

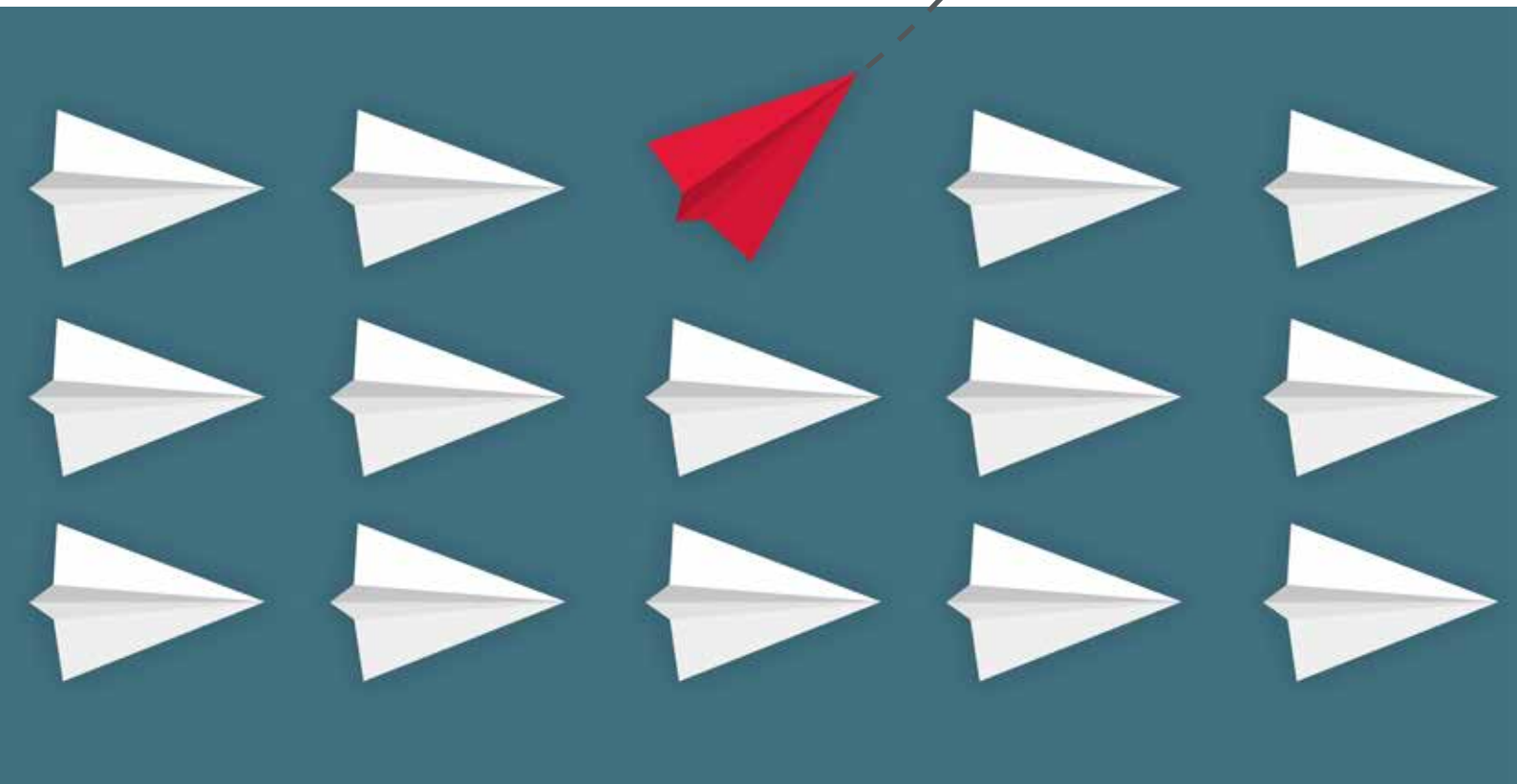


CGI

Experience the commitment®

Designing an Agile Operating Model

Accelerating value creation through an organization that's designed for innovation and agility





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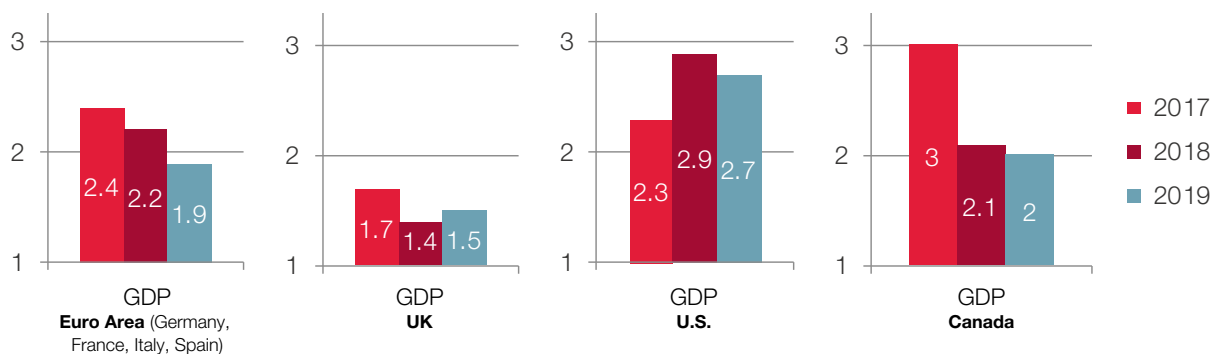


1. Leading organizations aim for innovation and agility

In light of a flat to softening economic growth outlook, increased competition and disruptive enabling technologies, organizations across industries are looking for new ways to increase shareholder value. Some leading organizations have focused on implementing an agile operating model. This focus is starting to deliver improved financial value.

Businesses and governments alike are experiencing increased disruptive change as technologies evolve and become more accessible. Consumers are demanding more, and industry boundaries are blurring. Markets are becoming more dynamic, and the competition for market share is heating up. In response, leading organizations are focused on becoming more agile and are thinking about new creative business models. Becoming a digital business /organization has become a priority.

SOFT ECONOMIC GROWTH



Source: International Monetary Fund World Economic Outlook Update, July 2018

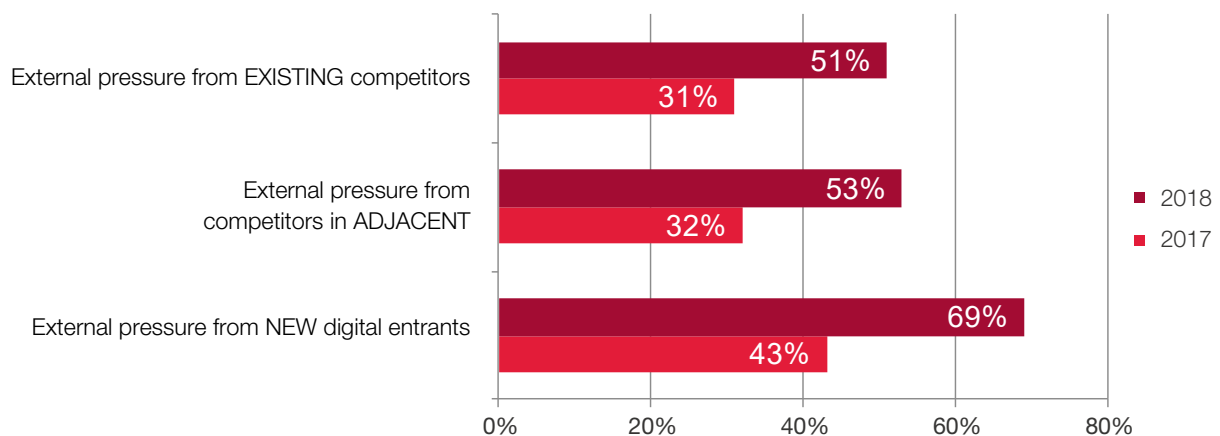
To position themselves for the future, leaders are setting bold ambitions, developing new strategies, driving change across the organization, launching new products and services, and making significant investments in innovation.

Finding financial evidence to support increased shareholder value from these investments has been difficult. The market is littered with examples of failed digital transformation initiatives—those that focused too much on technology, those that ignored the importance of organization and cultural change, and those that focused on the next new thing (product or service) only to find out they now need the next new thing.

Experts often quote examples of digital native organizations like Amazon or digital start-ups like Revolut when talking about a modern digital business. But what are large traditional organizations doing to position themselves for this more dynamic market?

Our research shows that leading digital organizations are adopting an agile operating model—one that enables them to continually improve and develop new services, products and business combinations at pace and to react faster and more efficiently to change. These leaders are in the early days, but if financial numbers are any indication, they are starting to outperform the market.

SOURCE OF COMPETITION



Source: CGI Proprietary Study In Research Partnership with IDC (2017, 2018)

Adopting an agile operating model

New and enabling technologies

The merger of markets is hugely driven and enabled by the evolution and accessibility of technologies. These technologies have disrupted channel and relationship barriers (web, mobile and social), creating information and insights that enable the identification and servicing of micro-markets.

Now with emerging technologies (intelligent process automation, IoT, artificial intelligence, robotics, 3D printing, drones and autonomous vehicles), we are starting to see the emergence of advanced automation that will disrupt the barriers around servicing, manufacturing, distribution and logistics.

In response to these market changes, we have seen an increase in organizations developing enterprise-wide digital transformation strategies (12% in 2016, 40% in 2017 and 64% in 2018) that take advantage of technology to create new business models.*

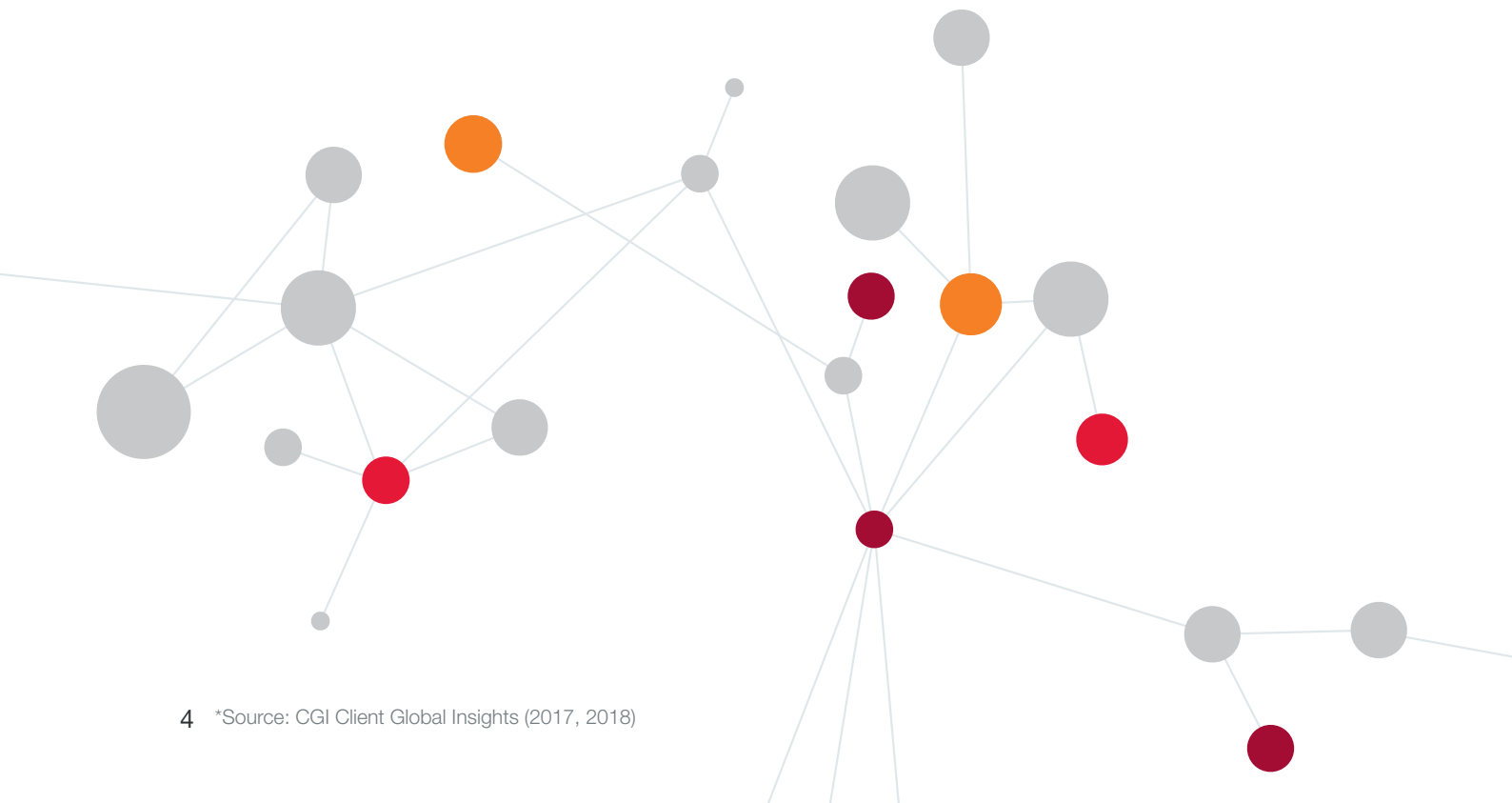
As entry barriers erode, leading organizations are focusing on two that remain:

- **Legal patents (Innovation)**

The ability to innovate across the enterprise, driving improvements to an organization's brand, products, services, channels, customer experience, profit model, structure, product system, processes, employee engagement and network

- **Becoming the first mover in the industry (Agility)**

The ability to implement innovations across the enterprise at speed and scale



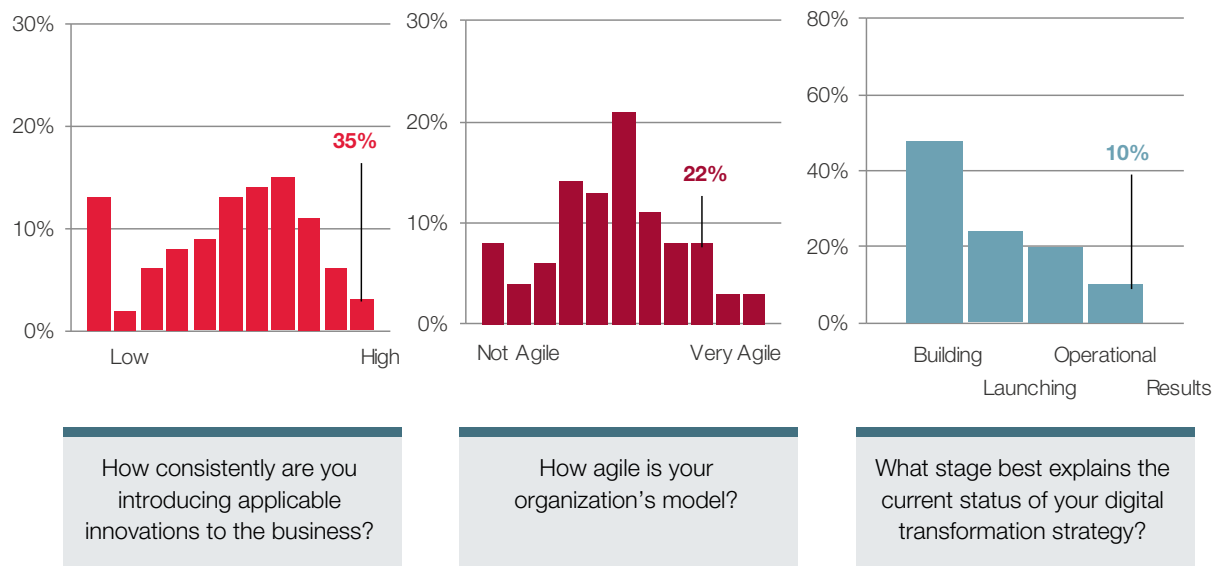
Today, few organizations (around 5%, according to data from the 2018 CGI Client Global Insights) have managed to achieve this state of operation. To validate the impact of an agile operating model, we identified those organizations that are considered to be **leaders**. Our selection focused on three main areas:

- Introducing applicable innovations to the business (score 7-10)
- Agility of organizational model (score 7-10)
- Realizing value from the transformation (delivering results)

Selection criteria for a leader	
1	Innovation
2	Agility
3	Results

IDENTIFYING DIGITAL LEADERS

To be selected as a digital leader, an organization had to appear in the top quartile of all three criteria.

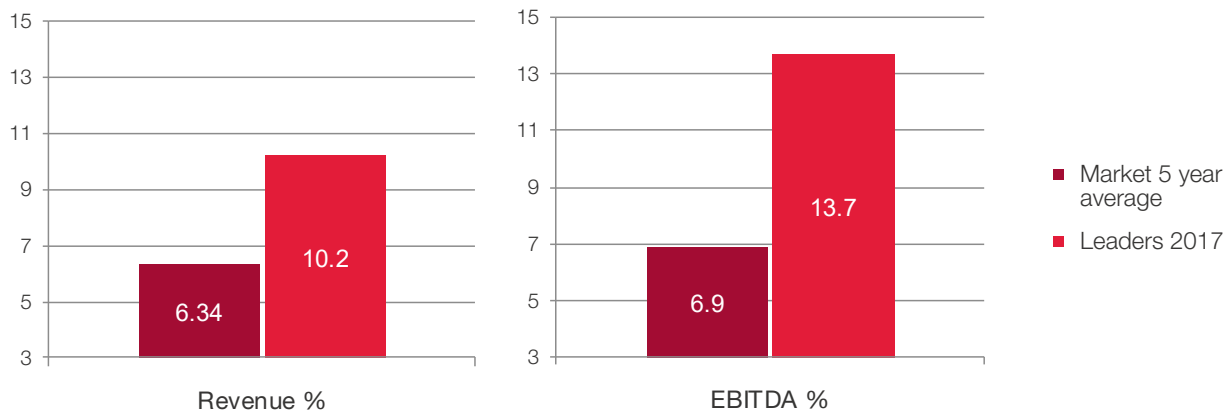


Source: CGI Client Global Insights (2018)

Early signs of stronger financial performance

We found that the selected leaders group performed significantly better financially when compared to the market average

FINANCIAL INDICATORS



Source: CGI Client Global Insights (2018)

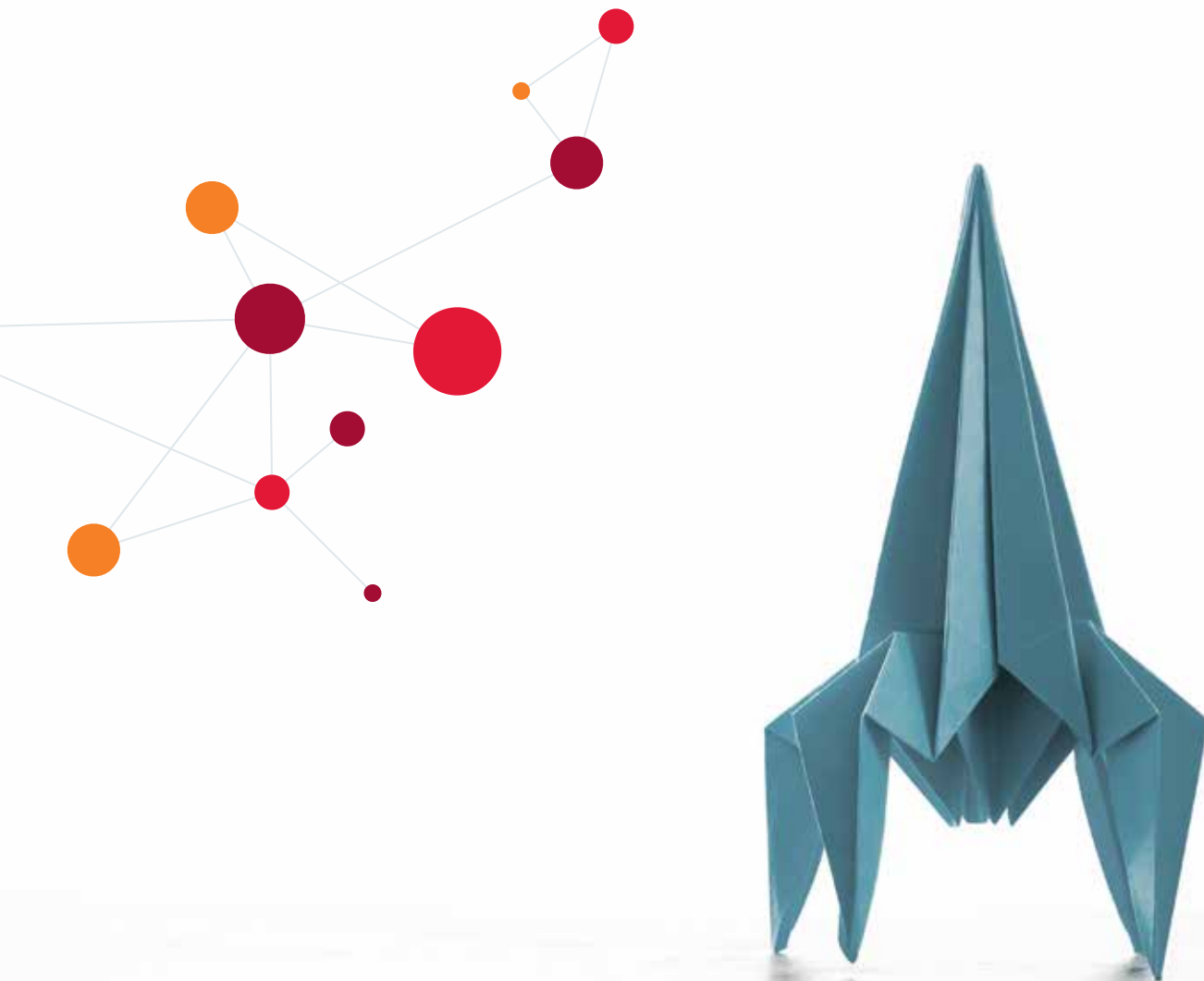
Although, like most organizations, leaders are in the early stages of operating with an agile operating model, their financial performance indicators are looking positive. It will be interesting to see how European businesses continue to perform given their economic challenges, along with U.S. businesses.



2. Design principles for an agile organization

Today, value is delivered through innovation and agility. As a result, organizations are under pressure to rethink how things get done and design an organization that generates ideas and value fast.

Digital leaders are changing their ways of working to free up employees to focus on more strategic work. They're using insight to improve decision-making and bring it closer to the customer. They're also building cultures that motivate employees to innovate and are developing organization structures and governance that enable faster decision-making. In addition, they're partnering with others in their ecosystem to gain new digital capabilities, involving customers in the design process, driving simplification, and leveraging technology. Through improved efficiencies and productivity, better decision-making, innovation and new expertise, they're creating agile organizations that enable them to respond faster to market and customer needs.



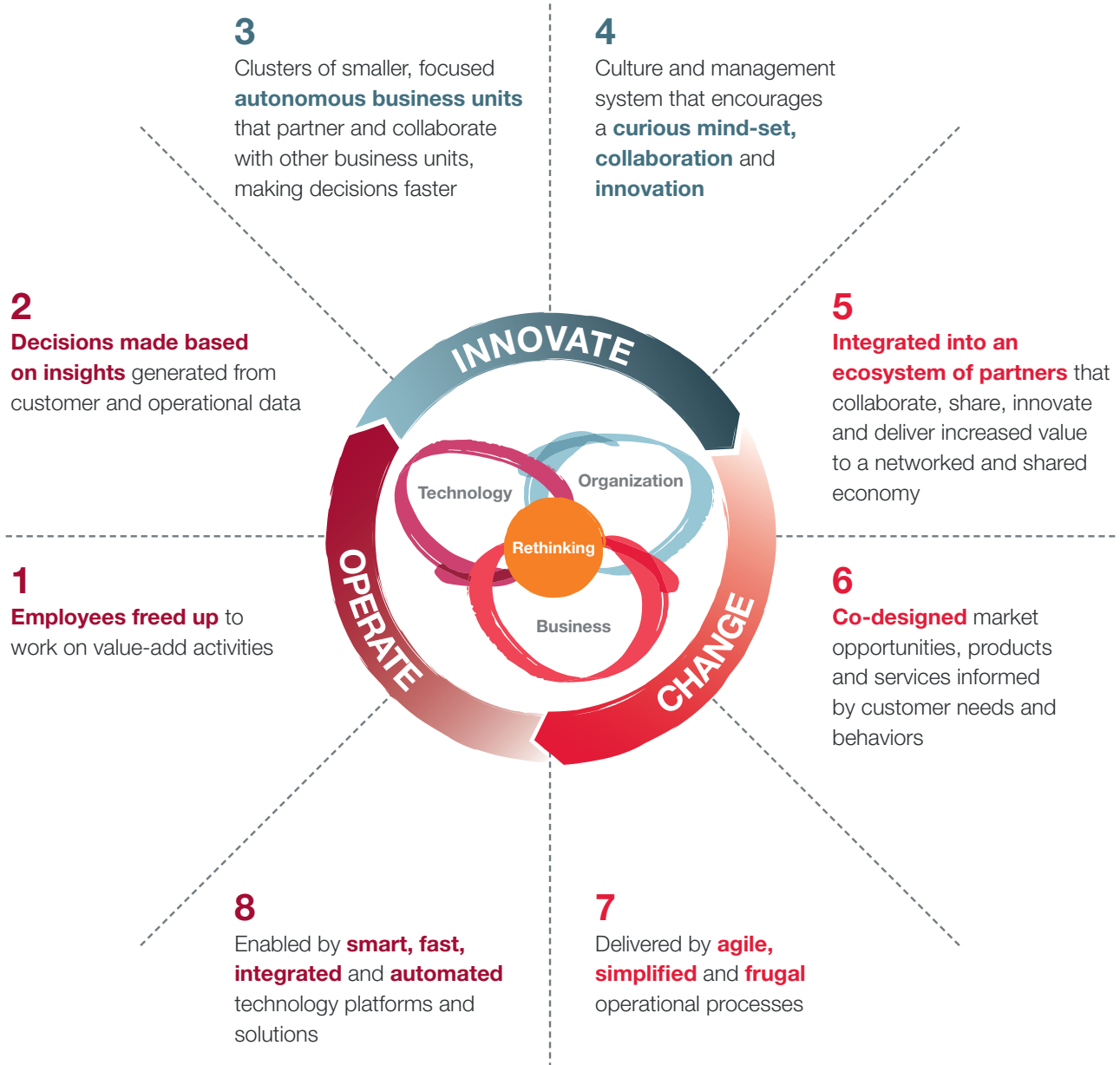


Figure. Design principles of an agile organization

In the following section, we break down the elements involved in building an agile business, designing an agile organization and using agile technology.

3. Breaking down the elements

Through an agile operating model framework that spans an entire organization, including its business model and technology, CGI supports clients in creating value. We enable clients to continually innovate, change and operate to respond faster and more efficiently to change.

Our guiding principles for creating an agile operating model are:

- Collaboratively identify the **value** opportunities
- **Focus** on a few opportunities
- **Align** the organization
- **Execute** them well

In this chapter, we show you a glimpse of the perspectives we take and the areas we look at, in designing an agile operating model.





Agile Business

- Co-designed market opportunities, products and services informed by customer needs and behaviors (line of visibility to the customer)
- Delivered by agile, simplified and frugal operational processes (focus on priority business imperatives)
- Integrated into an ecosystem of partners that collaborate, share, innovate and deliver increased value to a networked and shared economy (deciding on the value stack)

From a business perspective, we look at the following areas in your organization together.



Value Chain

The value chain map displays the operating processes that create and deliver value. Taking a customer-centric perspective on the map's design will change how we think and get things done.



Business Imperatives

Business imperatives outline what an organization needs to do well in order to win. Becoming an agile (and digital) organization will add some new imperatives while removing others.



Business Structure

Enabling decision-making closer to the customer is a key element of an agile organization. We see a shift towards more focused autonomous business units. Striking the right balance is key.



Stakeholder Map

The stakeholder map outlines the main stakeholders that have an influence or are influenced by the business. Agile organizations are leveraging their ecosystem to gain pace and competitive advantage.



Value Stack

The value stack defines what existing business strengths to leverage, what differentiating capabilities to build and with which ecosystem partners to collaborate.

Agile Organization

- Clusters of smaller, focused autonomous business units that partner and collaborate with other business units, making decisions faster
- Culture and management system that encourages a curious mind-set, collaboration and innovation

From an organization perspective, we look at the following areas in your organization together.

1

Value Creation Structure

Organizations must adopt some of the principles associated with a value creation structure to become an agile business—for example, pushing decision-making closer to the customer, moving to network-based structures, giving those structures autonomy, etc.

2

Capabilities

Building on the business structure and imperatives, the capabilities of the organization must be defined. Agile organizations recognize new capabilities are required, and coaching is a successful way of enabling organizational change and transition.

3

Organization Structure

The structure outlines the shape of the organization by identifying the periphery (business units) and central organization cells. Agile organizations are empowering the “periphery.”

4

Decision Grid

The decision grid shows the governance of the organization structure in terms of making key decisions (accountability). Agile organizations are moving decision-making closer to the customer.

5

Locations

Proximity to the customer is becoming increasingly important as customer expectations around personalization, community and sustainability evolve.



Agile Technology

- Co-designed market opportunities, products and services informed by customer needs and behaviors (line of visibility to the customer)
- Delivered by agile, simplified and frugal operational processes (focus on priority business imperatives)
- Integrated into an ecosystem of partners that collaborate, share, innovate and deliver increased value to a networked and shared economy (deciding on the value stack)

From a technology perspective, we look at the following areas in your organization together.



Emerging Technology Opportunities

Agile organizations leverage technology as a strategic enabler. They recognize technology can create new opportunities to enhance their products, services and capabilities and deliver value.



Critical Information

Agile organizations leverage the information they have to drive value. A focus on identifying critical information is key to unlocking value.



IT Blueprint & Archetype

Agile organizations architect their technology future to enable agility (service-oriented / touchpoint architecture), simplifying the components and facilitating a plug and play capability (micro-services). Central to success is a focus on data and information integrity. Coupled with this architectural approach is the modernization of delivery approaches that facilitate agile delivery of change (agile and DevOps).

4. Measuring the right things

One of the first key operating principles to embrace is the use of insights (from market, customers and inside the organizations) to provide a big picture of how your enterprise is operating and to drive decision-making in every area. This requires making sure that you measure the right things; in particular, “soft areas” that are crucial to performance such as innovation, collaboration, customer engagement, and the mind-set and motivation of your employees. Overall, this type of operating model provides a real-time, comprehensive and realistic understanding of what is actually happening across the entire enterprise instead of what management thinks is happening.

The enterprise can then act on the insights, aligning its governance, decision-making and overall operations with what the insights reveal. The insights can drive new initiatives, and the enterprise can quickly understand if an initiative is successful, modifying or ending it, as necessary. With this type of approach, managing the enterprise becomes a far more dynamic and agile process, with new insights continually driving new actions.

Automation will increasingly drive this new operating approach. Technologies, such as robotic process automation and artificial intelligence, will drive insight generation and decision-making, providing management and employees with a far richer understanding of the business in formulating their strategies and making their decisions.

Visualizing your connected enterprise in motion

To support the move to an insight-driven agile operating model, consider the concept of an enterprise digital twin. This involves identifying where you are today and where you want to be tomorrow, enabling you to visualize your enterprise in motion, so to speak. Your enterprise digital twin becomes your ideal operational model—one that is highly connected and insight-driven.

Through an enterprise digital twin, you can compare your current and ideal state by assessing your agility, ideation, collaboration and ecosystem. It enables you to gain a real-time understanding of your entire enterprise and all of its activities by running scenarios, assessing impacts, viewing time dimensions and visualizing outcomes. This, in turn, delivers the insight you need to drive agility, innovation and change.

Key to the concept of an enterprise digital twin is changing how you view critical information. Critical information is truly critical, value linked, imperative linked and monitored for quality. It is the foundation for artificial intelligence, quality insights and effective decisions. Without it, it is impossible to build an agile operating model that enables you to effectively innovate and change.

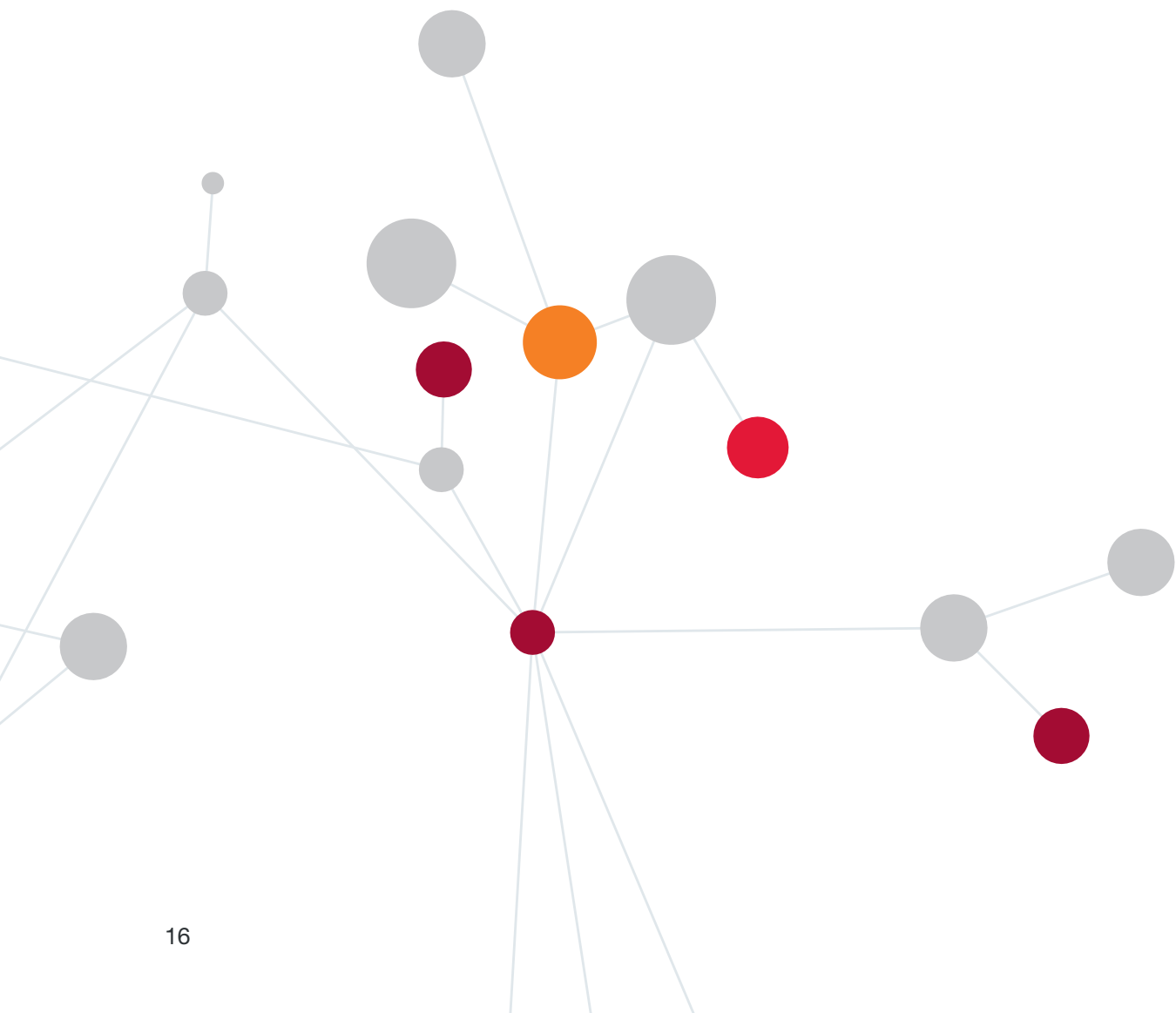
Overall, to stay competitive, every enterprise faces the pressure to rethink its systems, tools, information, insights and metrics to compete in a world that is more dynamic, connected and innovative. If you reach the end of your digital transformation, or a large part of it, rethinking how you operate your business within a digital environment is key to your long-term success.

5. Before we meet again

CGI helps clients transition from old to new ways of working. Using our methodology and guiding principles, we help clients adopt agile operating models.

You can start by assessing yourself against the design principles highlighted in the worksheet that follows. If you'd like to explore any of the concepts in more detail, including our work in setting up enterprise digital twins, contact us at rethink@cgi.com.

We're a global company near you.

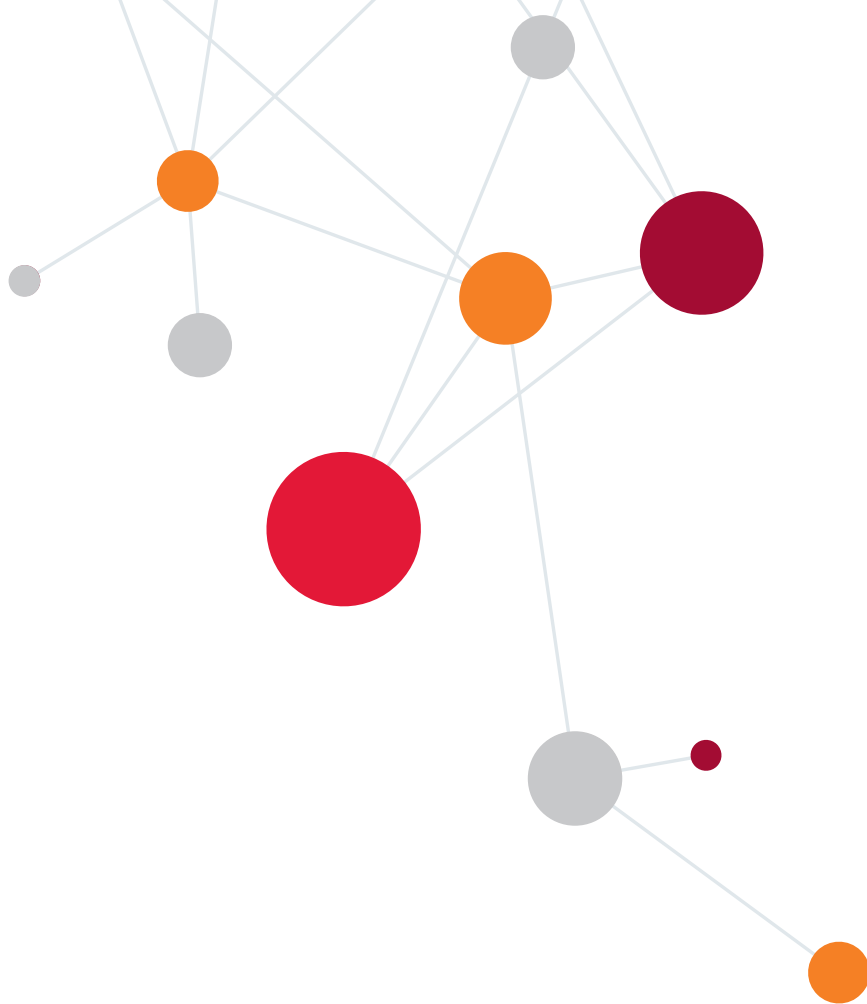


WORKSHEET

Asses your organization against the design criteria of an agile organization.

		 We're happy	 We need to improve	 We need to make big changes
1	Employees freed up to work on value-add activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Decisions made based on insights generated from customer and operational data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Culture and management system that encourages a curious mind-set, collaboration and innovation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Clusters of smaller, focused autonomous business units that partner and collaborate with other business units, making decisions faster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Integration into an ecosystem of partners that collaborate, share, innovate and deliver increased value to a networked and shared economy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Co-designed market opportunities, products and services informed by customer needs and behaviors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Delivery through agile, simplified and frugal operational processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Enabled by smart, fast, integrated and automated technology platforms and solutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Contact us at rethink@cgi.com to start the conversation.
cgi.com/digital-transformation



About CGI

Founded in 1976, CGI is one of the largest IT and business consulting services firms in the world. Operating in hundreds of locations across the globe, CGI professionals help clients to achieve their goals, including becoming customer-centric digital organizations. We deliver an end-to-end portfolio of capabilities, from high-end IT and business consulting to systems integration, outsourcing services and intellectual property solutions that help accelerate clients' results. CGI works with clients around the world through a unique client proximity model complemented by a global delivery center of excellence network to help clients accelerate results, transform their organizations and drive competitive advantage.

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