ABN AMRO’s change to increased agility and time to market

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Introduction

What needs to change in the organization to increase agility and time to market? ABN AMRO answered this question by starting a program in which the entire IT landscape will be rebuild in five years, with the main drivers including the network society, change in customer expectations and upcoming regulations [1]. In this case study I will look into the background of ABN AMRO’s desire to change and describe this in regard to the Adaptive Cycle.

Background

Upcoming regulations, confidence in sustainability of economic model drops, the network society develops and some other factors force the ABN AMRO bank to change their way of working rigorously. Therefore ABN AMRO started the IT driven ‘TOPS 2020 IT’ program in which the entire IT landscape will be rebuild in five years. Overall objectives of the program are increased agility and time to market. Jan Robat, program manager of this program, stated that ‘the bank that is innovative and agile against lower costs will win the game’. Main targets of the program are to reduce IT costs, increase agility and time to market and deliver a target platform. Five aspirations and eight themes in their IT vision are the starting points for the program where all solutions will be developed accordingly.

Adaptive Cycle

In this paragraph the ABN AMRO case will be studied in regard to the Adaptive Cycle of Abcouwer and Parson [1]. The stages of the change process within the ABN AMRO case are the starting point for the analysis and the steps will be described with the Adaptive Cycle. Striking features in regard to the Adaptive Cycle theory will be noted.
**Equilibrium**

In the equilibrium situation, before the start of the changes that ABN AMRO made, business needs were centrally collected and mostly developed in projects. This projects were steered unambiguously and generally delivered too late, over budget and with poor quality. Thereby were these projects mostly executed by the IT department, with insufficient focus on business aspects, which has led to lack of acceptance within ABN AMRO.

Crisis did arise when there was the notion that the current situation was not maintainable. Upcoming regulations required quick adaptability, new technologies provided totally different solutions which could not be easily integrated with the former situation, new players entered the market so ABN AMRO had to stay competitive and so on. All these factors were taken into account during the ‘release’ transition according to the Adaptive Cycle theory. This was the motivation to change direction and to proceed to a crisis situation. Surprisingly not the business, which had inadequate capabilities to serve the changing requirements, but the IT department was the driver behind the crisis and the initiator in the drive for change.

**Crisis**

In the crisis situation ABN AMRO looked at ‘a lot of things in the business, market and regulations’, according to Jan Robat. Therefore they composed five aspirations which are the principles for the allocated change (see filled Adaptive Cycle on the right). These aspirations led to eight IT Vision themes, for example ‘ensure agility, flexibility and reliability in our IT landscape’, ‘facilitate a seamless, easy to use, enjoyable and secure customer experience’ and so on.

ABN AMRO chose to set a new direction in this situation by developing principles and a vision for future direction. In the transition from the crisis situation to the new combinations situation, which is called ‘reorganization’ by Abcouwer and Parson, there was the foundation to consider severable options to reach the needed change. There is still curiosity about the future solutions, but the direction is clear. Although it seems that ABN AMRO has followed the steps according the Adaptive Cycle theory, there seemed to be overlap in the crisis situation.
and the new combinations situation. In the crisis situation there were already some solutions part of the development of the aspirations and the vision themes. The capability model they bought was the driver for some of the vision themes that were developed. However, the stated aspirations and developed vision themes were the foundation to adjust the chosen set of fundamental changes in the IT landscape that were the starting points for future solutions.

**New combinations**

In the new combinations situation ABN AMRO looked for an approach to meet the overall objectives of the needed change. This approach is to have fundamental changes and high level principles for these changes in the future which are based on the principles and the vision that were developed in the crisis situation. ABN AMRO chose to set up a large program which will rebuild their entire IT landscape in five years. Within this program there will be several projects, steered by the program, to meet the overall objectives. General principles that are leading for all solutions that will be developed in the program (within projects), are made in this situation. This principles are acceptance that the IT landscape is complex, standardization, rationalization, re-use and DNA, which ABN AMRO explains as the connection of processes within the organization.

The transition from the new combinations situation to the entrepreneurship situation, ‘exploitation’ according the Adaptive Cycle theory, is radically executed by ABN AMRO. They started a large program that will rebuild the entire IT landscape, as described before. In this program ideas and options can grow rapidly and be executed so they will be sustainable, but also adaptable, for the future. Remarkable is that also in the situation of new combinations and entrepreneurship there is overlap within the change of ABN AMRO. While designing the principles and setting up the program, there is partly clear which projects are necessary to execute. While solutions are chosen in the entrepreneurship situation according the Adaptive Cycle theory.

**Figure 3: New combinations situation Adaptive Cycle**

<table>
<thead>
<tr>
<th>Want</th>
<th>Can</th>
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</thead>
<tbody>
<tr>
<td>Certain</td>
<td>Equilibrium</td>
</tr>
<tr>
<td>Uncertain</td>
<td>New combinations</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>Acceptance of complex IT landscape</td>
</tr>
<tr>
<td>Crisis</td>
<td>Standardization</td>
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<tr>
<td></td>
<td>Rationalization</td>
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<tr>
<td></td>
<td>Re-use</td>
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<td></td>
<td>DNA connected processes within the organization</td>
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Entrepreneurship
In the entrepreneurship situation ABN AMRO has started a five year during program where the entire IT landscape will be rebuild according to the principles and vision themes that were developed during the crisis and new combinations situation. This program contains sevearable projects that will execute operational solutions that will be implemented in the ABN AMRO organization. These project will be executed while the current solutions are still running, so they are, according to Jan Robat, ‘building a city within an existing city’, which aggravates the complexity of the solutions. All changes within the program are IT driven, to obtain the overall objectives of the program: increased agility and time to market.
Knowledge and skills will be developed, so the new solutions can be used within the organization.
The transition from the entrepreneurship situation to the equilibrium situation, ‘conservation’ according the Adaptive Cycle theory, will happen during the whole time period of the program. Every single solution, developed in a project, will be implemented in the organization and has the transition to the operation of the organization separately from other solutions. In the operation there will be strived for optimization and efficiency of the implemented solution.
Notable is the way of transitioning to the equilibrium situation of ABN AMRO, in comparison to the Adaptive Cycle theory. The Adaptive Cycle theory elaborates the ‘new’ situation of equilibrium after a change. However, ABN AMRO has chosen to transition the changes continuously to the operations by projects within programs. Therefore there is not an end state of the desired change and not a new, set equilibrium.

Conclusion
ABN AMRO strives to increased agility and time to market to keep up with competition due to external drivers that influence their business. Their desired change occurs with lots of similarities with the Adaptive Cycle theory of Abcouwer and Parson. From a stable equilibrium, there starts a crisis where will be thought of a new direction to keep up with the changing environment. Solutions are developed a the new combinations situations to give direction to the required changes. In a large program ABN AMRO tries to develop and execute these changes into the operations, to gain a new stable equilibrium. However, there seems to be overlap between the distinguished situations in the Adaptive Cycle. While setting a new direction in the crisis situation, there will also be developed some general solutions. Similarly, in the new combinations situation there are concrete solutions that will be executed in early projects in the new program. Besides, the implementation of the solutions happens in several projects, which causes that implementation of the solutions are distinguished.
from each other. Hereby, the new equilibrium does not seem to be an end state, but will continuously be adjusted through projects with new solutions.

References