# INTRODUCTION

**Agile's Day Has Truly Arrived**

## Author
**By Krishnan Ramanujam**
President, Business and Technology Services, Tata Consultancy Services

**The software development community has been using the term 'agile' for more than 20 years. But over the last decade, agile approaches have jumped the tracks to the rest of the business world.**

The reason is clear: The success of large companies now depends on using digital technologies to reinvent their business models; automate and monitor the performance of their products and services using embedded wireless sensors; use technologies to bring intelligence and personalized interactions with customers; and make all this possible by tapping into the huge on-demand computing power of cloud providers.

Each article in this issue of *Perspectives* dissects today's urgent need for companies to have industrial-strength capabilities in agile to manage their businesses. We group the articles in three sections.

# The Essence of Agile

In 'Embracing Agility Means Agility by the Business, for the Business,' Nidhi Srivastava of TCS discusses why big companies must embrace agile practices when they build new businesses, design new business processes, and develop the systems that support them. As she explains, a big reason is that 'digital natives' (companies born on the Internet like Google, Facebook, Uber, Airbnb and Amazon) have inherent advantages over older companies. Established companies need to get agile quickly to compete. However, Srivastava also shows why they shouldn't attempt to make every part of their organization agile all at the same time. Instead, they need to phase in agile approaches carefully.
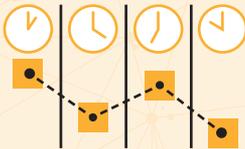
The next article in this section explains how in the early days of agile software development, the idea was to bring business people and software developers into the same room. Today, that's a quaint notion. Agile teams in many enterprises stretch across time zones. It's now unrealistic to expect all agile team members to sit side by side. In their article 'How to Make Location-Independent Agile Work', K. Subramanian and Mohammed Musthafa S. explain how to make dispersed agile team members work as one.

It may seem like a 21st century phenomenon, but the mandate for big companies to become more 'agile' actually goes back decades. As MIT Sloan School Prof. Michael Cusumano reminds us in our recent interview with him 'From Making Autos to Making Software: The Evolution of Lean and Agile', in the 1980s Japanese automobile manufacturers were producing cars faster on the assembly line than their U.S. and European peers, with less labor, and fewer defects—all the while reducing the time it took to develop new models.

## Cusumano and his MIT colleagues referred to these manufacturing methods as 'lean.' In many ways, it was a precursor to agile.

Software powerhouse Microsoft, which Cusumano studied in the 1990s, applied what are now called 'agile' practices to designing and developing software— before the authors of the Agile Manifesto put their label on the practice and posted their document in 2001. In our interview, Cusumano lays out what's new and old about agile.

# 2  Applying Agile

Innovation is a fundamental reason why companies adopt agile management practices—that is, the ability to source promising ideas and turn them into new products, services, processes and even new businesses at lightning speed. In their article 'Enterprise Agility: Pushing Innovation to the Edge of the Organization', TCS consultants Courtney Wood and Apala Mukherjee show why some of the best agile adopters have empowered their people on the front lines to identify new business opportunities.

If you think that agile is something everyone below you in your organization needs to learn (but not you), then think again. In their article 'Effective Leadership of Agile Organizations: Building a Culture of Servant Leadership', Nidhi Srivastava and Carl Shea discuss why leaders of organizations that wish to become agile must absorb the mindsets and master the skills required to make those below them successful.

In the last article in this section, we are honored to have a pioneer of Silicon Valley-style lean and agile approaches. He is Steve Blank, a Silicon Valley entrepreneur who has been a cog in the wheel of the lean startup movement. Blank more recently has been teaching lean startup approaches to big, longstanding organizations, both in business and government. He tells us about that in our interview with him 'The Tall Task of Getting Big Companies and Government to Innovate Like Lean Startups'.

# Agile at Work

Taking the lead from the digital natives they increasingly compete against, two industries have been at the forefront of adopting agile practices: retail and financial services. In their article 'How Retail CEOs Can Drive Agile to Grow Their Business', Rajashree R. and Pratik Pal of TCS explain how several large retailers have used agile approaches to bring innovative business models, business processes, and customer offerings to market faster. They show why taking half-measures with agile don't go far enough in keeping retailers competitive.

Because money essentially is a product that can be fully digital, banks and financial services firms have been under attack for years from digitally savvy startups that have made mortgage and auto loans faster, payments and payment processing easier, and stock trades cheaper. In their article 'Fending Off the FinTechs: How Agile Financial Services Firms are Transforming Their Businesses', TCS consultants RamanaMurthy Magapu and Sathish Sankaranarayanan explain how a number of established financial institutions have used agile approaches to strike back successfully. They also explain how to get past the barriers that hold financial services firms from embracing agile practices.

Finally, in our last article 'Why Your Agile Team is Better Off Dispersed: The Case for Location-Independent Agile', I explain why large companies around the world now need to significantly scale up their agile approaches to process improvement, product and service development, and business model innovation. I show why scaling up agile requires making it truly location-independent.