

Demystifying the hackathon

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Hackathons aren't just for start-ups. They can play a valuable role in accelerating the digital transformation of large organizations.

The “**hackathon**” has become one of the latest vogue terms in business. Typically used in reference to innovation jams like those seen at Rails Rumble or TechCrunch Disrupt, it describes an event that pools eager entrepreneurs and software developers into a confined space for a day or two and challenges them to create a cool killer app. Yet hackathons aren't just for the start-up tech crowd. Businesses are employing the same principles to break through organizational inertia and instill more innovation-driven cultures. That's because they offer a baptism by fire: a short, intense plunge that assaults the senses and allows employees to experience creative disruption in a visceral way.

For large organizations in particular, hackathons can be adapted to greatly accelerate the process of digital transformation. They are less about designing new products and more about “hacking” away at old processes and ways of working. By giving management and others the ability to kick the tires of collaborative design practices, 24-hour hackathons can show that big organizations are capable of delivering breakthrough innovation at start-up speed. And that's never been more critical: speed and agility are today central to driving business value,¹ making hackathons a valuable tool for accelerating organizational change and fostering a quick-march, customercentric, can-do culture.

What it takes to do a good 24-hour hackathon

A 24-hour hackathon differs from more established brainstorming sessions in that it is all about results and jump-starting a way of working, not just idea generation. However, done well, it can help shave 25 to 50 percent from the time it takes to bring a service or product to market. The best 24-hour hackathons share several characteristics. They are:

- **Centered on the customer.** A hackathon is focused on a single customer process or journey and supports a clear business target—for example, speed, revenue growth, or a breakthrough customer experience. It goes from the front to the back, starting with the customer experience and moving through various organizational and process steps that come into play to deliver on that interaction and the complete customer journey.

¹ See Tanguy Catlin, Jay Scanlan, and Paul Willmott, “Raising your Digital Quotient,” *McKinsey Quarterly*, June 2015, on mckinsey.com. For more on how companies can put digital at the core of the enterprise, see our Raise your Digital Quotient series, mckinsey.com/features/raise_your_digital_quotient.

- *Deeply cross-functional.* This is not just for the IT crowd. Hackathons bring together people from across the business to force different ways of working a problem. In addition to IT and top management, whose involvement as participants or as sponsors is critical, hackathon participants can include frontline personnel, brand leaders, user-experience specialists, customer service, sales, graphic designers, and coders. That assortment forces a range of perspectives to keep group think at bay while intense deadlines dispense with small talk and force quick, deep collaboration.
- *Starting from scratch.* Successful hackathons deliberately challenge participants to reimagine an idealized method for addressing a given customer need, such as taking a paper-based, offline account-opening procedure and turning it into a simple, single-step, self-service online process. There's an intentional irreverence in this disruption, too. Participants go in knowing that everything can and should be challenged. That's liberating. The goal is to toss aside traditional notions of how things are done and reimagine the richest, most efficient way to improve the customer experience.
- *Concrete and focused on output.* Sessions start with ideas but end with a working prototype that people can see and touch, such as clickable apps or a 3-D printed product (exhibit). Output also includes a clear development path that highlights all the steps needed, including regulatory, IT, and other considerations, to accelerate production and implementation. After an intense design workshop, which includes sketching a minimum viable product and overnight coding and development of the prototype, a 24-hour hackathon typically concludes with an experiential presentation to senior leaders. This management showcase includes a real-life demonstration of the new prototype and a roadmap of IT and other capabilities needed to bring the final version to market in under 12 weeks.
- *Iterative and continuous.* Once teams agree on a basic experience, designers and coders go to work creating a virtual model that the group vets, refines and re-releases in continual cycles until the new process or app meets the desired experience criteria. When hackathons end, there is usually a surge of enthusiasm and energy. But that energy can dissipate unless management puts in place new processes to sustain the momentum. That includes creating mechanisms for frontline employees to report back on progress and rewards for adopting new behaviors.

Hacking into new ways of working

Several big organizations have started hosting 24-hour hackathons, bringing together business and brand professionals, programmers, graphic designers, user-experience specialists, and project managers to make the process of digital transformation feel more concrete, open up creative thinking in a really practical way, and model how innovation practices can be structured to ultimately serve as a mindset-change tool.

Exhibit

How hackathons can accelerate digital transformations

Four stages to convert ideas into action



One Asian insurance company, for example, pulled 120 participants into 10 cross-functional teams and charged them with fundamentally redesigning how customers process healthcare claims. Within the space of 24 hours, the competing teams delivered a new model that went far beyond the original scope, totally redesigning the way customers could monitor their health and interact with insurance companies, effectively eliminating the need for processing claims. The experience energized the group and opened the eyes of top management to the power of digital to transform their business. The hackathon helped persuade skeptical members of the management team that the company had the goods to deliver on a bold, high-profile customer initiative, and led the CEO to declare "the end of paper processes and the beginning of zero-based design for our company."

For its part, one Asian bank used a 24-hour hackathon to spur greater collaboration among different, often siloed, business functions. The hook was to create a fully digitized know-your-customer process to help the bank meet its regulatory requirements concerning client identity information in a better, more customer-friendly way. Likewise, a telecommunications company used a hackathon to show managers and staff that the company had the design mojo to fully reinvent customer-critical processes. Participants shredded the company's old onboarding process and laid out a far more streamlined, automated, and intuitive process that would allow customers of its fiber, mobile, and television services to access service in three quick steps. It prompted the company's director of consumer business to report, "I cannot believe what has been achieved in the last few hours. This is years ahead of what we currently have!"



For many organizations, envisioning, building, and releasing new customer processes might take more than six months in a traditional development cycle and still face additional weeks of training and internal evangelizing to get the organization on board with the change. Digital hackathons sharply advance that process. In cases we've seen, post-hackathon prototypes are often tested, built out, and scaled in an accelerated eight- to 12-week cycle. And, since the principals—top management and brand leaders—are all part of the initial event, they don't need to be sold on the approach or the strategy. They already get it. That alone can part the seas for internal adoption.

The practical, hands-on nature of hackathons allows large, established organizations to feel what the future can be like in a way that is both exciting and reassuring. By removing some of the perceived risk, 24-hour hackathons can be an effective way to accelerate digital and customer transformation. □

Ferry Grijpink is a principal in McKinsey's Singapore office, where **Javier Vara** is an associate principal; **Alan Lau** a director in the Hong Kong office.