

How Swisscom is becoming more agile thanks to Spotify

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Like all telcos, Swisscom is facing major challenges as a result of technological change. Companies must adapt to a market in which they can hardly grow with their core business of telephone services. At the same time prices have come under severe pressure. Thus, Swisscom is revising its product portfolio and expanding it in order to tap new sources of income.

This transformation places high demands on the IT department. It should significantly reduce the time to market, become more flexible and at the same time increase cost efficiency and quality. In order to fulfil this task, a fundamental change in the organization and its functioning is required, and new skills have to be developed. Swisscom has decided to align the IT, Network & Innovation (INI) area with the [Spotify model](#) using tribes and squads and to [apply SAFe](#).

Zühlke supports several Tribes in this transformation. The squads are developed into agile elite units and compared with each other. The coaches of Zühlke, which also includes Arnaud L'Hôte, made the launch of an Agile Release Train possible. Zühlke accompanies the paradigm shift to DevOps and Continuous Delivery. Arnaud LHote met with Christoph Schär and Jens Wilhelms to discuss the process. Schär is Head of Digital, WilhelmsHead of Foundation of Swisscom's development department.

"Trust is an important element" Christoph Schär

Arnaud L'Hôte: The Agile and DevOps transformation began about two years ago. What have been the key moments in the development so far, what levers have you used?

Christoph Schär: Our goal is to be a top software engineering company. The first lever we used was to create a vision, a story that we can tell our employees. The second lever was the bimodal approach with digital as the incubator. This helped us in a start-up phase to take the first steps and to switch from the concept to the first implementation. And that soon brought the first successes.

L'Hôte: What were the first successes?

Jens Wilhelms: The main success factor was that we built trust. This is the step Christoph

described: that of bimodal IT. We did this to create an incubator for a part of the organization where we can learn. In addition, the risk could be better managed because the other 90 percent of the organization had not yet changed as much. And I am convinced: This has also earned us the trust of Swisscom's management. We could never have scaled directly with SAFe with a team that has no experience with Agile and Scaled Agile.

Schär: Trust is an important element, and we have learned that even more in the meantime. It was crucial to start with small but visible steps. We saw that it worked, and that creates trust. On the other hand, it was also important to be transparent about our goals and costs and to make a commitment about what savings we want to achieve by 2020.

Wilhelms: Despite all the transformation, we always kept a close eye on the core business. This was also a success factor in that we did not neglect operations.



Jens Wilhelms and Christoph Schär of Swisscom, Arnaud L'Hôte of Zühlke (from left). (Zühlke)

L'Hôte: With the help of Zühlke, Swisscom relies on various methods – starting with the Spotify model with Tribes and Squads, SAFe with Agile Release Trains, PI Plannings and DevOps up to Holacracy. How did you decide on the different models?

Schär: SAFe primarily addresses the methodology, i.e. how to do something. However, SAFe does not provide any information on how an organization should be structured. However, it was clear to us that we also wanted to change the organization if we were to take this step and build agile methods. We wanted to move towards an organization based on lean principles. That's why we deliberately adapted the structure - in the sense of "structure follows strategy". Our source of inspiration here was the Spotify model. With its help, we wanted to get away from the dual management structure of project and line.

Wilhelms: The basic idea behind Spotify, SAFe and DevOps was to find a good standard that could be connected to the industry and reused efficiently. This is learning from the past, when we created a service delivery model at Swisscom with a completely self-developed methodology, milestones and roles. You won't find that anywhere else in this form, and that's what we wanted to avoid this time. This is why we have reused Spotify and SAFe, methods that are well established on the market, for maximum reuse. For DevOps, we quickly opted for the IBM reference model because there is a framework with clear terms. What I would like to add about Spotify: Spotify and SAFe have certain strengths and weaknesses. Spotify, for example, is characterized by extreme slenderness and simplicity, and the term also has a certain coolness factor. SAFe, on the other hand, brings complexity, many roles and four different levels. In return, it can be connected to Senior Leadership, which wants to know how to manage at the corporate level.

"Surprising sometimes is the emotionality that can trigger certain catchwords." Jens Wilhelms

Schär: For us it is not an either-or discussion, but we simply make use of the elements that help us. In the meantime Spotify discovered that they need new elements in order to scale in a large company. In order to evolve in a common direction with their large force of engineers, they also some kind of framework.

Wilhelms: The emotionality that certain buzzwords can trigger is sometimes surprising. On the one hand, we are very open to innovation and new solutions in the field of technology and quickly absorb new vocabulary. But when it comes to methodology and such frameworks, we react very sceptically and fight for every word. That is an interesting effect that we perhaps did not expect.

L'Hôte: In my experience, it is important to rename things that change. Suddenly saying "squad" instead of "team" has a symbolic character. At the same time, it raises expectations that could be disappointed.

Schär: This also has two facets. On the one hand, there is a clear signal that you want to move. Because a squad is something different than a classic team or a subproject. On the other hand, there is the danger that colleagues in the organization will adapt this term very quickly and simply attach it to classic teams. They may not think much about the deeper meaning of a new term and may not internalize that it's actually about change and building new skills.

L'Hôte: What strategy should we pursue in order to prevent a certain term from gaining a bad reputation through misuse?

Wilhelms: On the one hand there is Agile Coaching. And on the other hand the DevOps maturity model, a self-assessment with which expectations can be formulated very clearly, but at the same time the team can shape the development path itself. If, however, a classically working area is converted to agile, we have to take a close look at leadership to see whether one only declares oneself to be agile, but in reality does not change anything. When making these changes, we also always demand certain contributions to corporate goals such as quality, efficiency, stability and speed. These aspects must be incorporated into the goals of a division right from the start.

Schär: A third element that I would like to mention in addition to the coaching and the Maturity Model is the focus on working on principles and guard rails – and less on the specification of final concepts.

L'Hôte: Does employee satisfaction and Swisscom's attractiveness in the applicant market also play a role in the implementation of DevOps 2020?

Wilhelms: We also consider that. Internally, we have always communicated that we are operating in a tough market and therefore have to cut costs. But we did so in a smart way and pointed out changes that would have a very positive effect on the skills of our employees. They enrich their skillsets that they can use at Swisscom and, if in doubt, outside the company. We always want to take the existing workforce with us and, above all, make them capable and fit. This is attractive for our colleagues.

Schär: It's also about addressing potential employees and making them aware that besides Google there are other attractive software companies in Switzerland, such as Swisscom. In addition, Swisscom has long since positioned itself as a companion in the digital world. It is important to position yourself as leading edge in terms of state-of-the-art software engineering. Our corporate customers recognize that they receive the entire solution from us, be it in the ICT area, be it in the infrastructure area or even in software development.



Schär (left) is Head of Digital at the Swisscom development department, Wilhelms Head of Foundation. (Zühlke)

LHote: My experience as a coach is that not everyone wants or can participate in the development of an agile organization. Which solution do you prefer in such a case?

Schär: There are individual cases in which a colleague in a certain squad finds out after a few months that it doesn't suit him and prefers to work in a classic team again. To be fair, we have to say that we also have teams where the satisfaction and commitment levels are not as they should be. On the other hand, we can also see that squads and tribes that have been on the road for almost two years are extremely satisfied compared to other areas. Not every employee is equally excited about the independence that comes with DevOps 2020 - I underestimated that a bit.

Wilhelms: Of course, this is a very complex topic. There are employees who don't want to join the innovations. And then it might also be good for them to go other ways in mutual agreement. We said from the outset that everyone gets their chance. But we do not want to jeopardize the fundamental approach.

L'Hôte: So far, development has focused heavily on IT. How do you pick up the people on the business side? Or do you expect them to get involved on their own?

Schär: "We are consistently continuing along the path we have chosen. Step by step we want more DevOps organizations or value streams. At present, there are still a few value streams that we are building up across various business segments. The entire cloud development has already been established, and a value stream was created together with the major customer business and IT. And the product is now actually being developed from start to finish in this agile SAFe setup. We will be looking for further areas in which we feel that there is a willingness to participate on the part of all parties involved. Of course, this can also be influenced to a certain degree - through discussions. On the other hand, it is also important to us that the IT organization has the maturity to work agilely in the sense of DevOps.

Wilhelms: Here we are again with the question of the appropriate speed. To track down even more of them, and even more value streams, is dangerous because we know that this requires very intensive discussions. This is not a pattern that can be easily unwound. There is no point in trying to push something through against the will of the stakeholders.

"I see the issue of leadership as very much in flux." *Jens Wilhelms*

Schär: This dialogue requires a certain amount of time. A common language must be established, a common understanding. The business sponsor must develop this language and trust together with the IT peer. Once again, it takes time. The familiar, established languages were not invented and introduced from one day to the next. They evolved and people got familiar with them over the years.

L'Hôte: I like this picture of the journey - do you have any idea how long it will take?

Wilhelms: With DevOps 2020, we have set a symbolic mark to provide orientation and a clear goal. We are all aware that this is only an intermediate step, and then something new, new slogans will come - what exactly, I don't know yet.

Schär: We have learned on this journey that further developments are needed. At the beginning it was clear to us that the target would be bimodal, because we would still be providing a substantial share of development services in the core area in 2020. Today, we are already one step ahead. We expect the share that will still be generated in the traditional development sector to be much lower than we would have estimated a year and a half ago.

L'Hôte: In which areas will there be the most changes over the next two to three years?

Schär: I suspect with regards to the whole area of quality management. There will be big steps there. Today we still have a very centrally designed system in this respect. In future, the software teams should take more responsibility themselves

Wilhelms: I see the topic of leadership as being very much in a state of flux. We are really just at the beginning. On the one hand, we have a clear ambition for more self-control and personal responsibility and want to greatly reduce the number of personnel in management. On the other hand, a completely different kind of leadership is needed after the reduction. I believe that in order to make Swisscom really fit in the area of strategic agility, the transformation must go through the entire organisation and all hierarchy levels.