

Agile Digital Strategy Development

How to adapt to an
ever-changing digital environment
and reduce uncertainty

Authors

Andreas Braendle (@anbraendle)
Can Olcer (@canolcer)
Roger Tschallener (@_roger)

Co-Authors

Tom Hanan (@TomHanan)
Tobias Zehnder (@tozehnder)



Hi,

Since we started the Webrepublic Strategies, the management consulting department of the Webrepublic, we have been working with the Agile Digital Strategy approach. We have transferred the methodologies from agile software development and agile campaign management to digital strategy consulting.

As there is almost no literature about Agile Digital Strategy, this white paper aims at filling the gap by providing a comprehensive overview, explaining the approach, giving examples and introducing the most important methodologies and tools. It delivers insights for executives and digital strategy managers of small to big companies, but also for online marketers and marketing agencies who want to dig deeper into the digital strategy world.

We hope this paper is of value to you and guides you on your path to a more agile digital strategy.

And let us know if you liked the paper by dropping us an email or tweet.

Andreas Braendle

Can Olcer

Roger Tschallener



Executive Summary

Agile Digital Strategy is a lean, fast, and data-driven methodology to create digital strategies in an ever-changing business environment.

This white paper identifies the challenges strategists are facing in a digital environment. The pace of change and innovation in digital businesses is not slowing down and, thus, creates uncertainty about the future business environment. Too often, companies address uncertainty about future development with strategic inertia. But inertia is very dangerous. Many market entrants make use of new technologies to compete with the idling incumbents.

Agile Digital Strategy, as introduced in this white paper, helps to fix inertia and uncertainty by applying a lean, fast, and data-driven way to develop future strategic impact. We show how well-tested methodologies from agile software development and scrum can be transferred to business strategy development. Agile Digital Strategy outperforms traditional approaches in a number of ways, namely by creating start-up like innovation in big companies too and by finally making use of data.

The white paper introduces three cases of typical applications for Agile Digital strategy Development. We show how this method can be applied in order to (1) develop a product, (2) synchronize online and offline marketing measures, or (3) to maximize online profit of an existing business.

The third part of the white paper shows how to actually apply Agile Digital Strategy. It introduces the concept of creating a Minimum Viable Project (MVP) and iterating it quickly. In order to subscribe to a lean and fast mode of working we recommend the seven most important tools for Agile Digital Strategy development, which include analysis tools (web analytics, social media monitoring, search keyword analysis), tools for rapid prototype creation (content management systems and programming frameworks), and marketing tools (Google AdWords and Facebook Ads). Also, we show how the Scrum project management methodology can be applied to strategy projects.



Content

1. Agile Digital Strategy – What is it?	1
1.1 Change causes uncertainty	1
1.2 Inertia is not the solution to uncertainty	2
1.3 Traditional strategic planning has its shortcomings	3
1.4 Agile strategies fix inertia and uncertainty	4
1.5 Where does Agile Digital Strategy development come from	5
1.6 How does agile outperform the traditional approach	6
2. Agile Strategy Development: areas of application and tools	7
Case 1: Product development	7
Case 2: Synchronize online and offline measures	8
Case 3: Maximize online profit of an existing online business	9
3. Agile Digital Strategy – How to?	10
3.1 Release the Minimum Viable Project (MVP) early, iterate quickly	10
3.2 The seven most important tools for Agile Digital Strategy development	11
3.3 How to manage agile projects: Scrum	12
3.4 Why building digital capabilities and resources is important	13
4. Webrepublic Strategies	14
4.1 Webrepublic Agile Digital Strategy Manifesto	14
4.2 About the Authors	15
4.3 About the Co-Authors	16
4.4 About Webrepublic Strategies	17
5. Books we like	18
6. Contact	19



1. Agile Digital Strategy – What is it?

Agile Digital Strategy is a lean, fast, and data-driven methodology to create digital strategies in an ever-changing environment.

1.1 Change causes uncertainty

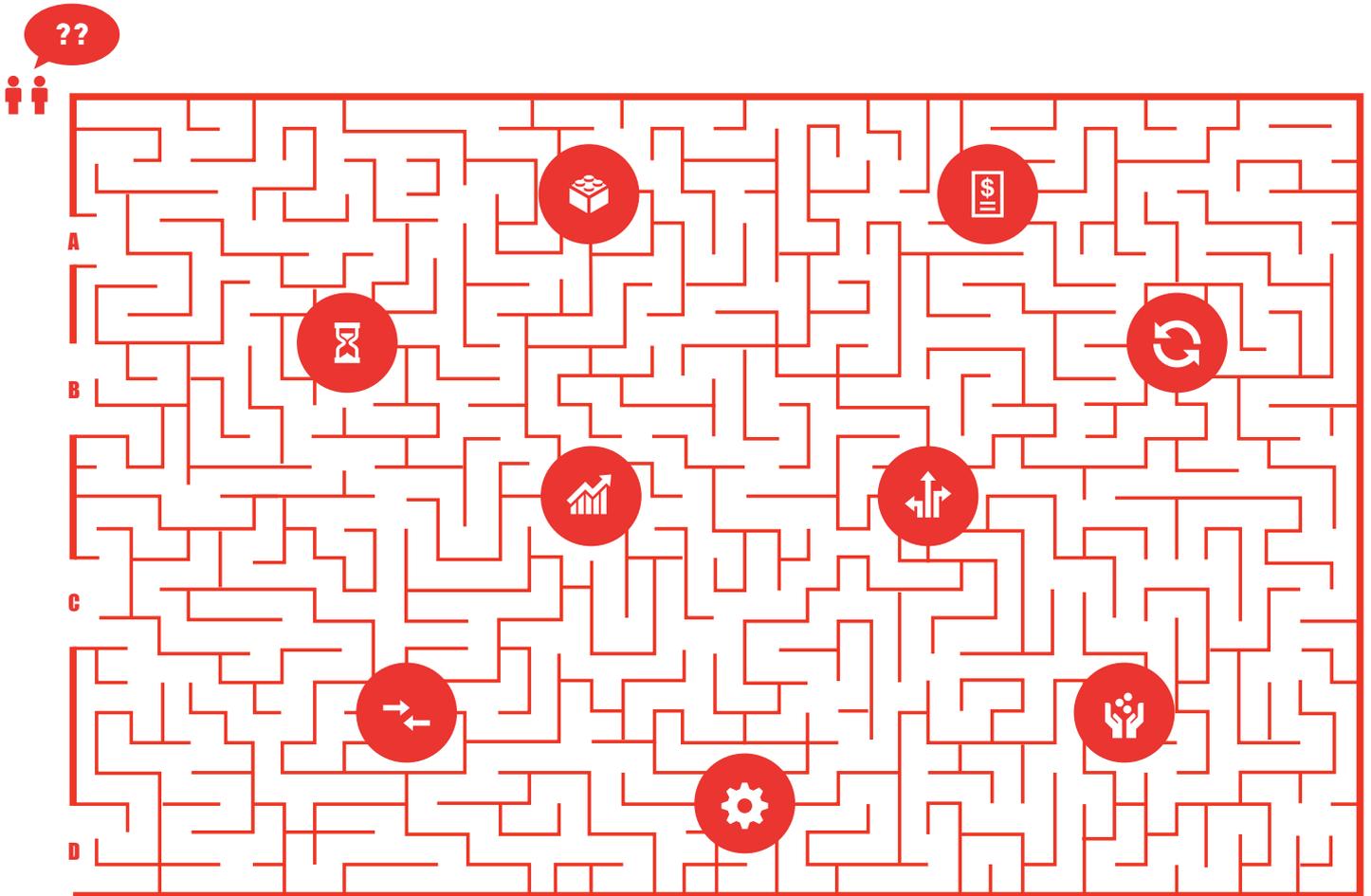
The World Wide Web has been around for more than 20 years, and the internet for over 40. Still, the pace of change and innovation in digital businesses is not slowing down. As exciting as this constant change is, it creates uncertainty about your future business environment. Working as digital strategy consultants for large corporations, we try to reduce this uncertainty by applying Agile Digital Strategy.

First, let us explain what we mean by «uncertainty».

Uncertainty is generated by the constant change in technology, business and cultural practices. Nobody will be able to tell you for sure what your business environment will look like in five years from now. You must agree that it is very difficult to answer questions like:

- What new market niche or target groups will create demand for your products in five years from now?
- How will your competitors leverage technology?
- Are your future customers ordering your products via desktop computers, smartphones, or wearable computers, such as eye glasses or refrigerators equipped with the latest Android OS?
- Are you going to reach out to your target audiences via Facebook or is the largest social network of today doomed to lose market dominance, as its predecessor MySpace did?
- Is your market position endangered by disruptive product substitutes?
- Are your suppliers going to be able to cut out the middle man and market directly to your customers?

If you want to create a successful strategy for your organization it is important to have as much information and knowledge about future developments as possible. Uncertainty means not being sure enough about future environments and thus not knowing



1.2 Inertia is not the solution to uncertainty

Today, every business needs to go through transformation, and has the urge to constantly innovate and leverage the digital space in order to stay competitive. But remaining in a state of uncertainty about how the digital future will unfold is keeping many businesses from taking the right strategic decisions.

Some will just decide to do nothing. But inertia is very dangerous. Many market entrants make use of new technologies to compete with the idling incumbents.

New competitors manage to create disruptive services and products that can be produced at much lower cost, and thus have a huge competitive advantage over traditional businesses – in every industry. Disruptive digital services have already forced many industries into painful transformation processes. For instance; what started with the efficient digital distribution of music files over the Internet over a decade ago changed the music business completely. Apple, a technology company, became the most important distributor and platform for the industry. On the other hand, HMV, formerly one of the largest, most powerful music distributors in the world, entered administration in 2013.

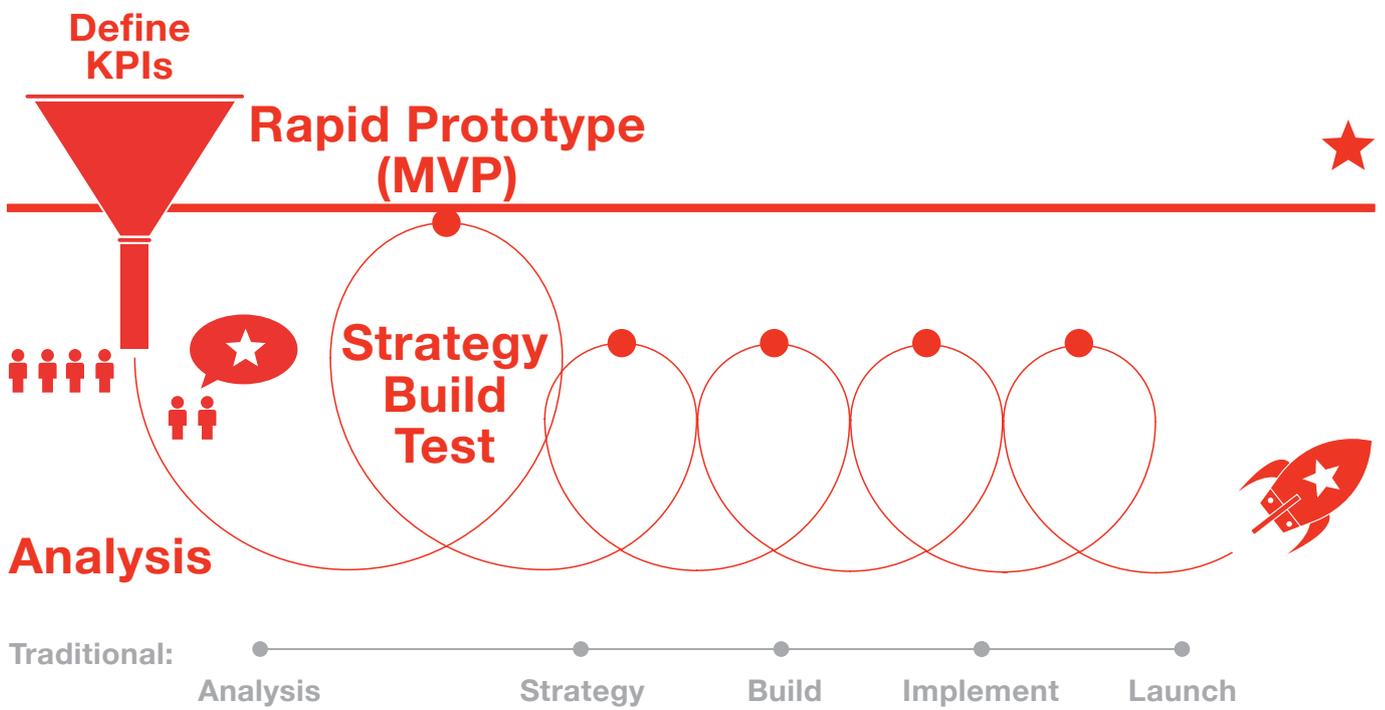


1.3 Traditional strategic planning has its shortcomings

In a changing environment with ubiquitous uncertainty it is difficult to create a vision of the future and define a path to get there using traditional strategic planning methods. The traditional approach is rather slow and usually resource heavy: highly staffed strategy teams supported by consultants invest months in research, analysis, and creation of often pre-packed strategies.

The result is a slide deck that is handed over to the executive management. Sometimes it may take many more months to decide about the strategy. Then, the strategy is handed down, to be implemented.

In a digital environment, this is too slow: The world will have moved on in the meantime and most of the assumptions the strategy was originally based on will have changed. Traditional strategic planning needs to foresee three to five years into the future to be able to have an impact. This results in a scope far beyond what we know for sure, creating a vision of a future that might never happen. This is why the agile approach, described later, does not include the need for a long-term prediction.



1.4 Agile strategies fix inertia and uncertainty

We have seen that our traditional approaches cannot cope with the digital challenges businesses face today. That is why we have developed our very own approach to address change on a strategic level. We call it Agile Digital Strategy.

The traditional strategy process is rather linear: analyze, define and implement. The Agile process is organized in iterative loops. You define your Key Performance Indicators (KPIs) at the beginning and they will guide you as your strategic compass. From there you create strategic assumptions and build them in short iterations. Every build is tested immediately with the target groups and monitored in real time. The learnings are implemented right away in the next strategy iteration. Running through one iteration loop might take as little as one week, compared to much longer traditional strategic project scopes that may take up to many months.

In a constantly changing environment you need a strategy that is able to adapt quickly. Agile Digital Strategy is the method that reduces the shortcomings of traditional strategic processes.

1. Agile Digital Strategy is lean. Instead of funding large projects, Agile Digital Strategy creates Minimum Viable Projects (MVPs) or business prototypes. These projects fulfill minimum requirements and are released early. The idea is to get early feedback from users or markets. MVPs will then be iterated based on the feedback of the market.

2. Agile Digital Strategy is fast. Instead of reducing the amount of iterations a strategy needs, Agile Digital Strategy reduces the time between iterations. The faster we can go through the iterations loops, the quicker we learn and the quicker we can adapt to change. So instead of trying to predict the future five years from now we create assumptions, build the project, release it, test it, and iterate the original assumption. This whole process can happen very fast, within a month or even a week.

3. Agile Digital Strategy is data-driven. Instead of trying to predict the future based on intuition, Agile Digital Strategy uses hard facts based on statistics. Every hypothesis suggested by a strategy will be set up as an MVP and immediately tested in the markets. This creates a process of data-driven validated learning. The real-time data that comes out of these scientific experiments improves all strategic decisions. This eliminates the need for a long-term prediction for the strategy development.



1.5 Where does Agile Digital Strategy development come from

Agile Digital Strategy is a strategy development methodology that borrows heavily from software and product development methodologies. In software development many competing concepts for agile development are well known and applied: e.g. [Minimum Viable Product](#), [Lean Startup](#) (by Eric Ries), [Scrum](#), [Rework](#) (by Jason Fried & David Heinemeier Hansson, Founders of 37signals), and [Agile Software Development](#). All of them are based on the same idea: How do you create a product or software for which you do not know what the required features will be in the future?

Agile Digital Strategy applies these well-working methodologies to strategy projects. Agile methodologies in software development have been around for many years. They evolved in the mid-1990s as a reaction against heavyweight waterfall project management methods that could no longer address the fast pace of the ever-changing Internet environment. Digital strategy faces the exact same challenge today.



1.6 How does agile outperform the traditional approach

Agile Digital Strategy reduces uncertainty about the future of your business. Instead of trying to predict what will be five years down the road we put a lean process in place for validated learning that helps to adapt quickly to change.

Agile Digital Strategy creates start-up like innovation. When it comes to innovation, many start-ups outperform the incumbents in the market. Agility is the main reason. Start-ups are leaner, quicker, have shorter decision paths, and can quickly adapt to change. Agile Digital Strategy add these characteristics to every project.

Agile Digital Strategy makes use of your data. Large corporations own a lot of data about their markets. But many of them are clueless about how to make use of this data for strategic decisions. Agile Digital Strategy relies on data analysis and draw conclusions from it.

Agile Digital Strategy allows mistakes to be made – and corrected quickly. Agile Digital Strategy does not put a strategy in place that it is fixed; it rather establishes a process of quick validated learning. If the wrong strategic decisions are taken at some point, they are reversible in the succeeding iteration.



2. Agile Strategy Development: areas of application and tools

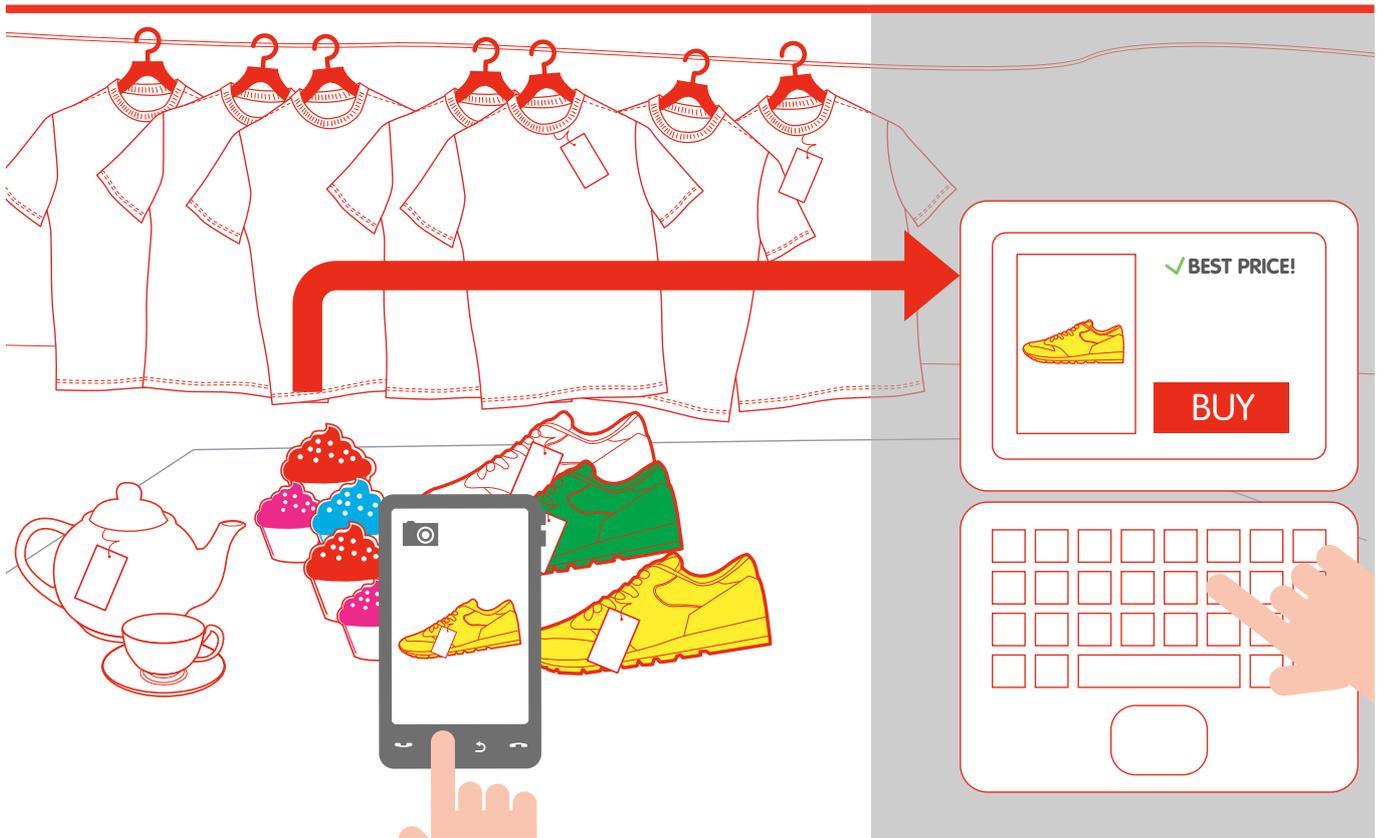
Agile Digital Strategy development can be applied to nearly any strategy creation process in a business environment. Of course, some areas are more prone to it than others. Therefore, we will show you three cases where working with Agile Digital Strategy development will help to increase impact.

Case 1: Product development

The potential to successfully launch a new product or service can be improved significantly when working with an agile approach. When launching a new product, one faces a multitude of uncertainties. In contrast to a traditional strategy creation approach, the agile way greatly reduces these uncertainties as it develops.

An example company called Fatcuumer wants to launch a new vacuum cleaner with an integrated display that shows how many calories you are burning while vacuuming. Fatcuumer is still in the conception phase, but the founders want to know if such a product will be accepted by the market and what the market potential is before investing in a production facility. Even though, internally, Fatcuumer founders think this is the best business idea of the decade, they want to see if the market agrees.

The Agile Digital Strategy approach can help them to find out about market demand before they develop the product. And Fatcuumer will get their first, usable results in a matter of days, not months. The best starting point would be to quickly set up a website prototype for the product using an out-of-the-box content management system (e.g. WordPress). Then they could use Google AdWords and Facebook to drive the test target group to the page. Closely monitoring what users do on the website, whether they enter the conversion funnel or not, gives empirical data about how successful the product can become in the target market. Using this method, Fatcuumer is able to generate insights about the market potential within days. These insights are generated faster, more cheaply and accurately than any traditional market research that can be done with this scope.



Case 2: Synchronize online and offline measures

With the increasing importance of ecommerce, the relevancy of online as a sales channel increases for many companies across all industries. This has important strategic implications and those failing to take the right steps will see decreasing revenues and profit in the years to come. A common problem companies are experiencing can be described as the «showroom for Amazon» effect.

An imaginary electronics goods retailer called Mediatec provides products from many brands in its physical store and also operates an online shop. Mediatec strongly suffers from the «showroom for Amazon» effect. A customer visits the physical Mediatec store, looks at and tests different TVs, and asks the sales person for advice. But, she does not buy the TV at Mediatec; she goes to an online retailer, such as Amazon, on her smartphone and buys the TV there. This results in zero revenue for Mediatec even though they incur the costs of showing and consulting that client in its store.

Mediatec has many ideas for additional services that could help remove or at least reduce the «showroom for Amazon» effect. One solution could be that Mediatec actively pushes customers to compare products that they see in their store online on Amazon (e.g. by giving every customer a tablet computer), but in order to make them buy the product in the physical store directly, they provide an incentive. This could be, for example, a coupon for the next purchase or an extended warranty period.

In order to find out whether this solution works, it needs to be tested by means of an MVP – quickly setting up and real-life testing a version with all the different solutions for this problem. The test environment and real-time tracking brings in data right away, and Mediatec executives can find out within days which measure works best in Mediatec's specific case. A suitable solution can be found and great impact achieved with a small effort. Later on, this solution can be further implemented and rolled out to other shops.



Case 3: Maximize online profit of an existing online business

Maximizing online profit is the most common challenge for many businesses: The baseline is often a well-performing product and an existing digital sales and marketing strategy. The challenge is to maximize the digital performance of the product by unlocking the whole digital potential.

Emortgage is an example bank. It is in the business of selling mortgages via its website. The main goal of the bank's online strategy is to maximize the number of sales leads that are generated through the website. Agile Digital Strategy can help the bank leverage digital channels throughout the whole business process by optimizing existing business processes, marketing channels and customer relationship management. By starting with a high level analysis of web analytics, competitor data, performance data of existing digital channels and CRM data, a high impact project can quickly be identified.

Emortgage has three high impact opportunities:

1. The web analytics data show that there is a page in the check-out process where over 70 percent of the sales leads exit the sales process. After a quick revamp of that particular page this rate could be reduced to only 5 percent. This one single change increased by over 200 per cent in online sales.
2. Of all the sales leads generated via the website, only about one-fourth got approved for a mortgage. By applying advanced data analytics, the bank can identify the digital channels that bring in the «good» customers, and focus the investment in these channels, and in the meantime reduce the ads wasted in the «bad» channels.
3. Over 70 percent of sales leads who filled in the online form and completed the online process hand in neither the printed contract nor the requested files. By removing the online to offline barrier Emortgage could reduce this rate to 20 percent.



3. Agile Digital Strategies – How to?

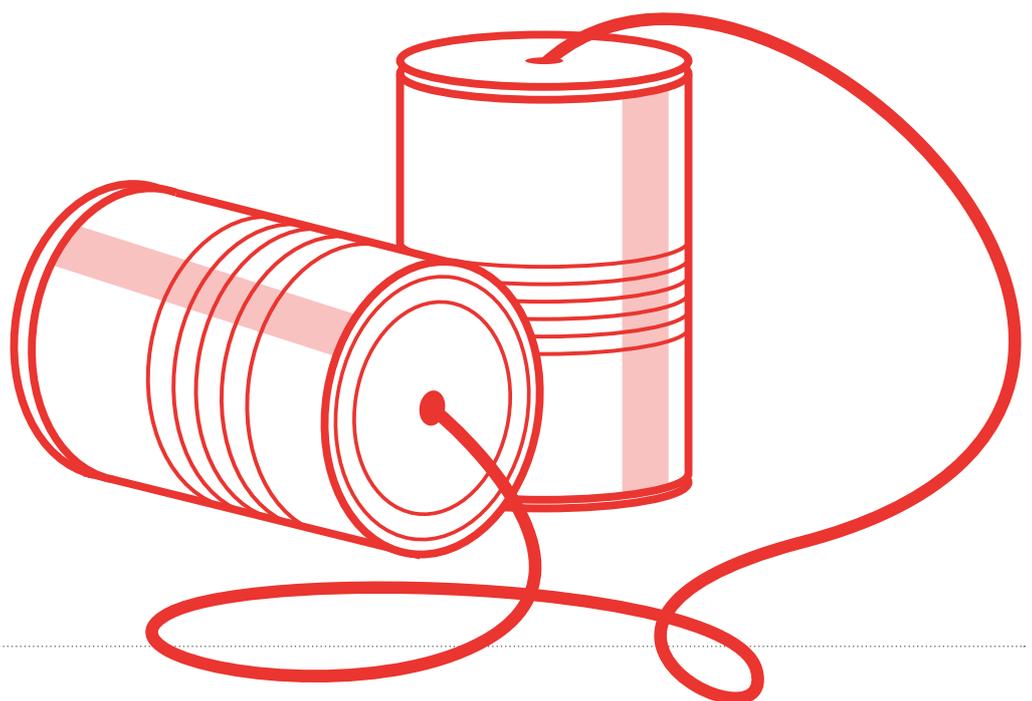
3.1 Release the Minimum Viable Project (MVP) early, iterate quickly

Creating a minimum viable product or project is a crucial aspect of Agile Digital Strategy development. Like agile development methodologies (e.g. Scrum), the MVP concept originated in the realm of software development. In that context an MVP is a minimum version of a product, which contains just as many features as are required to make working test runs, done by real people – customers or users. It is then used to collect user feedback, user data, and usage data that is used to improve the product.

When building an Agile Digital Strategy and digital capabilities you should aim at creating MVPs and release them early in order to get market feedback. An MVP hence is a hypothesis about your market. Create a prototype of the strategy as a product, test it on the market, collect data, learn, and apply it to the next iteration of that strategy. It helps you to understand what the market and customers really think, so you don't have to rely on your hypothesis to be right.

A further important aspect of MVP is that the iterations and the process are done in a quick and cost-effective way – in a lean way. There are many technologies and tools to accomplish this. It is important to be familiar with the various tools and applications (see next chapter) and have the ability to use them in order to extract valuable strategies and products.

Not only does the MVP concept make strategy creation faster, but also more accurate, reliable, and customer-involving.





3.2 The seven most important tools for Agile Digital Strategy development

For Agile Digital Strategy development you will need tools for analysis, rapid prototyping, and promotion. There are many tools out there, but Agile Digital Strategy development needs tools that fulfill specific requirements. They need to be simple and easy to use, they need to be quick and responsive, and they should be based on open standards so that they can be connected to other tools—and if they are free we like them even more! The following list shows some of the tools we most commonly use.

Web analytics. Your website tells you a lot about your market, but you'll need a web analytics tool to make it speak. We usually use Google Analytics, because it is easy to set up and use, reliable while tracking (also combined with other Google tools) and allows for very complex analysis including A/B testing. And it's free!

Social media monitoring. Social media can tell you what users are saying about your brand, your market, or your topic area. Monitoring tools usually gather every mention from all the important channels (Twitter, public Facebook posts, blogs, etc.), analyze and display them. We usually use social media monitoring from Brandwatch.com since they give us accurate results, good usability and also fast support.

Search keyword analysis. An even better understanding of your market can be derived from search queries. If we aggregate all the search queries that are relevant to our product and analyze the search volume we get a very clear understanding of what our market needs. Normally, we use the AdWords Keyword Tool and Google Analytics to accomplish this task.

Content management system. To find out what your market wants, how it searches for products, and how successful a new product might be, you often need a landing page or a small website. Today, creating a website with a professional appearance takes only 15 minutes if you use an existing content management system like WordPress, Joomla or Drupal, or a landing page creation tool like Unbounce.

Frameworks. If you need specific features for your business prototype that can't be covered by such a content management system, you need to make yourself familiar with a programming framework for rapid prototyping. This may be Ruby on Rails (Ruby), Django (Python), or Symfony (PHP).

AdWords. Once you have built your prototype, you want to bring it to the attention of your test audience. Google AdWords is probably the best way to acquire new customers to your business in a short period of time.

Facebook Ads. Thanks to its rich targeting options, you can test your prototype with all the different target audiences by bringing them to the website separately in order to draw relevant conclusions.



3.3 How to manage agile projects: Scrum

Originating in software development, Scrum sheds new light on how projects can be managed in a lean and agile way. Instead of having one dominating and organizing project manager, each unit follows its own directions as a team. In a Scrum project, a product owner defines the initial and later the ongoing requirements of the product while representing everybody's interests. This concludes with a product backlog where all functionality is reflected and can be prioritized and planned for the teams. The teams are self-managing, self-organizing units, realizing the set functionalities of the product backlog in short periods of time – called sprints. Responsible for the fluent execution of this process is the Scrum-Master, who acts as a guide to others involved in the project.

When transferring Scrum methodology from software to digital strategy development the following components should be applied:

- Sprint planning meeting: Before each sprint, the Scrum-Master, the product owner and the team gather and select from the prepared product backlog those items that are important to complete in the upcoming sprint. As a collaborative process between all participants, the team can give their input and match the product owner's requirements before working on the functionalities. The result of this meeting is a plan with items that get completed in the forthcoming sprint.
- Daily Scrum meeting: In a daily 15-minute meeting, all team members update their status on the items currently under review. They share what they have done since the last daily Scrum meeting, what their next steps will be, and where the barriers to these steps might arise. After the meeting, everybody is aware of the activity of his co-workers, and the ScrumMaster or product owner can get active to solve specific topics that came up during the meeting.
- Sprint: During the sprint (from one week to one month), the teams realize the selected items of the product backlog.
- Sprint review meeting: After finishing the sprint, the teams can show the realized functionalities to the others and directly answer their questions. Each stakeholder should have his say about what has been done. Once discussed, the product owner might adjust the product backlog accordingly.

It is recommended to work in short sprints matching the iterative approach of Agile Strategy Development. With Scrum, one can implement the feedback right after the sprint and then continue working with adjusted planning in the next sprint. This also allows multiple projects to be managed in parallel while still having an organized and responsive work environment.



3.4 Why building digital capabilities and resources is important

Today, software and information technology is everywhere. Whether you use your washing machine, your smartphone, or take the train to work in the morning – if it wasn't for cleverly written software, these things wouldn't be possible.

Not only in your personal life, but especially in your business life, having the knowledge and resources to understand, modify, and expand digital-based measures is the key to competitive advantage. While you can survive with outsourcing some matters to agencies, consultants and other professional service firms, owning your digital resources is critical for business growth.

But what exactly are digital capabilities and resources? Even though opinions differ, we came up with our own definition based on our experience and vision:

«Digital capabilities and resources are bundles of strategic initiatives, business processes, marketing measures, and execution knowledge that are based on or make leveraging use of Internet technology.»

Our client's issues therefore might be «How do I increase my revenues by synchronizing my offline activities with my new online measures?», «How do I increase my overall profit by re-engineering my business processes to take into account digital capabilities that were not around 5 years ago?» or «How can I use all the data I am collecting about my clients to launch new strategic initiatives and increase my marketing efficiency?» We help to solve these and many other challenges by including our clients in our Agile Strategy Development process, working in fast iterations. Thereby we make sure our clients build up these digital resources themselves so that our efforts are characterized by their strong sustainability.



4. Webrepublic Strategies

4.1 Webrepublic Agile Digital Strategy Manifesto



doing over planning
by testing strategies in
the real world



collaboration over documentation
by building an intimate working
relationship with clients



iterations over one-shot revolutions
by releasing early and releasing often



t-shaped talent development
over specialization
by creating prototypes in all digital
disciplines



validated learning over opinions
by hypothesis- and data-driven analysis



simplicity over complexity
by removing what is not needed.



4.2 About the Authors



Andreas Braendle heads the Webrepublic Strategies team. Since the 1990s Andreas has been working as a business developer with many Swiss startups. Before Webrepublic he was a researcher at the University of Zurich in the field of media change and innovation research, where he was also working on his PhD thesis. Andreas is lecturer at the University of Zurich for Online Marketing and the co-founder of two start-ups.



Can Olcer is a Digital Strategy Consultant with the Webrepublic Strategies team. Prior to joining Webrepublic, Can helped to build up a finance start-up and was responsible for business intelligence. He founded and successfully grew a Swiss e-commerce company. Can holds a Bachelor Diploma in Business Administration from the University of St. Gallen.



Roger Tschallener is a Digital Strategy Consultant with the Webrepublic Strategies team. Combining a technical background with business communication, he consulted internet- and life-science start-ups for an early stage investor after working in media and corporate communication. Roger holds a Bachelor Diploma in Communication from the Zurich University of Applied Sciences.



4.3 About the Co-Authors



Tom Hanan is the Founder and Managing Partner of the Webrepublic. Tom has been working in the area of digital communication for over 14 years. As the first Googler in Switzerland he has built up Google key account management for the DACH region. Before joining Google, Tom was head of Yahoo Switzerland for 3 years. Tom Hanan contributed significantly to the development of the Swiss online market and is seen regularly as a speaker at national and international events.



Tobias Zehnder was working for Google in Zurich before co-founding the Webrepublic. He is active in online marketing, specializing on performance, semantics, and analytics. He studied communications and media research at the University of Zurich and wrote his diploma thesis about the Swiss online advertising market. As Head of Operations, Tobias Zehnder is responsible for the strategic planning and coordination of new business fields.



4.4 About Webrepublic Strategies

We work with our clients to build the digital expertise and capabilities they need to create a sustainable competitive advantage. We help our clients to grow their business digitally and solve the challenges of launching a digital venture/innovation and maximizing profit in the digital space



T-shaped expertise. We are digital natives – all things digital is our world. By combining this passion with business and technological skills, we provide a unique source of knowledge.



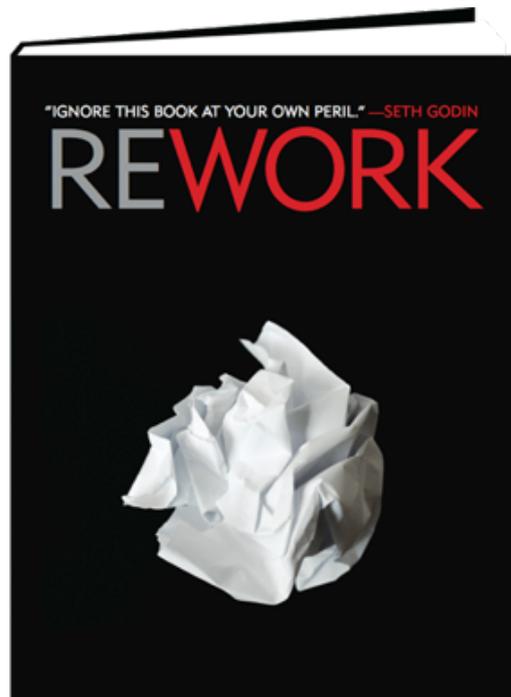
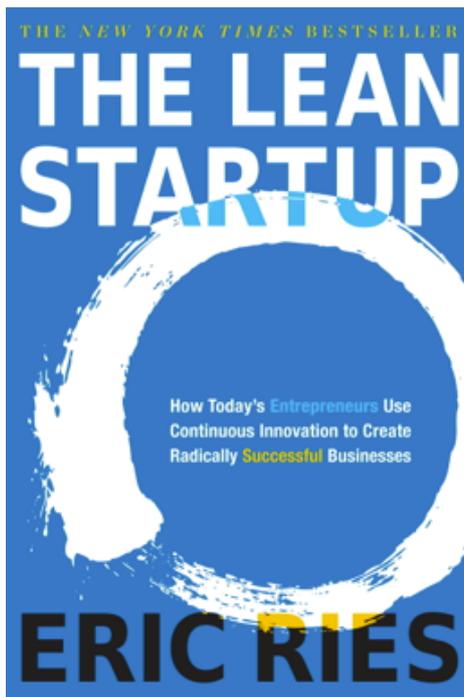
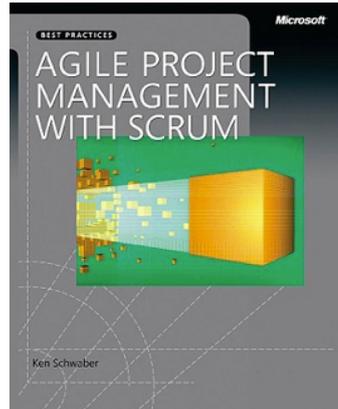
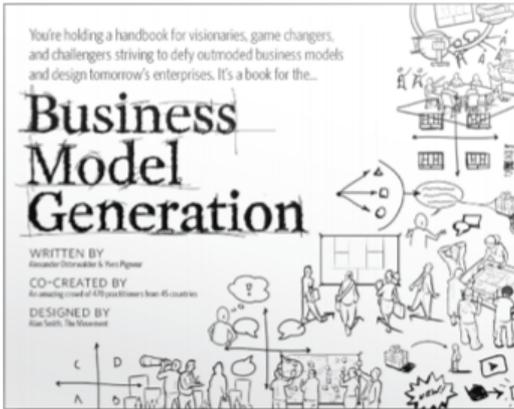
Agile Digital Strategy Development. Release fast, release early. We develop, test and adapt business strategies within days, not months. We deliver high value by integrating what your customers really want, not what we guess they want.



Network of experts. We work closely with thought leaders in their respective fields, and as an experienced team of founders, programmers, online marketing specialists, scientists, and ex-Googlers, we always know first what is happening in the digital sphere. By flexibly accessing our network of experts, we leverage their knowledge to help you.



5. Books we like





6. Contact

Webrepublic AG
Seefeldstrasse 233
8008 Zürich

+41 44 542 90 60
office@webrepublic.ch
webrepublic.ch/strategies
