will have shifted by the time the big thing is anywhere near 'completion'.

Iterative transition

The logical response to this is to take a step-by-step approach that de-risks change, delivers smaller improvements earlier and can adapt to what emerges along the way. With iterative transition, there's no finishing line. It's not time-bound. It's not tied to delivering a pre-specified end-state – just a better, continuously-improving state that's defined and measured by the enterprise's success in accelerating the flow of value.

While iterative transition may not sit comfortably with the understandable urgency demanded by executives, the experience of transformation failures should motivate them towards pursuing a step-by-step approach which naturally avoids them. Here's how...

> "
> Instead of ramping up quickly, only to ramp down painfully, it would be much better if companies can make steady progress without making such costly mistakes

Thomas H. Davenport and George Westerman, *Harvard Business Review*

Transition to the call of value

Customer value ultimately determines business performance. Every metric – from revenue to market share to profit and so on – tracks back to the delivery of value. And because customers can be internal too, customer value flows when efficiencies are made that reduce costs.

It follows that enterprises should use the flow of customer value as the lens through which to prioritise investment and effort. And then go step-by-step to make the improvements that accelerate flow.

Through this lens and this 'transition' approach, enterprises can avoid the anti-patterns of transformation...

Solving the right problem

Transitions don't attempt to solve all problems all at once. Because they are focused on delivering value by priority, the problem set is narrower and super-relevant. It leaves non-relevant problems for later – or perhaps for never. Because, as the journey continues, what's relevant changes.

This is in stark contrast to transformations where over-arching problems might be defined in advance and are expected to be solved. But are they the right problems? Is an Agile transformation, for example, seen as simply a different way of doing the same things better? Or is it understood, more correctly, as a different way of thinking about how to achieve business outcomes. The first might solve a quality at speed problem. The second might lead to doing entirely different, better things which deliver far more customer value!

Making value valuable

Because value is so important, being able to define relevant value, see it and measure it, is critical. Large transformation programmes that continue to rely on past project-based software delivery frameworks often make it impossible to define value in the context of the business. We help enterprises transition to a contemporary Value Stream framework that shifts activity from the 'IT project' to product and Value Streams. This ensures that value is:

- **Defined in terms of business outcomes**

- **The enabler of business-focused prioritisation of step-by-step activity**

- **Visible to all stakeholders involved in the activity**

- **Measurable at any time in terms of business outcomes**

Connecting IT and the business

Transitioning to product and organising around Value Streams allows technologists and business people to work together and communicate in a common business language that focuses on flow. This enterprise-wide ability is crucial to prosper in the Golden Age but has been historically absent.

"Technical debt and story points are meaningless to most business leaders who manage IT initiatives as projects and measure them by whether they are on time or on budget"

Dr Mik Kersten, *Project to Product*

For example, technologists involved in transformations will have been required to adopt new software delivery practices (eg. continuous delivery pipelines), but to what specific end? To make a project go faster? To reduce cost of delivery?

While there may be efficiency-driving value in these activities, where that value is derived in terms of business output is unclear and perhaps unmeasurable. Using a framework based on the flow of value unites business and technology to focus and strive for the same things – outcomes not activities.

Making the right tech investments

Leaders across business look to use technology to transform their business. That's natural, but comes with risk. Technology is transformative if it's focused on business outcomes. It's much easier to understand how existing technology contributes – and what tech is worth investing in – when value can be defined. And, because value emerges with every step in a transition, there's more certainty that choices made along an improvement journey (rather than at the start) will deliver a return on business investment

This is rarely the case in big tech-led transformations undertaken in times of urgent demand and sold eagerly by DX-mobilising vendors. An easy sell, an easy buy. What could go wrong?

"Often, a monstrous, expensive software implementation is at the heart of the fatigue problem. These runaway software implementation projects take forever and often deliver more expense than value. Often, these projects get off track. And, always, they disrupt a company"

Peter-Bender Samuel, CEO, Everest Group, *CIO Magazine*

TRANSFORMATION

TRANSITION

Making change more lovable

Transition is a gradual change that humans find more easy to assimilate and engage with. Many individuals will be motivated to become change agents in a transitionary approach. When teams across the business begin to feel the enterprise's ability to deliver value is improving – and they can see the value they contribute – good things are more likely to happen naturally.

With many transformation initiatives, of course, change is (or at least 'feels') forced. The risks inherent in forcing change are compounded if those initiatives need to change in response to what emerges over the horizon. This introduces the change within change that leads to destructive 'change-fatigue' – transformation's most insidious killer.
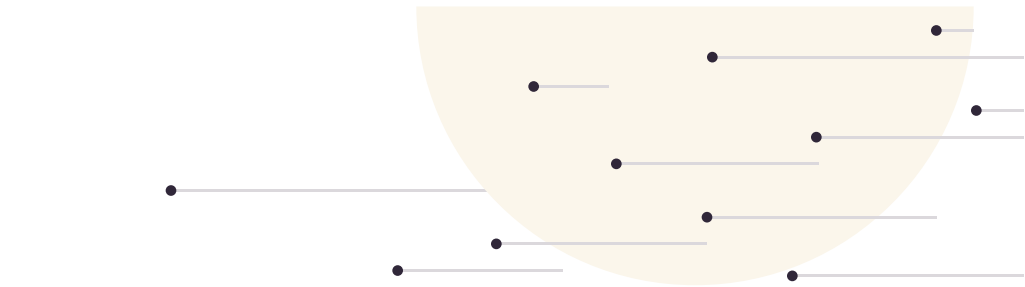
Resolving the underlying factors that cause the problems

We've been involved in a number of engagements to help clients that are struggling shift out of legacy technology. The most critical pattern we see in these engagements is that their existing attempts to transform systems have focused on superficial problems, rather than the underlying factors which cause them.

We call these underlying factors 'Complex Technology Constraints' (CTCs). These are a combination of technology and how the enterprise has created and used technology over time.

They include technical debt, layer-upon-layer of architecture, lack of visibility and sub-optimal system evolution. These constraints are the tangles in the net that constrain the flow of customer value. Because they are super-complex, highly interrelated and entrenched, the appetite for resolving them is low.

This motivates 'band-aid' approaches to solving problems at the surface. And guarantees that new constraints will always surface somewhere down the track.

Such approaches are expedient and have nothing to do with accelerating flow. To achieve that, the CTCs must be courageously addressed.

A transitionary approach to modernising technology makes it easier to resolve – or loosen – the CTCs. Because transition is step-by-step and determined by priority of value to the business, only one domain or service or product is worked on at a time. Only the constraints affecting it need to be loosened. When teams are freed from these constraints, the net is untangled and the shift to contemporary systems dramatically uplifts flow.

How many tech transformations fail because the technical debt was never truly addressed? How many times have product teams wanted to do something great for customers only to be pushed back by existing technology? How does that fit with being able to compete in the Golden Age?

The skills to deal with complexity

Transformations are expensive, high-risk programmes that need to be steered by skilled and experienced people. There are very few of those around, even in external consultancies. The temptation to deliver in-house is high, but merely amplifies the risk of failure. This is truly a case of 'people don't know what they don't know'. It's no time for DIY.

Technology transformation is the most complex of all – and working in complex environments can be really uncomfortable. People will struggle if what they are used to is working within a system with stable properties, where known levers can be pulled with the confidence of knowing what will happen and where the objective is to make the system run as smoothly as possible.

The high levels of ambiguity and uncertainty in transformations requires different skills and a different mindset where complex trade-offs must be continuously made between customers, product, architecture and data.

Often, the people who built the system are no longer there and the reasons why it was built that way are no longer relevant. Technology transformation requires people with skills in architectural archaeology and organisational anthropology. How many enterprises have those people?

Transitionary approaches relieve some of the burden and risk of an all-out transformation, but complexity and the skills required to deal with it are the same. Resolving CTCs is one of the most challenging jobs and requires incredible technical skills and mindsets.

The real case for transition over transformation in this context has more to do with leaving a legacy, while leaving legacy. With expert external help for teams, an emphasis on collaboration in delivery and a focus on business outcomes, the step-by-step approach allows teams to learn leading-edge approaches and quickly see the value of their efforts.

Mind the gap. Creating sustainable change

Transformation initiatives which aim to change culture largely ignore 'The Individual' and their intrinsic motivations. Sustainability of the transformation is difficult if individual's motivations are misaligned. This is almost certainly going to happen if we put talent in complex adaptive environments to which they are unaccustomed.

Transitions can be more accommodating of the individual in as much as there's no big bang moment. Instead, we can pay more attention to the individual and the human constructs that support individuals to help them thrive in the new. Collectively, this helps sustain the change.

What's the story?

High on the list of reasons for transformation failure is the one that's easiest to get right. It's the WHY? story. A story about purpose and a need for change that has to be compelling and meaningful for all, that's easily explained, and that comes from a committed, energised leadership.

Why is the enterprise redefining its needs? Why is it attempting to regain control of its processes and systems? What's the compelling vision of possible? And what does it mean for the future of the business?

Without answering these questions, creating the story and communicating clearly and compellingly across the enterprise, no-one will truly know what is being committed to. Leadership is setting itself up for failure because those tasked with the execution will build their own, often conflicting stories.

Our belief is that accelerating the flow customer value to stay relevant and thrive is a straightforward concept that everyone can understand and align to. It's not couched in terms of the next big technology upgrade, the radical new business processes, the new business that will result.

It's about the transition to a holistic value delivery system that focuses on customers and business outcomes – a model that is for today, not yesterday. And one that's necessary to succeed in the Golden Age of prosperity.

We call this story 'The Pursuit of Relevance'. And it's our purpose. We'd love to talk more with you.

Why HYPR?

A different path

We're passionate about helping NZ organisations improve their ability to deliver value through software. We believe we have a different take on how best to achieve that and a uniquely talented team that proves it time and again.

By bringing our toolbox of models, frameworks, concepts and experience to your table, we aim to shine a light on your situation in ways that you may not have previously considered. Ways that help you see things through different lenses and which reveal the new paths to value that are worth exploring.

If you care about pursuing relevance, we'd love to help you find your path. And be your guide in travelling it.

Our team

Our team works at the edges of technology and best practice to make things better – for the people who are responsible for delivery and the people who use the software. We think of our team as 'engineers of human architecture' with incredible skillsets that help others build with the human dimension in mind.

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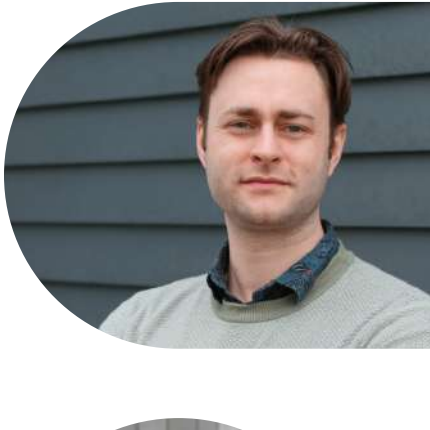
HYPR

The illustrations

Our illustrations are designed to capture the meaning of what we do and who we are. Like what you see? You can <u>download several of them</u> from our website for free, to use and share as you wish. We're also exploring printing them beautifully if there is demand. <u>Don't hesitate to demand</u> :-)