

# VeriSM™ Case studies: early adopters

## KABU.COM SECURITIES CO. LTD.



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Document version: v1.0 November 2018

# Introduction

This case study examines how VeriSM™ is being used at Kabu.com, a financial organization from Japan. This case study, based on an interview with Mr. Toda, the project leader, explains some additional steps including Inception and Reflection that may be of interest to readers.

## About Kabu.com

Kabu.com Securities Co. Ltd is an online stock trading and foreign exchange (FX) trading organization, part of the Mitsubishi UFJ Financial Group (MUFG). It was founded in November 1999, employs 120 people and had a revenue of \$217 million USD (profit \$54.86 million USD) in 2018.

## Context

The organization's aim is to enter a new market for virtual currency (Crypto- Currency) such as Bit Coin. They are targeting new customers and want to attract a new customer segment of 20-30 year olds. The majority of the existing customer base is aged 40 to 50.

They also plan to develop 'MUFG Coin' in the future. (Mitsubishi UFJ Financial Group had announced the "MUFG Coin Crypto-Currency" will launch in 2018.)



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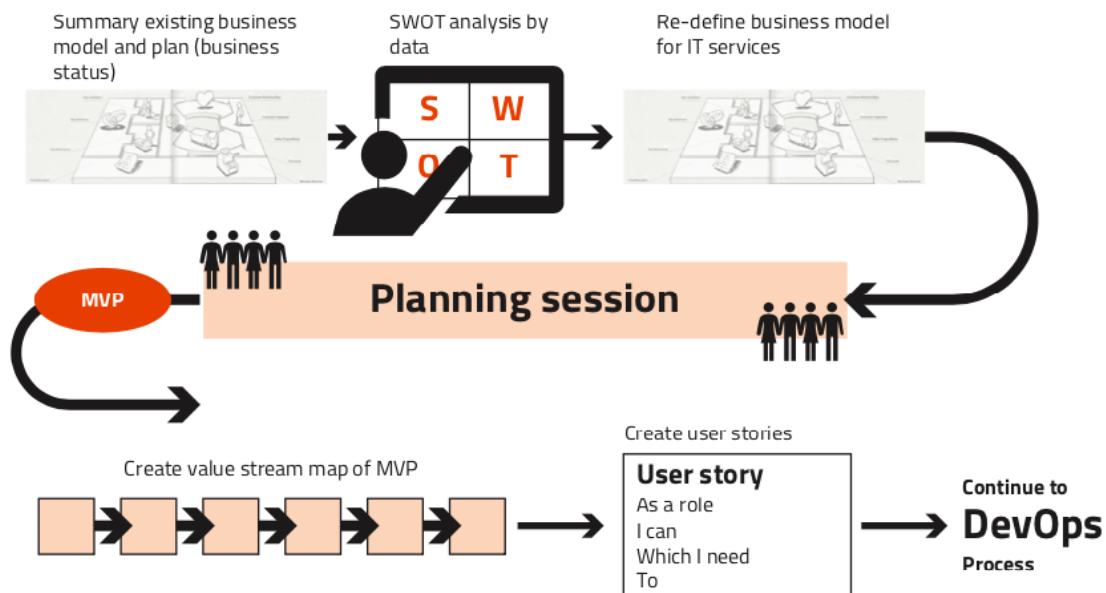
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# Preparing for the digital transformation

The team followed a process that included these steps:

- Summarize the existing business model and create plan;
- Carry out a SWOT analysis;
- Redefine the business model and IT services;
- Carry out a planning session;
- Create a minimum viable process and value stream map;
- Create user stories;
- Continue to deliver via DevOps.

## Process for digital transformation (planning phase)



## VeriSM™ and DevOps

The Figure above shows the relationship between DevOps and VeriSM™ in this model. Combined with VeriSM™, DevOps 2.0 creates various PDCA cycles in the process and support Define, Produce, Provide, and Respond in the VeriSM™ model.

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# Planning phase

During the planning phase, the Management Mesh needed to be defined. The Management Mesh is a key factor to manage quality and EOL (End of Life) of the service. To manage the Management Mesh effectively, the team set up Obeya. Obeya (large room) is a concept from the Toyota Production System (TPS). It is aimed at gathering all required information/data and visualizing it in one place to make decisions quickly. This way, every stakeholder can easily access related information. Usually Obeya displays information/data posts on a wall and then updates information/data every day. This is truly decision making by Genchi-Genbutsu (existing facts).

The team set two levels of Obeya, one at the strategic level for the business and another one at the operational level to visualize all the activities within the VeriSM™ model.

“We recommend holding a planning session for developing a plan and gaining consensus among stakeholders.”

The planning session should involve business staff, the product owner, development(Agile) team, operations team, DevOps engineer team (infrastructure), technology advisor(s) and governance and security specialist(s). The outputs from the planning session are the definition of the Management Mesh, a value stream map for the minimum viable product (MVP), user stories, criteria for EOL, and service levels. The team applied ‘Customer Planning Session’ (defined by IBM) practices for the planning session. This was a controlled discussion facilitated by the session leader.

This was a key activity for this project. Since we hadn’t had enough time to deploy the new service, we needed to ensure a good understanding of the business, project and new IT service across the stakeholders. We needed to achieve complete consensus for moving quickly and avoid rework. OBEYA helped to visualize all existing information, enabling us to make decisions promptly. Another benefit of OBEYA, was it provided a good approach for managing the Management Mesh in VeriSM™ and monitoring the status (progress and problems) of each stage all at the same time (Define, Produce, Provide, and Respond).

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# Project timeline

The project progressed well. These major activities in each month are shown below:

- April 2018:
  - Project kick-off April 1st;
  - Generate new business model;
  - Define business model for new business(Bit-Coin);
  - Approve the project budget;
  - Review and define governance;
  - Review and define Service Management Principles;
  - Plan for planning session;
  - Prepare for the planning session;
  - Gather data;
  - Collate documents;
- May 2018:
  - Hold two-day planning session on May 11 and 12;
  - Share and ensure a clear understanding of the business environment, business strategy and business model;
  - Define personas (2types);
  - Arrange requirements from users;
  - Define architecture drivers;
  - Define the four factors of the Management Mesh;
  - Define the value stream map and user stories;
  - Define core process for new system;
  - Define the criteria for EOL;
  - Create and agree the service levels;
  - Set up Obeya;
  - Develop;
- June 2018:
  - Develop;
  - Test and deploy;
  - Release of phase 1 on July1st.

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# Align the project to the VeriSM™ model

Planning phase (VeriSM™: Define) April 2018

- Create business model and strategy:
  - Establish market status and position;
  - Define target business model and story;
  - Identify targeted customers or users;
  - Undertake SWOT analysis of the business;
  - Determine required total budget or resources;
  - Determine required release date and estimated EOL;
- Define requirements for IT services:
  - Define target user journey;
  - Develop target business process (value stream map);
  - Define personas for two typical users.

## 2-day planning session

- Design IT services;
- Define architecture drivers:
  - High-level functionality;
  - Technical constraints;
  - Business constraints;
  - Quality attribute requirements

## Design rough sketch of the IT service

- Define the Management Mesh for VeriSM™;
- Re-define value stream map;
- Create user stories.

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# Development phase (Produce and Provide in VeriSM™) May, June 2018

'Produce' and 'Provide' processes are really the same as the DevOps process. We added one more process before the 'Produce' process, which is 'Inception'. The goal of this additional process is to prepare development work faster and quicker. The 'Produce' process strictly applies the basics of Scrum and extreme programming (XP) practices, and all tasks should be small and equally sized. This is the key success factor for faster and quicker development work.

The main workflow for the 'Provide' process is really the deployment pipeline. It should operate as single steady stream, aligned to the Toyota Production System (TPS). Again, smaller and equally sized tasks are a key success factor for smooth operation of the deployment pipeline as well.

## Inception stage

- Review and arrange product backlogs;
  - Finalize user stories;
  - Set priority;
- Breakdown into small tasks;
  - Create sprint backlogs;
  - Define 1 hour-tasks;
- Final setup for DevOps infrastructure.

Roles include the service master (product owner), development (Scrum) team and DevOps engineers, working together collaboratively.

## Produce stage

- 2 weeks (10 days) as print, with 4 engineers per team;
- Develop the core process for the services (MVP) in 3 sprints.

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## Provide stage

- Operate deployment pipeline manually, as a tentative plan;
- Integrate into existing proof of concept (POC) and enhance POC capability (support social networking service);
- Enhancement or Adjustment Phase (Respond in VeriSM™) operates from July 2018 onwards.

## Respond stage

- POC communicates with customers by SMS, not phone;
- Record customer feedback, sort and organize by week;
- Share failure information;
- Update POC's KPT (Keep [good things], Problem [bad things], and Try [countermeasure]) board daily;
- Analyze customer experience;
- Review value of the service provided to consumers (consumer satisfaction);
- Create any changes required based on the product backlog and give them to the service master.

## Reflection stage

- Update KPT board in Obeya weekly and undertake counter measures defined by daily activities;
- Hold weekly Obeya meetings and share all status changes, supported by facts, making decisions quickly;
- Review Management Mesh to identify EOL.

In the Respond process, KPT is an important practice, using feedback from customers to drive staff to think about effective actions to adapt to their needs. KPT is easy and a powerful tool for reflection which was taken from Japanese Agile engineers.

We added one more process after the 'Respond' stage, which is a 'Reflection' process. The goals for this process are to manage EOL for the service and to review each element of the Management Mesh. We added one more process after the 'Respond' stage, which is a 'Reflection' process. The goals for this process are to manage EOL for the service and to review each element of the Management Mesh.

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From my experience, the Management Mesh should be operated via Obeya, because it makes it easy to review each element of the Management Mesh and adapt to the existing situation. I think Produce, Provide and Respond are small PDCA cycles within VeriSM™, keeping services effective. On other hand, the goal of the 'Reflection' process is to build a larger PDCA cycle in the VeriSM™ model to manage the Management Mesh and the whole project/business. Therefore, Obeya provides a best practice to manage the Management Mesh in VeriSM™.

## The Management Mesh

We've defined our Management Mesh for the project as shown in the Figure available below.

The defined elements of the Management Mesh include:

- The business environment and emerging technologies, these two factors affect EOL decisions – watch their status carefully;
- Resources, which are easy to manage, because when you implement Agile concepts in your organization, resources are already addressed;
- Management practices, which address speed-to-delivery or faster operations.

### Management Mesh (defined)

#### (Business environment)

Uncertain business environment  
 Many players joining the market  
 Business rule (BCG) of MUFG  
 Legal restraints (will enforce new law in future)

#### (Emerging technologies)

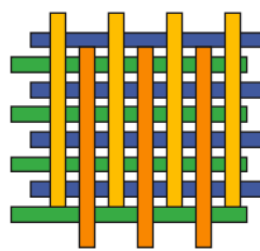
Java and AI refactoring  
 Container (Docker), Kubernetes  
 Cloud infrastructure (AWS)  
 Blockchain  
 API to connect secured legacy banking DB system

#### (Resources for 1<sup>st</sup> Step)

Total budget: 200k\$  
 Development (Scrum) team: 4 engineers  
 Service master (Product owner)  
 Supporting staff for PO  
 Process master (Scrum Master)  
 DevOps engineer  
 Reliability engineer  
 Outside supporting team  
 EOL: up to 3 years  
 Period: 8 weeks (release on July 1<sup>st</sup>)

#### (Management practices)

TMS (TOYOTA way management system)  
 ISO20000  
 SIAM  
 DevOps and Scrum



Security  
 Development  
 Technology adviser (system)  
 Operation  
 Infrastructure

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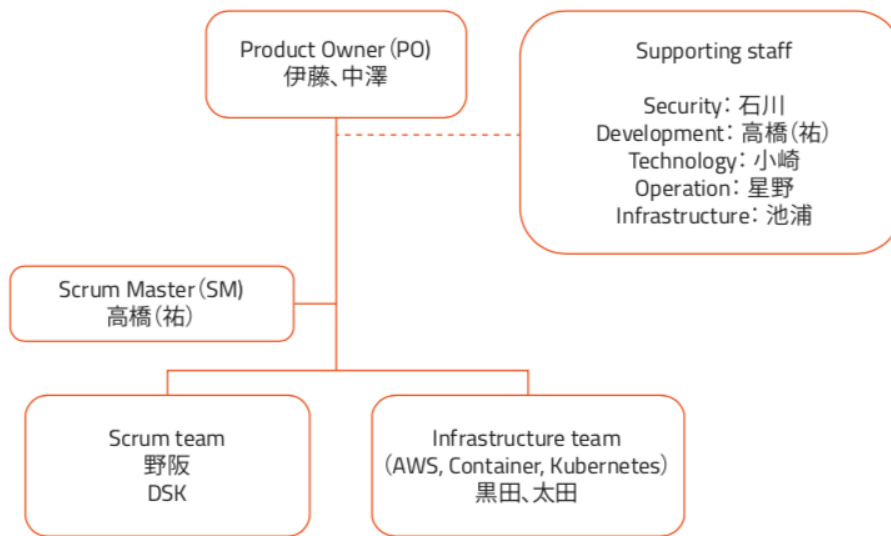
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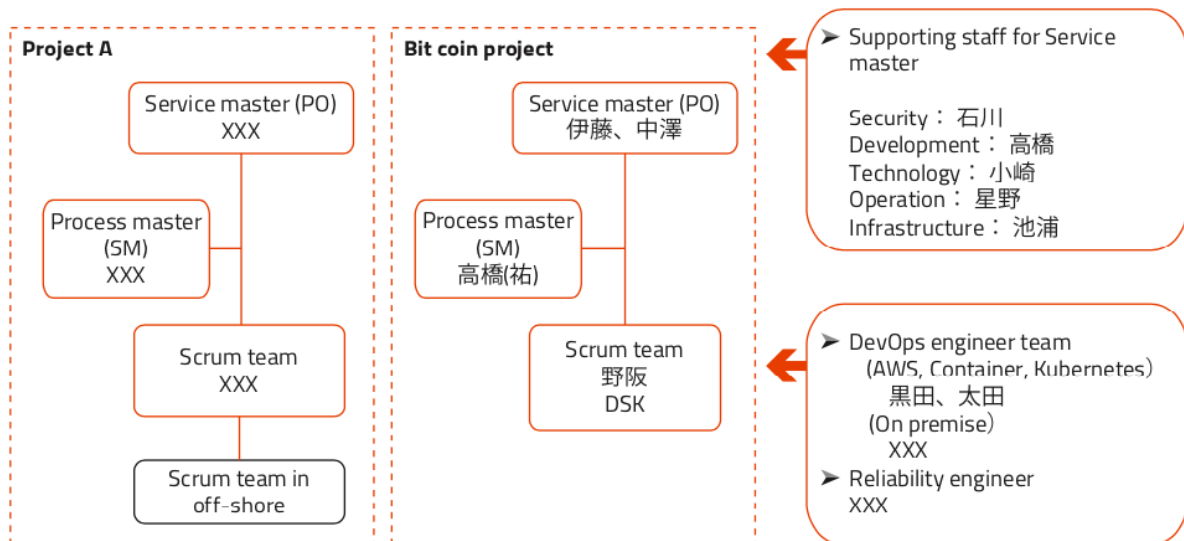
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The Figures below shows how the project was organized.

### Agile organization (1) May ~ June 2018



### DevOps organization (2) Beyond July 2018



# The business benefits

By using VeriSM™ at Kabu.com, they were able to:

- Reduce the lead time to 1/3 (10 months faster);
- Achieve 8% savings on the annual project budget;
- The VeriSM Management Mesh facilitated the use of multiple methodologies in a way that made sense and met business goals;
- Management Mesh was also found to be key factor in managing quality and service end of life.

## Youtube video about Kabu.com case study

There is also available an extended explanation about Kabu.com case study including the perspective from the CEO of the company. You can access the video through the following link: <https://www.youtube.com/watch?v=cYPRddt3E8k>

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