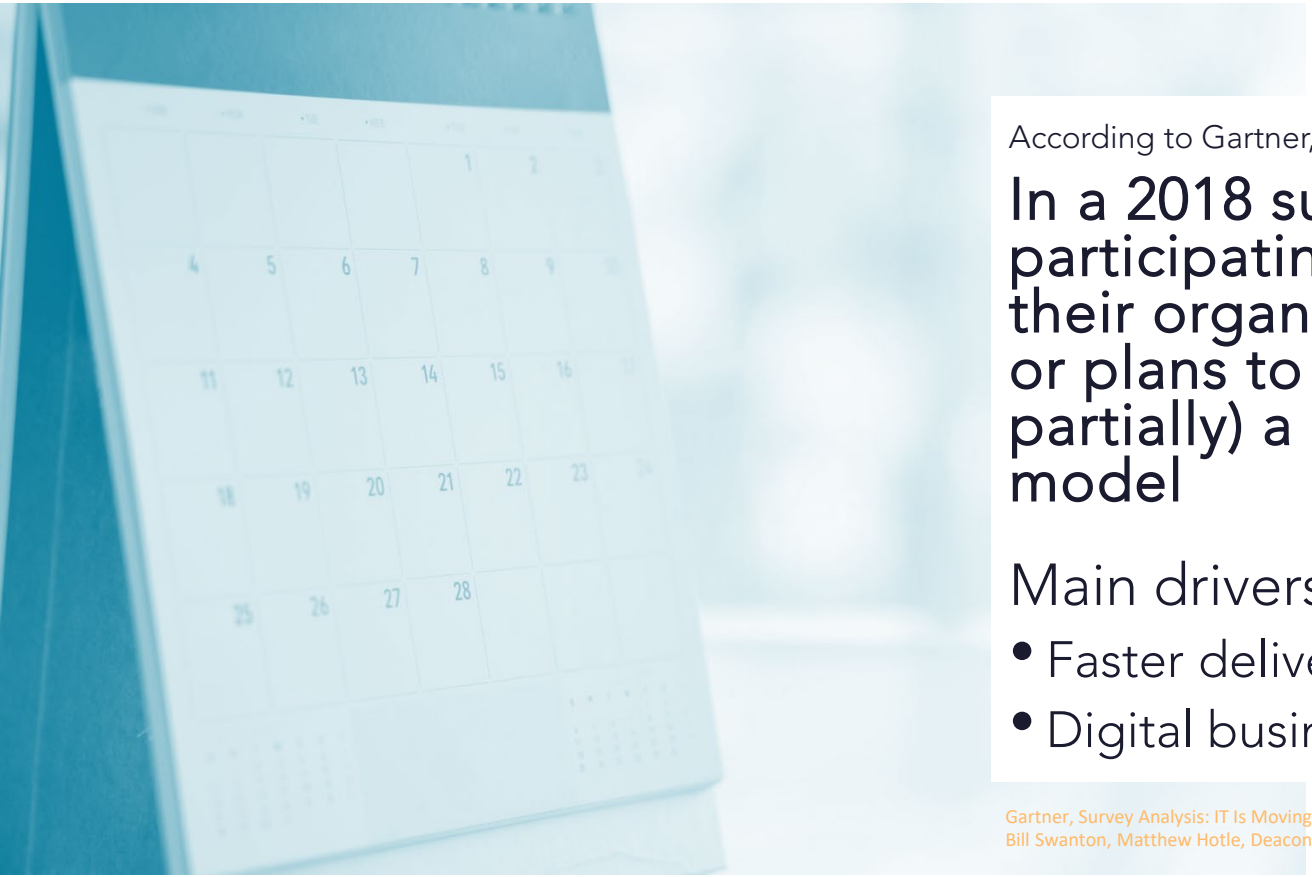
planview

planview ACCELERATE™
COLLABORATE. INSPIRE. GROW.
September 13-14, 2022

The Shift from Project to Product

STATE OF THE INDUSTRY REPORT

Naomi Lurie | VP Product Marketing, VSM
Planview



According to Gartner, Inc.

In a 2018 survey, 85% of participating respondents said their organization has adopted or plans to adopt (fully or partially) a product-centric model

Main drivers:

- Faster delivery
- Digital business transformation

Gartner, Survey Analysis: IT Is Moving Quickly From Projects to Products, Bill Swanton, Matthew Hotle, Deacon D.K. Wan, 23 October 2018.

In today's talk

- The 5 stages of the shift
- 7 dimensions to self-assess
- State of the industry and what we've learned
- The impacts on flow and value delivery
- Practical tips for advancing through the stages

Search

- Groups
  - Assets, Wealth & Banking (~Business Products)
    - Everyday Banking
      - Account Services
      - Credit
      - Mobile Checking
      - Rewards & Promotions
      - Transfer & Pay
    - Lending
      - Secured
      - Unsecured
    - Wealth Management
  - Banking Operations (~Shared Internal Products)
    - Contact Center
    - Core Banking
    - Core Trading
    - Credit Risk
    - Personalization & Authentication
  - Business Enablement Platforms (~Standalone Internal Products)
    - Finance & Accounting
      - Payments
      - Tax and Accounting
    - Legal Compliance
    - Enterprise Analytics
  - DevOps Shared Services (~Platform Products)
    - Monitoring and Alerting
    - Pipeline
    - Security
    - Service Orchestration
    - Service Sustainability

Concept to cash

Measure Your Shift from Project to Product

Based on **Flow Metrics**, **Business Results**, and **Timeline Events**

Generating Flow Metrics
14 (82.4%)

Tracking Business Results
2 (11.8%)

Tracking Timeline Events
4 (23.5%)

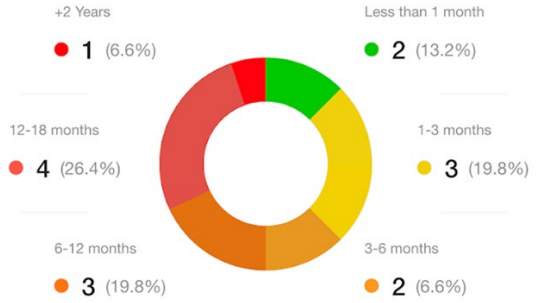
Flow Time

3
days to close a defect, on average

Jan 01, 2020 – May 30, 2020 Group by Month

Feature

When will products have capacity for new work?



Business Results | Timeline Events

+$ Value		-$ Cost	
Revenue	$50M	Infrastructure Cost	$150K
OKR: Renewals	11%	Total Cost of FTEs	$1M
New sales	$350K		

Quality		Happiness	
% Target Getting Benefits	32%	OKR: eNPS	60.00
OKR: Escaped Defect Ratio	3%	OKR: Turnover Rate	3%

#PVAccelerate22

planview

5 stages to this multi-year process

Operating primarily in a project-based model.
Teams are constantly being formed, stormed, etc.
Application integrity and dependencies are hard to manage.
Characterized by large batch sizes and long release cycles.

Typically, digital portfolios are the first to implement new approaches, such as long-lived cross-functional teams and the product manager role. Frequently coupled with the adoption of other lean and agile frameworks.

Expanding the mindset, but the principles are not evenly applied, particularly between internal and external products. Agile, DORA and engineering metrics are the primary measures of success. Funding is still fixed annually, and lead times exceed a quarter.

The product operating model is increasingly widespread across the entire technology portfolio. Most products have an independent path to production and can incorporate customer feedback within a quarter. Metrics evolve to emphasize business outcomes and flow.

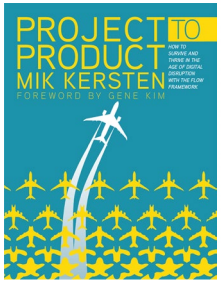
Entire portfolio is organized in continuously funded cross-functional build-and-run teams. Product management discipline is strong. Customer feedback is incorporated within weeks. Strong culture of continuous improvement.

7 differences between project and product operating models

	Project-Oriented Management	Product-Oriented Management
Budgeting	Funding of milestones, pre-defined at project scoping. New budget requires creation of a new project.	Funding of product value streams based on business results. New budget allocation based on demand. Incentive to deliver incremental results.
Time Frames	Term of the project (e.g., one year). Defined end date. Not focused on the maintenance/health after the project ends.	Life cycle of the product (multiple years), includes ongoing health/maintenance activities through end of life.
Success	Cost center approach. Measured to being on time and on budget. Capitalization of development results in large projects. Business incentivised to ask for everything they might need up front.	Profit center approach. Measured in business objectives and outcomes met (e.g., revenue). Focus on incremental value delivery and regular checkpoint.
Risk	Delivery risks, such as product/market fit, is maximized by forcing all learning, specification, and strategic decision making to occur up front.	Risk is spread across the time frame and iterations of the project. This creates option value, such as terminating the project if delivery assumptions were incorrect or pivoting if strategic opportunities arise.
Teams	Bring people to the work: allocated up front, people often span multiple projects, frequent churn and re-assignment.	Bring work to the people: stable, incrementally adjusted, cross-functional teams assigned to one value stream.
Prioritization	PPM and project plan driven. Focus on requirements delivery. Projects drive waterfall orientation.	Roadmap and hypothesis testing driven. Focus on feature and business value delivery. Products drive Agile orientation.
Visibility	IT is a black box. PMOs create complex mapping and obscurity.	Direct mapping to business outcomes, enabling transparency.

Table 2.1: Project-Oriented Management vs. Product-Oriented Management

Project to Product, Mik Kersten, IT Revolution, 2018.



7 dimensions to practically assess the shift

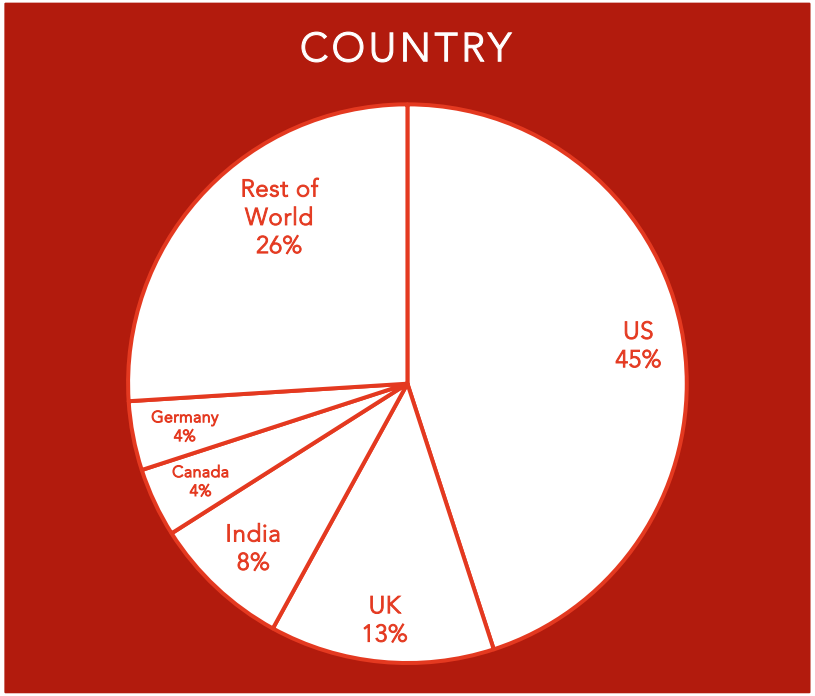
From Project to Product

How are teams organized and resourced?	• Funding projects • People brought to the work • Build and run are separate	• Funding products (external, internal and platform) • Work is brought to the people • Stable, long-lived, build-and-run team
How strong is customer-centricity?	• Loose affinity with customers • A shallow understanding of customer needs • No feedback loops	• Good understanding of customers and they value • Programmatic mechanisms to gather, respond and react to customer feedback
How clear is the definition of value?	• Emphasis is on being on time and on-budget • Most people don't understand how they contribute to the business	• Emphasis is on achieving clear business outcomes • Value is a focal point for everyone on the teams • Focus is on incremental value delivery
How are backlogs managed and prioritized?	• Project plan drives priorit • Long-term implications (like tech debt) are not considered • Gantt charts drive waterfall-like behavior	• The product manager drives product vision and roadmap; cares about long-term viability • Business imperatives drive roadmap, tradeoffs, and prioritization
How are dependencies managed?	• Execution path involves SLAs with functional areas (QA, Security) • Heavy coordination required	• Dependencies are consumed as self-service capabilities • Handoffs and coordination is minimal
How rapidly can feedback revise planning?	• Highly governed release windows • Difficult to apply principles of feedback and continual learning	• Products have automated independent paths to production • Feedback can be incorporated within weeks
How are delivery teams measured?	• Siloed metrics (Agile, engineering, QA, DORA)	• Leading metrics: Flow Metrics measure across horizontal delivery processes • Lagging metrics: Business outcomes

The Project to Product Maturity Assessment

- 5 minutes: 7 easy multiple-choice questions
- Find out your stage, 1–5
- Get recommendations on how to advance
- Get an eBook that details the entire journey to maturity

A little about the survey



259 responses

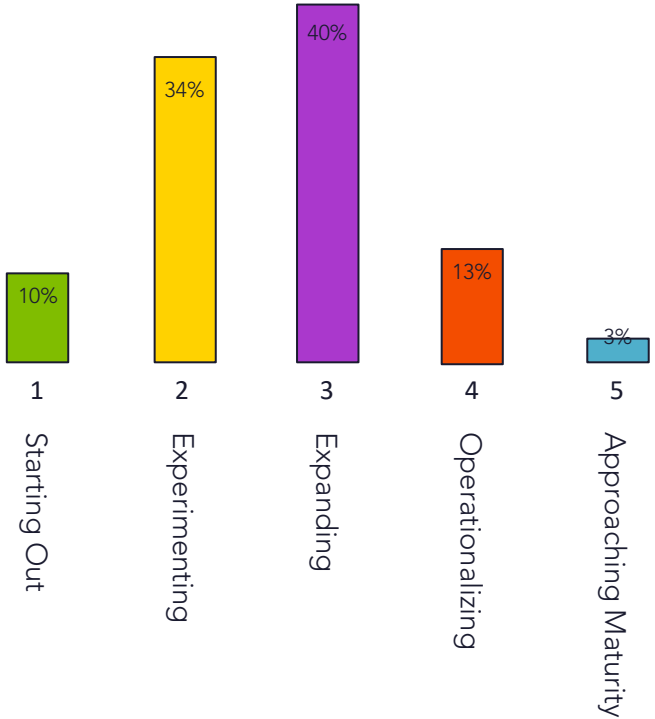
223 companies

166 unique job titles

How is the shift going?

How is the shift going?

- Early findings show the majority of organizations (84%) have not yet fully operationalized the shift, where the true ROI is captured
- Two hypotheses:
  - Expansion is proving difficult
  - Expansion simply takes a long time



Based on 259 respondents to the Tasktop Product to Product Maturity Assessment

What increases the likelihood of crossing the chasm?

Seven most important factors (highest in green)

Team organization & resourcing

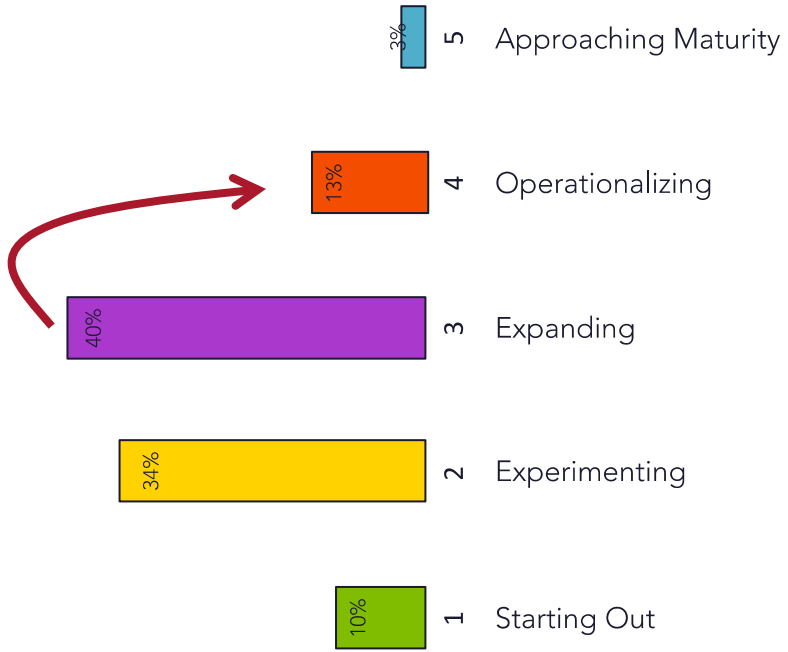
- The entire portfolio is organized in continuously funded cross-functional build-and-run teams
- Most of the portfolio, including some internal platforms, is delivered by cross-functional build-and-run teams; funding is annual or semi-annual
- Internal platforms and shared services are operationally funded; external-facing products are delivered by cross-functional teams

Feedback speed

- All products have an automated and independent path to production and can incorporate customer feedback within weeks

Delivery team metrics

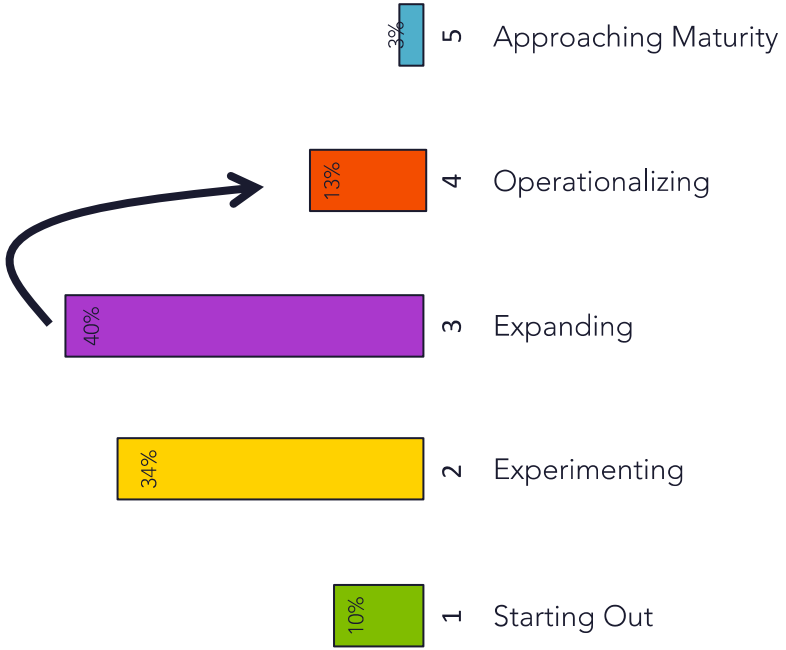
- Flow metrics and business outcomes are incorporated in operational reviews at all levels
- Flow metrics are measured in addition to Agile, DORA, and Engineering metrics



What decreases the likelihood of crossing the chasm?

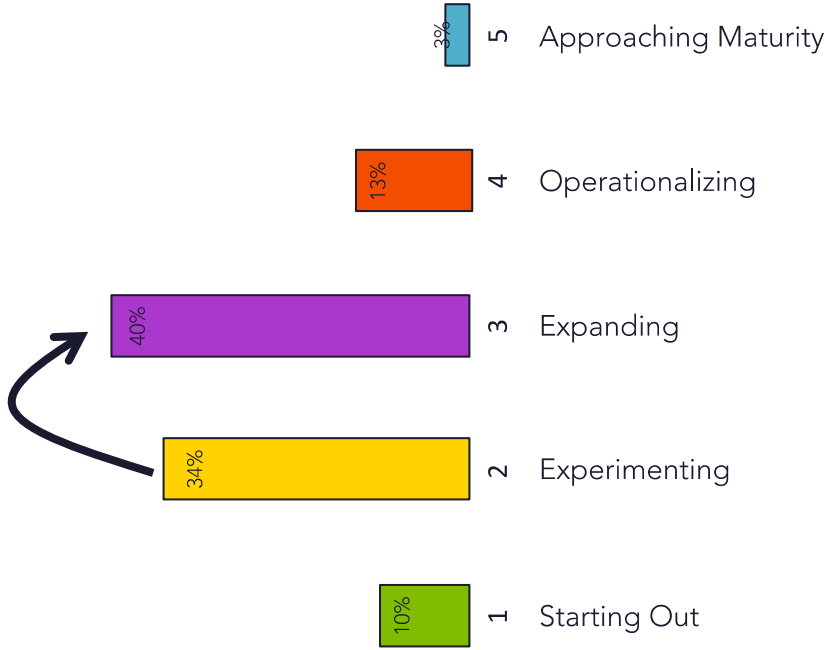
Single most important factor

- Customer centricity
  - Our external-facing applications can clearly identify their customers, **but we have no programmatic feedback mechanisms in place**



What increases the likelihood of getting past experimentation?

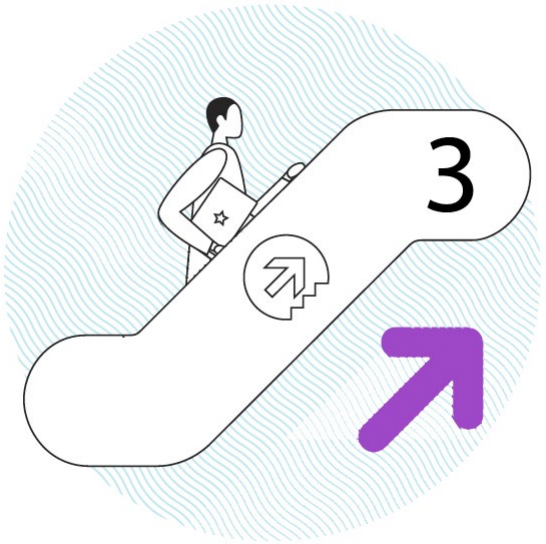
- Even progress across all dimensions!



Tips for Experimentation

1. Develop success criteria
2. Carve out one experience or product to start the journey
3. Carve out some money for a cross-functional build-and-run team
4. Include a product manager/owner
5. Measure your baseline from the customer's perspective
6. Follow your process and product dependencies to investigate your constraints
7. Experiment to improve speed and throughput
8. Make the improvement itself work visible

Don’t rush into **Expansion**



1. Maximize learnings and don’t begin expansion before you’ve developed good patterns
2. Go deep: apply product patterns to internal and platform products
3. Carefully select expansion to areas with supportive IT and business leaders
4. Use stories to drive culture change across portfolios
5. Be open to continuous learning as you go

Anti-patterns to avoid

1. Starting with big re-orgs
2. Having no clear metrics to measure success or progress
3. Time-boxing
4. Setting conflicting OKRs and incentives
5. Ignoring internal and platform products
6. Not considering the human element

4 tips to manage the culture change

1. Not just for the cool kids: demonstrate you are invested in all your associates
2. Empower teams: give license to creativity and experimentation, reward the effort — not just results
3. Remove red tape and slow approval cycles
4. Forget the big bang! Appreciate the cumulative baby steps of progress

Take the Project to Product Maturity Assessment

- 5 minutes: 7 easy multiple-choice questions
- Find out your stage, 1–5
- Get recommendations on how to advance
- Get an eBook that details the entire journey to maturity

planview

planview ACCELERATE™
COLLABORATE. INSPIRE. GROW.
September 13-14, 2022

Thank you!

naomi.lurie@planview.com

tasktop.com/assessment

