



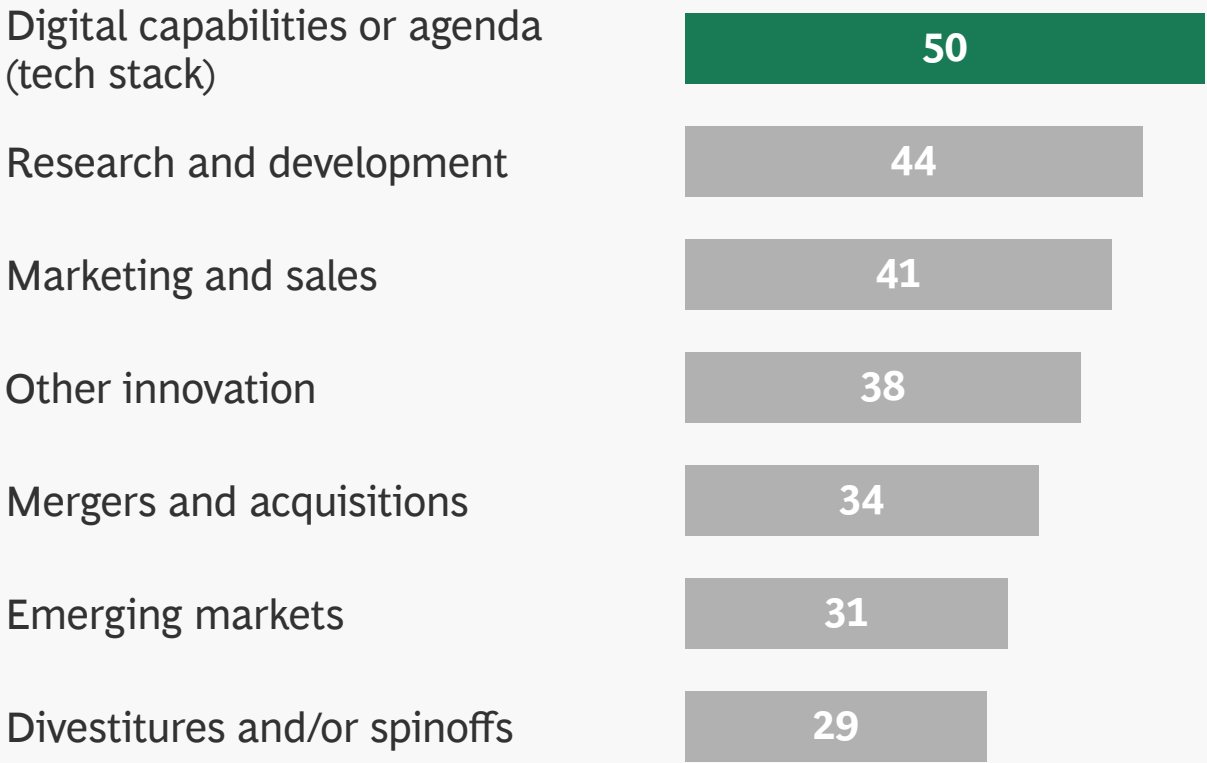
# How a Platform Operating Model Can Drive Agility and Resilience

SEPTEMBER 2023

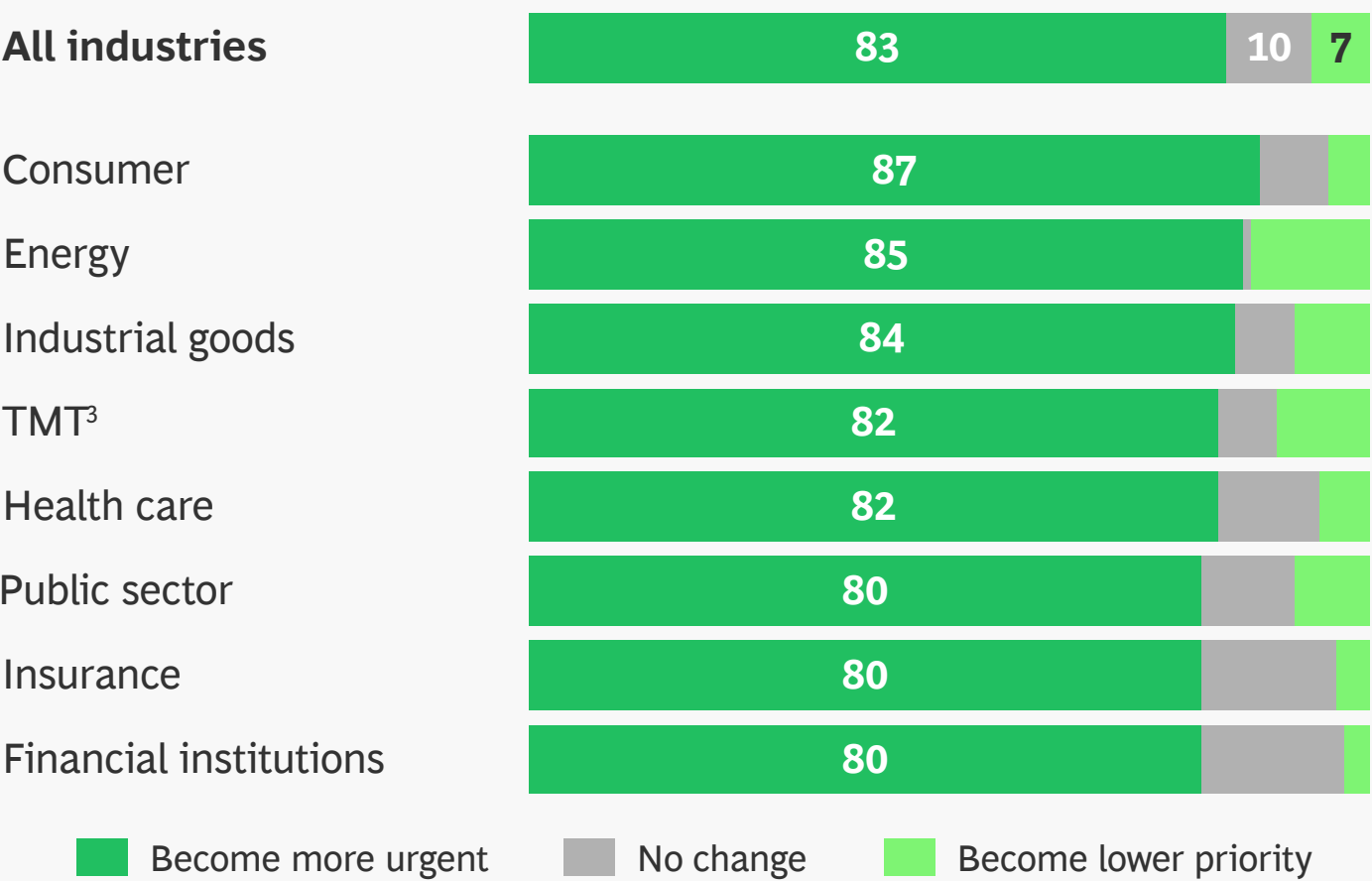


# Executives view digital capabilities as a top priority, with more than 80% saying that digital plans have become more urgent since the COVID-19 pandemic

PRIORITY INVESTMENT AREAS<sup>1</sup> (%)



RESPONDENTS BY VIEW OF THE PRIORITY OF DIGITAL TRANSFORMATION SINCE THE PANDEMIC BEGAN<sup>2</sup> (%)

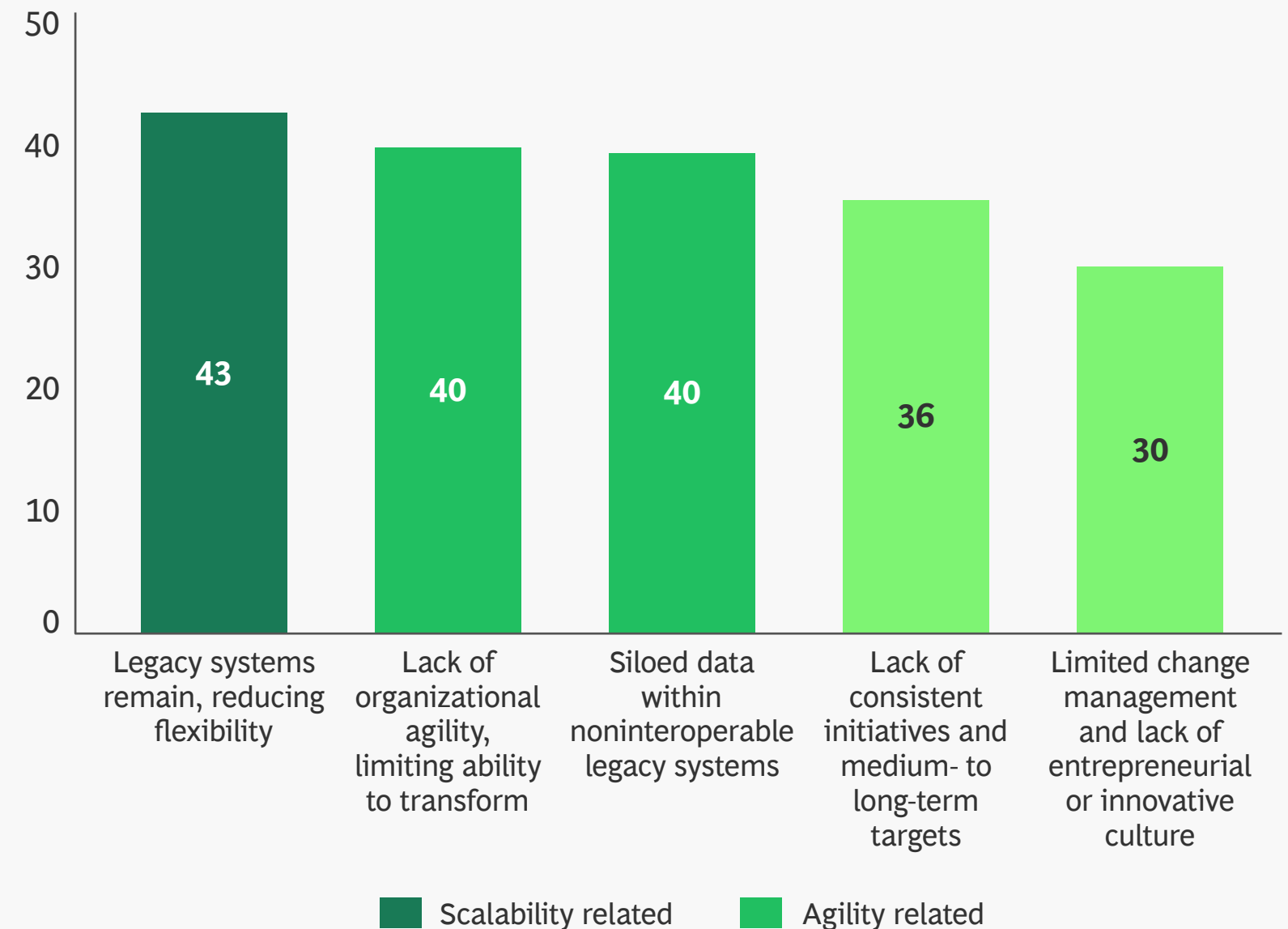


**Source:** BCG Global Digital Transformation Survey, 2020 (n = 825).  
<sup>1</sup>Respondents were asked where companies should be more aggressive in pursuing strategies for value creation.  
<sup>2</sup>Respondents were asked if the COVID-19 pandemic affected the urgency of their organization’s overall digital strategy.  
<sup>3</sup>TMT = technology, media, and telecommunications.

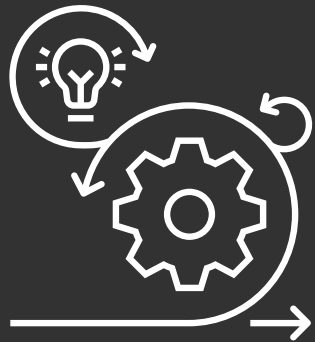
**The top three barriers** preventing the acceleration of digital agendas are agility and scalability related

### Top five reported barriers

COMPANIES REPORTING EACH BARRIER (%)



# Two-thirds of industry-leading companies have recognized the challenges and see an urgent need for operating model redesign



**Keep pace with  
rapidly evolving  
technology**



**Create competitive  
advantage**

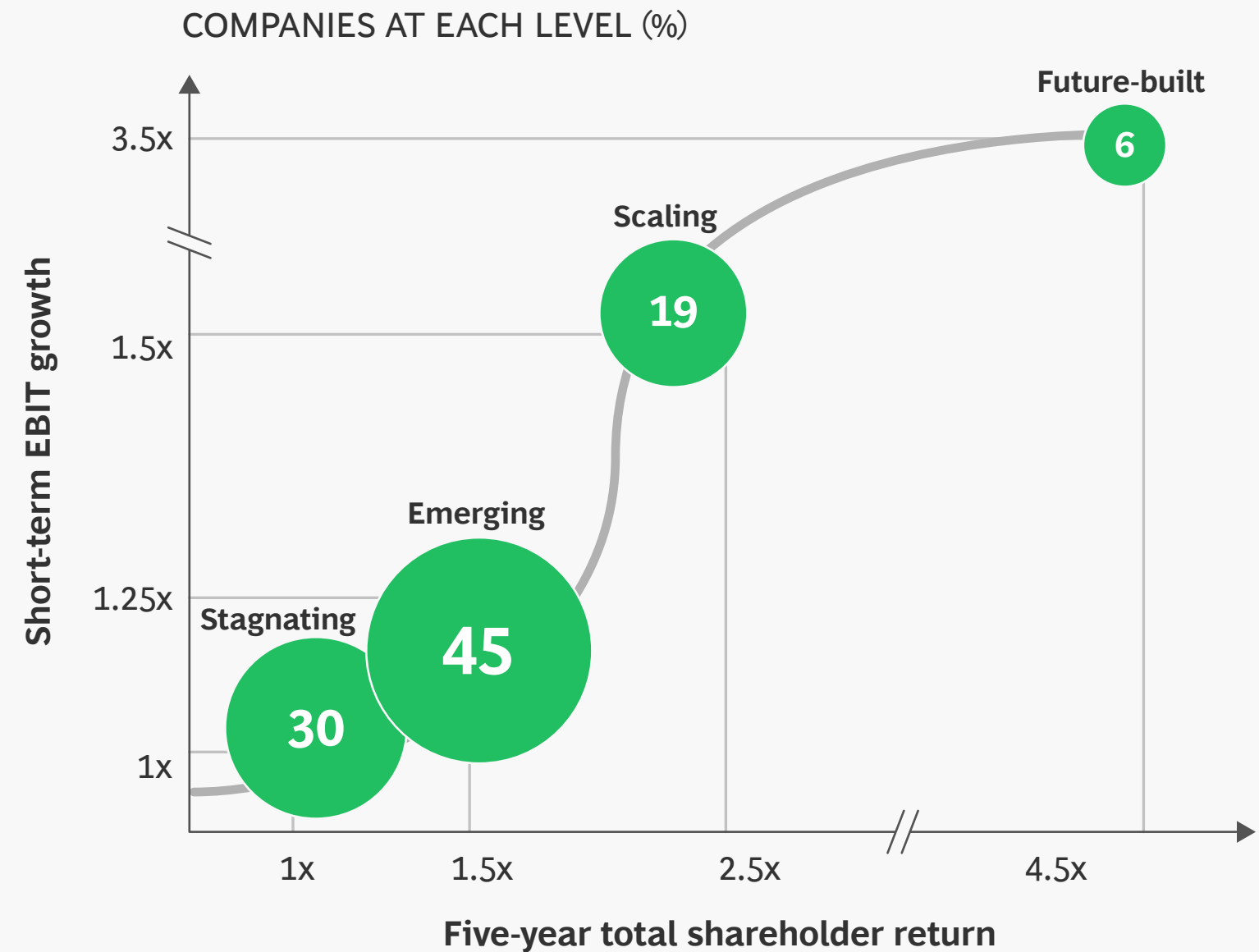


**Build organizational  
resilience**



**Win the fight  
for talent**

**A select group of future-built companies** have successfully cracked the code, outperforming the competition and thriving

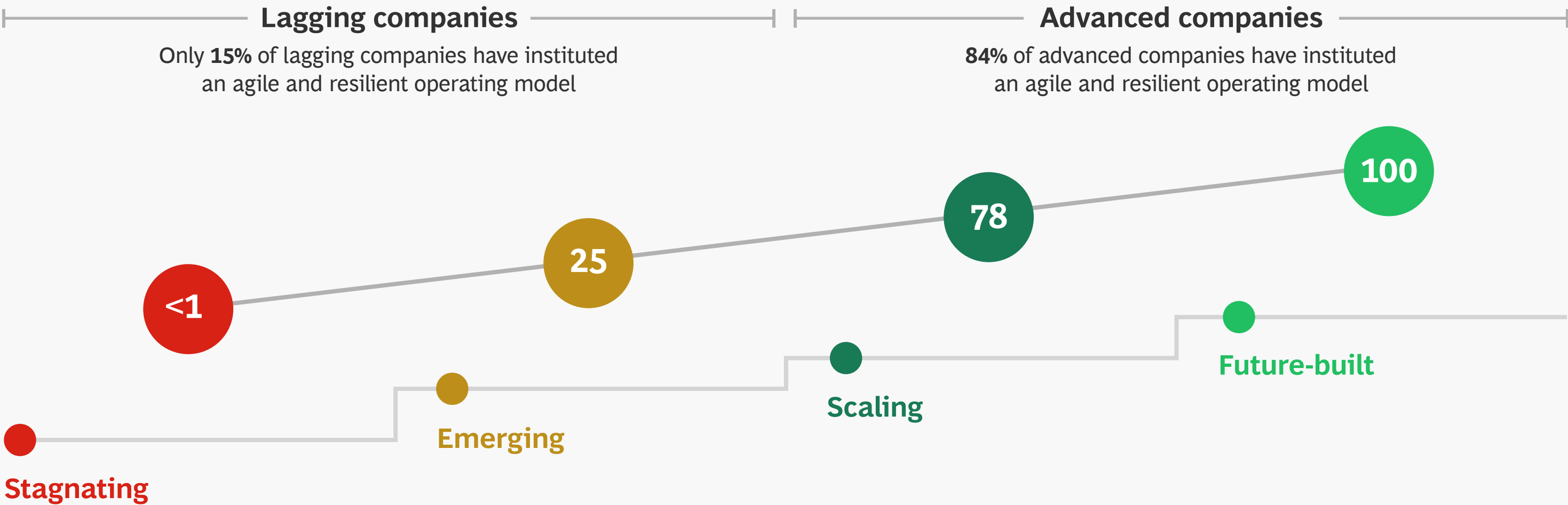


**Source:** BCG's Build for the Future Survey, 2022 (n = 724); BCG analysis.

**Note:** Placement of companies is illustrative. EBIT = earnings before interest and taxes. Companies are compared on EBIT and total shareholder return metrics relative to stagnating companies.

# More than 80% of advanced companies have adopted operating models that enable agility and resilience

COMPANIES THAT INSTITUTED AN AGILE AND RESILIENT OPERATING MODEL<sup>1</sup> (%)



Source: BCG Build for the Future Survey, 2022 (n = 724).

<sup>1</sup>Companies that score 7 or greater out of 10 on agile and resilient operating model capability. A score of 7 out of 10 is defined as strong executive commitment, widely implemented across business units, and clearly defined metrics and targets in place.

# Future-built companies successfully adopt agility and resilience in their operating models by excelling in every constituent capability by a wide margin

Capabilities of an operating model with agility and resilience	Percentage of future-built companies versus stagnating companies with a high capability score <sup>1</sup>
<b>Agile ways of working:</b> Small, decentralized, and nimble multidisciplinary teams own and run what they build.	10x <sup>2</sup>
<b>Rapid scalability:</b> Agile teams build and manage processes to be able to scale rapidly without compromising on customer experience or operational excellence.	8x
<b>Optimized talent and skill design:</b> The business tailors design jobs to the staff's diverse experience rather than creating fixed job descriptions.	6x
<b>Governance:</b> Funding is released early, remains stable over the medium to long term, and is based on performance; this enables innovation, experimentation, and development of MVPs and proofs of concept.	6x
<b>Risk management:</b> The business understands the risks related to various digital initiatives and prepares appropriate measures to mitigate threats.	3x
<b>Crisis response:</b> The business responds effectively to economic trends and events, such as supply chain issues and global inflation.	2x

**Source:** BCG Build for the Future Survey, 2022 (n = 724).

**Note:** MVP = minimum viable product.

<sup>1</sup>Percentage of companies with a score of at least 3.5 out of 5 on each sub-attribute. A score of 3.5 out of 5 is defined as moving toward adoption across the majority of the organization.

<sup>2</sup>E.g., 86% of future-built companies have a high agile ways of working score versus only 8% of stagnating companies.



# Companies that adopt an operating model with agility experience significant benefits, with a direct impact on customer satisfaction and financial performance

	Typical benefits . . .	. . . as a result of a comprehensive agile transformation
Time to market	<b>2x–4x</b> acceleration <sup>1</sup> in delivery	<ul style="list-style-type: none"><li>• Teams prioritize and focus on the highest value features</li><li>• Product launches follow very short cycles</li></ul>
Products and features	<b>10%–20%</b> increase in customer satisfaction and return on digital investment	<ul style="list-style-type: none"><li>• Business and IT collaborate closely</li><li>• Customer feedback is incorporated rapidly</li></ul>
Delivery efficiency	<b>15%–20%</b> reduction in development costs	<ul style="list-style-type: none"><li>• Implementation cycles accelerate</li><li>• Program and project management overhead decreases</li></ul>
Productivity	<b>4x</b> increase in velocity <sup>2</sup>	<ul style="list-style-type: none"><li>• Waste and errors are reduced</li><li>• Technical debt is minimized by continuous improvement</li></ul>
Employee engagement	<b>Over 90%</b> employee engagement	<ul style="list-style-type: none"><li>• The agile organization helps attract and retain superior talent</li><li>• High performers are more satisfied</li></ul>

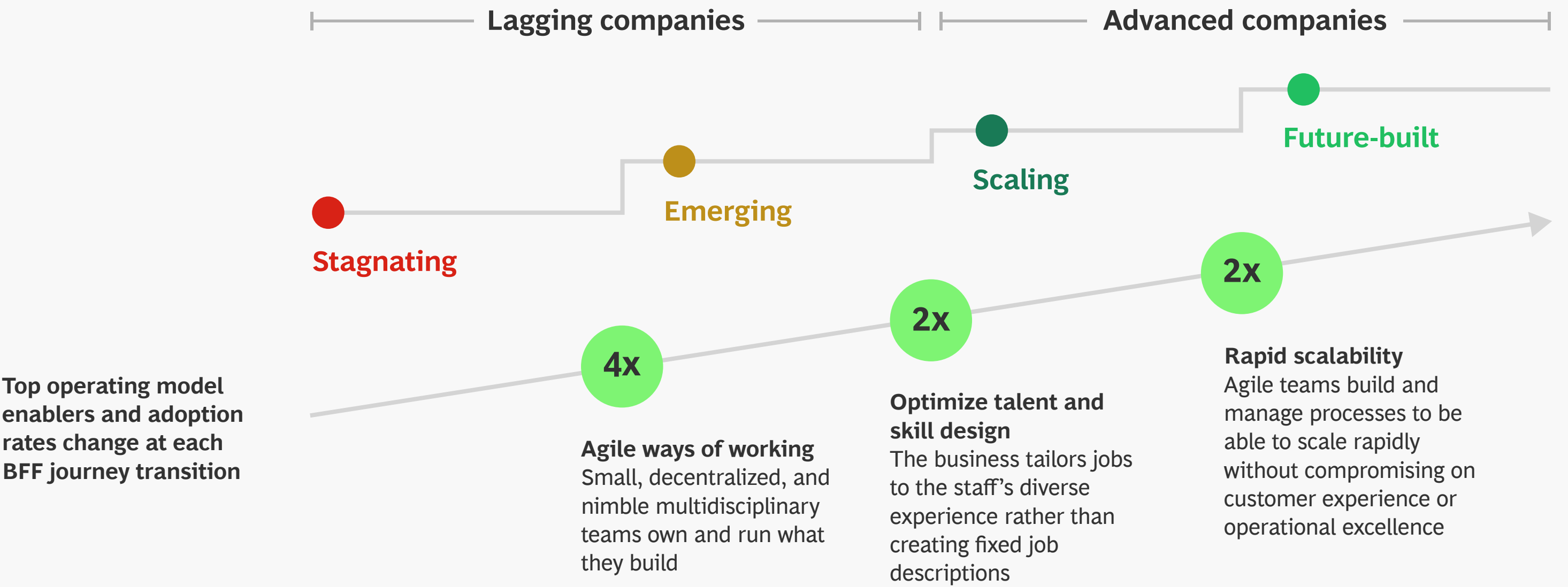
Source: BCG case experience.

<sup>1</sup>Observed acceleration after 1.5–3 year transformation.

<sup>2</sup>Velocity is an agile metric for the units of work a team can complete over a given time period; this is the observed productivity increase after a 2-to-3 year transformation.



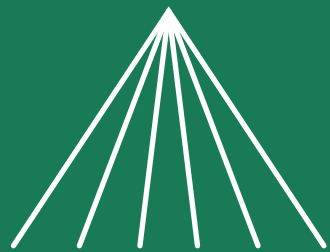
# Lagging organizations must first adopt agile ways of working and optimize job design before rapidly scaling as they advance toward being future-built



# The platform operating model is a new way of organizing and working that enables the creation of value faster, cheaper, and at scale

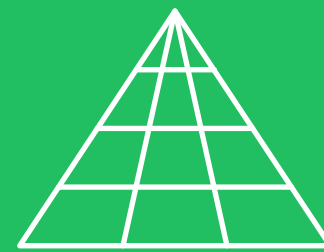
**Platforms deliver shared products and services that multiple business units combine and consume. Most companies already use platforms, for example in infrastructure, but with POM they go far further, eliminating:**

- Duplication, as capabilities are shared enterprise-wide
- Substandard capabilities, as reuse supports the business case for investment and scarce talent is better leveraged
- Silos, handoffs, and burdensome governance, as matrix management is removed through radical simplification



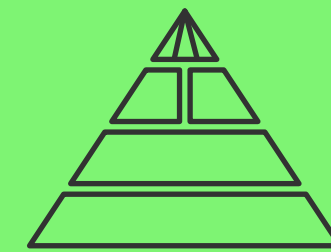
## **Traditional organization**

- Business units and functions
- Silos and bespoke processes
- Hierarchical prioritization



## **Matrix organization**

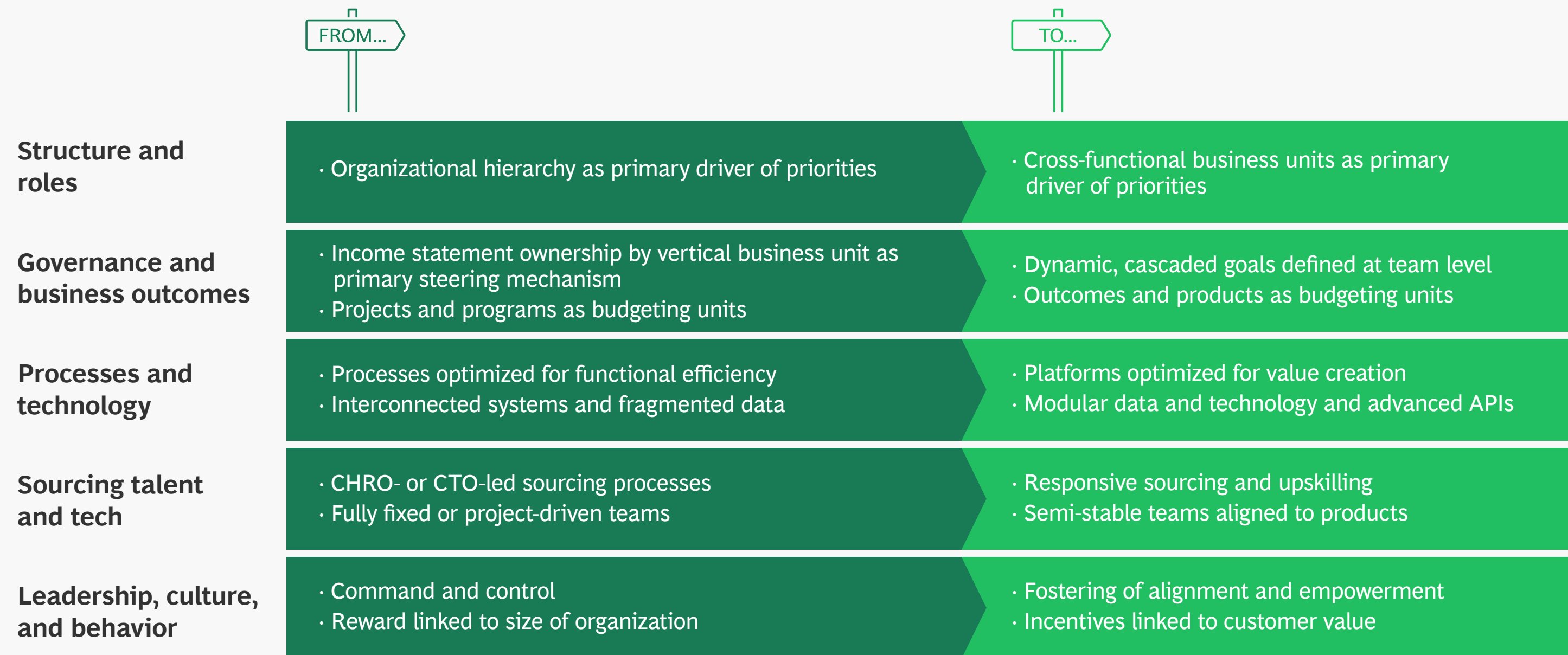
- Business units and functions
- Some shared capabilities
- Hierarchical prioritization



## **Platform operating model**

- Business units driving missions
- Accelerated by shared platforms
- Dynamically aligned priorities

# To evolve to a platform operating model, businesses need a shift in five areas



Source: BCG.

Note: API = application programming interface; CHRO = chief human resources officer; CTO = chief technology officer.

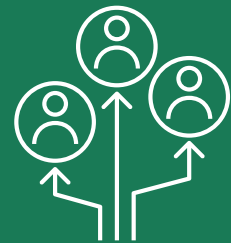


# Three key building blocks for a platform operating model

Source: BCG.

<sup>1</sup>Assets include hardware, software, data, facilities, IP, and processes.

The platform operating model brings together funding, people, and assets<sup>1</sup> to create platforms that deliver speed, efficiency, and responsiveness



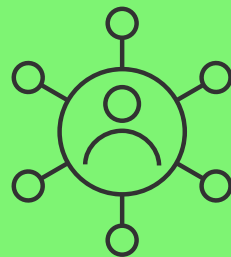
**Business units (BUs) deliver the organization's highest-priority missions and customer outcomes**

Example BU orientations include a geographic market, a customer segment, a product group



**Business platforms deliver shared, customizable products and services that business units combine and consume to create customer value faster, cheaper, and at scale**

Examples include hardware components, pricing, warehousing, and customer services



**Foundational platforms provide enterprise-wide digital, operational, and corporate capabilities**

Examples include recruiting and people management, single-source-of-truth data foundation, and service centers

# Two common starting points for companies on their platform operating model journey



## Build no-regret priority platforms

Deliver value rapidly and test and learn from successes in a single area

### Ideal candidates for priority platforms should be:

- Shareable across the enterprise
- Strategically valuable capabilities
- Likely to result in wide adoption



## Develop an operating model blueprint

Design the full blueprint for target-state platforms across the enterprise

### Typically includes:

- Baselining the current operating model
- Aligning on platform operating model principles
- Designing and building platforms in waves

# Case Study: Global Specialty Retailer



## Company situation

A global specialty retailer was spending inefficiently on its digital organization and falling short of its ambition to be a digital leader.

## Challenges

Included lagging digital efficiency, lack of internal technical expertise, and slow go-to-market.



## Solutions

**Global digital frontrunner:** Organization-wide commitment to impact, not output, with KPIs aligned to company goals.



**Rebuilt IT organization:** Technical skillset brought in-house; recruiting, career pathing, and learning and development curriculum established.



**Streamlined and agile organization:** Redesigned organizational structure and corresponding governance to support agile ways of working.

## Agile op model

**80%**

of agile teams achieving impact goals

## In-house talent

**70%**

of technical talent in-house, up from 30%

## Digital sales

**4x**

increase in sales through digital channels

## Talent upskilling

**1,000**

employees upskilled to support organizational goals