



DIGITAL PLAYBOOKS





DIGITAL AGILITY PLAYBOOK

MAKE YOUR ENTERPRISE AS AGILE AS A STARTUP

To one degree or another, most of us are now immersed in Digital Transformation efforts. Beyond the hype and buzzwords, there is an increasing need to move faster, innovate, find new approaches and to do more with less. Some call this digital innovation, others call it transformation —and for some, it's business as usual. But no matter how you look at it, there are broad changes in store for our business models, value propositions, technology approaches and the way we create value every day.

These changes create temporary (and sometimes lasting) execution gaps that must be resolved: gaps in vision, execution, technologies, skills, processes and/or business models. They create a distance between the value that we can create, and what we are actually ready to capture. We want to bring attention to these gaps, and have launched a new program called “Mind the Gap” to define them, and to share real-life examples of how leaders are addressing them.

One line of thought is that regardless of what approach you take, if you don't move fast enough these gaps will widen. Our first Playbook focuses on the topic of agility, and covers it from various angles to give you a wide canvas of ideas to address it.

We hope you like it! Use it to fuel conversations with friends and colleagues, and to translate thoughts into action. Enjoy!

A handwritten signature in black ink that reads "Blanca".

BLANCA TREVIÑO
PRESIDENT & CEO, SOFTTEK

IT IS NOT THE STRONGEST THAT SURVIVES,
NOT THE MOST INTELLIGENT, BUT THE ONE
MOST RESPONSIVE TO CHANGE.

CHARLES DARWIN, 1809

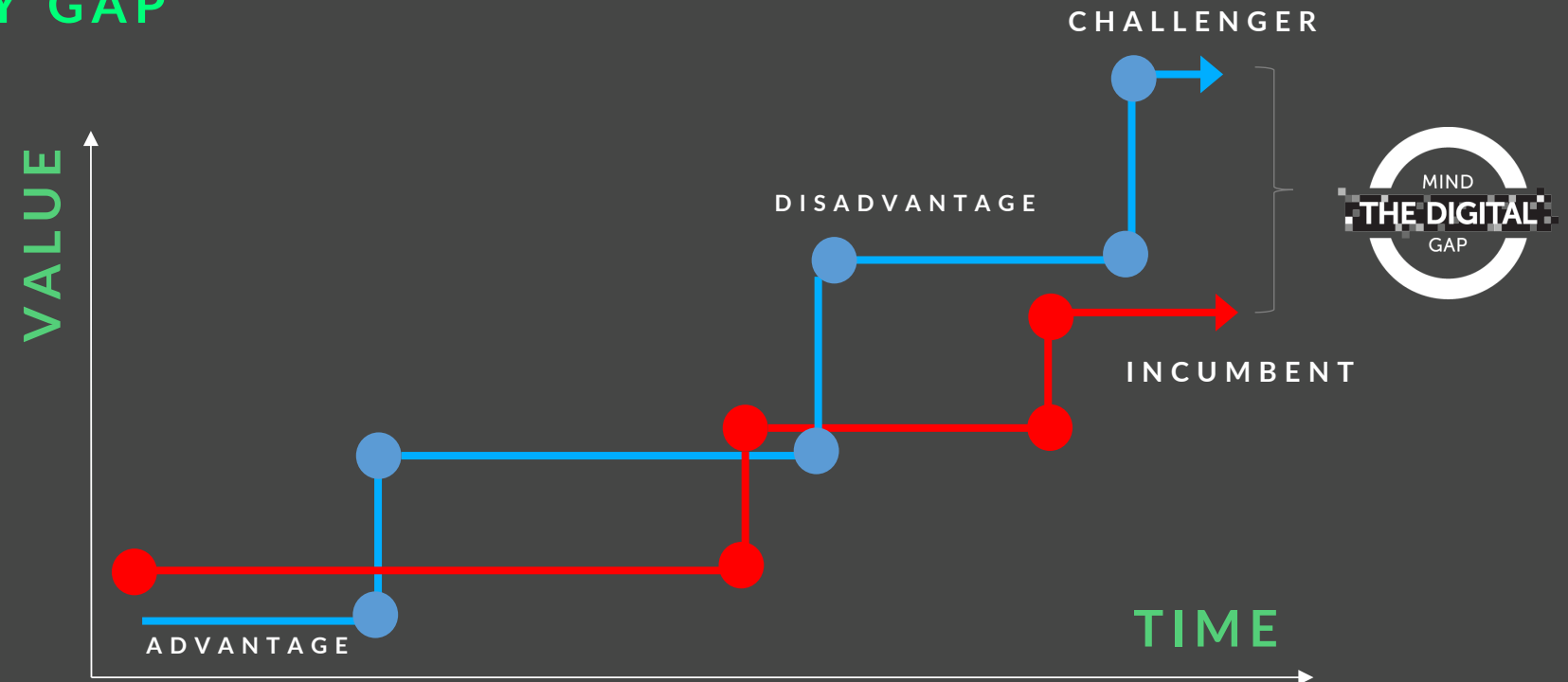
“ ”

AGILITY AS A RESPONSE MECHANISM IS NOT ENOUGH

Enterprises need to increase their agility to respond more rapidly to market pressures. But in a world driven by digital innovators, responding to competitive threats may not be enough to ensure survival.

THE DIGITAL AGILITY GAP

A growing competitive gap in spite of efforts to become more agile. This can happen when efforts to become more agile arise primarily as a response mechanism to competitor moves.

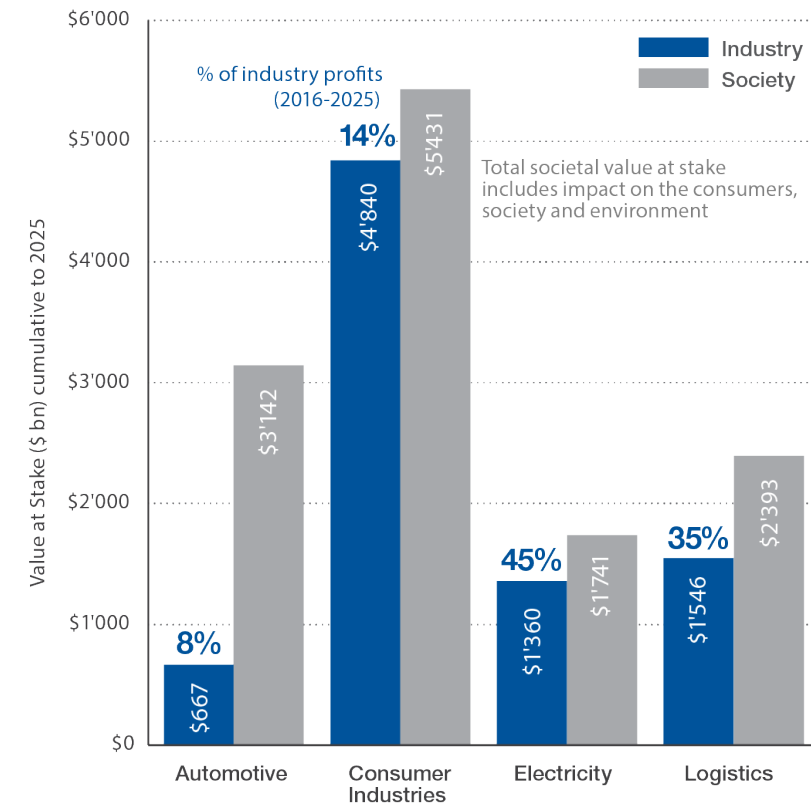


AGILITY TO SET NEW MARKET CONDITIONS

Successful organizations today are agile. It's an essential attribute for survival. But the true power of agility comes from leveraging it to set new market conditions – to capture a portion of the new economic value that will be created over the next decade. According to a 2016 World Economic Forum report, by 2025 the impact of digital transformation is estimated to reach a staggering \$100 trillion.

Agility also needs a catalyst – and that catalyst is software. We believe organizations can much more rapidly create new market conditions and become truly agile when they become software-minded.

A SAMPLE OF THE \$100 TRILLION IMPACT OF DIGITAL DISRUPTION ON SOCIETY AND INDUSTRY



"Digital transformation has greater value at stake⁴ for society than industry." Reprinted from *Digital Transformation of Industries*, World Economic Forum, January 2016, Retrieved from <http://reports.weforum.org/digital-transformation-of-industries/wp-content/blogs.dir/94/mp/files/pages/files/wef1601-digitaltransformation-1401.pdf>

ON OUR CURRENT TRAJECTORY, GE IS ON
TRACK TO BE A TOP 10 SOFTWARE
COMPANY.

JEFF IMMELT, CEO
GENERAL ELECTRIC

“ ”

POINT OF VIEW THE SOFTWARE-MINDED ORGANIZATION

ALEX CAMINO

CHIEF MARKETING OFFICER, SOFTTEK

The concept of agile implies nimbleness, speed of action and rapid thinking. As software becomes a core component of enterprise strategy, many organizations have embraced the precepts of agile development—creating software quicker to respond to feedback and changes in customer behavior in real-time or near real-time. But there's a growing gap between what agilists can do, and the rest of the organization. This agility gap can be addressed by adopting a software-minded approach throughout the entire organization.

TREAT ALL YOUR PRODUCTS AS IF THEY WERE SOFTWARE

Software products are launched into the market with the understanding that they are imperfect and will be improved over time. But until recently the paradigm of releasing less-than-perfect products to the market was

hard to conceive for any product other than software.

MAKE SOFTWARE A CRITICAL COMPONENT OF BUSINESS STRATEGY

Agile companies use software, in conjunction with their physical products, to enhance their products and operations. They make software a cornerstone of their competitive strategy.

SOFTWARE AS A THIN LAYER BETWEEN A COMPANY, ITS CUSTOMERS, EMPLOYEES & PARTNERS

What's happening is the proliferation of the software interface as the cornerstone for growth. Companies like Uber or Airbnb sell tangible products and services, and while software is not their product, it is the vehicle

they use for accelerated growth. They use software as the ultimate interface between buyers and sellers.

Adopting the approach of a software-minded organization, and embracing and fostering digital agility at all levels enables organizations to not just react to competitive pressures, but to forge their own opportunities and capture a larger portion of the value creation potential arising from new technology possibilities.

“A SOFTWARE-MINDED
ORGANIZATION ELIMINATES
THE AGILITY GAP BY TREATING
PRODUCTS, BUSINESS STRATEGY
AND VALUE ECOSYSTEM AS A
SOFTWARE LAYER”



EXAMPLES OF SOFTWARE-MINDED ORGANIZATIONS



TESLA MOTORS

Tesla Motors software update 7.0 brought autonomous driving capabilities.

In the auto industry, it used to be that once a new car was launched, it was destined to keep the same capabilities during the rest of its life. Tesla is changing this paradigm.

Virtually every aspect of Tesla's Model S functionality, from climate control to suspension, is governed by software. Tesla has conceived its cars with a software product mindset. Each car is released to the market with the assumption that it will be constantly upgraded.



SANTANDER

Traditional banks fund disruptive software ventures.

Banco Santander is one of the largest and most successful banks in Europe and globally. While all banks have done a massive transition to online banking, and their world is being shaken by technologies like block-chain, Santander is investing in high risk, high potential new software ventures. For example, they recently added \$131m to its Innoventures fund to invest in themes like A.I. and cognitive computing. Banks like Santander have realized that their business today requires a software-minded approach, and it's the right time for risk-taking.



GENERAL ELECTRIC

No other company has as wholeheartedly embraced software into its business strategy as GE.

GE has thousands of engineers building a new computer operating system at an industrial scale — an iOS or Windows of sorts, but for factories and industrial equipment. It's called Predix. This effort means a tectonic shift for the company, summarized by Jeff Immelt's remark that they will become a "top 10 software company" by 2020. If they can make sure that every asset is working as it should and operating intelligently -leveraging sensors, wearables and machine learning- and that every worker is safe, they could end up transforming the industrial world through software, not big iron.

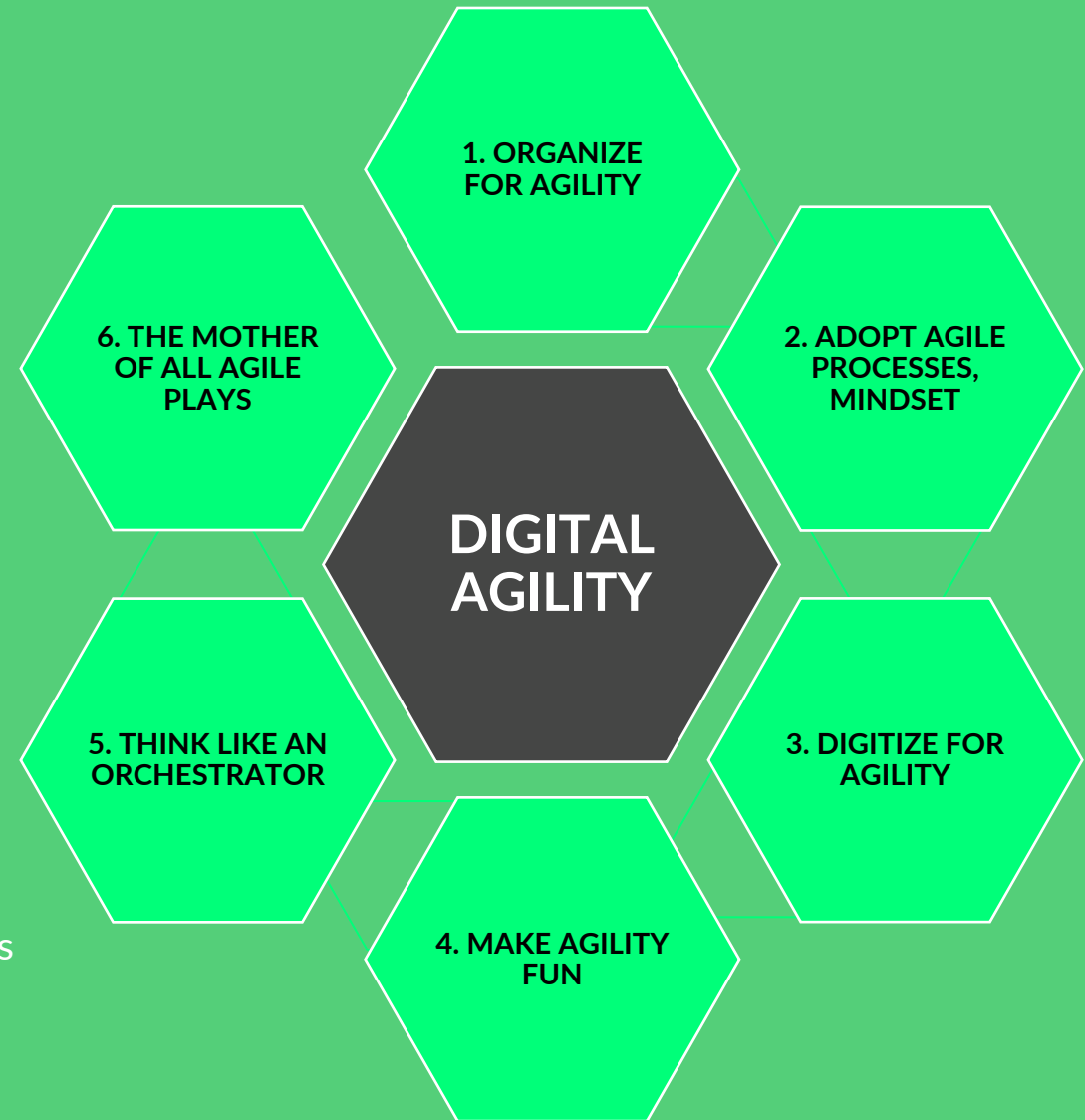
DIGITAL AGILITY PLAYS

A software-minded organization seeks, explores and captures new frontiers of value creation before others do.

Throughout the rest of this Playbook we will highlight key plays that can have a broad and strong impact on Digital Agility.

These ideas are illustrated with examples, some of them using a role model company that has applied these concepts with great success, and other real-life experiences borrowed from Softtek's own work with clients.

The areas of Digital Agility are:



DIGITAL AGILITY PLAYS

1. ORGANIZE FOR AGILITY (1/3)

MANY OF TODAY'S MOST SUCCESSFUL ORGANIZATIONS CAN TRACE THE ROOTS OF THEIR SUCCESS TO A UNIQUE COMPANY CULTURE THAT PROVIDES THE RIGHT ENVIRONMENT FOR AGILITY AND INNOVATION.

In the mad rush to digitize the economy, organizations are facing change at an accelerating pace. Leading enterprises are departing from traditional command and control models to borrow principles from complex adaptive systems.

The most important ones are Purpose, Experiments, Autonomy, Transparency, Networks and Adaptability, which allows them to come together and self-organize to succeed and to thrive.

EXAMPLE

REGIONAL AUTONOMY, QUICK WINS

A company that decentralizes authority down to the geographies creates faster business results, can communicate quicker and can innovate in real-time in order to respond to the market

"EVERY SINGLE COUNTRY INPUTS THEIR OWN IDEAS IN A CENTRALIZED DECISION-MAKING [SYSTEM]. THAT WAY EACH SINGLE COUNTRY DIRECTOR [CAN HAVE] QUICK WINS."

JOSE ANTONIO GUEREQUE,
CIO, ARCA CONTINENTAL

POINT OF VIEW REVISE YOUR HIDDEN BELIEFS

JOSE ANTONIO DIAZ INFANTE

MANAGING DIRECTOR-FINANCIAL SERVICES & INSURANCE, SOFTTEK

I was recently invited to a CIO conference earlier this month in DC focused on digital innovation and IT trends. During one keynote, the speaker said, "Companies should think more like startups, or end up." The phrase struck a chord with me.

What does *end up* mean? Back in 2000, Reed Hastings (NFLX founder) approached former Blockbuster CEO John Antioco and asked for \$50 million to give away the company he founded — Netflix. Where would Blockbuster be if they'd taken the deal? Where is Blockbuster now? Bankrupt, non-existent. End up.

What made Blockbuster CEO decide that Netflix was not a good buy or part of his strategy? His own beliefs and the beliefs that were driving his company. Blockbuster didn't believe that customers would wait three days to watch a movie which was coming in the mail.

HOW IMPORTANT ARE OUR BELIEFS OR THE COMPANY CULTURE BELIEFS?


Let's start by reviewing what a belief is. Belief is a feeling of certainty about what something means. The challenge is that most of our beliefs are generalizations about our past, based on our interpretations of painful and pleasurable experiences. But **most of us do not consciously decide what we're going to believe. Instead, our beliefs are often misinterpretations of past events.**

A quick search on Amazon for "Think like a Startup" produces a list of more than 50 books. Fintech companies are disrupting the legacy banking & insurance systems with a push towards enterprise agility because of this thinking. Each day, more and more successful startups grow, get VC funding and replace some part of the market share of existing companies.

We know about eBay, Uber, Transfer Wise. But how many more startups will emerge in the next years? Surely, many. It will be interesting to read the many case studies that will document the enormous change that lie ahead. I do hope you start to treat your company like a startup.

**"THE CHALLENGE IS THAT
MOST OF OUR BELIEFS
ARE GENERALIZATIONS
ABOUT OUR PAST"**





YOU CAN HAVE ALL THE DIGITAL
STRATEGY YOU WANT, BUT IF YOU DON'T
HAVE THE AGILITY TO DELIVER THINGS
FASTER, LEARN FASTER, FAIL FAST, THEN
YOUR DIGITAL STRATEGY WON'T MAKE
MUCH DIFFERENCE.

VIC BHAGAT, FORMER EVP
AND CIO OF EMC AND
FORMERLY OF GE

“ ”

1.ORGANIZE FOR AGILITY (2/3)

FOCUS ON CORE-COMPETENCES AND INNOVATION

While not a novel idea, the ability of an organization to focus on what makes them unique and different is key. With so many changes going on, and so much innovation taking place, a lack of focus, or a reduction in the speed of innovation, can result in a weak strategic position.

NEARSHORE AND PROXIMITY

In 1996, we started pioneering a then radically new concept based on the assumption that proximity matters. This led to us registering the trademark Near Shore® in the US and Mexico. Today, many organizations optimize their global sourcing needs to maximize the benefits of proximity. Highly interactive work is best delivered onshore or nearshore. Activities that do not require agility can be performed at scale at far off locations.

EXAMPLE

RELY ON PARTNERS TO FREE RESOURCES AND FOCUS ON INNOVATION

When you bring in a company that has all the background, experience, you don't need to buy it. They become your build and run shop without putting in the large-scale investment.

"WITHIN TWO MONTHS I WAS ABLE TO MOVE OUR FULL PORTFOLIO TO THE CLOUD. I DON'T OWN A SERVER INSIDE OF MY BUILDING ANY MORE."

"ONCE YOU GET THAT DONE, THEN WE START TALKING ABOUT, HOW DO WE START BUILDING NEW THINGS TO CONNECT WITH OUR CUSTOMERS?"

STEVE FERNANDEZ,
CIO, CONISUS, FORMER CIO
OF COCACOLA NORTH
AMERICA

1.ORGANIZE FOR AGILITY (3/3)

Today, savvy organizations are becoming more responsive by teaming up with new agile partners that will not only help optimize costs, but that will allow the organization to become more responsive, to allow their leaders and internal SMEs to focus on the client experience, and in driving their ambition to create new market conditions.

EXAMPLE

CORE COMPETENCE: ENVISION HEALTHCARE

EVHC is a patient-centered organization investing in the future of health and wellness. Three years ago, they decided to partner with Softtek to manage day-to-day IT operations while leveraging Softtek capabilities to

integrate new acquired companies faster. While cost savings and efficiency are always critical, the primary driver was to focus scarce senior talent on key initiatives to grow and transform the business.

EXAMPLE

PROXIMITY: STERLING BACKCHECK

SterlingBackCheck is building the most powerful background screening and onboarding platform – serving millions of people around the world.

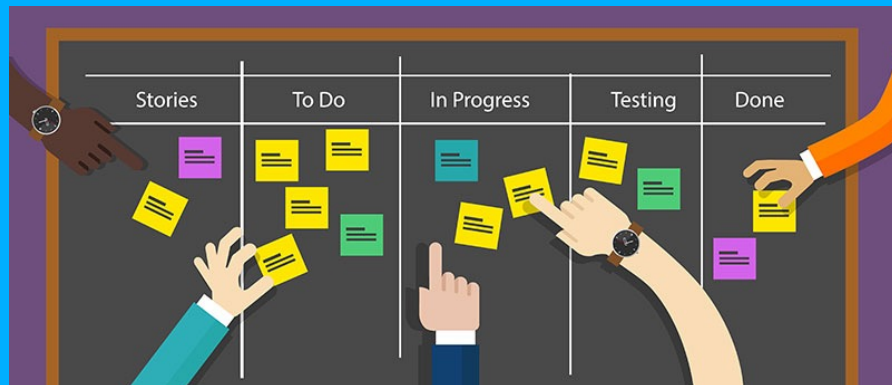
As part of their global sourcing strategy, they leverage Softtek as their primary provider of IT

services to develop, test and support these next generation cloud-based systems. By leveraging our nearshore network, they can collaborate in an agile way. When the need arises, they can visit the team and be back home the same day.

2. ADOPT AGILE PROCESS, MINDSET

Digital transformation isn't just about the changes inherent to the technology itself, nor about the business. It's about the people, and the agile mindset needed to propel unprecedented change. Organizations that have adopted agile development approaches have realized that agile approaches alone aren't enough. To deliver business value faster requires additional changes, such as Continuous Delivery and Lean Start Up—and an agile corporate culture to support it.

Watch [this video](#) which highlights our view of why technology and agility are essentially about behaviors.



PILOT LEAN START UP PRINCIPLES

Cloud, SaaS, the agile development, the rise of open source, IoT. These lower the barriers of entry as new ways of value creation are invented by small, high energy individuals backed by VCs. Large organizations need to embrace these concepts to accelerate validated learnings from clients, and evolve their products and services much faster.

EMBRACE CONTINUOUS DELIVERY AND DEVOPS

Continuous delivery is a software engineering approach where teams produce software in short cycles. The key is to ensure that the software can be reliably released at any time, requiring automating the entire software development processes, and including the operations and infrastructure aspects. Once software is released, user feedback is usually automatically gathered to provide insights into how to further improve the product or service.

POINT OF VIEW LEAN START UP IS FOR GROWN UPS

FERNANDO MENDEZ

OPERATIONS SVP-GLOBAL ACCOUNTS, SOFTTEK

When I joined Softtek in 1987 there were only about 20 of us. From the get-go we had the startup culture running through our veins.

Today, there are more than 12,000 of us, and as a business technology services organization we are always trying to find ways to provide more value to our customers - to 'wow' them on a daily basis.

Six Sigma, Lean, ITIL and CMMI quality frameworks are crucial to deliver flawless and efficient IT operation. But these alone won't cut it for today's cutthroat times - we needed something different to reconnect with our entrepreneurial spirit.

Through a program we call RunLean, returned us to those roots, instilling a highly agile, client-centric mindset as part of our operational culture.

I will describe more details about this approach at a future Playbook, and tackle one important preconception: in the minds of most people, Lean Startup seems exclusively a tech phenomenon, until GE adapted it.

With the implementation of their FastWorks program, GE applied Lean Startup principles to the design and manufacture of the Monogram line of kitchen appliances. According to the Harvard Business Review's Brad Power: "The results GE Appliance has achieved so far are striking: half the program cost, twice the program speed, and currently selling over two times the normal sales rate."

While it may take some effort at first, you won't regret it. Lean Start Up is for grown-ups too.

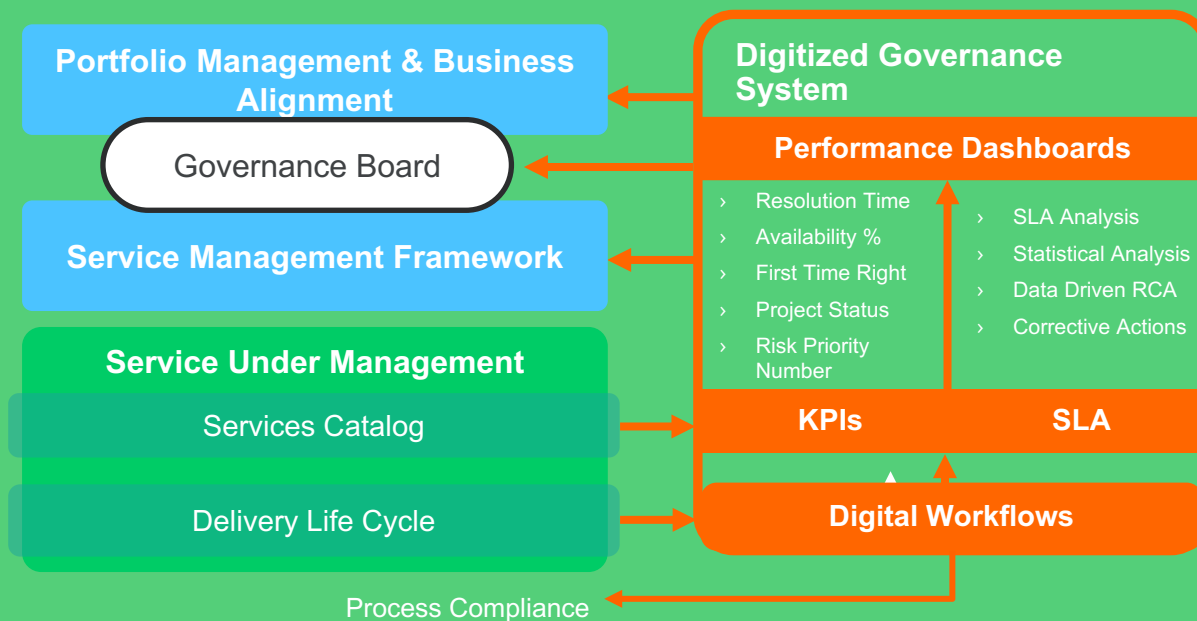
"IF GE, A 100-YEAR OLD
MANUFACTURING
COMPANY WITH ROOTS
IN THE INDUSTRIAL
REVOLUTION, IS
APPLYING THESE LEAN
STARTUP CONCEPTS, SO
CAN YOU."



3. DIGITIZE FOR AGILITY

The largest gains into agility can be achieved through a structured service approach and advanced automation. However, most IT organizations still manage technology with manual processes.

A SCHEMATIC DIGITAL GOVERNANCE SYSTEM



DIGITAL SERVICE CATALOGS

A digital service catalog fully defines the scope and parameters of a service. Clearly defining the services and coding them into a digital system will enable organizations to lay the foundation into which digital governance and RPA are built.

DIGITAL GOVERNANCE

A digital governance system enables an organization to control and manage their services effectively. Governed by KPI and SLAs, organizations can then systematically improve service quality, review performance, and manage efforts.

ROBOTIC PROCESS AUTOMATION

Advances in artificial intelligence and machine learning are enabling machines to observe, plan and act. This provides not only efficient delivery, but also service elasticity and record-breaking gains in agility.

4. MAKE AGILITY FUN

Forging a culture of agility requires many critical changes that won't happen overnight. Encouraging new habits and behaviors can happen much faster if you can find ways to make it fun.

HACKATHONS

We organize dozens of hackathons every year, and we are constantly amazed by the results. Besides serving as a learning and social event, typically focusing on how to solve a social issue, they also help strengthen key agile principles.

It's amazing what happens when you combine talent and passion with very short timeframes.

SHOW+TELL

We nurture the spirit of tinkering, trying things out. Through Softtek's Show + Tell platform, the best projects, demos or POCs can be shared with the rest of the organization.

The platform encourages our RunLean methodology for agile project execution, and most of the demos rely on agile development practices. The past week, I learned that one of us had built a 3D printer totally from scratch.

GAMIFICATION

Flavoring tasks into challenges and games can produce incredible results. That's how kids learn – but there is a child and love of play within all of us.

Our Socializer app has seen very rapid adoption within Softtek. It allows employees to discover and stay up to date on thought leadership articles, events and other company happenings. Part of its success is its leaderboard, which rewards active sharing.



5. THINK LIKE AN ORCHESTRATOR (1/2)

The cornerstone of the agile organization lies in its approach to software and service composition. Organizations that learn exactly which problems (and assets) to own can focus on what really makes them different, and get there before anyone else can.



100% CLOUD-SAAS

During the past 3 years we have engaged with clients to transition their entire portfolio to the cloud. These shifts free funds and talent, but more importantly, enable the organization to do new things they never thought possible. Migrating to SaaS plays along the same line.

OPEN SOURCE

In a service economy, you don't trade code. Open Source enabled Facebook, Google and even Apple to get to where they are. The sheer number of libraries and utilities, and the flexibility to tinker and adapt them makes Open Source a key element of agility.

CLOUD INTEGRATION

We are facing a tsunami of platforms and connected things: sensors, smart products, personal robots, intelligent products, brilliant manufacturing, wearables. With no dominant platform for any task, the best way to be agile is to decompose your value into micro-services that app or services can plug into.

5. THINK LIKE AN ORCHESTRATOR (2/2)



SAP CLOUD: SOFTTEK

Migrating SAP to the cloud can rapidly enable savings and newfound capabilities

Moving entire client portfolios to the cloud is easier than it looks. It's the starting point of adopting an orchestrator mentality.

We have been able to reduce SAP costs by 80% by moving our entire SAP back-office to Azure, and then rapidly gained new capabilities as we connected it with other SaaS solutions.



PREDICTIVE CLOUD: EA

Scaling from 0 users to millions instantly requires an orchestrator mentality

Large gaming publishers face extremely demanding infrastructure jobs: scaling a game from 0 to millions of users in big bang approaches where demand can't be guessed beforehand.

Through open source technologies, online predictive algorithms and cloud, we created a predictive, self-optimizing provisioning approach for on demand massive scaling of infrastructure.



CLICK-2-SYNC

Keeping inventories and listings across dozens of channels should be simple

The explosion of devices and competing platforms means no integration approach can keep with demand. At Softtek, we created a solution that syncs anything in the cloud.

This is enabling smart automated synchronization of things like inventories, catalog management, product listing, comparison engines, saving millions of hours and headaches from e-commerce teams.

COMPUTERS ARE USELESS.
THEY CAN ONLY GIVE YOU ANSWERS.

PABLO PICASSO

“ ”

6. THE MOTHER OF ALL AGILE PLAYS: ARTIFICIAL INTELLIGENCE

AI has seen ground-breaking advances during the past two years, and it is resulting in the most staggering disruptions ever, with the potential to make current business models obsolete, and craft new ones, almost overnight.

ALGORITHMIC BUSINESS

A term coined by Gartner, which reflects the future of business, dominated by algorithms that make autonomous decisions in all areas of the organization. This represents the ultimate agility play, as it basically shifts its limits into the milliseconds realm. Over 80% of all stock trades are performed by algorithms. They make decisions in less than a millisecond. Algorithmic business will engulf every other industry, and deliver agility at the speed of light.

AUTONOMOUS BUSINESS

Even more profound are the implications of advances towards General Artificial Intelligence. Contrary to traditional approaches, AI systems are now learning to ask questions, make non-trivial inferences and connect the building blocks of other AI systems unattended. Machines may soon have the potential to act as super-humans in key positions.. The ultimate agility play is Autonomous Business, and you'll notice when it happens when an AI is first named to a CXO position.

EXAMPLES

ALPHA GO

March 2016 was special. The last remaining board game where humans prevailed succumbed to Google's DeepMind AlphaGo Program. Considering how exponentially more complex Go is than Chess, the outcome came as a surprise. This event has fueled optimism – maybe exaggerated – in which Neural Networks became the new black.

AUTONOMOUS- EVERYTHING

It's Planes. Cars. Drones, Helicopters. Trains. Trucks. Anything that moves may end up destined to be operated by autonomous AI. Getting something from A to B will require no human involvement at all. Can you think of new business models enabled by these new possibilities?

SOFTTEK'S AI PLATFORM

The Softtek AI platform works alongside many of our teams, helping automate repetitive tasks without explicitly having to teach it how to do it. From patching, to agent routing, to password resets and many other apparently simple tasks, we are heading into use cases that would allow the platform to resolve about 40% of all world unsupervised.

YOUR TURN ...

MY
DIGITAL
AGILITY
PLAYS

GOT AN IDEA TO TRY OUT?

1. ORGANIZE
FOR AGILITY

2. ADOPT
AGILE
PROCESSES

3. DIGITIZE
FOR AGILITY

4. MAKE
AGILITY FUN

5. THINK LIKE AN
ORCHESTRATOR

6. DEPLOY
ARTIFICIAL
INTELLIGENCE

ANY IDEA TO TRY OUT? JUST JOT THEM DOWN SOMEWHERE OR PRINT/FILL OUT THIS PAGE

☐☐☐

☐☐☐



ABOUT SOFTTEK DIGITAL PLAYBOOKS

We live in an era that is creating unprecedented avenues for new value creation. To capture this value, organizations need to transform and adapt in ways that enable them to turn these opportunities into reality. In our Mind The Gap research, we focus our attention in current digital gaps that are preventing organizations from realizing their true potential, and the Digital Playbooks focus on bringing ideas and illustrative examples of how others have bridged those gaps.

A playbook is traditionally associated with a book containing a sports team's strategies and plays: a playbook conveys play, fun, trying out new things. It also relates to strategy. But organizations face different challenges, opportunities, situations and needs. The playbook is thus a source of inspirations and examples to enrich your own plays and plans, to be applied at the right timing and context. The ultimate objective is to enrich the building blocks of transformation endeavors to create new business value faster.

We would love to hear from you. If you'd like to share your experiences or explore ideas related to the digital gaps you are facing, don't hesitate to get in touch.

You can reach us at
playbooks@softtek.com



DISCLAIMER

The information contained herein is based on currently available sources and analysis. It should be understood to be information of a general nature only and should not be used as a substitute for consultation with professional advisors.

The data used may include data from third-party sources and Softtek may have not independently verified, validated, or audited the data. We make no representations or warranties with respect to the accuracy of the information, nor whether it is suitable for the purposes to which it is put by users. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such. Softtek shall not be liable to any user of this report or to any other person or entity for any inaccuracy of this information or any errors or omissions in its content, regardless of the cause of such inaccuracy, error, or omission. Furthermore, in no event shall Softtek be liable for consequential, incidental, or punitive damages to any person or entity for any matter relating to this information.

*As used in this document, "Softtek" means Softtek Integration Systems, Inc., a subsidiary of Valores Corporativos Softtek SA de CV.

Softtek