

# HSE

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# From Project to Product

1. What are Products?
2. Why are Products important to EA and Technology Innovation Leaders?
3. What are Enterprise Architecture Products?

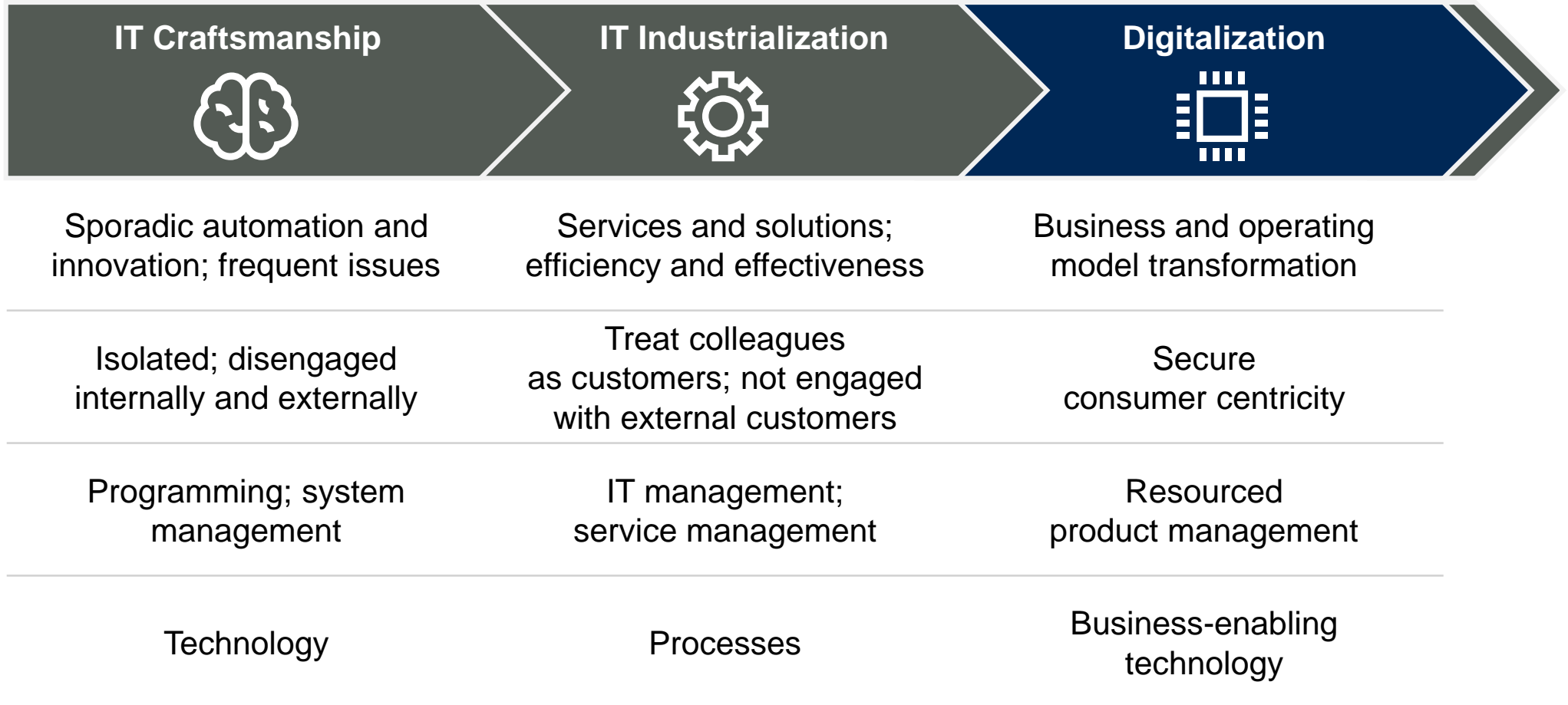
# A word on products ...

- Product – A bundle of Goods and Services that deliver value



- EA Product – A bundle of good and services that deliver value
  - E.g. Strategic Roadmapping
  - The Product is the primary unit for delivering value
  - Empowered Product Managers and autonomous Product Teams are closer to value delivery
  - The Product contains everything the buyer needs to gain value e.g. Resources, Processes, Data etc

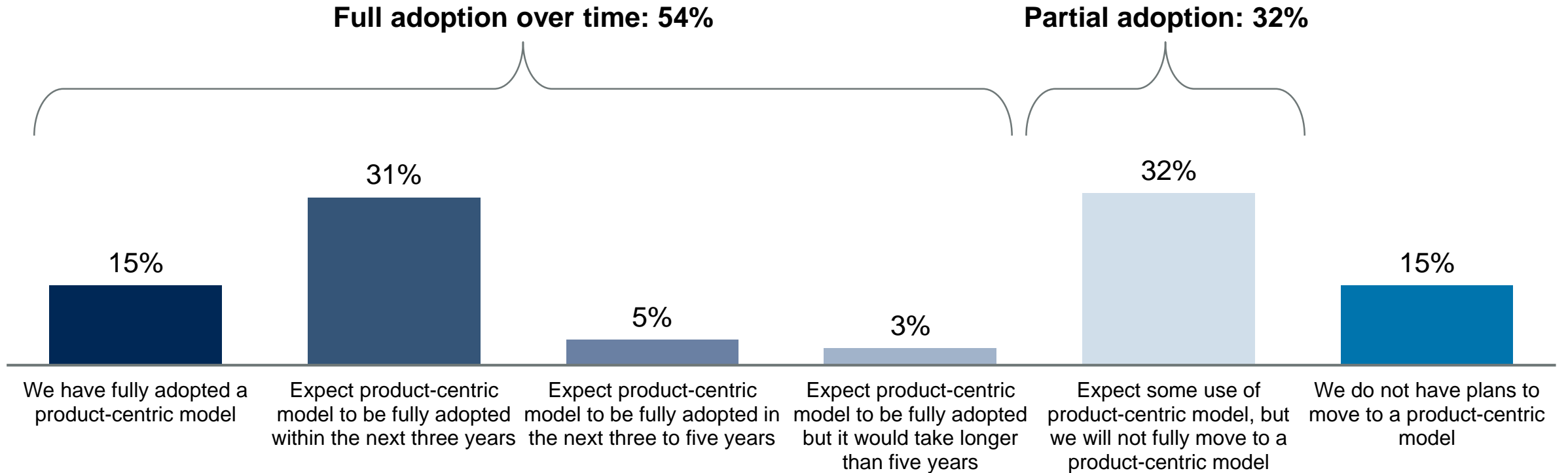
# We've Come a Long Way



For more details on this research, see ["The 2019 CIO Agenda: Securing a New Foundation for Digital Business."](#)

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# The Shift to Products Is On



**Base:** n = 129 Gartner Research Circle Members (excluding "don't know" responses).

**Question asked:** What are your organization's plans for using a product-centric model for software delivery (versus a project-centric model)? Please select one response.

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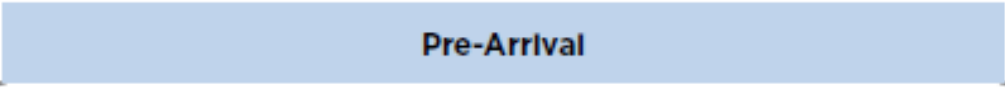
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# Hilton Worldwide



Hilton treats each phase of the customer journey as a distinct product line, and dedicates resources to support customer experience goals for that phase.

**Product Line**



Each phase of the customer journey is treated as a distinct product line.

**Customer Activities**



**Desired Outcomes**

Ability to easily make customer service requests before arrival

Hassle-free commute to hotel

Quick, seamless check-in process

**Capabilities**

Digital concierge service, enabling customers to make restaurant reservations, request special services, and preview hotel amenities

Pre-arrival email with maps, directions to hotel, and information about hotel transport

Digital check-in capability, enabling customers to choose a room and download a digital key, all before arriving at the hotel

**Success Metrics**

- Percentage of customers using digital check-in
- Repeat usage of digital check-in
- Customer ratings of digital check-in
- Customer satisfaction ratings compared to traditional check-in

Delivery teams within product lines are directly held accountable for customer outcomes

<sup>5</sup> Source: Adapted from Hilton; Gartner Analysis (August 2018)



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# Benefits of IT Product Line Management

## Key Attributes of IT Product Lines

1. Align the work of IT by how it is consumed, not how it is produced.
2. Control the people, processes, data, and technologies that support a business outcome.
3. Establish standing teams to continuously enhance and innovate.

Estimates for an Organization with Revenue of \$10 B and Annual IT Budget of \$200 M

**\$197 M**

Net cumulative enterprise benefit at the end of a four-year rollout of IT product lines; net enterprise benefit is \$99 million annually after year four.

**55%**

Percentage of benefits of IT product line management that result from its ability to drive digitally enabled growth

**45%**

Percentage of benefits that are cost efficiencies, resulting from portfolio rationalization, reduced IT planning and administrative costs, and reduced IT head count.

**\$7.1 M**

The cumulative, four-year cost of:

1. Talent planning and training within and beyond IT and
2. Hiring or transitioning IT employees to product line management



# Supporting Digitally Enabled Growth

## Why IT Product Line Management Drives Digitally Enabled Growth

**From**

### Scattered Investments

Digitization investments were incremental, scattered, and disjointed.

**67%** of strategists report their organization has too few large and transformative digitization investments.

### Rigid Prioritization Processes

Rigid funding processes did not accommodate the fast-changing needs of digital.

**63%** of business leaders report their organizations respond too slowly to digital opportunities.

### Technology Focus

Business leaders underestimated the enterprise-wide changes required for digital transformation.

**67%** of questions from business leaders about digitization relate to digital technologies, not enterprise change.

**To**

### Strategic Focus

Product line managers and their teams bring strategic focus to disjointed and local digitization investments.

### Product-Based Funding

IT spending is disproportionately directed towards the highest-priority product lines and can be rapidly redirected as priorities change.

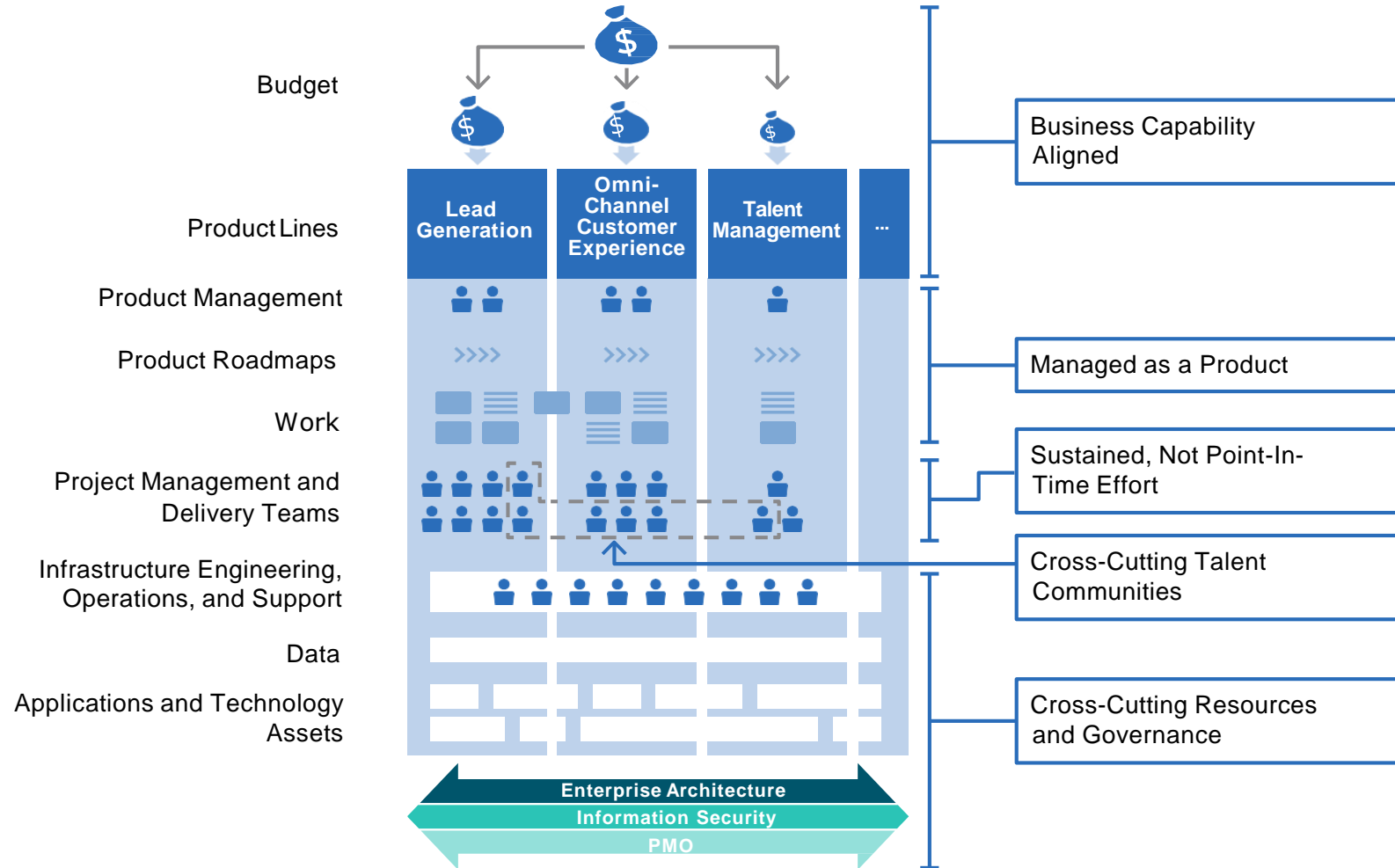
### Business Outcomes Mind-Set

Product line managers and their teams support the people, process, and organizational changes required for digital transformation.

# Key Components of an IT Product Line

## Structure, Roles, and Funding of IT Product Lines

*Illustrative*



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# EA Product Lines

## Key Attributes of IT EA Product Lines

1. Align the work of IT-EA by how it is consumed, not how it is produced.
2. Control the people, processes, data, and technologies that support a business outcome.
3. Establish standing teams to continuously enhance and innovate.

## Principles of Using a Product Management Approach for EA Activities

### 1. Start With Stakeholders' Jobs to Be Done

Center products on the most significant jobs or tasks stakeholders intend to achieve.

### 2. Leverage EA's Comparative Advantages

Offer products that leverage **EA's comparative advantages** over EA's "competitors", such as external consultants or other parts of the IT organization.

### 3. Use Voice-of-Market Interviews to Test Product Proposals

Test product proposals for relevance through voice-of-market interviews with stakeholders.

### 4. Manage Each Offering as a Product Line

Appoint enterprise or domain architects as product owners, who will manage the adoption, promotion and improvement of the offering as a product line.

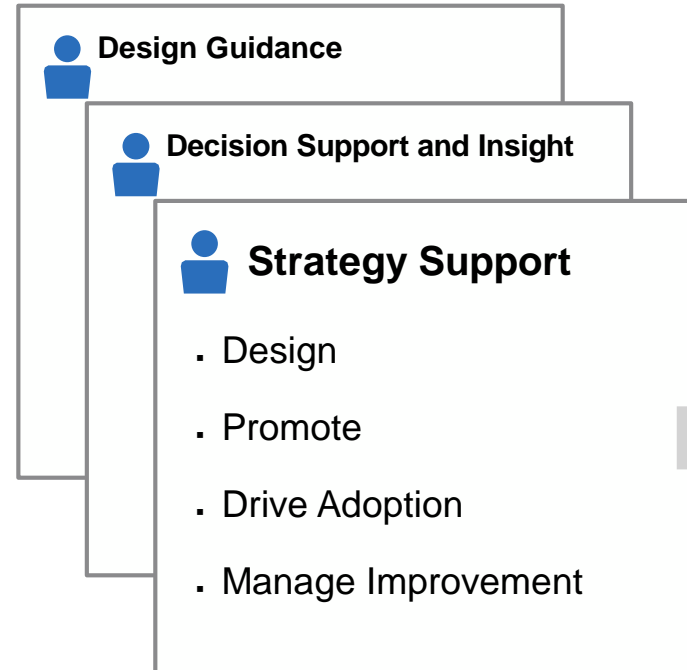
### EA's Comparative Advantages

- Understanding of enterprise systems
- Cross-enterprise perspective
- Holistic mindset
- Ability to manage across multiple time horizons

# Manage EA Activities like a Product Line



- 1 A single enterprise architect manages each EA product.
- 2 Each architect is responsible for the design, promotion, adoption, and improvement of the product.
- 3 Architects report monthly on metrics designed to incentivize maintenance of each product.
- 4 adidas will retire products that do not meet intended usage targets.

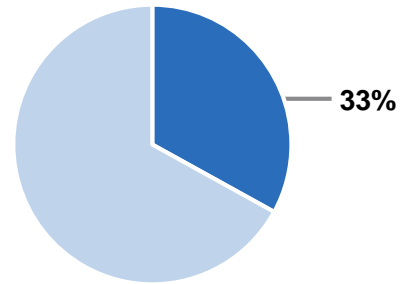


Performance metrics focus more on business outcomes (e.g. enhanced customer experience) than technology centric metrics (e.g. Uptime)

Source: adidas AG; CEB analysis.

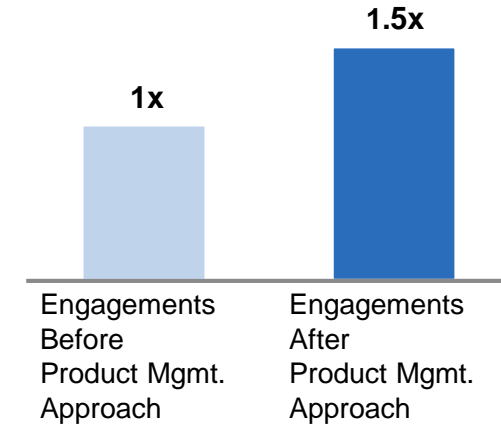
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### Percentage of New EA Activities Discovered Through Voice of the Customer



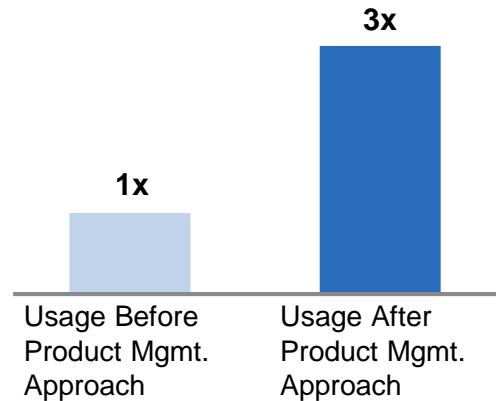
Source: adidas AG; CEB analysis.

### Number of EA Engagements with Business Leaders Indexed



Source: adidas AG; CEB analysis.

### Increase in Usage of EA Product Deliverables Indexed



Source: adidas AG; CEB analysis.

“If you ask for something and don’t get what you want, you won’t come back. When our stakeholders return, we know we’re providing value. That’s what the product management approach is about.”

Markus Rautert  
Senior Director of Enterprise Architecture  
adidas AG

# Q&A

# Appendix

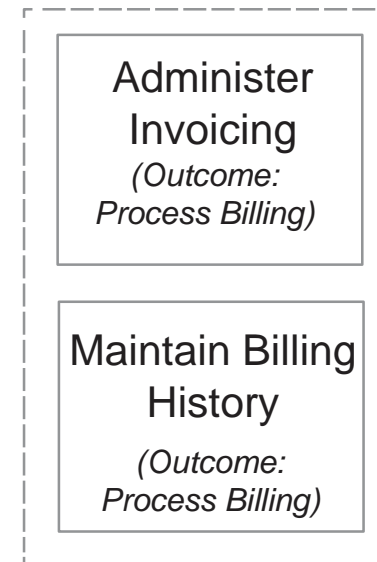


MetLife defines its Billings Management and Claims Management product lines by grouping business capabilities that support a single business outcome.

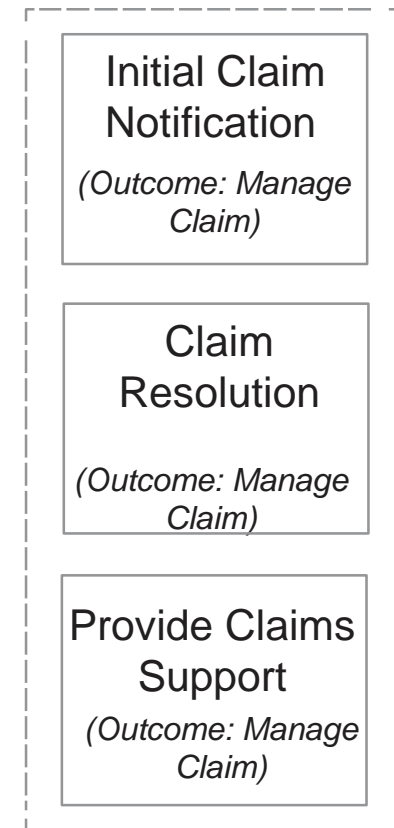
## Business Capabilities



## Billing Management Service



## Claims Management Service



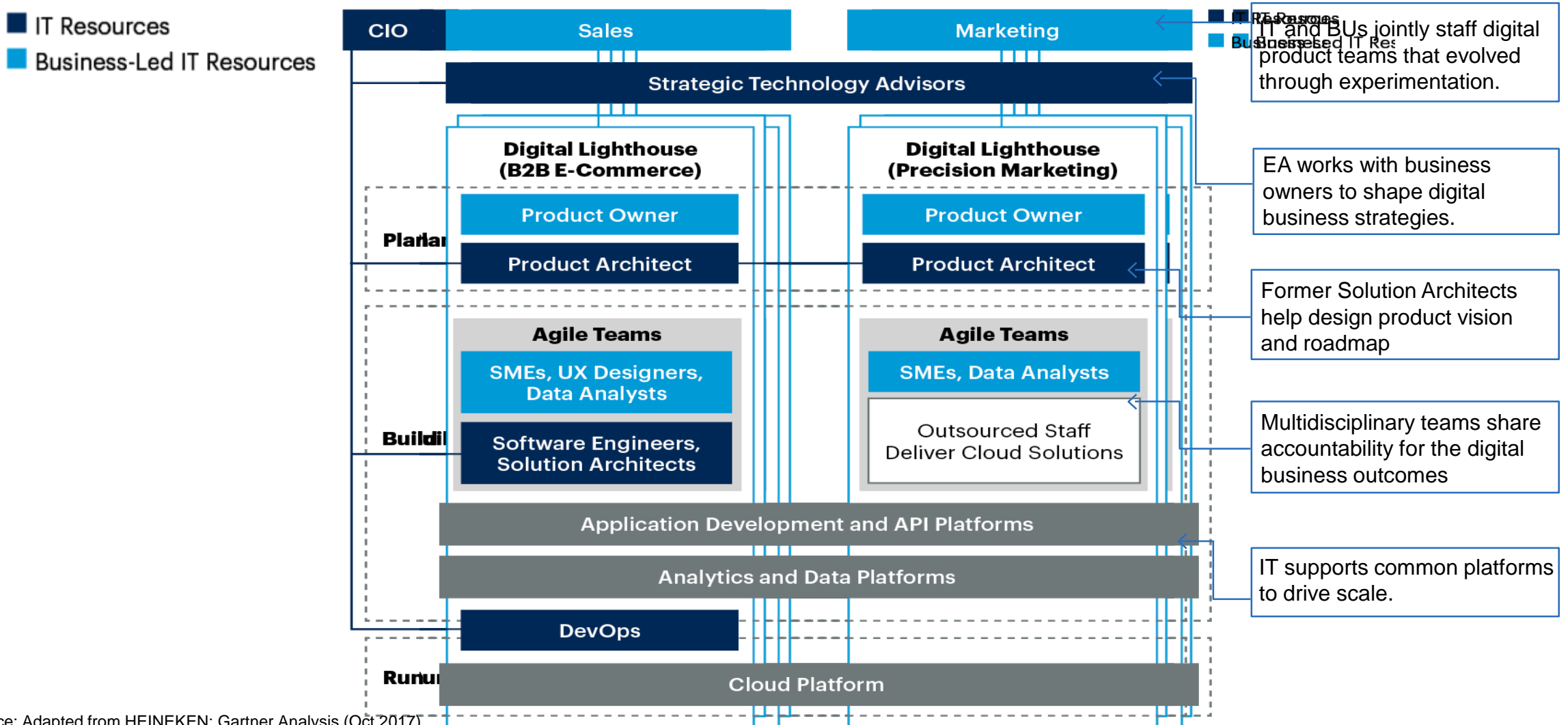
Source: Adapted from Metlife; Gartner Analysis (November 2013)

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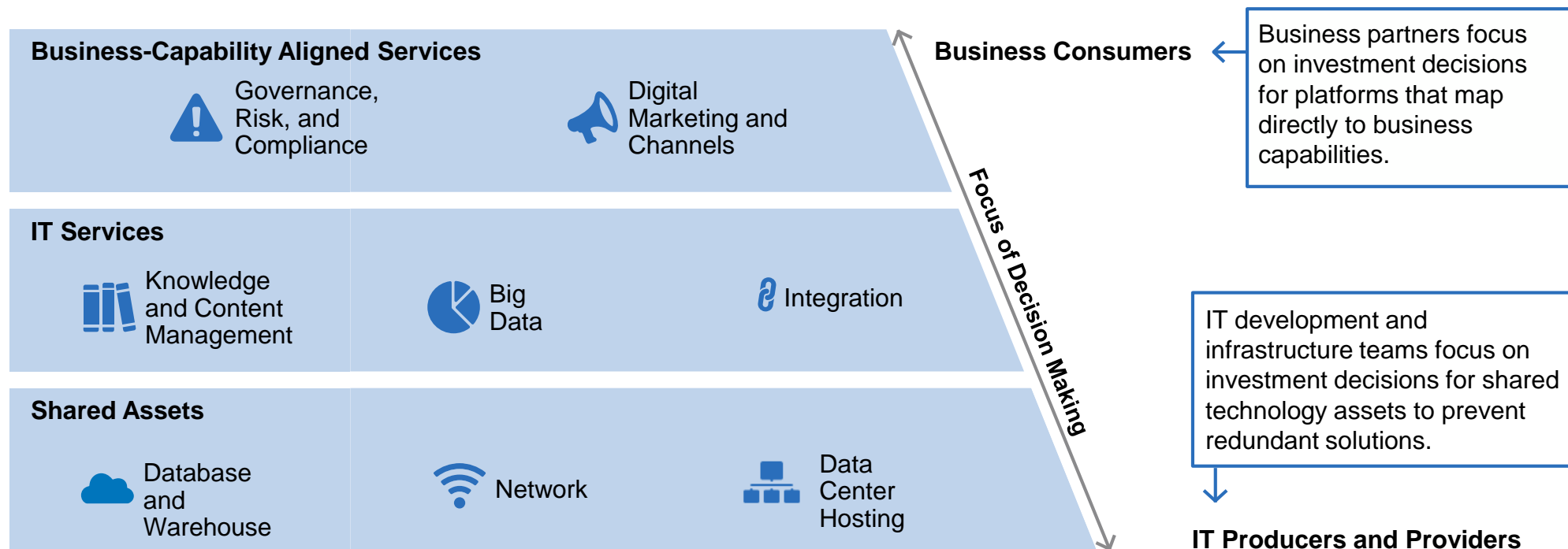
# HEINEKEN International



HEINEKEN collocates IT and business staff in multidisciplinary product lines called “digital lighthouses.” Each digital lighthouse has a standing product owner from the respective business area with end-to-end accountability for the product line. The product owners are paired with a product architect from IT.



Merck groups its platforms across three categories, based on their primary consumers and the investment decisions they make. Merck defines platforms as “a set of highly related information and technology capabilities that, when combined, provide economic value to Merck’s business through faster speed to market and reduced unit costs.”



Source: Adapted from Merck; Gartner Analysis (March 2017)

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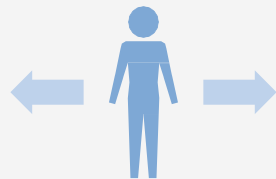
# What are IT Product Lines?

## Key Attributes of IT Product Lines

1. Align the work of IT by how it is consumed, not how it is produced.
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## Alternative Terminology for Product Lines

**Also Known As**



End-to-End IT Services



One owner from  
strategy to delivery

**To Emphasize**



Platforms



Matches customers  
and providers



Value Streams



Delivers sustained, not  
point-in-time, effort

# Difference Between Projects and Product Lines

	Project	Product Line
<i>Lifespan</i>	<b>Point-in-time</b>	<b>Ongoing</b>
<i>Scope</i>	<b>Deploys a specific application or infrastructure technology</b> (e.g., ERP or network) and related business change	<b>Supports a product</b> (e.g., a customer-facing platform) or a capability (e.g., customer support)
<i>Managed by</i>	<b>Project/program manager</b>	<b>Product line manager</b>
<i>Funding Approach</i>	<b>By project</b> , based on individual business cases.	<b>By product line/capability</b> , based on their strategic importance.
<i>Metrics</i>	<b>Project inputs</b> (e.g., schedule, budget, scope)	<b>Product outcomes</b> (e.g., quality, cost, volume, value delivered)

# Product Line Types and Examples



## Business Enablement Capabilities

- Aligned to business enablement goals
- Focused on capabilities that support organizational activities
- Designed to improve outcomes of internal activities

### Examples:

 Recruit and Hire

 Supplier Sourcing and Selection

## Competitive Advantage Capabilities

- Aligned to business outcomes
- Focused on capabilities that drive competitive advantage
- Designed to optimize for revenue outcomes

### Examples:

 Lead Management

 Pricing

## Phases of the Customer Journey

- Designed to optimize for customer experience outcomes
- Aligned to phases of the customer journey from the customer's point of view
- Cut across multiple business units and functional areas

### Examples:

 Shop

 Pay