

SCRUM STUDIO ENABLES KLM ROYAL DUTCH AIRLINES TO DIGITALLY TRANSFORM



OCTOBER 2018

CASE STUDY



THE COMPANY

The Company

Founded on October 7, 1919, KLM Royal Dutch Airlines is the oldest scheduled airline in the world still operating under its original name. In 2016, the KLM Group operated worldwide flights with over 200 aircraft, generating €10 billion revenues and employing 32,000 staff from its Amsterdam basis.

The Business Challenge

In 2014, Pieter Elbers became the CEO of KLM. A new ambition was formulated: to become the most customer-centric, innovative and efficient European network carrier. A number of programs were initiated to help realize that ambition. These programs included: Customer Experience (CX), High Performance Organization (HPO), Operational Excellence (OPEX), and Digital Transformation.

To get the Digital Transformation program up and running, Liesbeth Oudkerk was chosen to lead it. Initially she was also head of Information Management Passenger Operations but transitioned to focus on Digital Transformation in 2016.

As an initiative to get the Digital Transformation program off the ground, Oudkerk and the team organized a series of Digital Design Days: three days for each of the five businesses: Passenger >

Operations, Cargo, Engineering & Maintenance, Finance, and HR and also for Information Services. During these days, 20-30 participants per business were inspired by external speakers bringing in outside learnings. They worked on personas and employee journeys which resulted in 66 initiatives across all businesses that were due for digitization. This backlog kick-started the KLM Digital Transformation into 2016.

The next challenge was to prioritize these ideas, choosing which ideas to execute and when. They had already been using the Scrum framework for many years, for projects like their website and mobile apps. Therefore, it seemed a natural next step to use Scrum for this much larger initiative.

They realized that Transformation can be very challenging especially when you use Scrum because it can highlight or expose organizational weakness and strengths very quickly. The speed to resolve issues is not as quick so impediments arise. A major impediment to transformation is people and their resistance or unwillingness to change especially when they are measured or assessed on operational efficiency Key Performance Indicators (KPIs).



© KLM Royal Dutch Airlines

Solution

KLM needed someone to help them manage the backlog from the Digital Design Days. They selected a member of the Scrum.org Engagement Manager community, Nana Abban from Akaditi, as their agile coach. They started with a workshop where they went through the 66 items and

started prioritizing. Working with their coach and after seeing a Scrum.org presentation on Scrum Studio, an adaptable set of patterns that have co-evolved with Scrum and the Nexus framework for scaling Scrum, they decided to implement a Digital Studio based on Scrum Studio idea. With this concept in mind they learned that it is important to keep these initiatives separate from the organization while still connecting to the influence of the larger organization.

“The key focus areas for Digital Studio is to become a more professional Scrum organization,” said Nana Abban, Agile Coach, Akaditi. “The goal is to build awesome products and delight employees thus making their life at work easier.”

Scrum Studio is based on the following principles:

- An outcome-based funding model
- A strong focus on building high-performing teams
- Supporting and protecting those teams to let them focus on empirically-based innovation
- Growing teams and individuals by investing in communities

“I don’t think Digital Transformation is for everyone, it is quite a challenge,” said Wim Vollenberg, PMO Digital Transformation, KLM. “Getting the right talent on board is critical with the amount of competition in the market and companies looking for talent on technologies that didn’t exist 10 years ago. Our Digital Studio approach, based on Scrum Studio, has helped with attracting talent.”

They liked the Scrum Studio concept of being as independent as possible, so they wouldn’t be slowed down. “It’s difficult to change legacy companies from the inside,” said Vollenberg. “Scrum.org came up with the Scrum Studio concept which is that you start not within, but more on the side of the large company. It tries to act as independently as possible. Of course, you’ll never be completely independent ➤

because you need salaries, you need IT, but you try to do that.”

Therefore, they initiated the KLM Digital Studio where they moved 200 people to work, of which 80 people are on the Digital Transformation team. Digitizing Passenger Operations also moved to this building. Besides the Digital Studio, other teams in Passenger Operations, Cargo, Engineering & Maintenance, HR, Finance and IT also work on digitization. In addition, digitization for customers takes place in the Air France KLM Digital department within the Commercial organization.

Every four weeks, the Digital Studio hosts a Sprint Review, now called “Demo Festival”, where they invite anyone who is interested within the organization to provide feedback on the very latest technology developments being worked on. Guest speakers are also invited to talk to staff about the transforming digital world and a wide variety of other inspiring topics like design, CSR, biomimicry, work-life balance, etc.

Results

Once they moved into the Digital Studio, they started delivering value and established partnerships with Apple and IBM for their apps used at the airport and onboard. Other partners are TCS and Salesforce. Since measuring outcomes is a key principle within the Scrum Studio model, they established several KPIs including operational performance, ability to innovate, time to market and customer experience as a way to leverage Evidence Based Management measures. “We have been performing consistently well against these KPIs,” said Vollenberg.

The Digital Studio at KLM will promote forward thinking ideas and experiments for years to come. Scrum Studio will continue to be the strategy for growing the KLM Digital Studio. The

Digital Studio has become an icon in the KLM and Amsterdam Airport Schiphol Landscape. KLM is undergoing some experimentation in areas including Virtual Reality Training for fighting fires, introducing new crew members and more. They are also experimenting with blockchain, Augmented Reality, Artificial Intelligence and introducing other new technologies as well. Scrum Studio helped to guide them in doing so and they plan to continue using this model. ◆

Scrum Studio in Action

One of the current projects in the Digital Studio with a focus on customer satisfaction is an app that tracks passengers’ pets’ journeys. It provides customers with the peace of mind that their pet is doing well on their journey on KLM Royal Dutch Airlines. It involves things like employees giving feedback about the pet during the journey and pushing it to the passengers to ensure their pet is doing well.

“Our main purpose is to help our employees do what they do best,” said Vollenberg. “Digitizing is of course not a goal in itself, but it helps our employees to deliver the best service to our customers.”

About Scrum.org

Based on the principles of Scrum and the Agile Manifesto, Scrum.org provides comprehensive training, assessments, and certifications to *improve the profession of software delivery*.

Throughout the world, our solutions and community of Professional Scrum Trainers empower people and organizations to achieve agility through Scrum.

Ken Schwaber, the co-creator of Scrum, founded Scrum.org in 2009 as a global organization, dedicating himself to improving the profession of software delivery by reducing the gaps so the work and work products are dependable.

Read more whitepapers and case studies about the Scrum and Nexus frameworks in action at:

www.scrum.org/Resources