Clear Ridge

Lessons from the Agile Experiment

in Digital Portfolio Management

Iterating with intent: benefits, limits and practical lessons for water businesses

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Why this matters: case studies

Two core-system replacements that would have benefited from more agile practices

QUEENSLAND HEALTH · PAYROLL · 2010

A payroll replacement went live with known defects

$6.19m **~$1.2bn**

Original contract and later eight-year cost estimate (different scopes) [5]

- March 2010 go-live caused widespread pay errors [5]
- About 1,000 staff were needed to process fortnightly pays [5]
- Unclear scope, weak accountability and relaxed testing criteria [5]

SYDNEY WATER · CUSTOMER BILLING · 2002

A $38m billing system was abandoned after $61m

$38.2m → **$135.1m**

Original budget vs Audit Office estimate of total project cost [19]

- Stopped in October 2002 before core billing went live
- About $61m on releases, plus $18.6m on related hardware and software [19]
- Specifications, testing and Board reporting were inadequate [19]

An effective investment framework connects delivery evidence with decisions about scope, funding and operational readiness.

[5] Qld Health Payroll Commission of Inquiry (2013). [18] Qld Premier (7 Aug 2013). [19] NSW Auditor-General (2003), Review of Sydney Water's CIBS. [17] Digital NSW, Sydney Water Customer Experience Program.

How agile escaped the software team

A method for building software under uncertainty became a model for running programmes, portfolios and whole organisations

2001

The Manifesto

17 software practitioners set out values for building software when requirements are uncertain. [1]

2011

Scaled to programmes

SAFe's foundations are published and the UK Government Digital Service is formed. [2][13]

2015–16

Scaled to organisations

ING adopts squads and tribes in 2015. Australia releases its Digital Service Standard in 2016. [14][15]

2018

Beyond IT

'Agile at Scale' promotes agile for HR, finance, marketing and portfolio funding, though not for every function. [3]

2023–24

A correction

Capital One folds 1,100 agile roles into engineering and product [6]. BCG finds 47% of adopters are 'illusory agile'. [4]

Why it spread beyond software

Digital became mainstream

Customer channels, billing, asset and operational data now run on software, so software methods followed.

Big-bang fatigue

Qld Health payroll began with a $6.19m IBM contract. A later $1.2bn estimate covered eight years, including operation. [5]

Pace of change

Annual plans were out of date before approval. Leaders wanted to redirect spend as they learned.

A market selling it

Frameworks, certifications and coaching turned agile into a product: the 'Agile Industrial Complex'. [7]

[1] Agile Manifesto (2001). [2] Scaled Agile (2022). [3] Rigby et al., HBR (2018). [4] BCG (2024). [5] Qld Health Payroll Commission (2013). [6] CIO Dive (2023). [7] Fowler (2018). [13] UK Government (2011). [14] ING executives, McKinsey (2017). [15] DTA (2024).

What agile promised portfolio management

Moving from team practice to portfolio practice changed six core management decisions

Decision	Traditional portfolio	Agile portfolio
Unit of investment	Projects with a fixed scope, end date and team	**Persistent product or service teams funded over time**
Funding	Annual allocation against an up-front business case	**Rolling, incremental funding released against evidence**
Planning	Detailed multi-year plan, baselined at approval	**Short horizons; backlog reprioritised every quarter**
Governance	Stage gates and document reviews	**Showcases of working results and outcome measures**
Business role	Signs off requirements, then waits for go-live	**Embedded product owner, accountable for value**
Progress measure	Milestones met and per cent complete	**Outcomes achieved and lessons learned**

Each shift is sound in principle, but resulted in removing governance important for decision making.

Synthesis drawing on [3] Rigby, Sutherland & Noble (2018) and [4] BCG (2024).

What went well: decisions moved closer to evidence

Where it worked, agile shortened the time between making a decision and seeing whether it was right

Earlier learning

Working increments expose wrong assumptions within weeks, not at go-live, when they are cheapest to fix.

Closer business involvement

Policy, operations and customers shape the service as it is built, instead of only signing off at the start.

More timely decisions

Regular showcases give executives real evidence to continue, change direction or stop.

2–4×
faster delivery

15–20%
lower delivery cost

Reported by the 53% of firms BCG classed as ‘truly agile’: those that also changed governance, incentives and how business and IT work together. [4]

Department of Veterans’ Affairs: MyService

20 weeks
to first live service

107 → 30 days
average rehabilitation claim processing

A 16-page, 36-question form became a short online survey. Executives from three agencies saw fortnightly showcases. [8]

SA Water: a water utility’s reset

A consultant-led launch stalled. SA Water paused, restarted with a smaller group and aligned agile with its strategy and decision framework. It then delivered an award-winning smart leak-detection network in 2017. [9]

Common thread: a clear service problem, an empowered business owner and executive attention.

[4] BCG (2024), 127 companies; benefits self-reported by ‘truly agile’ firms. [8] iTnews (Dec 2017), DVA MyService. [9] iTnews (Nov 2018), SA Water’s agile reset.

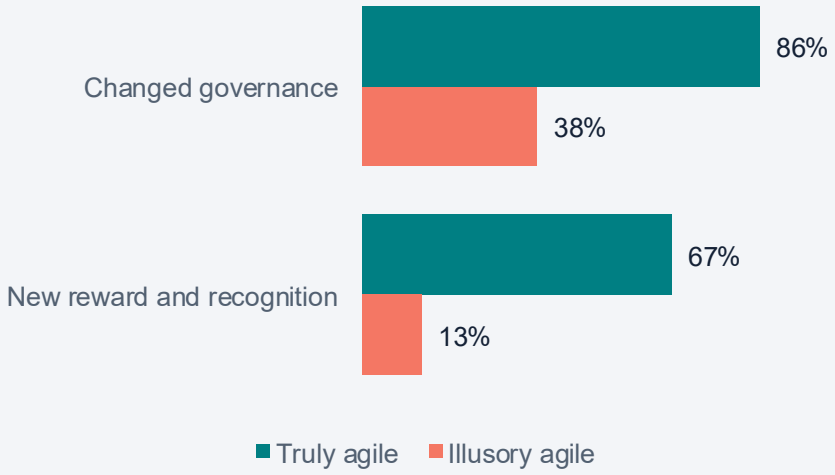
What didn’t go well: rituals without decisions

Many adopters copied the visible practices and left untouched the governance, funding and accountability around them

47%

of agile adopters were ‘illusory agile’: practices in place, expected benefits missing. [4]

What the truly agile changed and the illusory didn’t



Rituals over results

Squads, sprints and stand-ups were adopted and counted, while structure, incentives and governance stayed the same. [4][7]

Copying someone else’s model

Organisations copied the ‘Spotify model’, which Spotify itself never ran as it was described. [10]

Teams without a system

Dozens of empowered teams stalled inside unchanged budgeting, approval and procurement processes. [3]

Planning discarded with the plan

‘Responding to change over following a plan’ became a licence to skip strategy, architecture and roadmaps.

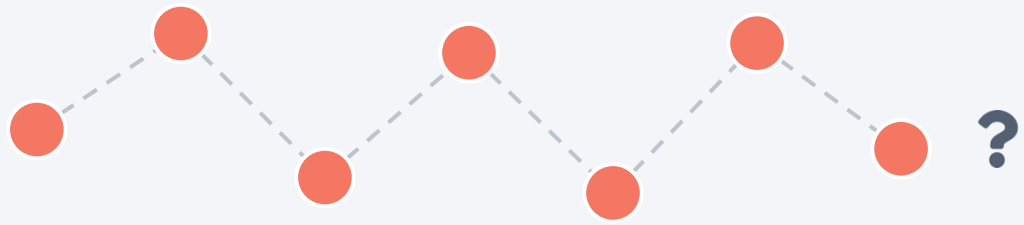
Agile practices without new governance and incentives produced activity, not benefits.

[3] Rigby, Sutherland & Noble (2018). [4] BCG (2024), 127 companies, 23 countries. [7] Fowler (2018). [10] Lee, J. (2020), Spotify’s Failed #SquadGoals.

The trap: iterating to nothing

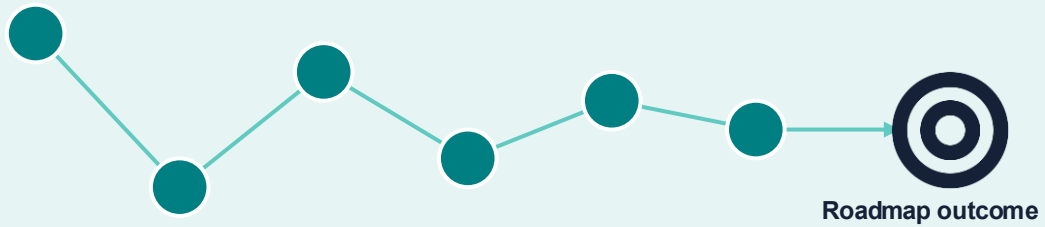
Without an opinionated strategy and roadmap, each iteration improves locally while the portfolio as a whole drifts

Iteration without direction



Each sprint delivers something; nothing adds up to the service outcome

Iteration with direction



Sprints still vary, but each is tested against where the roadmap is heading

Symptoms to watch for

- The backlog becomes a wish-list of every stakeholder's requests
- Minimum viable products launch but never replace the old system, so both keep running
- Progress is reported as velocity and story points, not benefits
- The roadmap is dismissed as 'waterfall', so dependencies surface late

~25%

1,386 projects, 859 respondents

of effort spent on planning is where project success peaked. The average was 15%: most projects under-plan. [11]

Agile tells you how to steer. It does not tell you where to go.

[11] Serrador, P. & Turner, R. (2015), What is Enough Planning? Results from a Global Quantitative Study, IEEE Transactions on Engineering Management, 1,386 projects.

What this means for water businesses

Councils already plan over long horizons and budget annually. Agile has to work inside that framework, not around it

Business ownership

Reality The people who know the service also run 24/7 treatment plants, networks and customer operations.

Do **Name one accountable business owner per outcome, and fund backfill so they have time to do the role.**

Funding

Reality Budgets are adopted each year between 1 June and 31 July, inside 10-year financial forecasts and asset plans. SaaS moves spend from capex to opex. [12]

Do **Approve an outcome envelope within the long-term forecast. Release each tranche on evidence.**

Governance

Reality Councillors, audit and risk committees, the Queensland Audit Office and drinking-water regulation all expect decisions that can be traced.

Do **Review the portfolio quarterly on outcomes and benefits. Treat safety, compliance and cyber security as fixed guardrails, not backlog items.**

Operational capacity

Reality Digital teams are small, workforces are regional, OT and SCADA have safety constraints, and councils rely heavily on vendors.

Do **Pace change to what operations can absorb. A faster digital front end will not clear a back-office queue.**

In water, councils, and critical services, the binding constraint is often people's time and operational capacity.

[12] Queensland Government, Community guide to local government: financial management. Drinking water obligations under the Water Supply (Safety and Reliability) Act 2008 (Qld).

We want organisations to be firm on direction, flexible on route

Match the method to the level of the decision and how uncertain the work really is

Opinionated strategy and roadmap 3–5 years; revisit annually	Service outcomes, target state, a sequenced roadmap and an explicit list of what you won't do. Changed by deliberate decision, never by drift.
Adaptive investment governance Quarterly	Staged funding, benefit tracking, decisions to stop or continue, and capacity balanced across the portfolio.
Fit-for-purpose delivery Fortnightly to monthly	Agile where the answer is uncertain. Plan-driven where the answer is known, regulated or safety-critical.

Matching method to work



Agile

Customer portal and self-service, data and reporting products, field mobility apps

Hybrid

Asset management, ERP or billing replacement: fixed core, with iteration on configuration and adoption

Plan-driven

SCADA and OT upgrades, data migration and cutover, regulatory reporting changes

The sweet spot isn't a method; it's being firm about direction and flexible about the route.

ClearRidge synthesis drawing on [3] Rigby, Sutherland & Noble (2018), [4] BCG (2024) and [11] Serrador & Turner (2015). Delivery examples are illustrative.

Preparing for and executing big projects or digital transformation

Think intentionally before investment, then use agile to learn fast once you have

Prepare Before major investment

1. **Opinionated strategy**
   Diagnose the problem, set target outcomes, decide what to stop.
2. **Current and target architecture**
   Systems, data, OT/IT interfaces, contracts and how you exit legacy.
3. **Sequenced roadmap**
   Dependencies, capacity and decommissioning dates, not just a feature list.
4. **Business cases in stages**
   Whole-of-life cost, named benefit owners and criteria for stopping.
5. **Ownership and capacity secured**
   Business owners, backfill, vendor and change resources in the plan.

Execute In funded stages

1. **Quarterly portfolio review**
   Continue, change or stop, based on evidence about outcomes.
2. **Release funding by stages**
   Each tranche has to be earned by the results of the last.
3. **Refresh the roadmap deliberately**
   Record what changed and why, so you change course on purpose, not by drift.
4. **Operational acceptance**
   Testing, migration reconciliation, support model and a rehearsed cutover.
5. **Finish the job**
   Decommission legacy and track benefits after delivery teams move on.

Can your team name the service outcome your project delivers?

ClearRidge practice guidance, informed by [4] BCG (2024), [9] SA Water (2018), [11] Serrador & Turner (2015) and [12] Queensland local government planning requirements.

Three things to take away

1 **The best methodology is the one tailored to your organisation.**

Set an opinionated strategy and roadmap first, then iterate towards it.

2 **Govern the portfolio on outcomes and evidence.**

Fund in tranches, review quarterly and be prepared to stop.

3 **Invest in the people and capacity that make decisions possible.**

Give business owners time, fund backfill and plan to switch the old system off.

Clear Ridge helps leaders decide where to invest, sequence competing priorities, write business cases, and build the governance and readiness to deliver lasting service improvements.

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