

## Case study: Orange



# Orange uses software innovation to advance its business

## Agility and speed enable iteration and fast learning

It was nearly a decade ago that the company then known as France Telecom— now Orange—began its journey to becoming a software-driven enterprise. “We were just trying to understand what the benefits could be of bringing some applications into our information technology group,” says Patrice Slupowski, Orange’s vice president for digital innovation. “At that point, these applications were very much considered a foreign element inside our company.”

Today, Orange thrives in the app economy. It has a proprietary system to monitor the quality and performance of its internal development process, and a facility called The Techno Center, where its biggest software development projects are carried out in agile (i.e., collaborative, iterative) mode. Of course, the company still has legacy systems that can slow down the pace of progress. But given its size—€39 billion in annual revenues (2014), 155,000 employees, and 247 million customers worldwide—Orange is moving at what feels like breakneck speed.

That is perhaps the biggest transformation at Orange since its immersion in the app economy—the rapidity with which the organization spawns and implements ideas. “We are quite obsessed now with the feeling that we have to go fast; that we have to either deliver fast or fail fast on any project. That way, we are able to quickly learn from failure,” says Mr. Slupowski.

His team is especially focused on open-source innovation, gathering feedback from French developers on how applications are used. This allows the company to have a significant impact on research and the development of patents, which also helps sharpen its competitive edge. And at the same time Orange delivers leading industrial capabilities to its customers, it is also using some of its new applications to protect enterprise and individual data.

But becoming a software-driven enterprise took time, and progress came in waves. Orange technologists would see an app being used by another company and create a prototype to try in their own projects. Successful apps earned applause, but the inevitable failures made the company reluctant to continue on the road to change.

One of the biggest issues—even when a prototype worked well—was determining whether to implement it on a companywide basis. Orange was inspired by the first APIs put out by the internet giants, and tried to mimic some of their work for its own services. “But then it would conflict with other things we were doing internally, and people were afraid we were cannibalizing our own activities,” Mr. Slupowski says.

Still, the evolution continued. Explanations and analysis of the advantages of advanced software methodologies and apps would pile up. Eventually, the CEO got on board, with a predictably galvanizing effect. “When the head of the company explains why it is important to move in a certain direction, that simplifies everything,” says Mr. Slupowski.

Since then, the road has gotten smoother, but the necessary cultural changes have been immense. It transformed Orange from the inside out, and had an impact on the company’s external partners as well. “You begin to change your approach to

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partnership with companies, because it is simplifying the interface,” Mr. Slupowski says. “And you are also changing the boundaries of your own IT systems.”

Now, Orange is borrowing ideas and apps—from lean startups in particular—and assimilating them into the organization to increase its agility. “Globally, we consider that innovation is a key differentiating factor,” Mr. Slupowski says. And the company backs that up by having several thousand people dedicated to the task of innovation—a tangible sign of Orange’s progress in the years since that first API was introduced.

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### About the research

This case study is based on an April 2015 interview with Patrice Slupowski, vice president for digital innovation at Orange. For more information about this research, read the full report, “[The Battle for Competitive Advantage in the App Economy](#).”

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