

TO MEET 2022 BUSINESS OBJECTIVES – DIGITAL PRODUCT MANAGEMENT ADOPTION IS ACCELERATING

A Global Survey of Executives and Digital Product Professionals

May
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Introduction

This paper reviews key findings from a global primary research survey to understand how many companies are adopting digital product management (DPM) and if it is part of their digital transformation initiative. This report reveals companies' strategic business focuses for 2022 as companies exit the pandemic while business operations remain altered with ongoing hybrid employees. The research also investigates whether DPM aligns with key 2022 business objectives and if it enables hybrid work models. In addition, the research sought to capture the key benefits companies expect from DPM, what benefits companies are actually receiving, and the key challenges companies experience when adopting a DPM approach and the related software solutions.

Executive Summary

This research finds that, for 2022 companies that have set key business objectives, the top 3 are increasing customer value, improving product quality, and increasing overall business efficiency. Two initiatives companies are implementing to meet those objectives are moving to a product philosophy (74%) and adopting a digital product management (DPM) approach. This research sought to understand whether DPM and a product focus delivered real improvements to the business over that of a project-based approach.

Adopting DPM has brought impressive benefits across the enterprise, with 94% already stating their DPM initiative is successful. 9 out of 10 surveyed indicate that DPM was instrumental in helping the shift to a product philosophy at their company. 86% share that DPM is creating better alignment between business objectives and customer needs, which is also driving innovation. Internally, DPM is facilitating better communication between business stakeholders and developers, as reported by 91% of the research participants. DPM also benefits another strategic initiative brought into the spotlight and accelerated as a result of the pandemic - digital transformation (DT) - which 94% of companies are pursuing. In fact, 89% stated that DPM makes DT easier. The hybrid workforce (working remote as well as in the office) has grown as a result of the pandemic and this report finds that 93% point to DPM as making the hybrid workforce more efficient, directly aligning to a key 2022 business objective.

Adopting DPM does have a few challenges: changing old habits (53%), integrating DPM solutions (50%), and having other teams understand a DPM approach (38%) were the top three. These challenges appear to be easily surmountable though as 89% of companies plan to deploy additional products with DPM solutions over the next 18 months. Perhaps the most surprising single finding is that those with digital product responsibilities (93%) indicated it forms a substantial part of, if not their entire, job. This indicates that the momentum and success DPM has garnered is a result of individual as well as corporate focus and investment. It is an initiative that not only delivers numerous direct business benefits but enables and improves other strategic initiatives to make improved customer value, product quality, and efficiency goals achievable in 2022.

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Key Findings

- **Companies Look to a Product Focus Philosophy and DPM to Achieve Top Business Objectives in 2022**
 - Improved customer value, product quality, and increased efficiency lead strategic business goals for 2022
 - 74% of companies are shifting from a project to product focus philosophy
 - Improved efficiency and collaboration lead the numerous benefits companies want from DPM
- **DPM Success Driving Communication, Innovation, Business initiatives and Customer Benefits**
 - 94% state their DPM initiative has been successful
 - 90% reveal DPM solutions enable the shift from a project focus to that of a product philosophy
 - 86% indicate DPM better connects business objectives and customer needs, driving innovation
 - 91% cite DPM solutions facilitate better communication between business leaders and development teams
 - 89% state DPM solutions make digital transformation easier
- **Companies Aggressively Moving To DPM with Roles Increasingly Focused on DPM**
 - Changing processes and habits leads DPM adoption challenges, followed by DPM solution integration
 - 89% plan on increasing DPM solution utilization over the next 18 months
 - For those that work with digital products, 93% indicated it is a substantial part of, if not their entire, role

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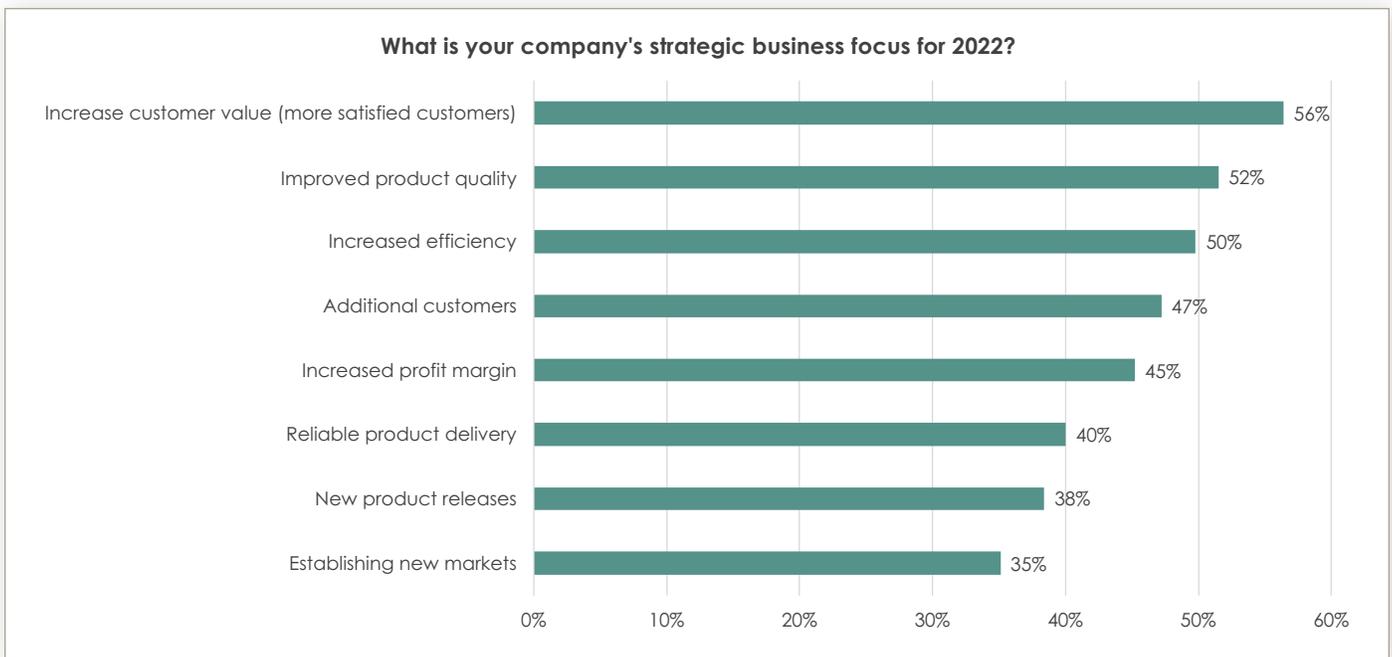


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Detailed Findings

In 2022 Companies Keenly Focused on Customers and Product Quality

As companies leave the shadow of the COVID pandemic, this research sought to understand what companies are strategically focusing on for 2022. Leading all initiatives is delivering more customer value (56%) and, closely following, is improved product quality (52%), which is critical for making customers more satisfied and aligns with that top business objective. Half (50%) of companies surveyed are focusing on increasing efficiency which has likely declined with supply chain issues over the last couple of years and is likely why reliable product delivery (40%) also appears as a top business focus. The effect of improving efficiency is often increased profitability, and we see that directly with increased profit margins (45%). Another way to grow profits is to grow revenue with additional customers (47%), new products (38%), and new markets (35%).



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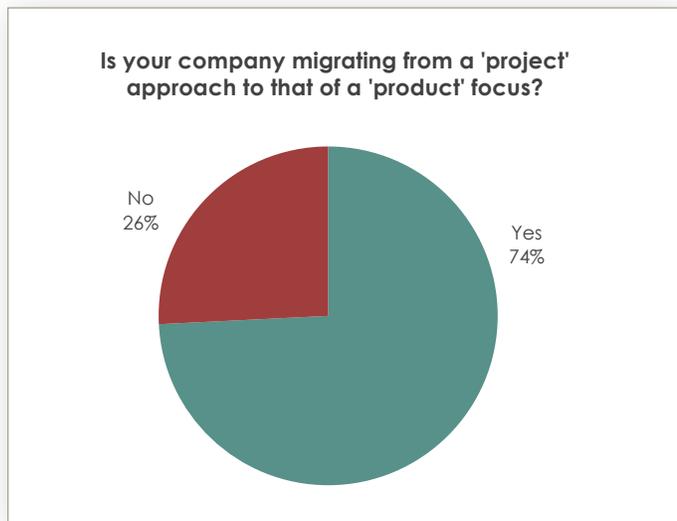
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Majority of Companies are Shifting to Product Focused Philosophy

An evolving trend shows companies moving from a project focus to that of a product philosophy. A product focus tends to be a temporary endeavor, usually has a clear definition of what needs to be delivered, and by when. A project approach also has a beginning and end date and historically is how software development is done. However, a product philosophy is not just looking at the product and list of next capabilities but is focused on continually creating value for customers by solving their problems. Products have more permanence often with no end date and are living entities which iterate constantly. A product philosophy tends to start and end with the customer. This research validates that nearly three out of four companies are moving to a product philosophy.



Digital Product Management (DPM) addresses the shifts occurring in technology management brought about by digital transformation. As part of Value Stream Management, DPM allows organizations to fund their most-valuable investments and prove the ROI to the business. DPM also provides a way for the Project Management Office (PMO) to evolve with the business, connecting it to enterprise value streams.

DPM benefits organizations in several important ways:

- DPM simplifies the governance process: Traditional project management is mired in layers of governance. Users must document every detail of what's going to be delivered, justify it, and fund it. Every time a change is made, the process must be repeated. With DPM, stakeholders agree on the value of the product and commit to funding it.
- DPM keeps stakeholders in the loop: DPM provides the ability for customers and stakeholders to engage with product management, review their roadmaps, and provide feedback throughout the process.
- DPM fosters agility: DPM makes it easier to make changes on the fly. Users can move things around during the roadmap review and see the impact of different changes. Doing so improves time to market and simplifies capitalization.

DPM is a fundamental shift in how organizations fund technology investment. As the business world increasingly moves toward digitalization, DPM enables organizations to make the investments that provide the most value to their business. Through simplified governance, stakeholder engagement, and greater agility, DPM emphasizes value throughout the development process.

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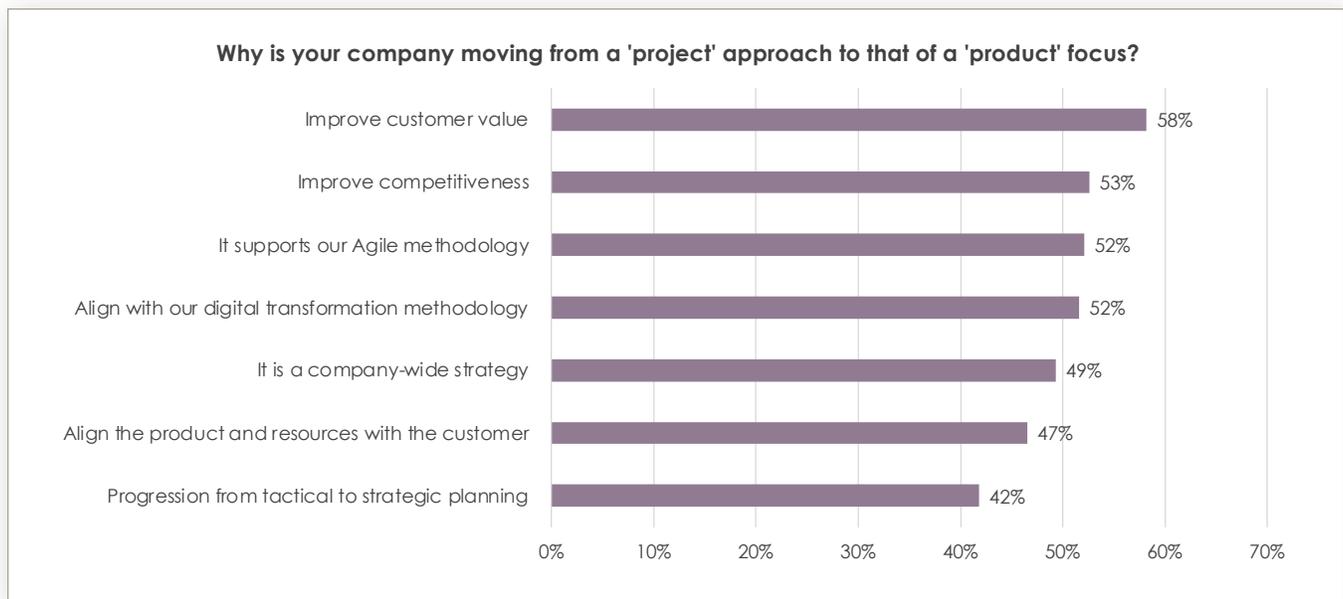
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Companies Seek Numerous Benefits from a 'Product' Focus Approach

When asked specifically why they started the adoption of product focus, the top reason - perhaps as it should be - is improved customer value. Improved customer value, as noted earlier in this report, is the top strategic business focus for 2022. The next three drivers are nearly tied, led with the desire to improve their competitiveness (53%), align product processes with development's Agile approach (52%) and support their digital transformation initiative (52%). The company wide strategy, at 49%, is likely a reflection of the preceding reasons and ensuring a product focus culture is not just one team trying to change old habits. At 47% is another key tenant of the product focus, which is aligning resources behind the product with the customer. It is particularly insightful that product focus is considered a more strategic approach (42%) to managing products and ensuring customer value.



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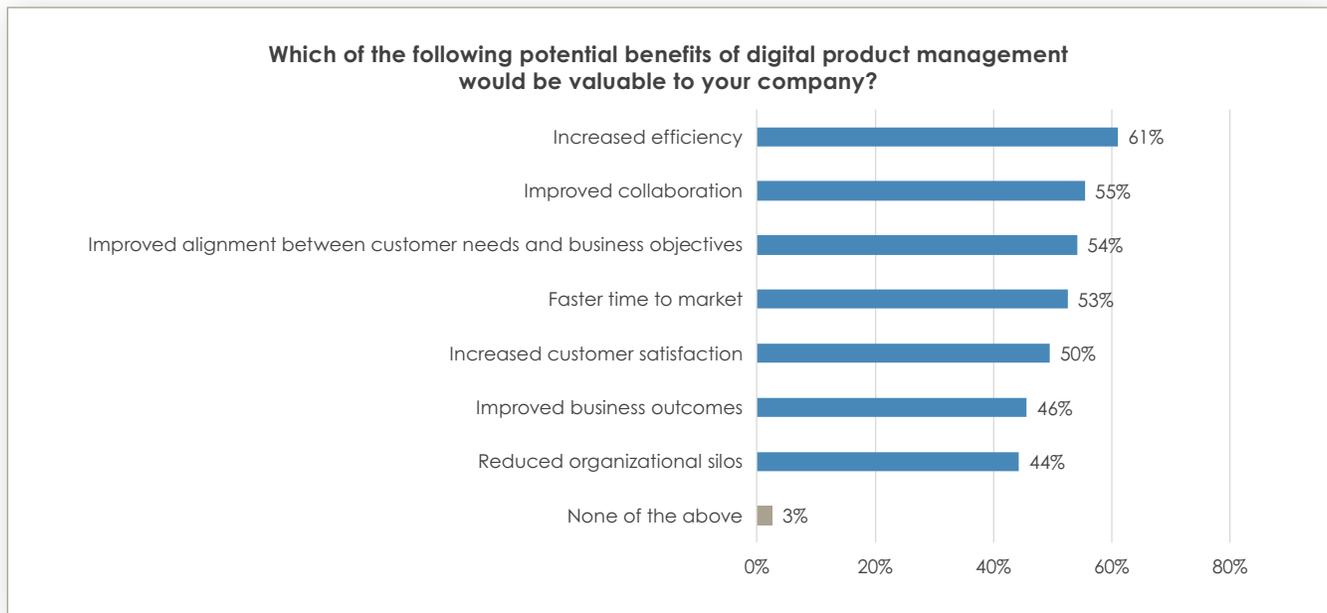
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Improved Efficiency and Collaboration Lead DPM Benefits

This strong move to a product focus also means new processes and solutions, thus digital product professionals were asked what benefits they expected from a digital product management (DPM) approach. The top answer, increased efficiency (61%), aligns with a top strategic focus for companies in 2022. The research finds that digital product management helps with internal processes with improved collaboration (55%) and reduced organizational silos (44%). Findings consistently keep the focus on the customer, with better alignment of customer needs and business (54%), and increased customer satisfaction (50%). That last one, increased customer satisfaction, being the 2nd highest 2022 business objective discussed earlier. Lastly DPM increases speed to market (53%) and yields better business outcomes (46%).



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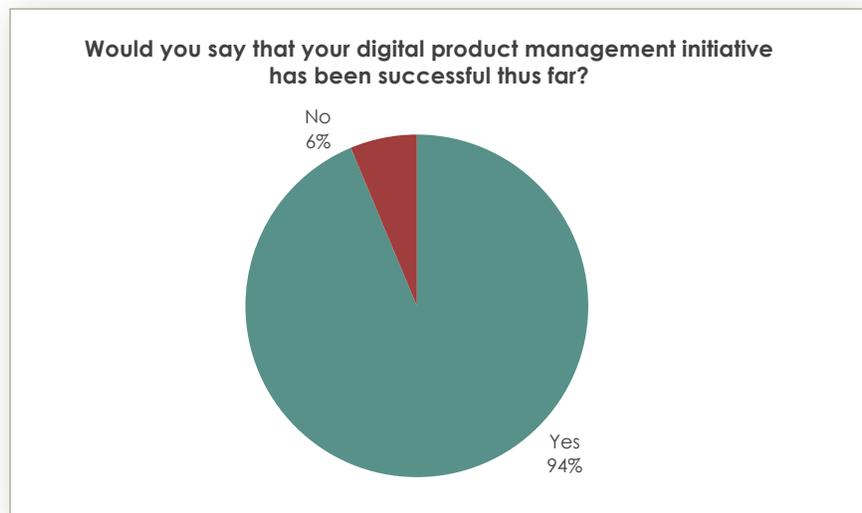
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DPM Judged to Be Successful Already

Many sweeping initiatives with the potential to deliver strong business benefits can often take years to begin delivering value, such as DevOps, cloud adoption, Big Data, and others. Sometimes initiatives can be the popular strategy but fleeting and gone before really delivering any expected business benefits. DPM is relatively new, so participants were asked if their DPM initiative has been successful to gauge if it is really delivering value, a work in progress, or just a fad. An overwhelming 94% stated DPM has already been successful, indicating business value received.



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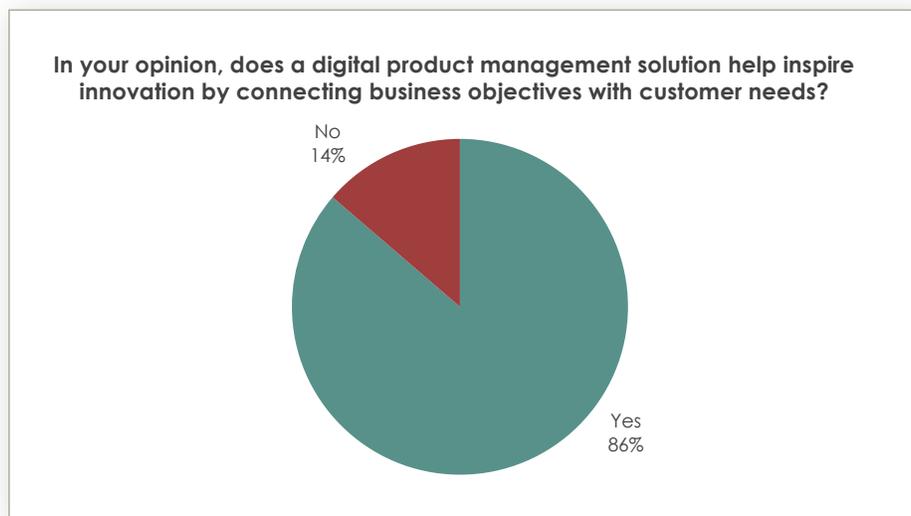
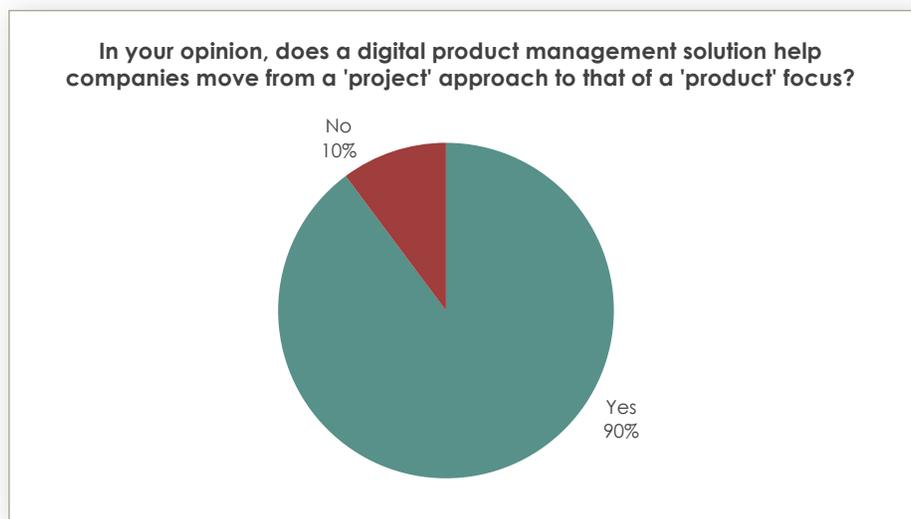
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DPM Drives Alignment with Customers and a Product Philosophy

Based on this resounding sentiment that DPM has been successful, the research delved into specific areas to determine its positive business effect. 9 out of 10 participants cite that the DPM helps facilitate the migration from a project to product focus. 86% state that the DPM is helping connect business objectives to the needs of the customer. Business and customer alignment could lead to restrictions or limitations, but the companies surveyed indicated it is actually driving innovation.



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DPM Improves Internal Communication and Alignment

New approaches are often difficult to adopt and create silos of those clinging to the old ways and those that have moved ahead. However, 91% indicate that DPM helps improve communication between business leaders, teams focused on the customer, and development teams. This likely helps create transparency and a single source of truth about what is needed to increase customer value and where to take the product next.



Using DPM to Enable Digital Transformation and Hybrid-Workers

The digital transformation concept has been around for years, often as a large-scale endeavor that companies plan to adopt over time and often aligning with other initiatives and planned changes. However, for most companies, the pandemic forced the acceleration of digital transformation adoption, not just for efficiency and agility as originally planned but as a matter of company survival. DT is a comprehensive cross-company initiative and it is often difficult to accelerate numerous technologies and groups forward. 89% of those adopting DPM state it makes accomplishing their DT objectives easier. This DPM benefit affects 94% companies that have a DT initiative today or plan to adopt one.

Another effect of the pandemic is the hybrid worker, who commonly works both in the office and remotely. Having workers in different locations can add hurdles to processes and productivity, but 93% indicated that DPM contributes to making teams more efficient. This starts to build the case that DPM isn't just another disparate activity around a product with its own goals and objectives but an enabler across the company.

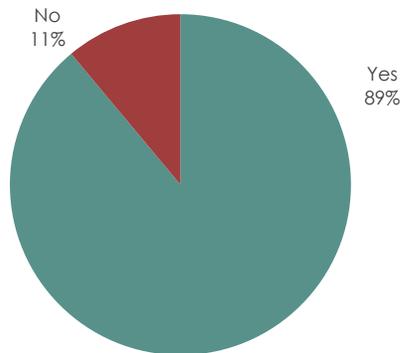
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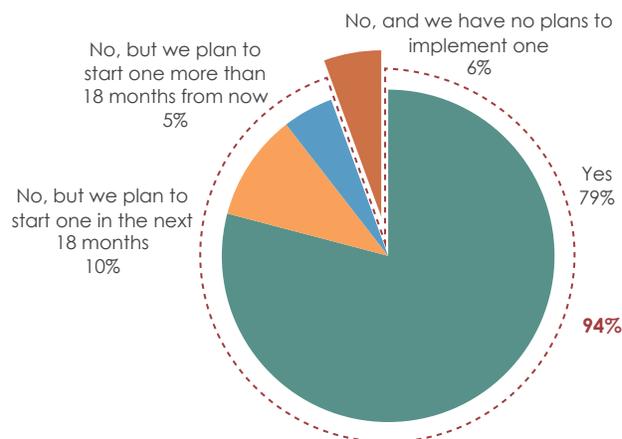


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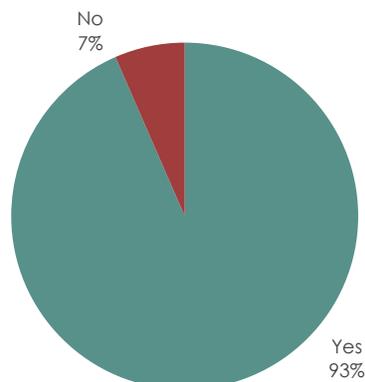
In your opinion, does a digital product management solution make a company's digital transformation initiative easier?



Does your company currently have a digital transformation initiative?



In your experience, will a digital product management approach help make a hybrid workforce more efficient?



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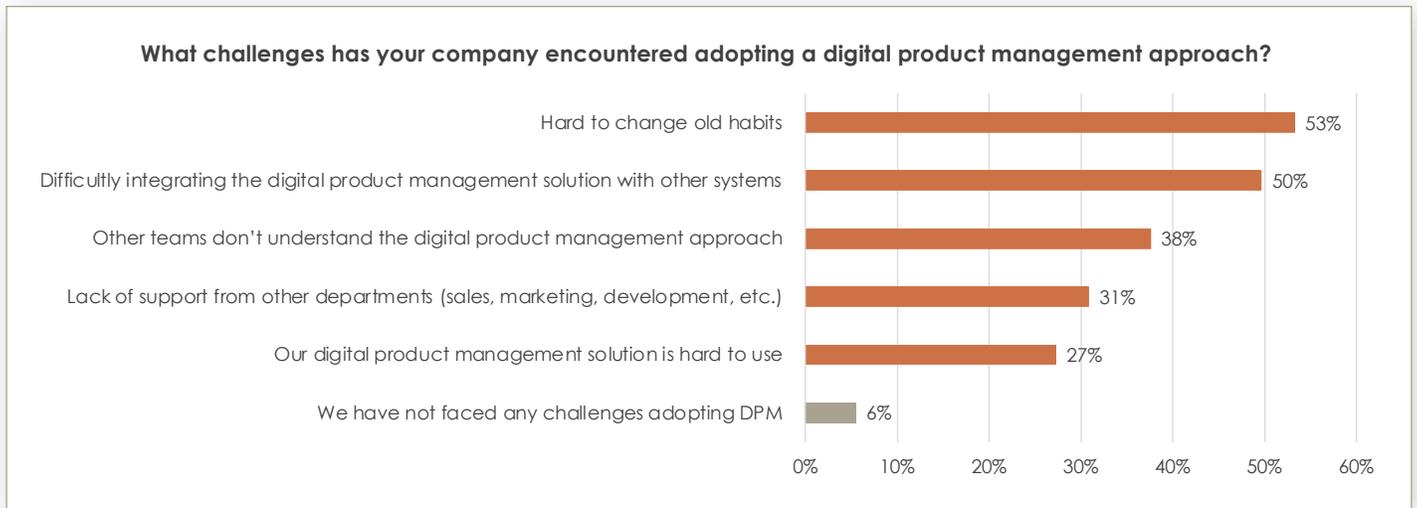
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Changing Processes and Habits Lead DPM adoption Challenges

It is easy to focus on the benefit and positives of a new approach and build an overly optimistic perspective without discussing the actual work and challenges companies must overcome. This list of challenges that participants stated for DPM, however, is rather short, with just two challenges occurring in barely over half of companies surveyed. The top challenge is not technical in nature, but the resistance to change itself at 53%. Half of those surveyed revealed that getting the DPM solution integrated with other applications and systems was challenging, something not uncommon. At just 38% was the concern to get other teams to understand what is different with DPM, and gain their support (31%), which again harkens back to change being difficult. At the bottom is the actual DPM solution is hard to use (27%), likely a combination of learning new tasks and concepts as well as an emerging DPM market where solutions are still new and evolving to work out the kinks. But perhaps the real judgement of how difficult these challenges are can be found in the statement that 89% plan on adding new products to their DPM solution and process over the next 18 months.



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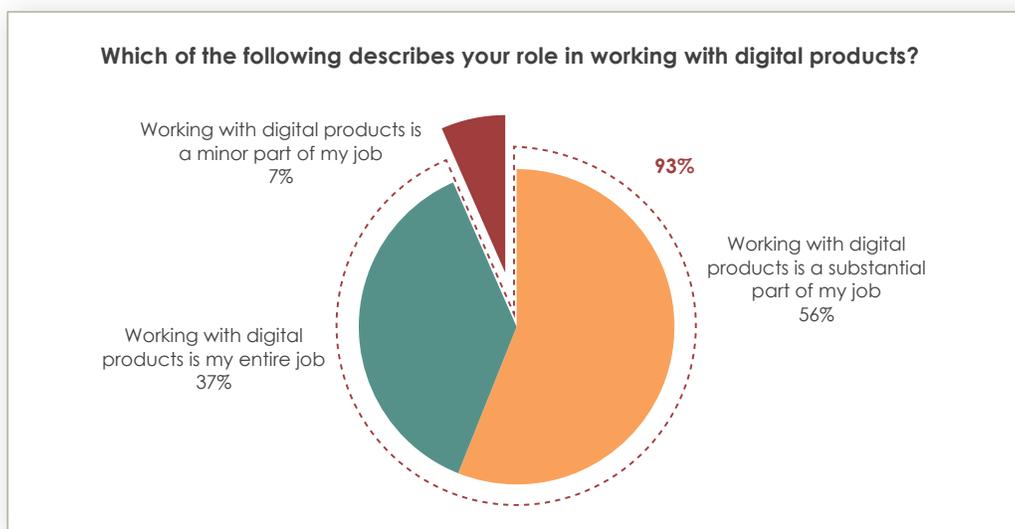
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Peoples Jobs are Digital Products and Their Management

Perhaps one of the most unexpected findings was in our demographic questions, where we asked participants about their role in working with digital products. Shockingly, only 7% said it was a minor part of their job, something we expected to be much higher, as many people often wear several hats and numerous divergent responsibilities. But 56% said working with digital products was a substantial part of their job and 37% stated it was their entire job. This indicates a direct correlation of the value and importance of digital products to the company, and companies ensuring that there are resources tasked and aligned with DPM.



Conclusion

For 2022, companies set three strategic focuses: increased customer value, improved product quality, and increased efficiencies. Companies have increasingly turned to digital transformation over the last couple years to survive and are adapting to the ongoing trend of hybrid workers. But digital transformation alone does not get companies those three strategic objectives.

This research finds that DPM, while still a relatively new concept, is being adopted rapidly and delivering pervasive success quickly. DPM is delivering value in numerous areas, helping companies move to a product focus over that a project focus. It is aligning teams around the product and around the customer, as well as providing collaborative environment that drives efficiency and better products that customers want and value. DPM is also credited for making their DT initiatives easier.

There are challenges to DPM but digital product experts represent them as manageable and indicate the benefits far outweigh the hurdles and effort. The 93% who state digital products are a substantial part of, if not their entire, role directly reflect the value of digital products to the business. DPM is not a solution looking for a problem, but rather a solution and enabler for a direction that companies have already taken. When companies are looking to achieve their 2022 objectives, DPM contributes directly, and indirectly, to make those goals achievable.

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Survey Methodology

Individuals with digital product responsibilities at enterprise companies representing all seniority levels were invited to participate in a survey on their company's DPM and digital transformation initiative's progress, benefits received, and challenges encountered.

A total of **303 qualified participants** completed the global survey. All participants had digital product or leadership responsibilities. Participants represented numerous countries from 5 continents representing a global viewpoint. The survey was administered electronically, and participants were offered a token compensation for their participation.

About Dimensional Research

Dimensional Research provides practical marketing research to help technology companies make their customers more successful. Our researchers are experts in the people, processes, and technology of corporate IT and understand how IT organizations operate. We partner with our clients to deliver actionable information that reduces risks, increases customer satisfaction, and grows the business.

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