

# Cognizant

Digital Business

## 17 Must-Do's to Create a Product-Centric IT Organization

Tightening IT-business alignment and embracing Agile, DevOps and Lean Startup principles, while transcending traditional project management disciplines by incorporating product engineering rigor, are critical to creating an effective, digitally enhanced business.

July 2019

# Executive Summary

Product-centric organizational structures and models are no longer the sole province of product companies. Progressive CIOs want their IT organizations to shift from program- to product-centric thinking. And a 2018 Gartner survey bears this out: Roughly 85% of respondents said their IT organizations have adopted, or plan to adopt, a product-centric software delivery model.<sup>1</sup> By 2022, most said they expect to adopt a product-centric model for nearly 80% of their work, compared with today's 40%.

What's driving this mindset shift? For one, it jibes with how IT applications are now consumed – through mobile apps. And secondly, as business becomes more technologically intensive, IT is not only the backbone that powers businesses, but if properly constructed, also functions as a lever for competitive edge.

At the beginning of digital time, many leading organizations embraced this premise. Over the years, the acceptance and the level of adoption have only increased. In fact, across many organizations, the number of users of IT applications equaled the number of employees. And after the commercial internet boom, the number of external users (vendors and partners) with access to corporate IT applications ballooned to equal or exceed the number of internal users.

With the mobile internet boom, this has expanded exponentially. Digital natives and digitally transformed businesses experience an unprecedented scaling of end users and user expectations. This has created a shift in the workforce and roles, with a notable change in the organizational basis and focus areas of IT organizations (see Figure 1).

As user expectations have expanded, so has the need for software applications produced by IT teams to be as good as commercial products in all dimensions, spanning availability, usability, performance, scalability, fault-tolerance, privacy and security. This warrants a laser-sharp focus on enriching user experience, high quality, maintainability, better ROI and speed-to-value.

This white paper illustrates the opportunities in transforming the engineering landscape of enterprises for a true digital shift and emphasizes product-centricity as a strategic theme. In addition, it presents a systematic approach – a set of plays – to establish a product-centric IT organization.

## Ongoing changes in app consumption

Transforming the consumption landscape		Evolutionary	
		TRADITIONAL IT	DIGITAL IT
IT Users & User Expectations	Employees, vendors, partners Basic expectations, IT applications (monoliths)	Employees, vendors, partners, B2C, B2B Holistic expectations, IT products & services	
Workforce & Roles	Tech-savvy workforce for ADM and Ops, traditional project-based roles	Technical excellence, full stack, Agile mindset, product-centric roles	
Organizational Basis	Tech towers and silos, provide and support infrastructure and applications, business enabler	BizDevOps, communities of practice, strategic business partner, multi-speed IT, built to transform	
Focus Areas	Internal focus, support and run the business, optimization	External focus (vendors, partners, customers), enable and transform the business	

Source: Cognizant  
Figure 1



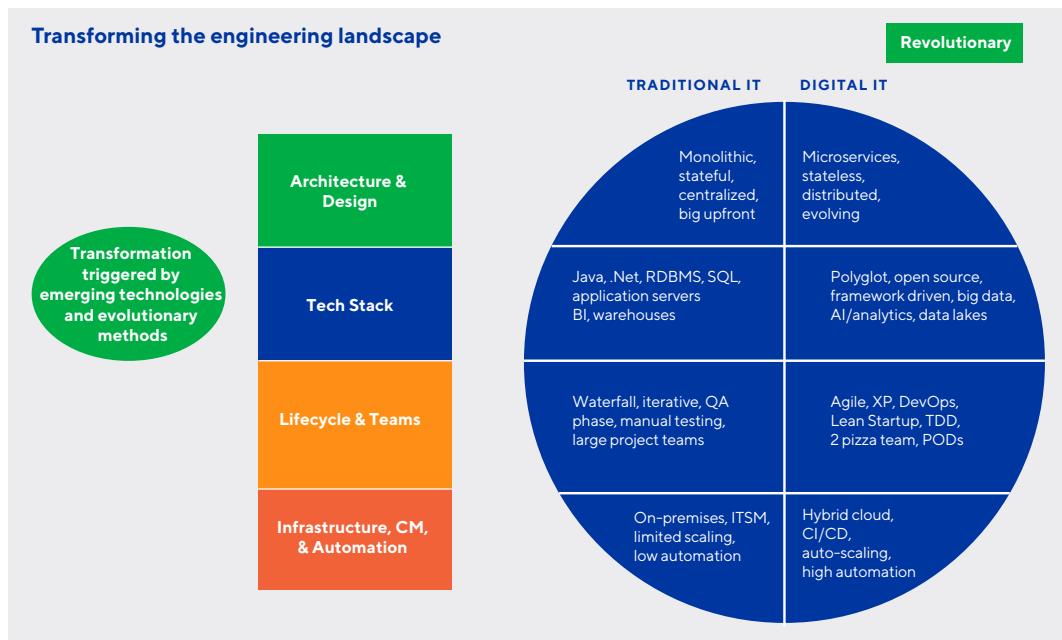
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## Transforming the engineering landscape

The heightened focus on product engineering has created opportunities to improve how IT conducts software engineering (see Figure 2), resulting in faster time-to-market, lower cost and elevated code quality. For instance:

- Agile and DevOps combined with extreme programming<sup>2</sup> practices, implementation of Lean Startup<sup>3</sup> principles and teams as pods<sup>4</sup> have enabled the delivery of prioritized features in short and sustainable intervals.
- DevOps-led release automation with auto-scaling in hybrid cloud environments is improving application development and value management speed as well as cost-efficiency.<sup>5</sup>
- Evolving microservices-based architectures, framework-driven approaches and open-source tools optimize service orientation, extensibility and maintenance overheads.<sup>6</sup>

## The shifting engineering landscape



Source: Cognizant  
Figure 2

## Product-centricity: A strategic theme

The product-centric approach to app development and continuous refinement is about ensuring a strong IT-business partnership, operating with an organizational structure that involves product-centric roles and establishing an engineering culture that enables differentiation from traditional project-centric organizations (see Figure 3).

Transforming into a product-centric IT organization requires a systematic approach. What follows is a set of flexible and customizable plays to instill product-centricity in an IT organization.

## Elements of project- and product-centricity

Facets	Project-Centricity	Product-Centricity
<b>Positioning of IT</b>	I IT as a cost center.	I Potential to transform IT into a service center or profit center.
<b>Budgeting</b>	I Budgets allocated from project to project.	I Product-specific budget. I Flexible budgeting as product evolves and scope for optimization.
<b>Release Cycle</b>	I Three to 12 months.	I Short iterations (one to four weeks) and frequent releases in a long-term product lifecycle.
<b>Team Association</b>	I Teams move from project to project.	I Teams stick to a product and gain deep expertise.
<b>Work Prioritization</b>	I Limited end-user feedback to drive prioritization.	I Continuous prioritization and agility with frequent end-user feedback and focus on speed-to-value.
<b>Value Alignment</b>	I Perceived as a black box due to inadequate value alignment with business and lack of visibility.	I High level of collaboration among development, operations, business and end users leading to an effective feedback loop and value alignment.

Figure 3

Identify business capabilities, prioritize them and map them to product lines. For example, for most businesses, e-commerce is a business capability and it maps to an e-commerce product line or platform.

## Drive top-down

### Play 0: Set up a CXO level steering committee

For product-centricity to succeed, it must become a strategic IT theme based on a concerted roadmap and actions to align people, processes and platforms for better outcomes. Consider forming a CXO level steering committee to drive product-centricity as one of the top priority operational capabilities in your organization.

## Identify business capabilities

### Play 1: Identify capabilities, product lines and products

Business capabilities are key to create competitive advantage and deliver strategic goals. These include customer-facing capabilities that deliver customer value and operational capabilities needed to run the business and deliver value to stakeholders.

Identify business capabilities, prioritize them and map them to product lines. For example, for most businesses, e-commerce is a business capability and it maps to an e-commerce product line or platform (see Figure 4).

## Business capabilities, product lines & products



Figure 4

The next step is to identify products under each product line. For example, under the e-commerce product line, the products are merchandising, catalog management, order management, fulfilment, customer management, etc.

While you identify and prioritize capabilities, apply the following validation questions for each capability:

- | What is the context and purpose?
- | What information is consumed and/or produced?
- | Who is involved?
- | How does it work or provide services?
- | What technologies are required to support this capability?
- | What are the risks, constraints and dependencies?
- | What is the ROI?

Next, it is imperative to explore ways to deliver these business and operational capabilities in a product-centric way through three key dimensions – people, processes and platforms (see Figure 5). What follows is advice on how to align these three dimensions to establish a product-centric IT organization.

## Aligning the key dimensions



Figure 5

## Align and enable people

To become a product-centric organization requires people changes: establishing a strong business-IT partnership, identifying product-centric roles, aligning the IT organizational structure, promoting culture and enablement, and establishing communities of practice.

### Play 2: Strengthen the business-IT partnership

Unlike project-centricity, which focuses on project plans and application delivery, product-centricity requires the synergy of IT and business to understand business priorities, define the problem space and create solutions iteratively by adopting Agile and DevOps ways of working. A partnership between IT and the business needs to deepen in both problem-solving and “solution-ing.” This is essential to promote BizDevOps<sup>7</sup> culture across the organization.

Meanwhile, the IT budget would need to encompass IT infrastructure and assets as well as enabling operational capabilities, whereas business would fund product delivery to enable business capabilities in their respective lines of business. Unlike traditional IT budgeting, this marks a clear line of sponsorship and enables business to prioritize and direct funds toward the right products.

This requires synergy at the CXO level as well as strong partnerships among IT and business leaders. This means a shift in funding from a project level to a capability or product level, and transitioning IT from an enabling function to a coequal strategic force of digital business enhancement. In addition, this requires product analytics to evaluate benefits and prioritize products for additional funding.

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### Play 3: Identify, define & initiate product-centric roles

The next step is to identify product-centric roles such as capability leader, product manager, engineering manager, Agile coach and DevOps architect.

Capability leaders and product managers typically come from business lines, whereas engineering managers and others who play technical roles in a product-centric organization come from IT. Assigning capability leaders and product managers from business is the first step to initiate continuous collaboration.

### New roles for a product-centric organization

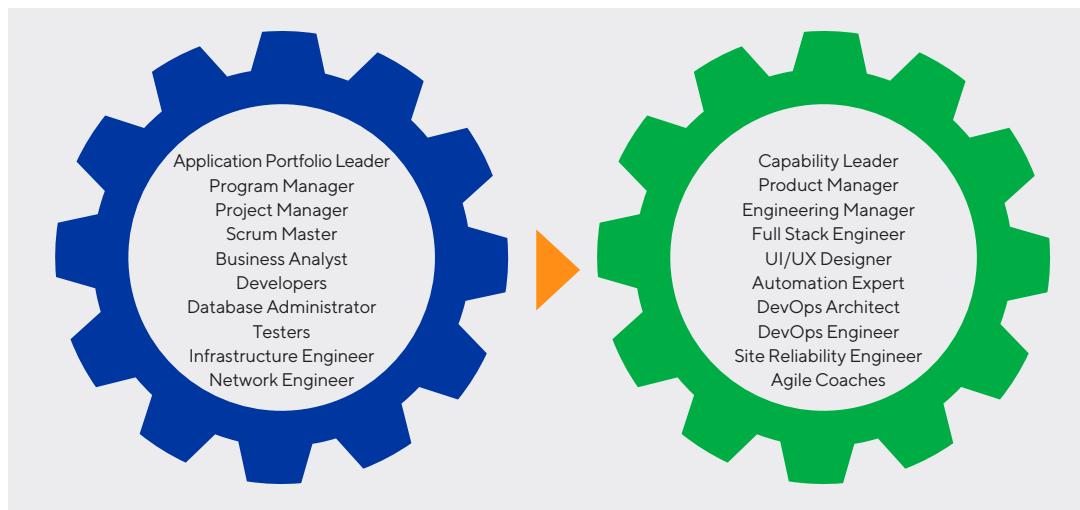


Figure 6

### Play 4: Align IT organizational structure

For years, the corporate IT function comprised structural silos based on technology groups (front end, database, etc.), SDLC phases (such as architecture, dev, or QA) or projects (such as CRM or ERP implementation). While operating in such silos, IT's need to keep pace with technology evolution and serve customer demands posed challenges in realizing alignment with business to deliver business value (see Figure 7, next page).

Product-centric organizations require a structure that provides clear ownership and a reporting hierarchy based on budget alignment. Identify a leader per business capability whose team consists of product line directors and product owners. Each product owner would have a team of 10-15 members, or two or three pods. This means stable teams aligned to product lines with business line leaders and product line directors collaborating to prioritize and deliver products in their purview.

## An aligned IT organizational structure

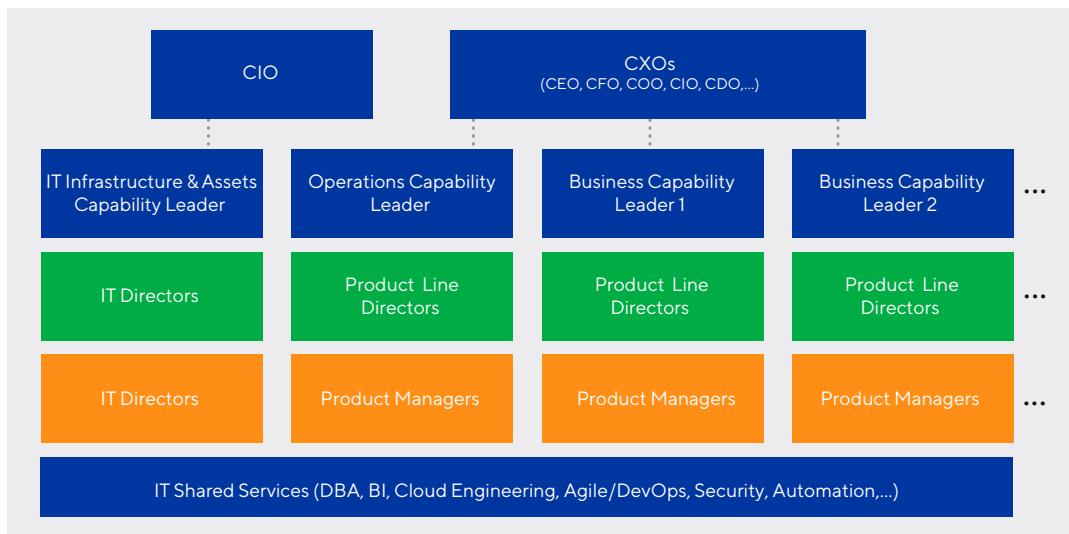


Figure 7

This model provides the advantages of knowledge retention and the deep expertise of enduring teams, in contrast to a project-centric approach where teams form to start a project and dismantle when the project ends.

There is no one-size-fits-all solution to arrive at an organizational structure and operating model. Explore new-age IT operating models for enhanced operational agility.<sup>8</sup>

## Play 5: Start enablement programs & build a product-centric culture

Institutionalizing enablement programs for all product-centric roles is essential to operate and enhance team performance. To do this, it is imperative to identify skills that are required for different roles. Besides, enablement programs constitute a key initial step to build a product-centric culture that boosts openness, courage, collaboration, teamwork, experimentation, innovation and team learning at all levels (see Figure 8, next page).

## A further aligned IT organizational structure

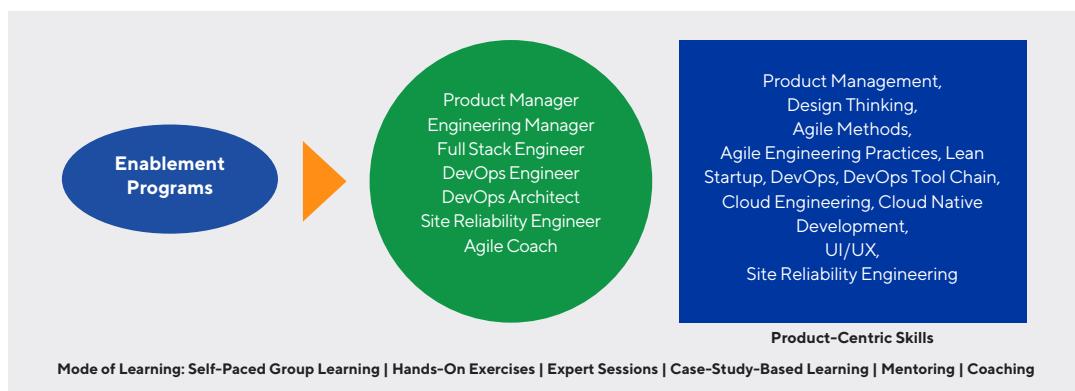


Figure 8

### Play 6: Establish & nurture communities of practice

Communities connect professionals in local areas and form global groups of shared interest. By doing so, they provide a platform for collaboration and promote learning, sharing and innovation beyond hierarchies (see Figure 9).

Establish communities of practice to connect groups of related professionals performing a specific role or adopting the new ways of working. Communities of practice create an opportunity for members to build sustained relationships, engage in working together, share information, solve problems together, learn from one another and boost the sense of belonging to a professional ecosystem.

## Communities that drive product-centricity

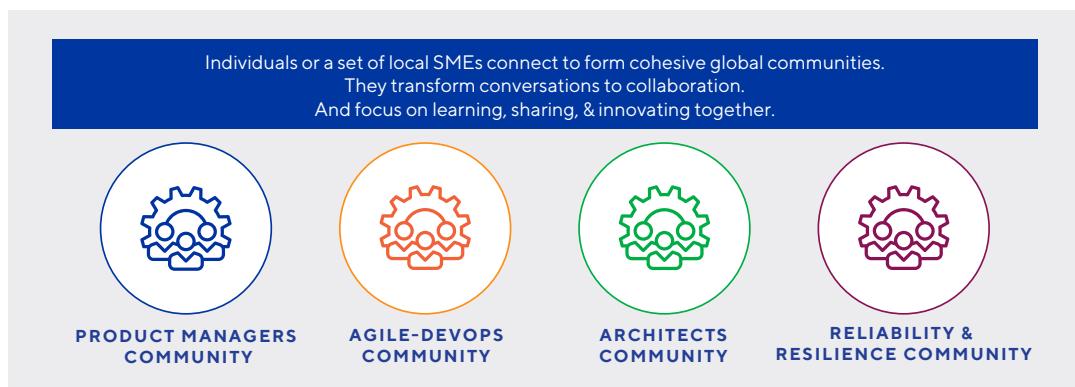


Figure 9

## Review & refine processes & tools

Consider the process dimension as an amalgamation of processes and tools that can lead your organization into the new ways of working. Design your processes and select tools as a foundation to promote automation and enhance process efficiency.

### Play 7: Strengthen Agile-DevOps adoption/transformation

Ensure continuous delivery by strengthening the implementation of Agile and DevOps practices. Assess the current state of maturity of your organization's Agile and DevOps teams, and adopt a wave-based approach by introducing continuous delivery in each wave, covering a set of related products and teams. Invest in Agile coaching to help teams unlearn the old ways of working and adopt the new ways. Establish collaborative governance to oversee Agile-DevOps transformation and set milestones to move toward enterprise agility.

### Play 8: Infuse Lean Startup principles

Lean Startup is a popular movement to transform the way teams build and launch products. It is aimed at rapid product delivery and continuous innovation. By adopting Lean Startup principles, the enterprise's IT organization can enrich its product management and delivery capabilities (see Figure 10).

The adoption of Lean Startup principles differentiates product-centric organizations from others that focus on a project-centric model and adopt Agile and DevOps for software delivery.

## Lean startup principles



Figure 10

### Play 9: Embrace lean, product-centric budgeting

Shift from project-based budgeting to product-based budgeting, and allocate budgets to product teams. Adopt a Lean approach to make it flexible so that at periodic intervals budget reviews with the CXO level steering committee can channel funding to the right product lines and products based on business priorities.

This approach enables CXOs to allocate budget based on prioritized business capabilities, monitor the benefits delivered through regular and frequent product reviews, and apply course correction. This replaces the allocation of budgets to projects based on project plans with possibly aggressive delivery commitments that lead to schedule slippage, cost overruns and mediocre end-user satisfaction.

### Lean product-centric budgeting



Figure 11

### Play 10: Promote engineering excellence & adopt supportive tools

A consistent focus on engineering excellence and tools adoption is vital to deliver high-quality software products with minimal technical debt. Delivering this promise requires sustainable engineering excellence based on consistent implementation of practices such as Agile requirements engineering, Agile architecture, collective code ownership, pair programming, refactoring, test-driven development, continuous integration/delivery and release management.

Baselining a reference architecture for Agile-DevOps adoption with the necessary tools provides clarity to teams so they don't compromise in the way of working and adopting tools. Engineering governance based on engineering KPIs provides an objective view on the state of engineering excellence and tools adoption at all levels.

### Play 11: Value customer-centricity

Product-centric organizations need to value customer-centricity by defining and implementing customer-centric processes and techniques such as continuous collaboration, customer journey mapping, design thinking, customer feedback and insights, and data analytics.

Build customer-focused leadership and culture at all levels.<sup>9</sup> Apply design thinking to understand and design customer experience. Collect metrics that matter and empower the front line to reflect the voice of the customer. Through feedback, drive continuous improvement.

## Invest in modern platforms

Organizations with legacy platforms, architectures and systems carry infrastructure and architecture debts that prevent them from moving into an Agile-DevOps way of working. The capability to release high-quality products at regular and frequent intervals is an imperative for product-centric organizations. This requires modern platforms, architectures and systems.

### Play 12: Embrace cloud engineering & build a modern infrastructure

Cloud engineering not only helps organizations reduce CapEx but also enables them to gain speed in IT operational areas such as provisioning, release management and scaling. Embrace cloud engineering and modernize IT infrastructure thereby paying off legacy infrastructure debt related to suboptimal server utilization, provisioning and release management overheads.

### Play 13: Adopt microservices and cloud-native development

Microservices architecture and cloud-native development result in benefits such as flexibility, maintainability, auto-provisioning, auto-scaling and auto-redundancy. Microservices architectures are extremely flexible and maintainable due to the fact that services are designed as components that interact with one another. Auto-provisioning saves manual effort and auto-scaling facilitates a pay-as-you-go model. Auto-redundancy minimizes risk of failure due to outages through automatic corrective actions (see Figures 12 and 13, next page).

Apply Agile-DevOps and Lean Startup principles when you initiate microservices architecture and cloud-native development. Identify and start with one or two pilot projects. Measure the impact, conduct team retrospectives and practice continuous improvement. Next, identify additional projects, thereby maximizing the benefits of adopting microservices architecture and cloud-native development.

## The microservices and cloud native development arch

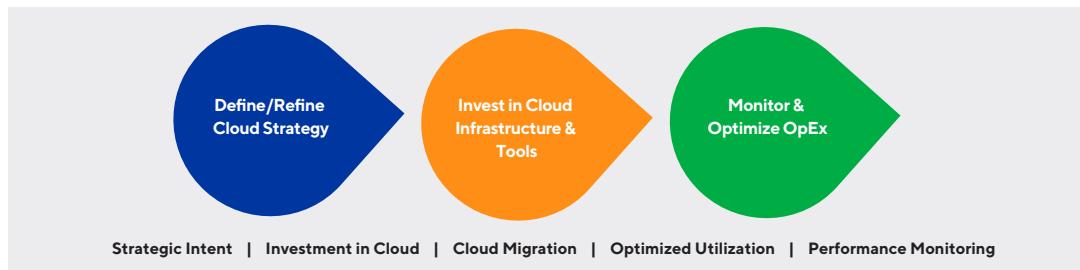


Figure 12

## Getting ahead with microservices and cloud-native development



Figure 13

### Play 14: Implement capability-led application transformation

Assessing legacy IT applications and categorizing them using application portfolio rationalization (APR) techniques such as 6R Analysis (rehost, replatform, refactor, rewrite, retain and retire) is key for deciding on how to onboard them to cloud infrastructure. Implementing a capability-led application transformation is about initiating and completing application transformation for each business capability (see Figure 14, next page).

This approach starts with value stream mapping of each business capability, and it provides an opportunity to identify white spaces that require greenfield products to optimize the value stream. In addition, this approach helps transform all legacy applications and align them with the new organizational structure.

### Play 15: Align enterprise DevOps and enterprise architecture

Enterprise DevOps and enterprise architecture play key roles in providing a reference architecture as well as robust tool chains for continuous delivery. Adoption of cloud engineering, microservices architecture and cloud-native development requires an upgrade, thorough review and alignment of your strategy on enterprise DevOps and enterprise architecture. Establish a core group to review and upgrade these on an ongoing basis at least once a quarter.

## Stepping through a capability-led transformation

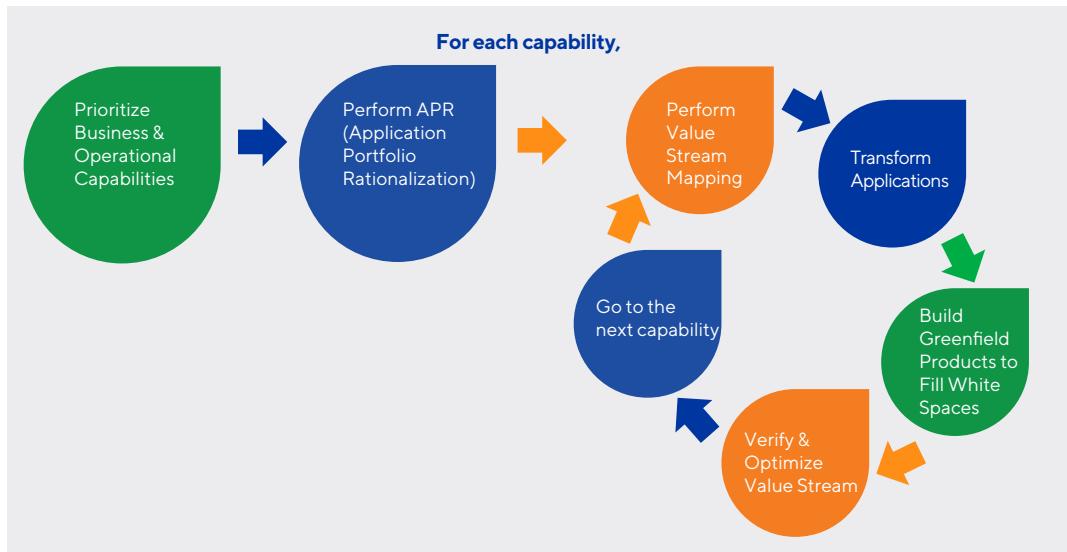


Figure 14

## Play 16: Invest in innovation labs & knowledge management

Platforms evolve in step with emerging technologies and solutions. Investing in innovation labs is a way to learn emerging technologies and platforms, and innovate to ensure speed-of-adoption for efficient product delivery. While doing this, knowledge management becomes a backbone that enhances knowledge retention and sharing through knowledge artifacts, software assets and IP.

## Elements of innovation & knowledge management

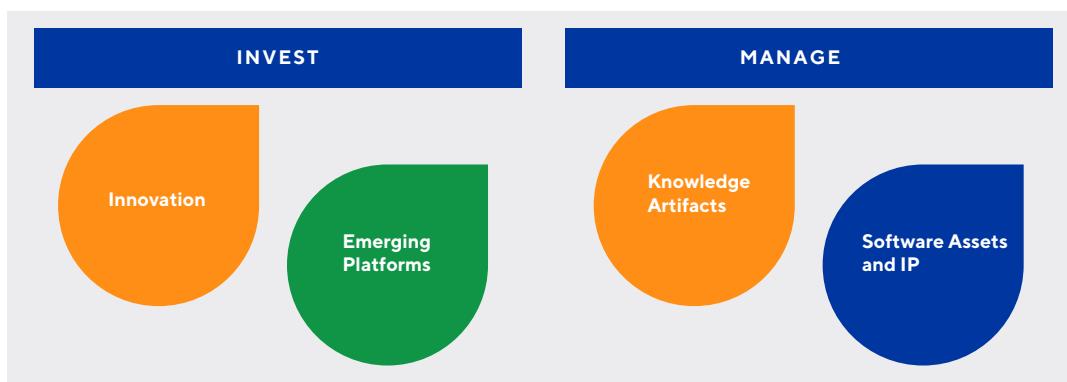
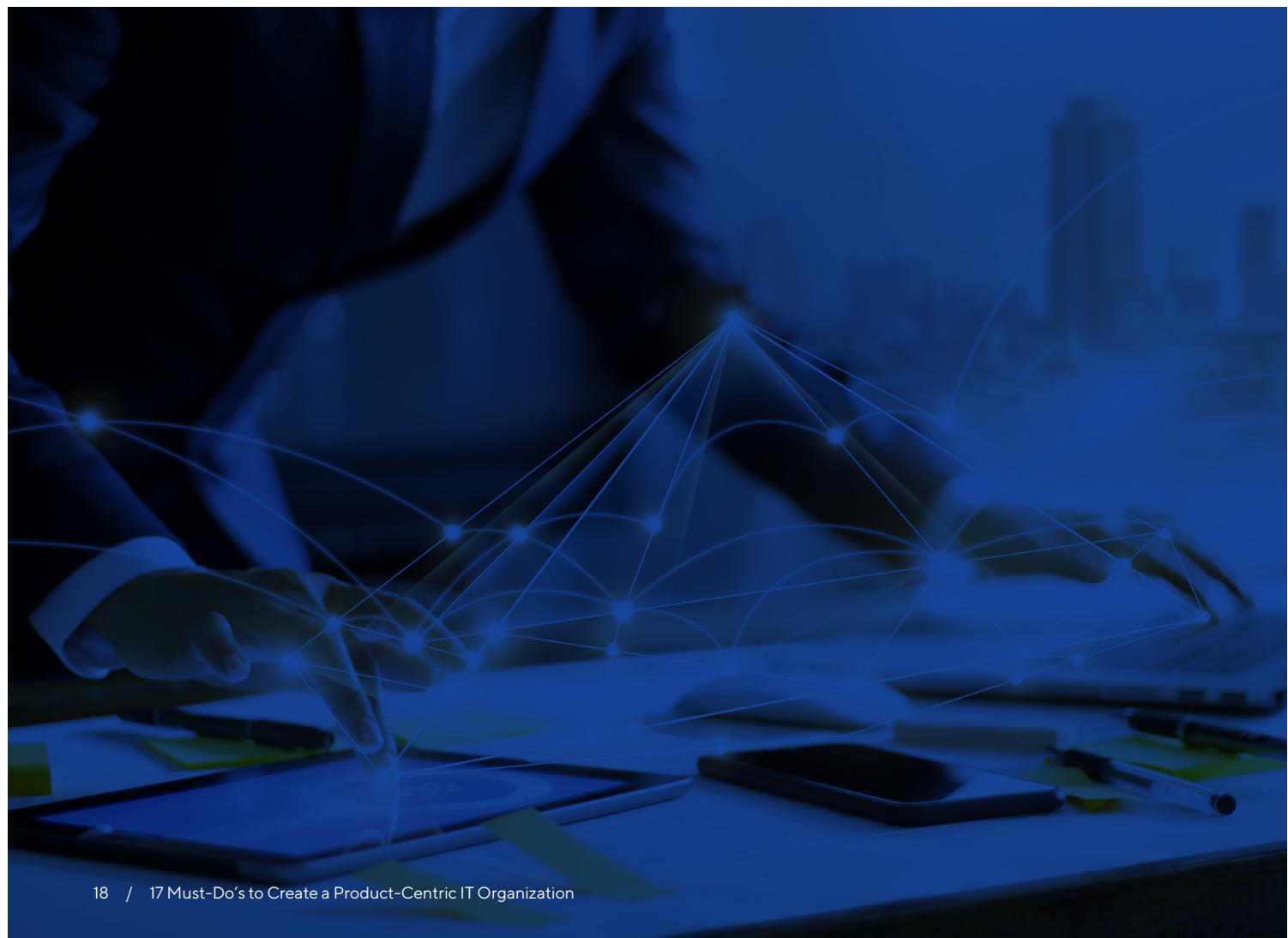


Figure 15

## Looking ahead

Digital business carries a broader scope than constructing sophisticated façades around existing monolithic applications while perhaps modernizing the existing technology infrastructure, traditional processes and the technologies of yesteryear.

Rather, it requires holistic organizational change management resulting in an organizational mindset that reflects a culture of valuing end-user experience and customer delight. Instilling a product-centric approach helps align IT organizational structure with product-centric roles and fortify the business partnership, thereby creating new business models with innovative products and services and expanding business through greater digital opportunities.



## Endnotes

- <sup>1</sup> Bill Swanton, Matthew Hotle, Deacon D.K Wan, "Survey Analysis: IT is Moving Quickly From Projects to Products," Gartner, Oct. 23, 2018.
- <sup>2</sup> Kent Beck, "Extreme Programming," [https://en.wikipedia.org/wiki/Extreme\\_programming](https://en.wikipedia.org/wiki/Extreme_programming).
- <sup>3</sup> Eric Ries, "The Lean Startup," [https://en.wikipedia.org/wiki/Eric\\_Ries](https://en.wikipedia.org/wiki/Eric_Ries).
- <sup>4</sup> Raja Bavani, "Five Game Changing Shifts in Software Engineering and How to Respond," Cognizant, Apr. 19, 2019, [www.cognizant.com/perspectives/five-game-changing-shifts-in-software-engineering-and-how-to-respond](http://www.cognizant.com/perspectives/five-game-changing-shifts-in-software-engineering-and-how-to-respond).
- <sup>5</sup> Ibid.
- <sup>6</sup> Ibid.
- <sup>7</sup> Jeanne Morain, "BizDevOps: Solving the Digital Dilemma for Transformational Success," DEVOPSDigest, Nov. 29, 2017, [www.devopsdigest.com/bizdevops-solving-the-digital-dilemma-for-transformational-success](http://www.devopsdigest.com/bizdevops-solving-the-digital-dilemma-for-transformational-success).
- <sup>8</sup> Philippe Ditrans, et. al., "Why New Age IT Operating Models are Necessary for Enhanced Operational Agility," Cognizant, Jul. 2015, [www.cognizant.com/whitepapers/why-new-age-it-operating-models-are-necessary-for-enhanced-operational-agility-codex1399.pdf](http://www.cognizant.com/whitepapers/why-new-age-it-operating-models-are-necessary-for-enhanced-operational-agility-codex1399.pdf).
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## About the author

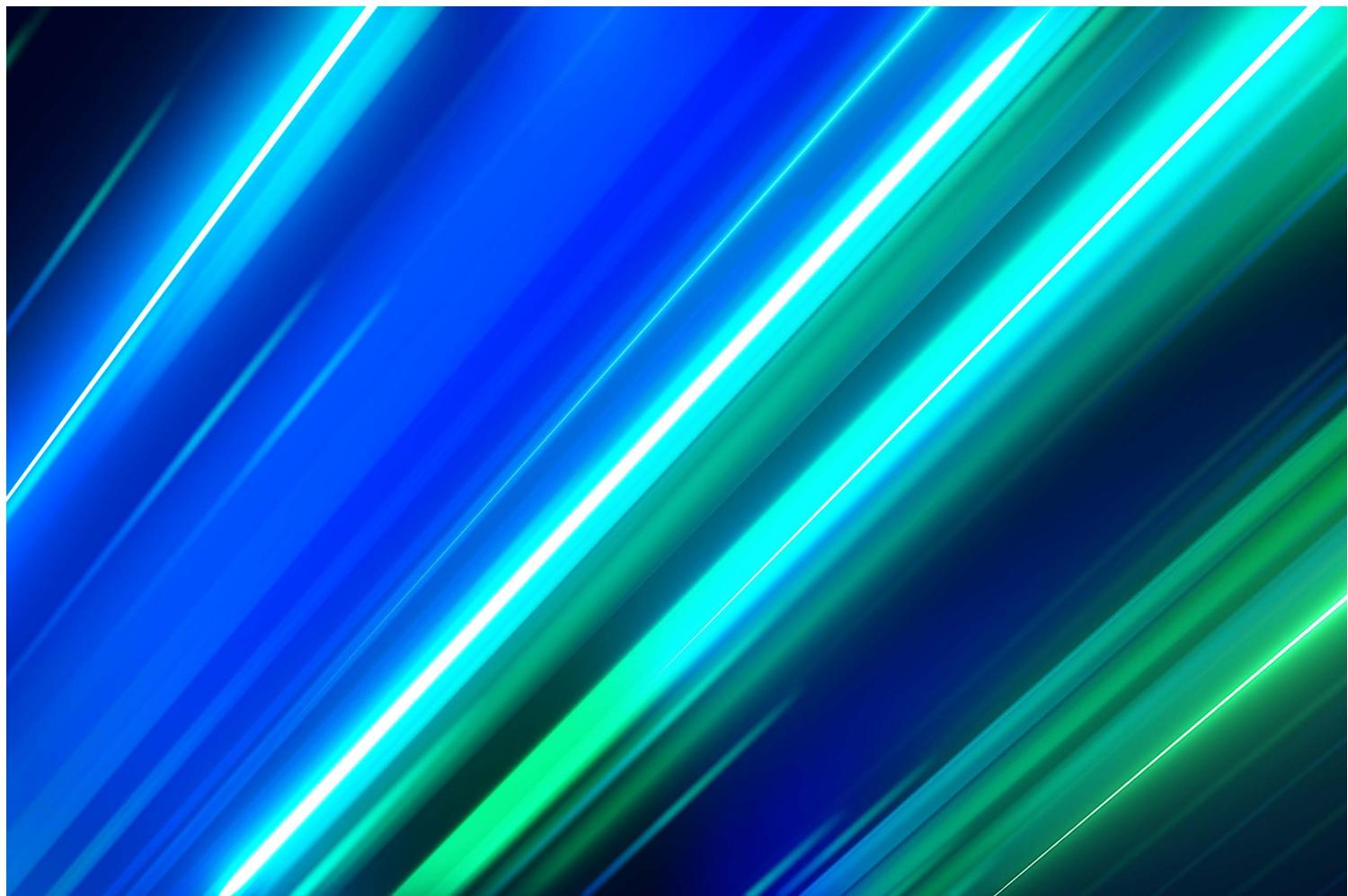


**Raja Bavani**

**Associate Vice President, Digital Engineering Practice**

Raja Bavani is an Associate Vice President within Cognizant's Digital Engineering Practice. He has more than 25 years of experience in software engineering and IT outsourcing. Over the past 15 years, with geographically distributed teams, Raja delivered large Agile projects and programs for global customers in the high-technology, software, insurance and manufacturing domains. He has presented papers at international conferences on topics related to code quality, distributed Agile and customer value management. Raja holds an MS degree in electronics from

Bharathidasan University, India, and a post-graduate diploma in management from Annamalai University, India. He can be reached at [Raja.Bavani@cognizant.com](mailto:Raja.Bavani@cognizant.com) | LinkedIn: <https://in.linkedin.com/in/rajabavani>.



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#### World Headquarters

500 Frank W. Burr Blvd.  
Teaneck, NJ 07666 USA  
Phone: +1 201 801 0233  
Fax: +1 201 801 0243  
Toll Free: +1 888 937 3277

#### European Headquarters

1 Kingdom Street  
Paddington Central  
London W2 6BD England  
Phone: +44 (0) 20 7297 7600  
Fax: +44 (0) 20 7121 0102

#### India Operations Headquarters

#5/535 Old Mahabalipuram Road  
Ookkiyam Pettai, Thoraiapakkam  
Chennai, 600 096 India  
Phone: +91 (0) 44 4209 6000  
Fax: +91 (0) 44 4209 6060

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