



DIGITAL TRANSFORMATION AND PRODUCT MANAGEMENT

Study conducted by Nevico Product Management during Q4 2020

SURVEY METHODOLOGY

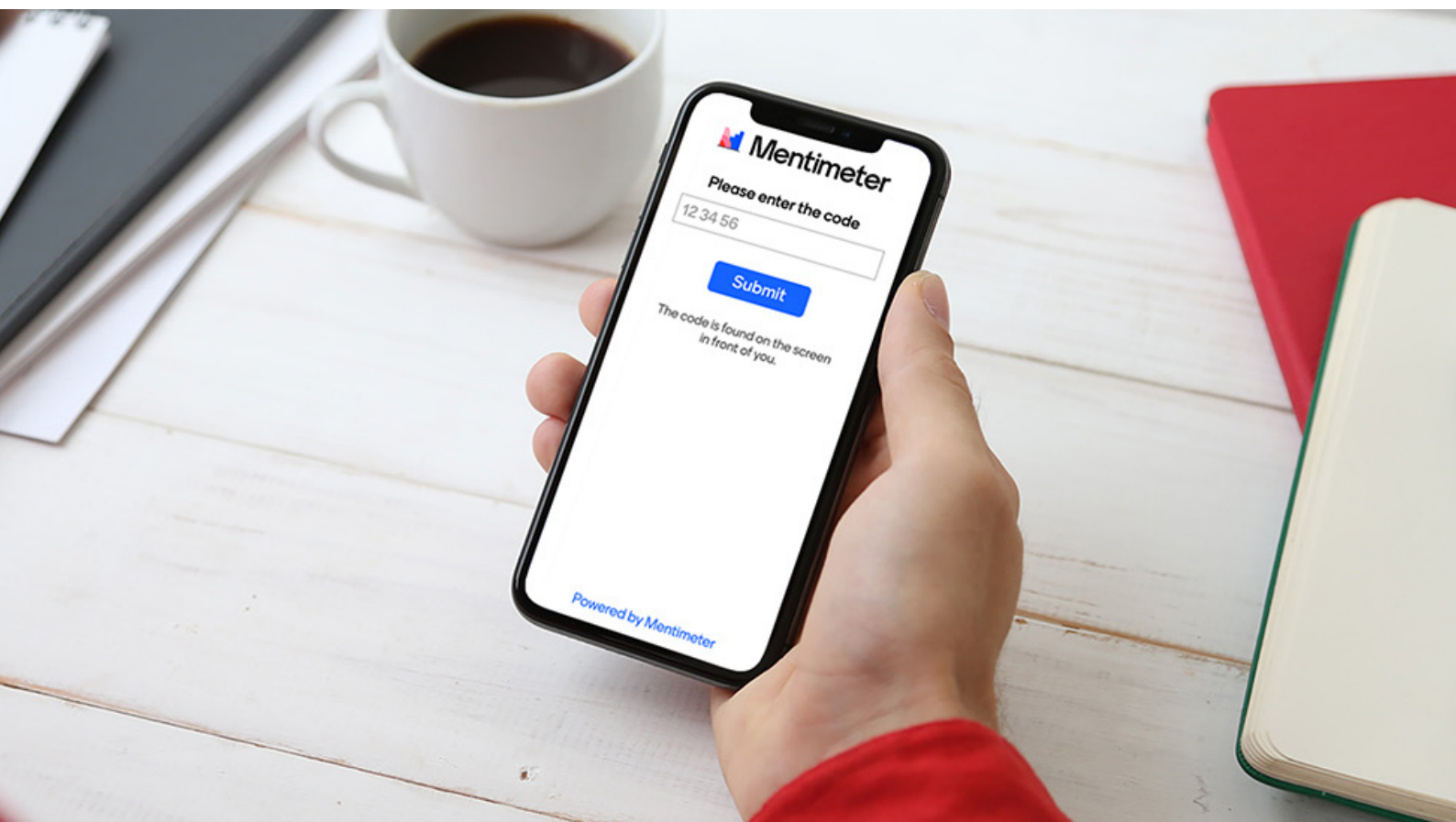
The survey was conducted during a 4-week period from November 25th to December 31st, 2020.

In total, 172 people responded to the entirety or parts of the questionnaires. The response rate is satisfactory, and we consider the validity high and the findings representative of the investigated population.

In this summary report all responses are consolidated and presented. Key findings are highlighted and commented on. All comments are based on our interpretation of the responses, and hence might be subject to further discussions and interpretations. We are of course open to input, and we look forward to continuing the conversation.

BACKGROUND

With this questionnaire-based survey targeted at product managers in Danish companies and international companies based in Denmark, we want to better understand the role and focus of Product Management in digital transformation. A key part of digital transformation is how the company's offering evolves influenced by digital technology and how this impacts the total offering, the pipeline, the organisation and customer relations.



Study developed and executed by:

Troels Rygaard, The Bridge Innovation, and David Neville, Nevico Product Management

KEY FINDINGS

Product Management teams are getting their act together as a team, with a good understanding of roles and responsibilities. Stakeholder management is still a demanding task.

(slides 4, 11 - page 4)

The Product Manager has many different tasks and potentially a big influence on the digital transformation of the portfolio offering.

(slides 17 - page 5)

Digital transformation is high on the corporate agenda. Not just as good intentions, but with change agents, transformation strategy, product strategy and concrete new products on the roadmap.

(slides 3, 5, 6, 7, 8 - page 6)

The product strategy process still needs to be better defined, managed and coordinated across the organization.

(slides 9, 10, 11 - page 7)

Shortening life cycles are evident and require more agile life cycle management and effective product management.

(slide 18 - page 8)

Digital share of total revenue is expected to grow significantly in the coming 5 years.

(slide 20, 21 - page 8)

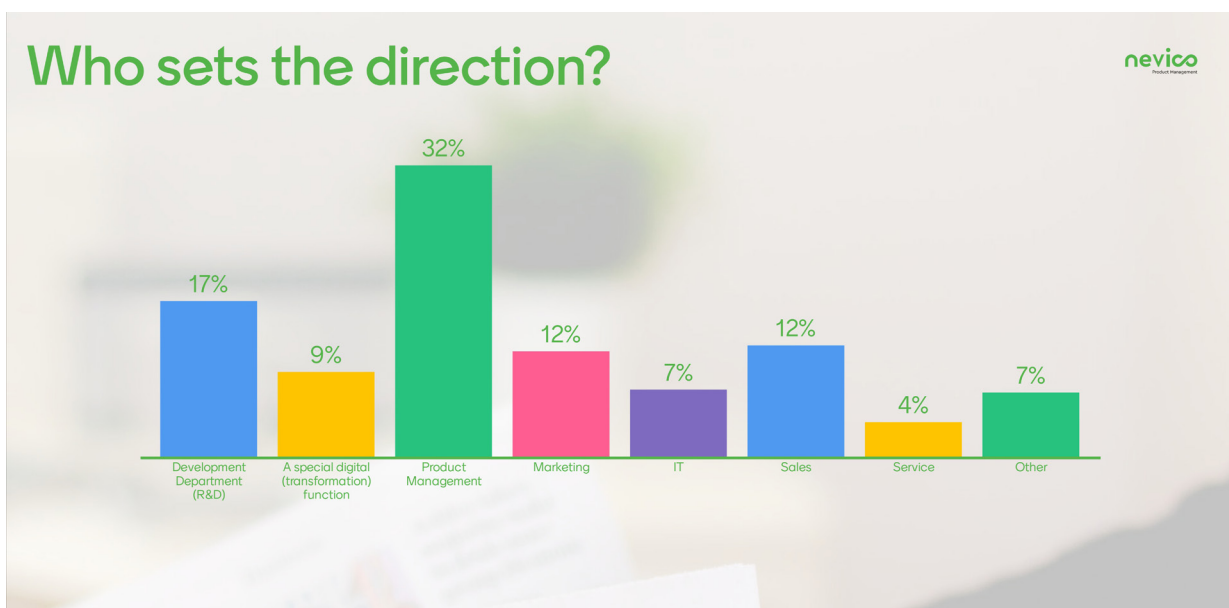
50 % have been granted bigger budgets to invest in digital solutions, although almost all (4.6 out of 5) have new digital products in their portfolios.

(Slide 14, 8 - page 9)

PRODUCT MANAGEMENT TEAMS ARE GETTING THEIR ACT TOGETHER.



Slide 4: Product Management teams are getting their act together as a team, with a good understanding of roles and responsibilities.



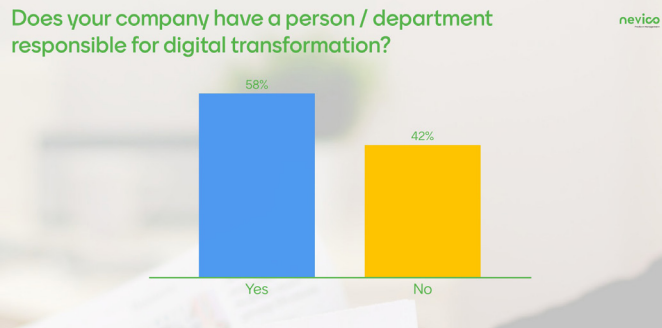
Slide 11: Who drives the digital product strategy and digitalization of the company's products? A lot of departments are contributing to setting the direction, which makes stakeholder management a very demanding and strategic task.

THE PRODUCT MANAGER HAS MANY DIFFERENT TASKS AND POTENTIALLY A BIG INFLUENCE.



Slide 17: The role of Product Management in digitalization of the company's product portfolio is overly complex and covers a multitude of different business functions.

DIGITAL TRANSFORMATION MATURITY



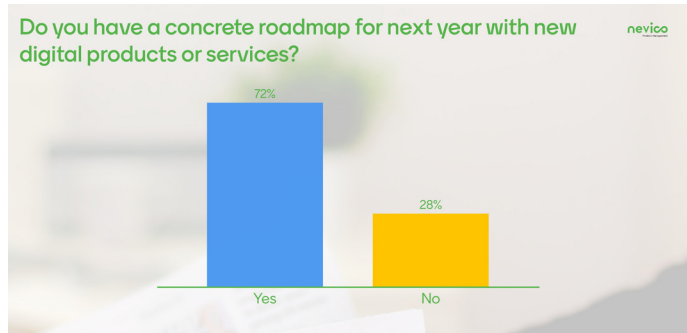
Slide 3: Almost six out of 10 companies (57%) reply that they have a person or department responsible for digital transformation, while 43% do not have that specific role or function. Having a person or function responsible can be valuable if the function serves as a project office or catalyst for transformation. The main risk is that digital transformation is seen as an independent project or business unit that runs alongside the company strategy, annual planning and budgeting, and organizational and leadership development.



Slide 5: Close to seven out of 10 companies (67%) have a strategy/plan for digital transformation. In most companies the digital transformation strategy will be most valuable if it is aligned or integrated with the corporate strategy and regular business planning process.



Slide 6: More than six out of 10 companies (65%) have a specific product strategy for digitizing their products and portfolios. It's very positive to discover that digitization has found its way into more than 'two-thirds of product strategies, making it part of the core business planning.



Slide 7: As many as seven out of 10 companies are launching new digital products or services this year. Completely new digital products are included in the product strategy to a very high extent, with a score of 4.6 (5 scale) where 5 is 'essential priority'.

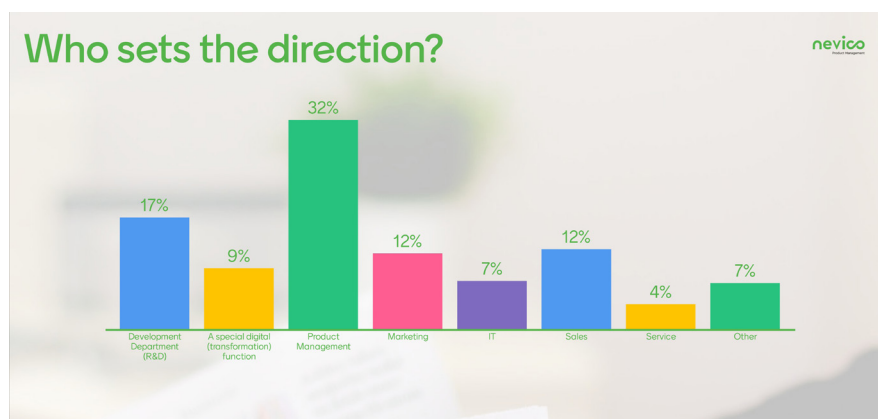
The product strategy process still needs to be better defined, managed and coordinated across the organization.



Slide 9: The Product Strategy process appears to need to be better defined, managed, facilitated and coordinated across the organization.



Slide 10: In 59% of the organizations there is a split in accountability between various departments. That requires an even more tightly managed Product Strategy Process.

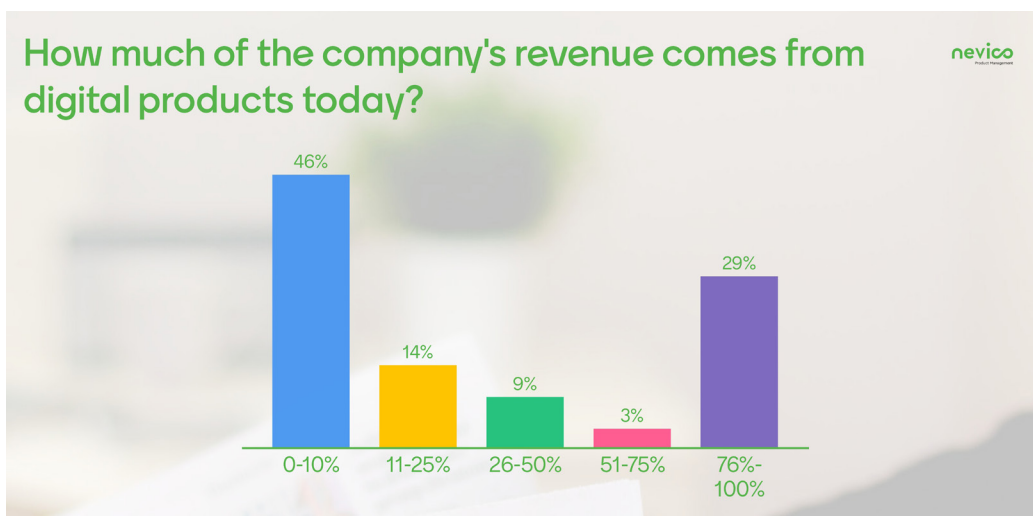


Slide 11: Who drives the digital product strategy and digitization of the company's products? At 32%, Product Management are the main drivers in setting the direction of the product's digitization.

HOW DO PRODUCT LIFE CYCLES DEVELOP IN VIEW OF THE INCREASING

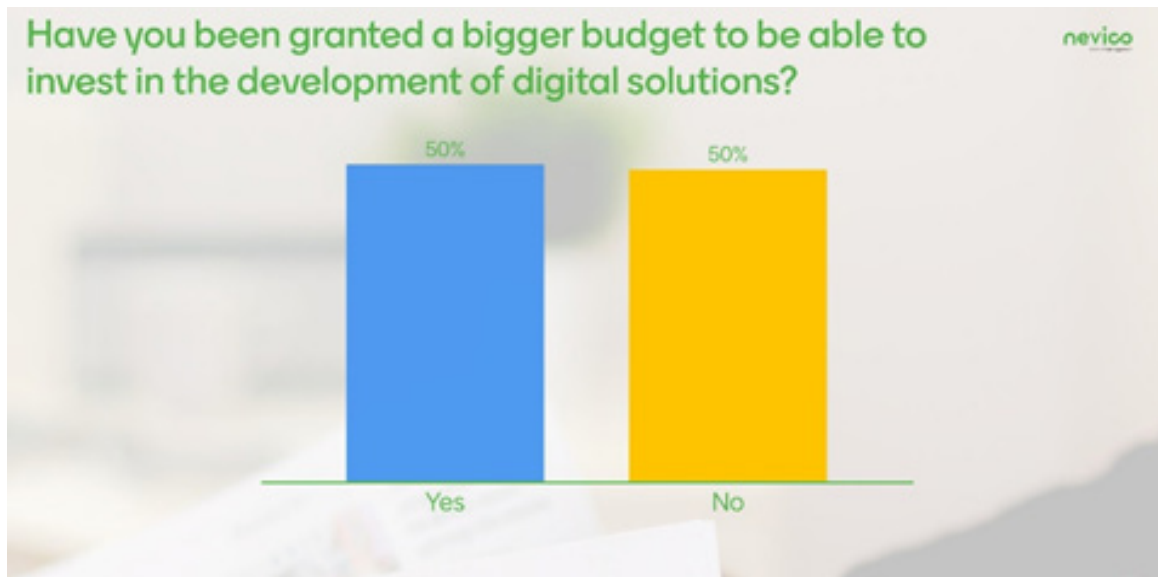
Slide 18: 59% of the respondees are experiencing that the life cycles are getting shorter. This requires more agile life cycle management and effective product management to be implemented.

Digital share of total revenue is expected to grow significantly in the coming 5 years



Slide 20, 21: Although different products and solutions are represented behind these numbers, there is a very clear expectation that the digital share of the revenue will increase radically over the next 5 years. New revenue streams will be developed, and organizations will have to align themselves accordingly, when moving from core business into adjacent areas.

BUDGETS



Slide 14: 50% have been granted bigger budgets to invest in digital solutions



Slide 8: Almost all companies (4.6 out of 5) have new digital products in their portfolios.

COMMENTS FROM THE STUDY

“Yes, we will have to focus on making the product cater for more efficient digital processes that require less manual work both for customers and internally.”

“Sub-teams within product management have been given the responsibility to create their own roadmaps, and digital enablers are key elements in delivering experiences in the future - however, these are not yet aligned across sub-teams, and thus the roadmaps are fluffy.”

“New Product Management Tasks? It’s more on PowerPoint slides than in reality. Before digital transformation, everything was a project, then everything was a product. Now everything is a platform. Lipstick on a pig...”

..or is this more relevant in your case?

“In the process to digitize workflows and increase customer satisfaction with services, Product Management has been highly involved in project management [by] mapping and creating digital solutions.”

..or are you taking wider responsibility, as in these comments?

“Yes, Product strategy development [by] facilitating strategy development, creating a common language and conceptual understanding, creating a KPI model across digital products, participating in co-creation of digital company strategy/transformation.”

“We are tasked to develop all services around the “products” to become digital. No boots on the ground.”

“We are currently transferring an on-premises IT solution to a cloud-based solution. Will be maintaining both for some years.”

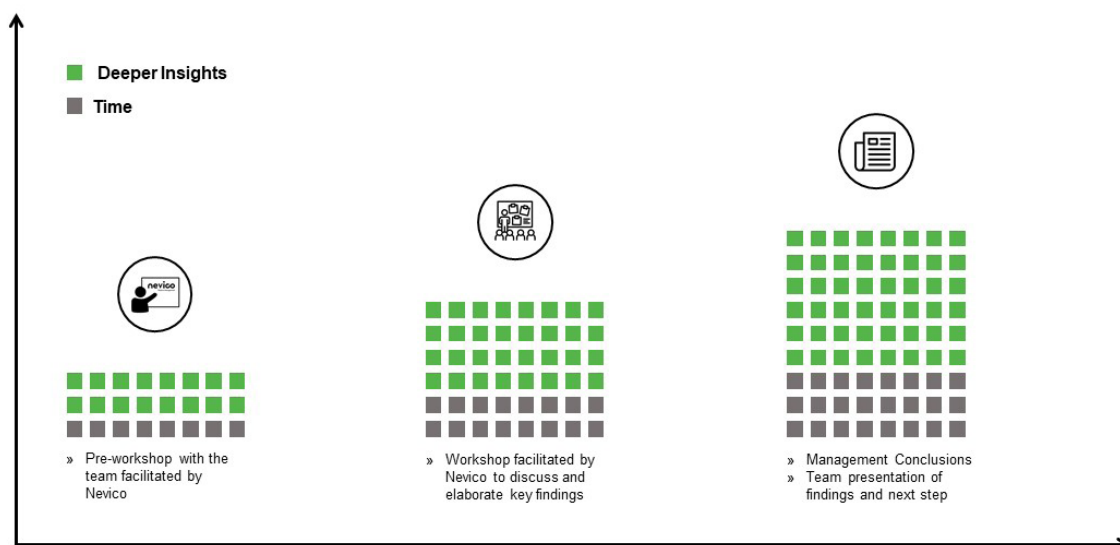
“Our PMs should be more business-oriented, but that is not a function of digital transformation, rather it is that we are a technology company in a maturing industry and we need to address a wider audience on a global scale. Our PMs should be MBAs.”

UNALIGNED TEAMS ARE CAUSING SEVERE INEFFICIENCIES IN STRATEGIC ACTIVITIES.

Make those headaches from gaps, overlaps and issues in your product activities a thing from the past – get you and your team aligned.

Visit: www.nevico.dk/productmanagementalignment/

Get your roles and responsibilities right and accelerate your Product Management efficiency by ensuring that all relevant product activities are covered and prioritized.





ONLINE PUBLIC COURSE WITH CERTIFICATION

Product Management and Product Marketing for technology-based products

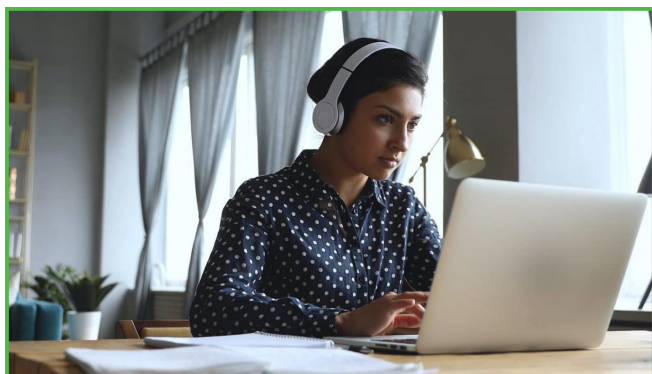
This flagship course is aimed at both new and experienced product people



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