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GUIDEWIRE (B): THE CORPORATE SPRINT

Professor Stuart Read prepared this case as a basis for class discussion rather than to illustrate either effective or ineffective handling of a business situation.

One of the things that surprised John Seybold and his partners the most during the first six years at Guidewire was the interest their clients had in the Scrum process. And not an intellectual interest, but a practical one. Just about all the internal implementation teams at Guidewire client sites were actually using Scrum themselves to roll out their new systems internally. Seybold remarked:

> Guidewire is responsible for the 350 Guidewire employees using Scrum. But there is another number, larger than that, of our clients' employees who use Scrum because of Guidewire. There are some customers that have their own methodology – and we support them – but the vast majority are using Scrum.

The process was organized at the client site in the same way Guidewire development ran Scrum sprints internally. The implementation was broken up into month-long sprints, with feedback, review and re-prioritization at the end of each cycle.

Rapid Customer Feedback

One of the biggest advantages to Guidewire customers of using scrum in the implementation project was that the process encouraged rapid feedback from the business users to the implementation team. The product had been built to be highly customizeable, and Scrum complemented the product by formalizing frequent interaction and feedback, as Seybold explained:

> It can be difficult for customers to decide what they really want to do, since for so long they've been constrained by the limitations of their legacy systems. In many projects, one of the "long poles" is the time required for the business users to settle on the business processes they want to implement. Seeing a running system that demonstrates a particular choice, and that can be changed easily and quickly, often helps them to clarify and refine their business objectives. Scrum is ideal for acting on this rapid feedback.

Flexible Implementation

In part through encouraging customer feedback, and in part through the agility of the process, Scrum also enabled flexibility of implementation. Instead of the standard approach of taking an exhaustive set of requirements and working on them until a distant "go-live" date, Scrum enabled the Guidewire team to interactively ask their clients "how do you *want* to do business?" Starting with a running, but uncustomized system, the first week clients would shape it to their needs, one month at a time.

Fast Implementation

A third benefit of using Scrum within a client implementation team was speed. Based on the cost of Guidewire software, the number of people a client devoted to an implementation team, and the expected business benefit from moving to Guidewire software, the pressure to get the software up and running was great. And from its early experiences, Guidewire knew that if a client used Scrum, implementation would be faster.

The Risks of Scrum

In general, the process worked. All of Guidewire's implementations to date had been successful – quite remarkable in an industry that routinely expected enterprise software to consume orders of magnitude more time and money than initially budgeted. But it was not perfect. Guidewire had learned, for instance, that it was not appropriate for customers who wanted their process to generate detailed documentation. Scrum gave up a lengthy initial design period and a comprehensive specification that could be signed off against, in favor of seeing results quickly and iterating to a solution. So Scrum worked well for customers interested in visibility into the process and a better ability to react to change, but not for those who wanted to predict exactly what would be delivered and when. Seybold explained:

> Some customers want the comfort of "nailing down" a design up front. We tend to think that the tradeoff that Scrum provides is a good one, particularly since upfront design and estimation is so hard to do accurately. But we do work successfully with customers in a more traditional "waterfall" mode too.

The Commitment to Scrum

Based on both the internal and external success Guidewire had with the Scrum process, the team decided to adapt both the process and the organization to accommodate the growth the market was demanding from Guidewire.

Seybold started by looking at teams/projects that had done particularly well. Teams that were unusually fast, had consistently good results, were very adaptive and had high morale. Seybold noticed three things in the characteristics of these teams:

1. They were a specific size of between 3 and 6 developers.

2. They were very focused on a particular product or problem.

3. They sat together, enabling people to talk all the time.

Seybold wanted to replicate that over and over, and with his partners decided to split the engineering group into "pods." Pods consisted of between three and six people. A pod was assigned to a particular area of the product. Anyone on the pod was expected to be able to work on anything in that product area. And the physical layout of the office was reconfigured around the pods to support communication. Every pod had a pod leader, though pod members treated the leader more like a "team captain" than a manager. Seybold noted:

> I'm hoping that we are going to be able to use this structure to reinforce some of the cultural aspects we care about. It's hard for us to propagate best practices. Do you move people around between pods? Sometimes – though you want some stability. The unit of the sprint has now shifted down to the pod. Some of the pods have even abandoned the daily meeting – as they sit together and talk constantly. We are changing the way we sprint, but fundamentally we are still in Scrum – still in the sprint.

How Long Can This Last?

In May 2007, Guidewire ran at least twenty pods, with four or five handling each of Guidewire's five main product areas. Performance reviews of individuals within a pod were done by the heads of the product groups – not by pod leaders. The role of the pod leader was one of mentorship and making sure the output of the pod was of good quality. Each time a pod grew beyond six people, it was split into two. Pod leaders were determined by competence – the leader was someone who could do the job of any of the people who worked with them, a first among equals. As Seybold put it:

> On the whole, it's amazing to me how organized we still are, with so little management infrastructure. It all works through a very subtle and complicated interplay that depends on the individuals involved, the software systems we've built to manage our processes, the communication structures, and the culture of personal responsibility. Looking from the outside, it might be hard to understand why the whole thing doesn't just self-destruct. But it's actually incredibly resilient to all kinds of organizational stress - like a forest of bamboo. I think this adaptation will buy Guidewire a few more years at least. With pods, we should be able to grow to 500 or 1,000 people. And by then, we will have figured out new ways of organizing and adapting. In the meantime, we have customers we need to serve, competitors to beat, and new ideas for the product we want to bring to the market. What we have will help us accomplish those objectives now.