



Point of View

Why “Productized IT” Is the Need of the Hour

The Premise

Business and industry are seeing rapid changes with the emergence of disruptive new technologies and ever-evolving customer needs. Breakthroughs in technology have the capability to cause entire industries to shift gear, change focus, and embrace a new direction. Organizations are rethinking how they envision and deliver technology solutions to transform IT departments into engines for business growth.

In the digital era, where advanced cognitive capabilities, blockchain technologies, and mixed reality solutions are poised to redefine business models and processes, IT's traditional reactive response will not enable the rapid-fire changes required to drive the business forward. We all remember how Nokia lost the smartphone battle simply because of its inability to change. Nokia had an impeccable record of building high quality phones, but they failed to recognize the changing market and customer expectations until people stopped buying their iconic phones. Ignoring the changes in the market and trusting the scope alone may lead organizations to fail.

The goal of organizations today is to transform their ecosystems from a collection of siloed structures into integrated high-performance engines that deliver speed, impact, and value.

This requires a change from the "project mindset" to a "product mindset." Rather than focusing on the scope, the focus shifts to what, within the scope, qualifies to be a minimum viable product that will help us validate our assumptions regarding the market; from there on, the focus moves to developing the product based on feedback and improving product features to meet customer requirements. This shift in the way of working enables us to measure and realize outcomes better, as the focus is now on tracking outcomes rather than tracking activities.



The Problem

Worldwide, most IT departments in companies face the following challenges:

- **Technical organizations in silos:** Discrete delivery silos hinder integrated solutions such digital islands merely create an illusion of innovation but are limited to their corresponding business functions.
- **Legacy content and systems:** Legacy systems leave very little room for new concepts or products to develop, undergo trials, and get launched.
- **Digital is not an enterprise-enabling capability:** Digital skills are not embedded into the traditional business and technology teams and are built out in a separate silo. This creates a schism: traditional teams do not have the experience to leverage these capabilities, while isolated digital capabilities impede improvements in the core and emerging business models.
- **Lack of productized IT:** In digital native organizations, product managers embedded into the technical delivery team help guide output in shorter releases.

The traditional approach to IT has always been aligned more toward Governance, Risk, and Control (GRC). A project is termed a success if the project team is able to deliver the defined scope within the planned schedule and budget. While GRC is well-intentioned, it can force organizations into a trade-off between stability and growth.

The new-age delivery model must be based on both flexibility and stability, while allowing for innovation at market speed and increasing transparency and security.

The world is changing at such a swift pace that requirements go obsolete within a short duration. Today, we might deliver the defined scope within the planned schedule and cost, but by the time we deliver the project, if the market around us changes, we might deliver something perfect as per the scope but still fails to meet the market need.

Project mindset and governance hinder the ability to learn and respond quickly to the realities of a highly disrupted industry.

The Solution

Every company may not be a product company, but now, most leaders recognize the value of behaving like one. “Productized IT” is when we shift our focus to long-term product management as against the traditional short-term focus on project management. Key differences between project management and product management are:

Project management

- Focus on how and when resources, scope, schedule, and cost
- Drives structure
- Deadlines and project plan are important
- Success measured on ability to deliver scope on time, within budget
- Temporary endeavor for unique deliverables

Product management

- Focus on what and why customers, market trends
- Drives creativity
- Feature set and prioritization are important
- Success measured on business outcome
- Continuous process of improving a product over time

Productized IT aims at creating continuous value for customers. Salient features of productized IT include:

- Building full stack teams rather than siloed technology teams.
- Product teams aligned to business outcomes versus project teams aligned to project requirements.
- Focus on what is most important to customer from ideation through delivery.
- Product managers who are accountable to Objectives and Key Results (OKR) and not simply deliverables, cost, and scope.
- Fast learning—responding to customer and market feedback and quick course correction that helps teams reach their objective faster.

As companies change the way they operate and adopt product management as a way of life, a few key considerations can help organizations maximize benefit realization:

- **Prioritization:** Knowing where to start is important. Is it necessary to change the entire organization in one go? Absolutely not. Start with areas where it will differentiate the most – customer-facing systems of engagement.
- **Modernizing the core:** Move to flexible and decoupled architectures based on APIs, microservices, and virtualized cloud solutions. Increased architectural agility is the backbone of rapid development and deployment of flexible solutions that, in turn, enable innovation and growth.

- **Focus on architecture:** A robust architecture is crucial to prevent agility leading the organization into complexity and chaos. Standards are required to provide boundaries and ensure consistency in the overall technology landscape. An example is ignoring technical debt that may help launch an application faster in the short term but will, in the long term, lead to additional maintenance costs, eventually reducing flexibility. It is essential to follow a strategy of interoperability, connectivity, and sharing of resources to scale and combine developmental capabilities across functions.
- **Automation:** Automation is imperative to enable teams to work in short cycles and deliver value frequently.

Forward-looking companies are fast adopting the product mindset to create long term successes.

Measuring success along the way

Consider a traditional IT scenario where the IT team celebrates success in delivering a project on time and within budget—but the business teams are not in a mood for celebration as the product delivered is not being widely used by the end-users. Now, how do we rate this scenario—as success or failure? It is very important to have a common measure of success. In productized IT, the teams are cross-functional and aligned in a way such that the team focus is to meet a business outcome.

The outcome or the objective is the supreme goal and the team needs to work backwards and deconstruct goals into key results that the teams then work toward. Since the measure of success is directly a function of the desired business outcome, companies are fast adopting this way of working. This is essentially the OKR framework that most product managers adopt.

To understand the OKR framework better, consider the analogy of SpaceX, the company built by Elon Musk to achieve the outcome of getting humans to Mars to expedite its colonization. That single audacious outcome is the supreme focus and the company works toward key results that help them make it happen. Key results such as being able to re-land a rocket or solving the problem of costly satellite delivery are just steps in the right direction to enable the final business outcome.

Product management is “outcome over output.”

The Conclusion

IT industry is changing and the main drivers influencing this change are:

- Widespread technology disruption
- Irrelevance of managing schedule and cost
- Technology offers unique differentiators
- Shifting focus from how and when to what and why

In a competitive landscape being redrawn time and again by technology disruption, it is imperative to innovate at lightning speed and keep pace with an evolving market, while keeping close tabs on customer needs. Certainly, time-to-market is the competitive differentiator.

Productized IT is an “outside-in” approach: it focuses on business outcomes, enables more frequent releases, and ensures faster course correction based on customer feedback that actively guides product development, thus maximizing value realization.



About the Author



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Ranjini is the Delivery Transformation Leader for the MFG, O&G Delivery units at LTIMindtree. As a part of her role, she is responsible to enable transformation at scale and institutionalize new ways of working across various engagements mainly in the areas of agile, devops, automation

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