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The End of Enterprise IT

I came across this article by Mary Poppendieck recently called "[The End of Enterprise IT](#)". Mary is truly a thought leader - I find that she is able to cover topics that I am thinking about with tremendous transparency and focus. Mary tells the story of an agile transformation at ING Bank. ING Bank went to Agile in their IT organization and while they saw benefits, they did not feel like they were getting the transformative results they really needed. In particular, they felt that while their business people were "involved" with the IT organization they were not really aligned in the mission.

The leadership of ING Bank looked at their organization and came to a startling conclusion. We all know that according to [Marc Andreessen](#) "[software is eating the world](#)". From Mary, ING Bank took this to the next logical step:

"The leadership team at ING Netherlands had examined its business model and come to an interesting conclusion: their bank was no longer a financial services company, it was a technology company in the financial services business."

What this meant was that in order to compete, in order to be the bank they wanted to be, they needed to set themselves up more like a technology company where good engineering is a necessity. "Engineering is about using technology to solve tough problems; problems like how can we process a mortgage with a minimum of hassle for customers? How can we reduce the cost of currency exchange and still make a profit?"

They found that technology companies did not have Enterprise IT organizations. And "even though they were much bigger than any bank" they did not "have much of a hierarchical structure." "Instead, they were organized in teams - or squads - that had a common purpose, worked closely with customers, and decided for themselves how they would accomplish their purpose." Business, engineers, everyone, all aligned.

As a result, ING Bank "chose to adopt an organizational structure in which small teams - ING calls them squads - accept end-to-end responsibility for a consumer-focused mission. Squads are expected to make their own decisions based on a shared purpose, the insight of their members, and rapid feedback from their work. Squads are grouped into tribes of perhaps 150 people that share a value stream (e.g. mortgages), and within each tribe, chapter leads provide functional leadership. Along with the new organizational structure, ING's leadership team worked to create a culture that values technical excellence, experimentation, and customer-centricity"

When I work transformations with organizations, too often we see it applied just to the IT shop. Now don't get me wrong, things usually improve when you do this both in terms of the business results and the way people work. But the issues that then remain are often where the business intersects with the IT shop. To me, ING Bank thinking represents a way to address this. More importantly if you are in a business where a lot of what you do is driven by computers or programs, then perhaps you need to look a little closer at your business and determine if your thinking needs to shift to be "a technology company in the X (e.g. financial services, insurance, etc) business."

Want To Know More

- ["The End of Enterprise IT"](#) - Original article from Mary Poppendieck
- <https://www.youtube.com/watch?v=6FPXbQ2WpAM> - Video of ING Bank's journey. Message is that starting in 2008, ING decided that all their services are being provided as software and that, in fact they are more a software / technology company than anything else. They moved from a traditional waterfall / mainframe / project management approach and moved to agile / devops / continuous delivery of value mode. They have 180 teams developing software, and now do 1500 deployments / week to production (I think, at least that was the implication).
- ["ING's Agile Transformation"](#) - An interview with ING Bank's CIO Peter Jacobs and (ex-COO) Bart Schlatmann
- ["Building a Cutting-Edge Banking IT Function"](#) - An interview with Ron van Kemenade, the CIO of ING Bank

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