Case Study: Lloyds Banking Group Transforms Through 10 Customer Journeys

Embrace Digital Business Transformation That Delivers Customer Value And A New Operating Model

by Oliwia Berdak and Joana van den Brink-Quintanilha
March 16, 2017

Why Read This Report

In 2014, Lloyds Banking Group, one of the UK’s leading financial services firms, embarked on a three-year digital business transformation with a £502 million budget. The transformation has gone beyond digital experience enhancements to reach the goal of becoming the best bank for customers. Digital leaders, read this report to learn how the group is overhauling 10 key customer journeys, establishing a new operating model to rapidly adapt and respond to future customer needs, and delivering savings and revenue increases to the tune of £500 million over three years.

Key Takeaways

Break Down The Transformation Into Manageable Chunks

Lloyds Banking Group chose to focus on 10 key customer journeys. Agile development, modern architecture built around micro-services, and cloud environments enable each journey transformation to be broken into smaller chunks, reducing risk, cost, and time-to-market for each digital asset.

Target Customer Experience And Operational Agility

The aim of the group’s transformation is to deliver customer value and establish a new operating model to rapidly adapt and respond to future customer needs. You should treat each project as a testing ground for new ways of working and measure the success of both.

Unite Business, Design, And Delivery

To deliver better digital services faster, LBG created cross-functional customer journey labs, each led by an empowered product owner with P&L responsibility as well as design and delivery leads. Governance structures similarly cross functional silos. The only path to digital business is through tight collaboration between business, customer experience, and technology professionals.
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Situation: Lloyds Banking Group Wanted To Digitize The Bank

Lloyds Banking Group (LBG), which operates a multibrand strategy including Lloyds Bank, Bank of Scotland, Halifax, and Scottish Widows, is a UK-focused retail and commercial bank with over 30 million customers. In 2014, the CEO of LBG, António Horta-Osório, announced a three-year digital business transformation program with a budget of £502 million. This ambitious strategy was a continuation of the first phase of the program, implemented between 2011 and 2014, which focused on improving digital customer experience. Because of its transformational nature, the program is led by senior executives from business and technology management, with the support of external partners McKinsey & Company and SapientRazorfish (see Figure 1). This first phase and earlier experiences taught the group’s digital leadership that:

- **Optimizing individual digital channels was myopic.** Lloyds Bank rebuilt its online retail banking platform nine years ago and successfully expanded it to other brands it acquired, such as Halifax, as well as to small and medium-size business (SMB) customers. By the start of 2014, Lloyds Banking Group had 10.5 million active online banking customers and 5.2 mobile banking users. But the group’s digital leaders became frustrated with the limits of what they could do. In the words of Jon Webster, CIO of digital and transformation at LBG: “We were solving the classical online problem rather than focusing on customer experience across touchpoints, policies, and procedures. We needed to stop thinking about digital channels and approach customer problems holistically.”

- **Digital strategy could and should support the group’s business strategy.** In 2014, LBG adopted a new business strategy focused on creating the best customer experience, becoming simpler and more efficient, and delivering sustainable growth. The group worked with McKinsey to explore the value of digital business. LBG would provide customers with simpler, seamless interactions across digital touchpoints and branches, automate more processes, and boost its digital capabilities in business banking, financial planning and retirement, and unsecured consumer lending to drive growth in these customer segments.

- **LBG needed a new way of working to make the most of the digital opportunity.** To deliver the previous replatforming project on time and budget, Zaka Mian, the digital and end-to-end transformation director at LBG who served as the digital CIO at the time, needed to overcome the inefficiencies of a dual business and technology project structure. To do that, he created a cross-functional, colocated design and delivery team. However, while this approach worked for a single 18-month project, it didn’t scale for a multibrand, multiproduct organization. Early attempts to introduce Agile and Scrum at scale failed. According to Mian, LBG needed to change “what we do and how we do it, the culture, the way we organize projects.”
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Lloyds Banking Group Aims To Become The Best Bank For Customers

LBG’s transformation goes deeper than digital experience enhancements. According to Mian, “It’s about taking digital and making it a change agent for the group rather than solely for the channel.” Crucially, it’s about “putting customers at the heart of what we do,” with implications for how the bank organizes and designs and delivers change. This digital business transformation aims to:

› **Transform 10 customer journeys end-to-end.** Lloyds Banking Group uses digital technologies to change how customers engage with the group across 10 key customer journeys (see Figure 2). With help from McKinsey, the group identified 30 journeys and narrowed down the list by evaluating each journey in terms of the cost to the group and its importance to customers. It then initiated work on a couple of pilot journeys: commercial onboarding and mortgages.

› **Establish a new operating model to deliver quality at speed.** To deliver customer value now and in the future, Lloyds Banking Group needed to transform how it works. In 2015, LBG engaged transformation partners McKinsey and SapientNitro (now SapientRazorfish) to completely reimagine the way the company designs, develops, and delivers digital propositions, with an entirely new design and delivery process and underlying technology. McKinsey also designed a new operating model and organizational structure that would help LBG rapidly adapt and respond to future customer needs.
Deliver savings and revenue growth. The transformation program has a total budget of £502 million, with each journey having its own budget to cover ongoing expenses. The budget also covers the development of shared components like a sandbox or shared designs. LBG expects the transformation to deliver a total of £500 million in savings and revenue increases over three years.

Best Practice: The Group Transformed How It Delivers Change

The dual focus on delivering new customer propositions and digital capabilities required a fundamentally different approach to how Lloyds Banking Group works, with implications for its culture, organization, technology, and metrics. As explained by Jon Webster and Dave Murphy, vice president and managing director of EMEA banking and insurance lead at SapientRazorfish, the transformation has brought a shift of focus.
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› From scope to quality. Rather than try to determine all requirements and the scope of each digital product upfront, design and delivery teams focus on software quality, incorporating user feedback on usability or functionality into software development and delivery. A customer feedback loop and behavior-driven development with automated end-to-end testing, reporting, and deployment ensure that any changes are thoroughly tested.7

› From time to productivity. Big projects with fixed deadlines provide firms with a false sense of certainty and can easily end up off target and off schedule. LBG has focused on injecting speed into its software development and delivery by implementing an architecture of loosely coupled micro-services and private cloud environments integrated with the group’s back-end systems.8 The digital division can now make rapid changes to customer experience.

› From cost to value. Continuous iteration and delivery of software require a different way to think about budgets because projects are never “done.” To change the mindset, Lloyds Banking Group has embraced continuous measurement, reviewing on a weekly basis whether journey improvements are delivering the agreed customer value. The funding structure — modeled on venture capital firms — reflects this, too, with product owners (who are also journey owners) requesting additional funds for their journeys on a monthly basis.9

Culture: Foster A Culture Of Customer Centricity And Digital Innovation

To build a culture that systematically delivers value to customers with digital technology, Lloyds Banking Group:

› Embraced design thinking. Lloyds Banking Group adopted a new, four-stage design and delivery process that follows the principles of design thinking (see Figure 3).10 The first phase, “understand,” uses customer research and tools like empathy maps to reframe a problem from a customer’s perspective. This is followed by the “incubate” phase, which draws on inspirations from across industries to generate design ideas and to model them for customer and business value.11 These are then built, piloted, and iterated across different work streams in the third phase, “build.” Once new services are scaled, the fourth phase, “optimize,” focuses on measurement and optimization.

› Emphasized speed over perfection. Matt Hopgood, vice president of experience strategy and digital transformation lead at SapientRazorfish, has been responsible for service design throughout the transformation. According to him, one of the biggest mindset changes was embracing “perpetual beta.” For example, rather than creating perfect designs, designers aim to put the right fidelity designs in front of users. Daily Scrum sessions as part of two-week sprints and the minimum viable product (MVP) methodology help teams focus on releasing services when there is sufficient customer value rather than when they are deemed complete.

› Focused on end-to-end service design. Fixing customer pain points or delivering new value to customers often requires changing the underlying products, processes, and technologies (see Figure 4).12 For example, it used to take new customers 45 minutes to open an account in the...
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branch — compared to just 4 minutes to open an account online — because the level of risk and regulation is interpreted to be higher for in-person transactions. Lloyds Bank introduced an iPad app for branch staff, but the keys to shortening in-branch account opening to less than 30 minutes were changes in policies on product disclosure and risk, as well as changes in the ways staff present information: for example, by using infographics.

- **Advocated the transformation internally and externally.** To give the program visibility and credibility, LBG CEO António Horta-Osório launched the transformation, and the digital division (Group Digital) has showcased its progress on a dedicated public website and blog. Different teams within the digital division are also responsible for internal training and advocacy. Digital customer experience and service design teams collaborate to train other teams on design thinking, journey mapping, personas, and creating suitable customer experience measurement frameworks.

- **Built its innovation ecosystem.** Within the digital division, a 50-strong innovation labs team is tasked with tapping into internal and external sources of innovation. A subteam called Digital Partnerships works with colleagues in customer journey transformation, data analytics, digital servicing, and fraud and security, as well as external partners like Amazon, Google, or startup accelerator Startupbootcamp to explore the potential of emerging technologies for Lloyds Banking Group. The innovation team also encourages collaboration through Digital Espresso and Espresso Martini sessions.

**FIGURE 3** Lloyds Banking Group Adopted A New Design And Delivery Process

- **Typically 4-8 weeks**
  - Understand
  - Understand the journey from the customer perspective and identify levers for change.

- **Typically 6-8 weeks**
  - Incubate
  - Reimagine the target customer experience and define the plan for getting there.

- **Typically 2-6 months**
  - Wave 1
  - Design and Play
  - Industrialize the solution while continuously evolving and improving.

- **Typically 4 months**
  - Wave 2
  - Wave 3
  - Wave 4
  - Prove the value to customers and optimize the solution on a small scale.

Source: Lloyds Banking Group
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FIGURE 4 Lloyds Banking Group Has Embraced End-To-End Service Design

Organization: Organize For Speed And Responsiveness

To overcome internal silos and be able to respond to customers’ changing needs faster, Lloyds Banking Group organized into an enterprise startup. This included setting up:

› Cross-functional customer journey labs. LBG has moved beyond just colocating business and IT by creating customer journey labs. These are autonomous teams aligned with customer journeys made up of colleagues from across the group (see Figure 5). An empowered product owner (lab CEO) with P&L responsibility leads each lab together with design and delivery partners (see Figure 6). At the peak of the program in mid-2016, up to 600 colleagues were working in six labs. The composition of teams fluctuates based on the requirements of each product and service but always includes design (shaping) and delivery (feature) functions. Using Agile development and delivery methods, these two teams work closely to break down epics into user stories and then design, validate, test, and refine digital assets (see Figure 7).^{18}

› A clear accountability and reward framework. LBG digital division is responsible for the transformation strategy and execution. Led by Mian, the digital division has existed since 2013 and reports directly to the CEO. The transformation as a whole has benefited from executive
sponsorship. Each journey has a business sponsor, such as the director of pensions for the corporate pensions journey. Sponsors are accountable for the success of their journey — measured through specific customer value metrics — with a part of their bonus calculated to reflect this.

Governance designed for fast, delegated decision making. LBG set up new government structures to oversee the transformation as a whole, to review each journey, and to coordinate between the journeys (see Figure 8). The executive committee, transformation committee, and journey steering group review and adjust the direction and funding of the entire program, approve funding for each journey, and resolve any operational issues. The journey sponsor working group and the journey delivery committee review journey status and adjust the road map. The central design governance team resolves any cross-journey issues relating to customer experience, technology architecture, and methods.

FIGURE 5 The Product Owner And Design And Delivery Partners Head Lloyds Banking Group Customer Labs

Source: Forrester/Lloyds Banking Group
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**FIGURE 6** Cross-Functional Teams At Lloyds Banking Group Are Aligned Around Customer Journeys

Source: Lloyds Banking Group
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**FIGURE 7** Lloyds Banking Group Embraced Agile Development And Delivery

- **Activities as needed**
  - Break epics down into stories
  - Create functional and nonfunctional requirements using INVEST sessions
  - Define if epic will involve any critical business processes
  - Validate technological capabilities
  - Test concept
  - Create prototype
  - Approve concept
  - Conduct research where required

- **Outputs as needed**
  - Design concept minimum viable product (MVP)
  - Define stories and acceptance criteria
  - Design assets as relevant
  - Wireframes with all behaviors
  - Technical design document

- **Activities**
  - Develop practices
  - Review code
  - User, unit, and acceptance testing
  - Performance sample and security validation
  - Risk-based critical business process testing (if required)
  - Regression testing

- **Outputs**
  - Release ready code
  - Refined UX and design assets
  - Regression testing scripts

- **Activities**
  - Final non-functional testing (NFT)
  - Operational testing
  - End-to-end (E2E) regression testing

- **Outputs**
  - Production-ready code
  - Refined UX and design assets

Source: Lloyds Banking Group
Technology: Build For Flexibility And Agility

Like any large financial services group that has grown through acquisitions, Lloyds Banking Group has a complex technology environment. Any new digital assets need to integrate with 40 to 50 interfaces and 20 different systems per journey. To bring quality with speed to its software development and delivery, LBG implemented:

› **Cloud-based development and testing.** LBG previously struggled with unstable environments and limited routes for software to go from a sandbox to live. Embracing cloud architecture and severing the hard link between application and infrastructure has brought speed and flexibility. Developers can now create new development environments in minutes, as opposed to weeks, and deploy software with one click.

› **A modern toolchain with DevOps capability.** LBG implemented a modern toolchain hosted in IBM BlueMix. Rather than having to rely on a far-away infrastructure team, developers now have more flexibility and control over software development and delivery. Thanks to automated end-to-end testing across systems and automated reporting and deployment, LBG was able to decrease the testing cycle from 90 days to minutes.

› **Micro-services architecture.** At the start of the transformation, LBG faced more than 200 tightly coupled digital and back-end systems. This restricted agility and made any changes risky and costly. These systems are gradually being decoupled, with the intent of achieving a complete separation of digital and back-end systems. The architecture is now being built around micro-services, where each service corresponds to a small business function.
Metrics: Measure Customer And Business Value

Lloyds Banking Group has been using a set of key performance indicators to measure the progress of its transformation. These have focused on:

› **Customer value.** Each journey transformation aims to deliver specific customer value, which is measured through a dedicated set of KPIs. For example, the retail account opening and onboarding team aims to improve digital, multichannel, and branch experiences, measured through customer interaction time for simple and complex needs, among other things (see Figure 9). Commercial onboarding, on the other hand, focuses on data automation and digitization of processes, measured with changes in the Net Promoter Score.

› **Employee value.** Transformation is also focused on the employee experience, aiming to reduce manual typing that could result in mistakes and employees spending too much time on administrative tasks. These could include simplifying a number of awkward and complex processes like filling in long paper applications or attaching customer documents to product applications.

› **Financial benefits.** Lloyds Banking Group measures the financial impact of its transformation through cost savings (such as reduced processing time for pension contributions), cost avoidance (such as lower spend on IT suppliers), and revenue generation — whether through greater conversion, increase in average transaction and product value, or growth in target customer segments.

› **Digital capabilities.** LBG is carefully evaluating the success of its new operating model, measuring how quickly it can deliver value to customers — cycle time from “idea to live” — as well as all of the individual components that make this possible — for example, software route-to-live time, time to create new development environments, and length of testing cycles.
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Results: LBG’s Transformation Is Delivering Savings And Revenue

With one more year left in the program, the transformation has already delivered some promising results, including:

› **New and improved digital propositions.** The group has redesigned many of its websites and apps as part of the transformation, improving their functionality and usability. Some new digital assets include a Lloyds Bank product selector tool and a one-click loan eligibility tool.\(^1\) Forrester believes the bank has the most capable retail mobile banking services in the UK, with a good balance of basic functionality and more advanced features like letting customers book a branch appointment from the mobile banking app.\(^2\) LBG has also been experimenting with technologies like biometric authentication and virtual assistants.

› **Customer value.** New services are creating simplicity and convenience for customers. For example, as part of the corporate pension journey, Lloyds Banking Group has reduced the time it takes corporate customers to update employee files from 21 days to 24 hours, resulting in a 78% increase in positive customer feedback.
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› **Employee value.** Simplifying and digitizing processes and applications means that employees can spend more of their time helping customers. Lloyds Banking Group increased the employee capacity for more value-add activities by 40%.

› **Improved sales.** Better tools and processes for online personal loan applications have seen the overall credit acceptance and path to purchase increase by 40%, with the average loan amounts up by £700 at Halifax and Lloyds Bank.

› **Speed.** Lloyds Banking Group is saving money by delivering new services and digital assets faster. It now takes the group only four to five months to bring something from just an idea to a live product or service — down from 12 to 18 months in the past. Faster software development and delivery cycles mean that an idea can become a prototype (presentation layer) in just five days — from 90 days previously.

**Next Steps: The New Operating Model Becomes Business As Usual**

The group’s digital leadership conceived the digital and end-to-end transformation as a three-year program. Some of the journeys are now moving to business as usual, although 2017 will see plenty of activity in personal and commercial account servicing journeys (see Figure 10). Beyond 2017, Lloyds Banking Group will likely focus on:

› **New developments in existing journeys.** A year ago, LBG set up the digital customer experience (CX) team. While the team sits within the digital division, it focuses on the customer life cycle and ecosystem across touchpoints. With capabilities across research, user experience (UX) design, CX strategy, and analysis, the team ensures that new solutions reflect the customer reality and not the company’s processes or products. The team is helping transition the program to business as usual, searching for new improvement opportunities, revisiting artefacts like personas to see if they are still relevant, and updating them if they’re not.

› **New sets of journeys.** The new approach of focusing on resolving customer pain points and improving the customer experience ecosystem is helping Lloyds Banking Group identify the next customer journeys they might want to tackle. In this way, the program is expanding organically into business areas that were thus far untouched by digital transformation.

› **New enablers.** LBG is planning to use its transformation enablers — the new tools and processes it has developed — as well as to build new ones to add even more speed and quality to its software development and delivery process. For example, the team is hoping to move from monthly to daily software releases and to expand the tools to new parts of the group’s architecture.
Don’t Let The Transformation Overwhelm You

The scope and budget of the transformation at Lloyds Banking Group may seem overwhelming. However, the experience of the group demonstrates that digital business strategy professionals at large and complex organizations can achieve the vision of delivering value to customers faster by:

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Scoping the transformation just right. According to Webster, finding the right balance between risk and reward is crucial. If you “pitch this too small, nobody is interested, if it’s too big, then it’s too much of a risk,” he said. His advice is to aim for about 10% of your company’s investment portfolio.

Articulating financial benefits. To secure sufficient resources for the transformation, you’ll need to demonstrate not only customer outcomes but also how they will translate into business revenue. You’re more likely to secure funding if you can overcome the same constraints that other colleagues are facing. It’s worth fighting for a ring-fenced budget to make the program sustainable.

Breaking down the transformation into manageable chunks. LBG focused on 10 customer journeys but started with pilots in just two. You can pick one key customer journey to begin with, developing new propositions for it and testing new ways of working throughout the process. Your work will likely highlight any necessary changes to your organization and technology and help you hone your digital design, development, and delivery process.

Focusing on both digital customer experience and operational agility. From the beginning, LBG focused on both the “what” — the new customer-centric digital propositions and journey improvements — and the “how” of a digital business transformation — the new operational model that would enable the group to adapt to changing customer needs faster. Cross-functional working was crucial, as bringing in colleagues from disparate parts of the group enabled teams to recognize problems and tackle them straightaway.

Establishing clear digital leadership. Lloyds Banking Group benefited from having strong digital leaders from Group Digital who spearheaded the transformation. With their understanding of the business, P&L responsibility, and technical expertise, digital business strategy professionals are well positioned to lead the change. But you need to build traction with key peers and significant C-level sponsors. Where needed, work with partners, agencies, your internal training team, and executive coaches to immerse your C-suite in digital skills and convince them of the need to embark on the transformation.

Eliminating the business/technology divide. Connecting or colocating business and technology colleagues is necessary but not sufficient. Labels like “IT” obscure the complexity of roles needed to successfully design and deliver new digital products and services. Instead, follow the example of Lloyds Banking Group and permanently link business, design, and delivery. You need an empowered product owner from an area with P&L responsibility, partnered with design and delivery leads to build and feed your digital innovation engine.

Adapting organizational structures as needed. According to Webster, there’s no model structure out there that you can blueprint. Instead, you need to be willing to flex your organizational design frequently to match the changing circumstances. Sometimes your transformation will require more focus on the business side; other times you may have to pay more attention to your software engineering capabilities. How you organize and make decisions about the transformation should reflect this.
Relying on key partners where necessary. Few organizations are fully equipped to deliver every aspect of their digital strategy. Partners can help you move faster and can bring scale, specialization, innovation, and efficiency to commodity tasks. However, think carefully about where to partner and what skills to develop that will help you grow and differentiate in the future. Just like at Lloyds Banking Group, internal capability building should be one of your aims to ensure long-term sustainability of your digital business.

Setting up the right governance structures. In the words of Paul Willmott, who leads Digital McKinsey and has been working with LBG throughout the transformation, tight governance and budgeting structures are crucial. Particularly when working with multiple partners, you need a lead who will orchestrate and plan around any codependency. This could be shared elements such as customer experience or brand parameters, interoperable platforms, or your prioritization map. Every partner must have a clear scope and performance management process.

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Supplemental Material

Methodology

We would like to thank Jon Webster, Lucy Donaldson, and Zaka Mian from Lloyds Banking Group; Paul Willmott from McKinsey & Company; and Dave Murphy, Debleena Paul, Matt Hopgood, Pinak Vedralankar, and Stephane Dorel from SapientRazorfish for the time that they generously gave during the research for this report.

Endnotes

1 Throughout the rest of this report, we refer to the Lloyds Banking Group as LBG or “the group.” When we refer to Lloyds Bank, we mean that bank specifically, which primarily operates in England and Wales.


3 This is consistent with Forrester’s definition of digital business. Digital businesses win, serve, and retain customers by continuously creating and exploiting digital assets to simultaneously deliver new sources of customer value and increase their operational agility. See the Forrester report “The Digital Business Imperative.”

4 Digital banking teams should use customer journey and ecosystem maps as a unifying methodology that will help them prioritize and build great digital and cross-touchpoint customer experiences. See the Forrester report “Use Customer Journeys To Guide Your Digital Banking Strategy.”

5 Forrester’s Digital Business Maturity Model defines the four key dimensions of a successful digital business: 1) culture — a company’s approach to digitally driven innovation and how it empowers employees with digital technology; 2) organization — how aligned a company is to support digital strategy, governance, and execution; 3) technology — a company’s use and adoption of emerging technology; and 4) insights — how well a company uses customer and business data to measure success and inform strategy. See the Forrester report “The Digital Maturity Model 4.0.”


7 Organizations that deliver applications in short, rapid cycles and leverage the power of customer feedback loops can react to customer feedback sooner, forging closer connections that lead to better business results. See the Forrester report “Make The Business Case For Agile And DevOps-Driven Digital Transformation.”

8 Digital teams typically struggle to deploy their digital innovation because they lack adoption of Agile downstream. This requires them to adopt strong software engineering practices and build skills needed to automate tests and processes, integrate and test continuously, refactor code, and deploy in a fast-paced environment. Delivery and operations must undertake this job jointly or in parallel with the overall digital transformation. See the Forrester report “Digital Labs Are A Temporary Fix.”

9 The funds for each journey are calculated upfront and could be up to £100 million. However, each journey team needs to submit a request every month to release more money. Approval depends on the business case and performance of journey improvements.
Design thinking is a creative problem-solving — and opportunity-finding — mindset and methodology with a bias toward action that puts the emphasis on empathizing with the customer, clearly defining the problem, collaboratively ideating solutions, and then prototyping and testing those solutions. See the Forrester report “Master Design Thinking To Accelerate Your Digital Transformation.”

Early product and service ideas are continuously iterated and modeled for both client and business impact. This allows teams to build and continuously revise their business case with metrics like customer value, costs savings, cost avoidance, and revenue generation. It creates a backlog of product and service ideas with a fairly defined target state and a refined business case — ready for the delivery stream.

Hopgood highlighted the front-to-back nature of the journey transformation, where each journey is understood as a sequence of activities conducted by different stakeholders and improvements are made by targeting the underlying products, technology, and processes.

According to Alberta Soranzo, director of end-to-end service design at Lloyds, “If we don’t carefully consider the impact that our decisions have beyond their original scope, and the relationships between all the systems, processes and people that are involved in the delivery of a service, we create dysfunctional collections of isolated moments that can never be experienced as a cohesive whole by customers.” Source: “Spotlight on Service Design,” Lloyds Banking Group, January 16, 2017 (http://lloydsbankinggroupdigital.com/spotlight-on-service-design/).

Visitors to Lloyds Banking Group’s digital transformation website can read blog posts documenting the progress of transformation, interviews with key stakeholders, and articles about innovation in digital banking. Source: Lloyds Banking Group (http://lloydsbankinggroupdigital.com).

Lloyds created a digital center of excellence with a Digital People Programme. One of the workstreams within it is focused on culture. Ed Bainbridge, head of the digital customer experience design studio, leads the workstream to promote an inclusive culture “which supports the rapid change and evolution colleagues need to embrace.” Source: “From sketches to screens, designing our digital products and services,” Lloyds Banking Group, June 20, 2016 (http://lloydsbankinggroupdigital.com/from-sketches-to-screens-ed-bainbridge-on-design-culture/).

To be financial innovators, digital executives at financial firms need not only software but also ideas, data, design experience, integration capabilities, and change management support. They need to build an innovation ecosystem consisting of innovation agencies, systems integrators, adjacent firms, startups, and even competitors. See the Forrester report “Digital Financial Innovation Requires Matchmaking.”


Epics and user stories in Agile software development help teams remember for whom they are designing, what they want, and why they want it. Epics are feature-level work that encompasses many user stories. Source: Dan Radigan, “Epics, stories, versions, and sprints,” Atlassian (https://www.atlassian.com/agile/delivery-vehicles).

The traditional approach to application design resembles Soviet-era centralized planning: monolithic designs created upfront that struggle to adapt once they encounter the reality of ongoing business and technology change. The costs of tight coupling and the benefits of loose coupling are considerable: risk and cost increase while quality and release speed decline exponentially with architectural coupling. Applications with loosely coupled architectures are easier to develop and faster and less risky to deliver. The feedback loops that faster delivery creates enable a closer connection with customers, driving faster cycles of innovation. See the Forrester report “Brief: Software Innovation Requires A Loosely-Coupled Application Architecture.”
As modern applications evolve, reusable services gradually shrink in size and scope from relatively large subsystems to smaller services that are easier to write, test, and reuse. See the Forrester report “From Application Design To Application Composition.”

Existing customers looking for a personal loan can find out upfront what their ceiling is or if they have low probability of getting a loan. The tool uses customer’s transaction history to calculate a loan amount and repayment term, saving customers the effort of filling out an application form or checks and marks in their credit history.

We used our mobile banking functionality benchmark methodology to assess the retail mobile banking services of six of the largest retail banks in the UK: Barclays, HSBC, Lloyds Bank, Nationwide Building Society, NatWest, and Santander UK. For the second year in a row, Lloyds Bank received the highest overall score among the UK banks in our review, earning 77 out of a possible 100. See the Forrester report “2016 UK Mobile Banking Functionality Benchmark.”

Digital banking transformation involves hundreds of customer journeys. But you need to select just a few to get started. Your business strategy should be your guide. Are you trying to retain high-value customers, reduce costs, or grow sales? See the Forrester report “Use Customer Journeys To Guide Your Digital Banking Strategy.”

Some projects are major tipping points on your plan. At first glance, they often look like technology projects — like one European luxury retailer’s eCommerce replatform — but in reality, they step-change your organization’s digital capabilities. That can be using APIs to create new dynamic ecosystems of value or reorganizing to promote a collaborative relationship with your CIO and her team. Ensure that you address the wider cultural, organizational, and insight impacts of these changes, and use them as pivot points to prove the ongoing value of transformation. See the Forrester report “Digitize Your Business Strategy With A Three-Phase Road Map.”

Savvy digital leaders should capitalize on their own digital pedigree and step in to help by championing executive-level digital education and starting to build prototypes and proof points that help make digital concepts more real. See the Forrester report “Write A Digital Business Strategic Plan That People Actually Read.”

Digital organizations can’t, and indeed shouldn’t, do everything internally. But neither should digital business strategy professionals rush to outsource in the hope that a third party will miraculously solve all of their problems. You must be clear on their skills placement by developing a “competency matrix.” The matrix defines whether activities sit within the core digital unit, are the responsibility of line-of-business teams, or involve partners; it underpins any decisions around organizational structure and outsourcing. See the Forrester report “Define Your Digital Transformation Partner Strategy.”
We work with business and technology leaders to develop customer-obsessed strategies that drive growth.

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