Nexient

Accelerate Outcomes with the New Product Development Process

Achieve 10X Product Success and Drive Agility and Innovation in the Process

75%

of venture-backed startups fail.

50%

of S&P 500 companies will be replaced in 10 years.

Accelerating Business Outcomes: the End-to-End Blueprint for Transforming Product Development

If competitors are nipping at your heels, and 'fast as you can' doesn't seem fast enough, know you're not alone. Every company, in every market, is under intense pressure to prove their products or perish. Stalwart enterprises are losing out to non-traditional digital disruptors. Nimble startups are racing against the clock to get to market before funding dries up.
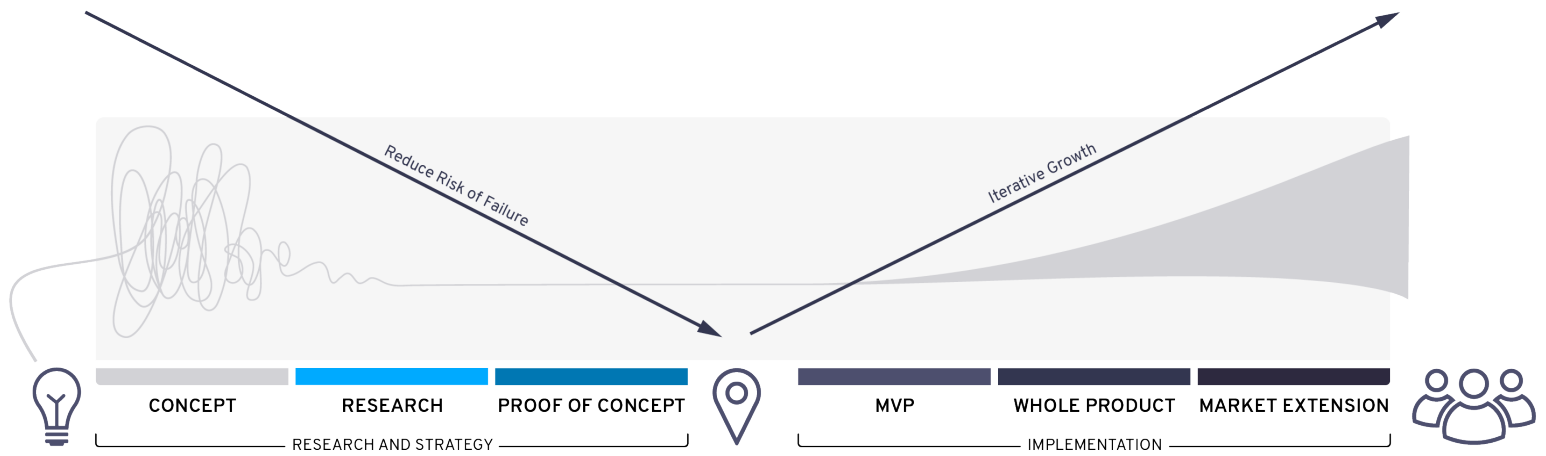
But the picture isn't all grim. In light of, or perhaps because of these constraints, certain companies defy the odds. Some are household names: Netflix, Amazon and Tesla's brands that seemingly catapulted themselves into the lead with products that outdistance everyone else. You may have heard of 10X engineers, the prized developers who produce 10X more than their peers. Well, companies like Netflix are creating what we might think of as 10X products—products so much better than anything else on the market, they don't just edge out the competition, they flatten it.

Which raises the billion-dollar question:

How do you build these "10X Products" that drive an outsized market impact?

10X product companies don't just succeed through passion and hard work. They use digital technologies to drive fundamental changes in the market, and sometimes even habits and culture.

In our work with top American brands in retail, finance, entertainment and healthcare, we've identified a product development process directly correlated with greater commercial success. We call it the "Product Pipeline."

Reduce Risk of Failure

Iterative Growth

| CONCEPT | RESEARCH | PROOF OF CONCEPT | | MVP | WHOLE PRODUCT | MARKET EXTENSION |

RESEARCH AND STRATEGY
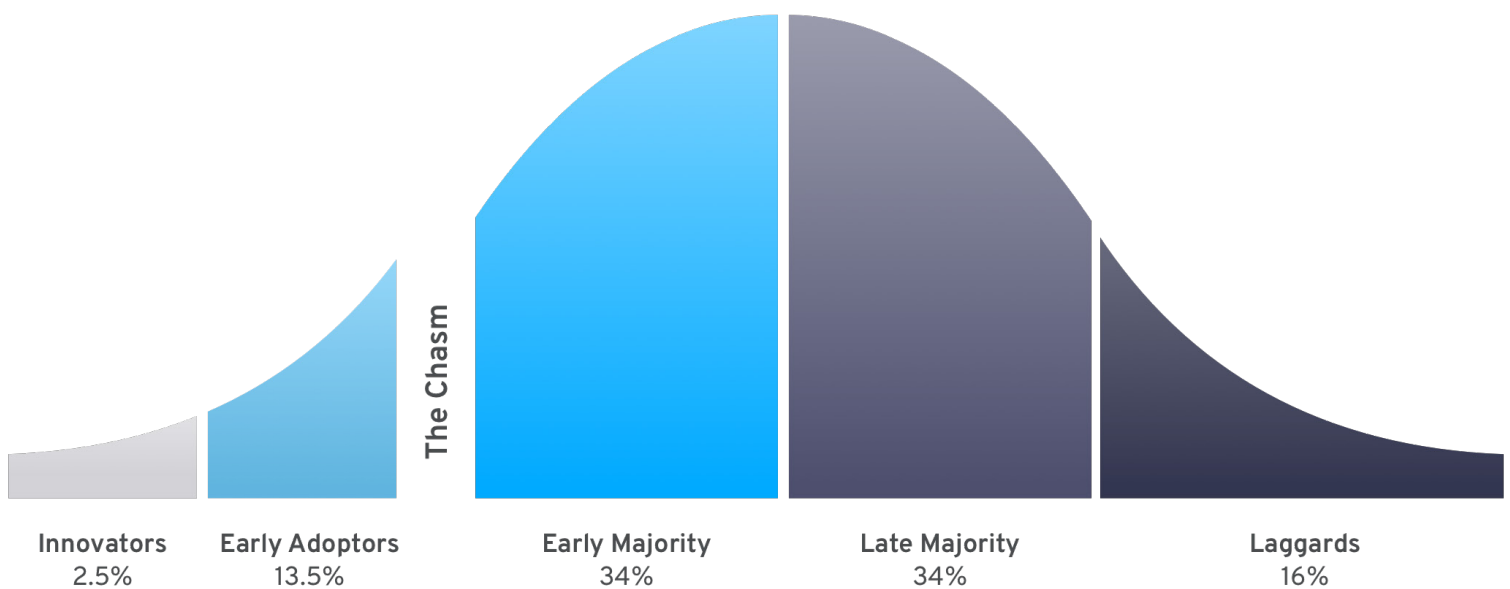
IMPLEMENTATION

What's a Product Pipeline?

A Product Pipeline integrates people, process and technology into a single infrastructure designed to usher digital products from ideation to release to extension.

What do we mean by a product?

It's not as obvious as it might seem. Many companies make the mistake of thinking about a product as a single creation at a particular point in time. The Product Pipeline treats products as platforms that evolve from early prototypes to fully polished offerings for mainstream customers. A single product, in this scheme, will pass through multiple versions or SKUs, all of which share a common heritage and value proposition.

Laying the Pipeline Across the Chasm

Nexient's Product Pipeline approach is based on methods proven by early-stage product companies, but it has a lot in common with Geoffrey Moore's famous model for technology adoption. Moore argues that a "chasm" separates early product adopters from early mass adopters with very different needs. The marketer's task is to cross the chasm between the two. To do that, the business needs to choose a target market, develop a "whole product" and position the product for leadership in the market.

The Chasm

| Innovators | Early Adoptors | Early Majority | Late Majority | Laggards |
| 2.5% | 13.5% | 34% | 34% | 16% |

Borrow from the Best: Tesla

Let's apply this model to the electric-vehicle market. In Tesla's early days, potential customers said they wanted longer battery life, more chargers and a more affordable entry point. Tesla built everything the user research suggested, as well as a lower-cost model: the Model 3. The Model 3 was Tesla's way across the chasm into the garages of mainstream consumers. Since 2018, 10 years after the launch of Tesla's first automobile, Tesla has been selling more Model 3s in the US than all Mercedes models combined.

Small + Midsize Luxury Cars - 2018 US Sales

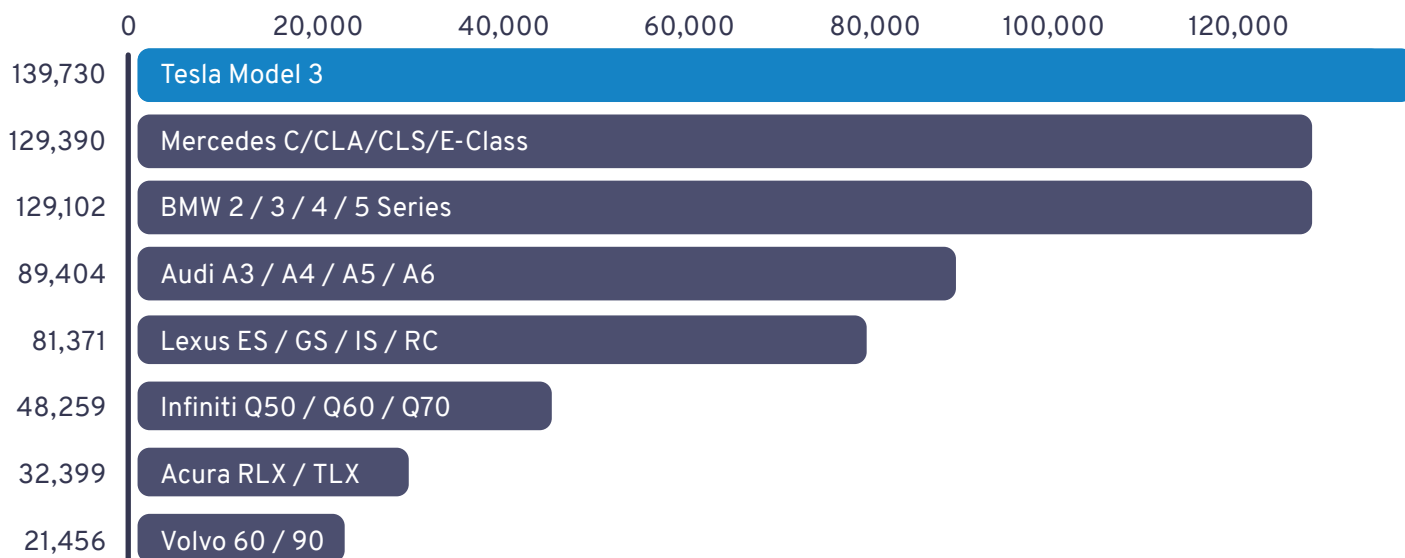|	
139,730	Tesla Model 3
129,390	Mercedes C/CLA/CLS/E-Class
129,102	BMW 2 / 3 / 4 / 5 Series
89,404	Audi A3 / A4 / A5 / A6
81,371	Lexus ES / GS / IS / RC
48,259	Infiniti Q50 / Q60 / Q70
32,399	Acura RLX / TLX
21,456	Volvo 60 / 90

Chart: CleanTechnica - Source: Automakers, Clean Technica - Created with Datawrapper

Sliding up the Pipeline

Just like Tesla or any disruptor, your product will pass through different phases in the pipeline as you research, validate, build and launch it. Well-defined exit criteria will tell you when you're ready to move to the next phase. But the first step to building a Pipeline is understanding everything that goes into it.

Phase 1: Concept

In the first portion of the Product Pipeline, you'll identify the size of the total available market and the most promising segments within it. You'll emerge with a differentiated concept and identify possible market segments.

Phase 2: Research

Here you'll decide which market segment to target first, and what appeals most to customers in that segment. Tesla's first adopters were celebrities who didn't care if the car had everything a mainstream adopter might need. They just wanted something eye-catching that no one else had. While this first user segment might not look much like the segments you'll go after later, satisfying this one will give you a clear idea of your overall value proposition, and give you much-needed experience putting the pieces together.

Phase 3: Proof of Concept

In the proof-of-concept phase you'll build the technology your first target segment is anticipating, including your initial end-to-end prototype and go-to-market plan. Tesla, for instance, needed to prove its car could last 200 miles per charge.
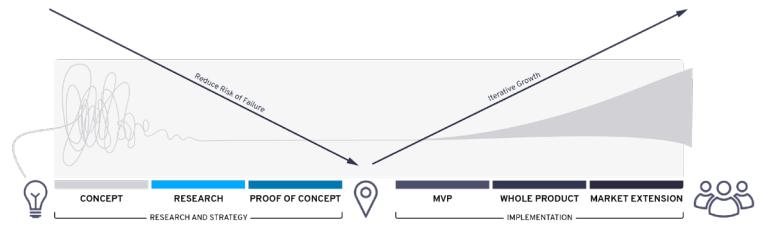
Phase 4: MVP

The MVP phase comes halfway down the pipeline. The earlier you find your MVP — the minimum viable product you can sell to a larger group — the faster you'll establish a feedback loop with paying customers. By now you'll have started to earn the initial revenue from your first target segment.

Phase 5: Whole Product

In addition to initial revenue, by this phase you'll have gathered feedback you can use to understand what it will take to build a "whole product" that the mainstream market will buy. Here you'll develop go-to-market plans for your second and third audience segments.

Phase 6: Extension

The extension phase is where you cross the chasm. You've iterate on the whole product for your first audience to create versions for your second and third audiences, establishing yourself as a market leader in multiple segments.

# Why Your Product is Like a Startup

So far we've only discussed Product Pipelines from a process point of view. You can also take a people point of view and think about the team you'll need.

One could argue that early stage startups of about 10 people are the most efficient units in corporate America. They're entrusted with a year's worth of funding. If they can't hit their milestones within that time, they might as well kiss their business goodbye. Small, cross-functional teams like those in a startup typically include someone who understands what users want, someone who charts the course for development and someone who actually builds the product. These three functions — product management, user experience and development — are the same three core components of the Product Pipeline.

Deconstructing Product Pipelines:

The core components of the product are Product Management, User Experience and Development.
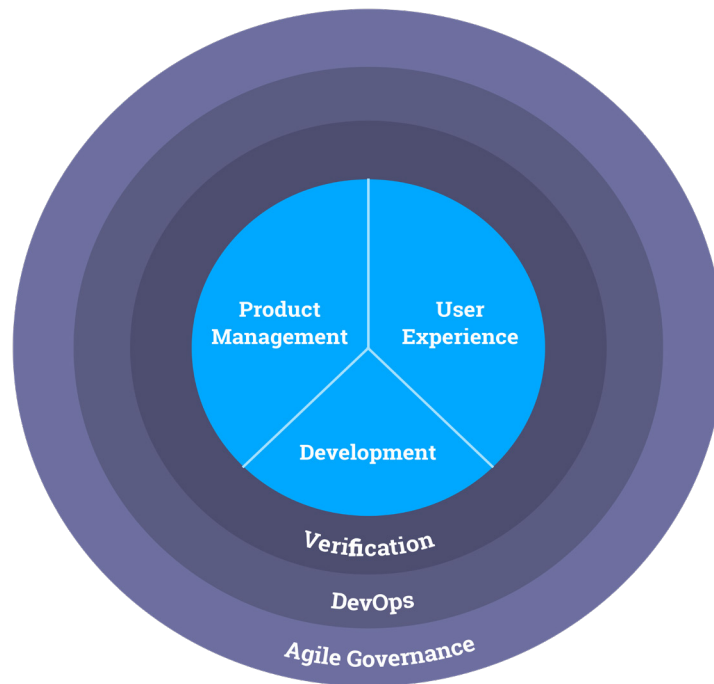
User Experience:

understands the journey users will take and help shape what the developers create.

Product Management:

researches market segments; works with User Experience to fill out the roadmap.

Developers:

build out the overall architecture.

This center is supported by three critical enablers that improve the core's flow and quality.

Verification:

assures product resilience and validates through quality engineering and performance testing.
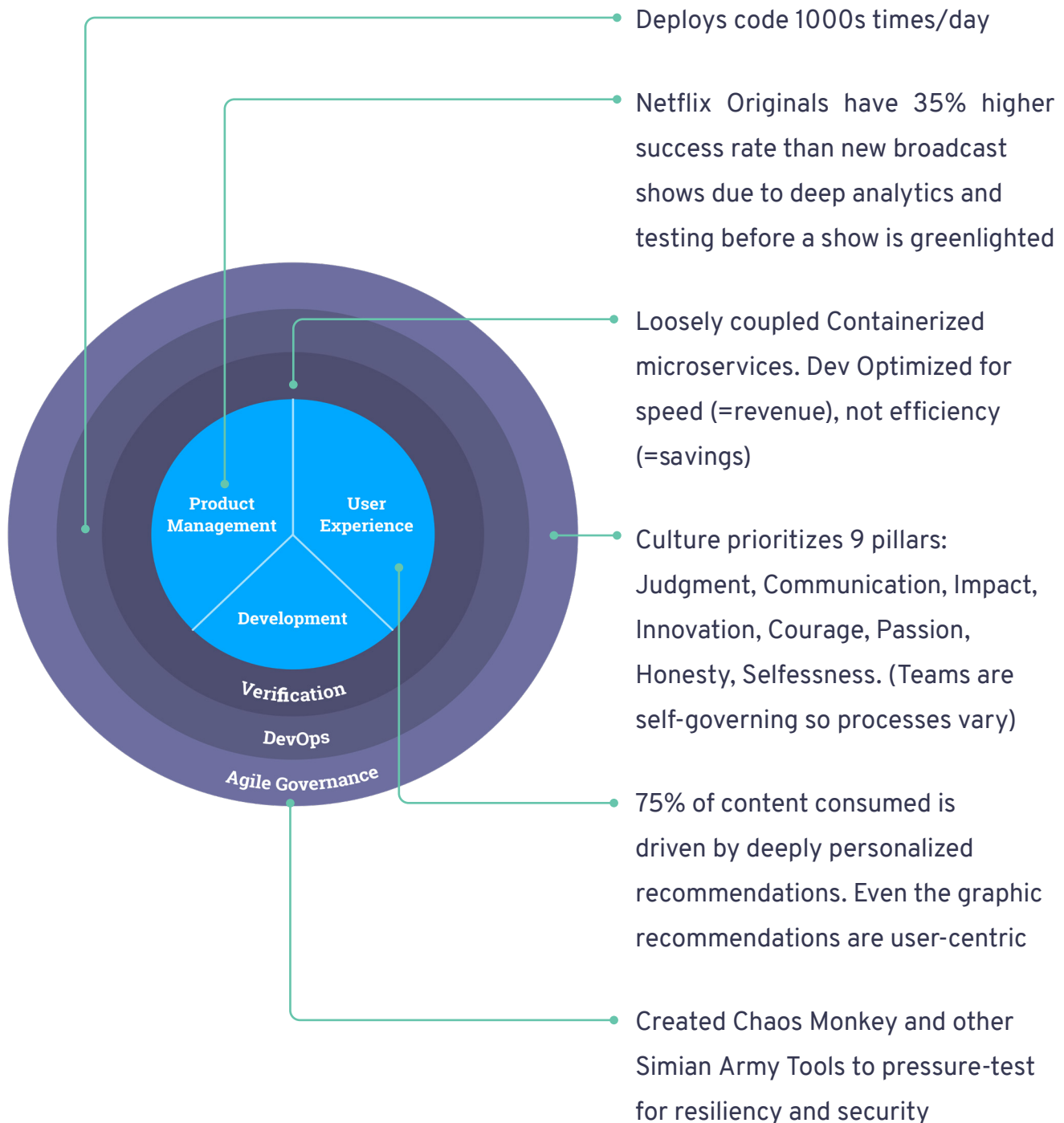
DevOps:

automates, monitors and optimizes development flow to take software into production as quick as possible.
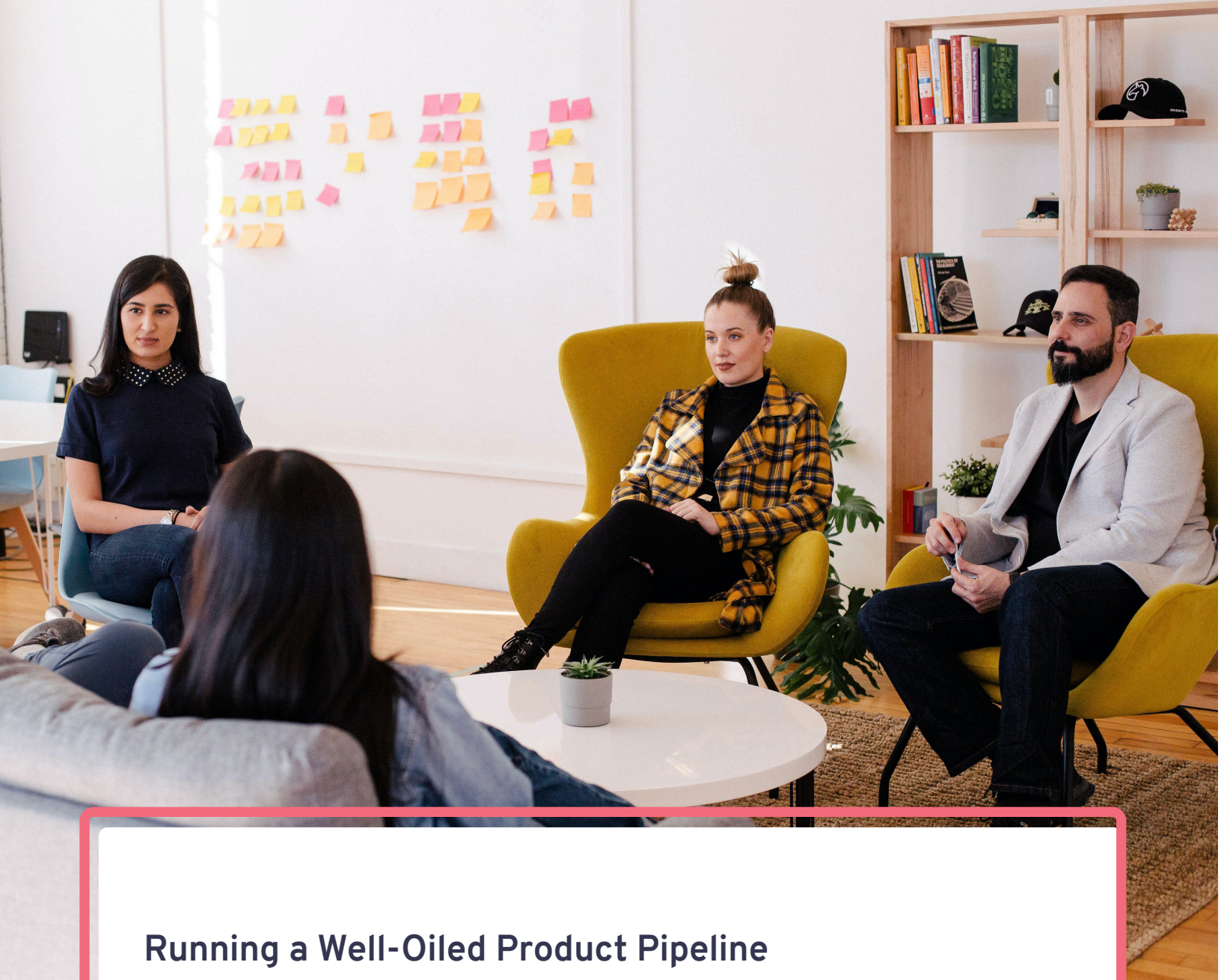
Agile Governance:

orchestrates the people and process to work together efficiently and effectively.

Borrow from the Best: Netflix

Let's look at Netflix as an example of a company that exemplifies the Product Pipeline.

Deploys code 1000s times/day

Netflix Originals have 35% higher success rate than new broadcast shows due to deep analytics and testing before a show is greenlighted

Loosely coupled Containerized microservices. Dev Optimized for speed (=revenue), not efficiency (=savings)

Product Management

User Experience

Development

Verification

DevOps

Agile Governance

Culture prioritizes 9 pillars: Judgment, Communication, Impact, Innovation, Courage, Passion, Honesty, Selfessness. (Teams are self-governing so processes vary)

75% of content consumed is driven by deeply personalized recommendations. Even the graphic recommendations are user-centric

Created Chaos Monkey and other Simian Army Tools to pressure-test for resiliency and security

## Running a Well-Oiled Product Pipeline

A Product Pipeline is not a factory line. Teams don't work serially, each handing off output to the next. They work in parallel, which means their output needs to be integrated to make the product commercially viable (via the Product Manager), technically successful (via the Developer) and desirable and delightful (via the Designer).

Many enterprises claim world-class marketing teams, award-winning designers and the technical chops to boot, but all of these functions operate in silos. They need to be unified to eliminate friction.

Reaching Process Maturity

As you pass through the Product Pipeline, you'll need a different mix of talent. A group that finds itself in the spotlight at one stage might play more of a background role in the next. Understanding who you'll need most, and when, will help you properly resource your Product Pipeline.
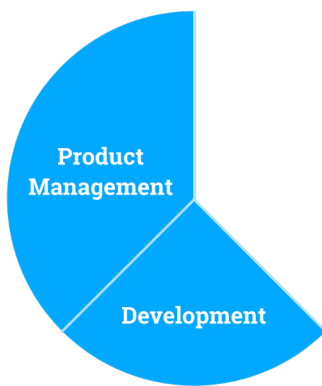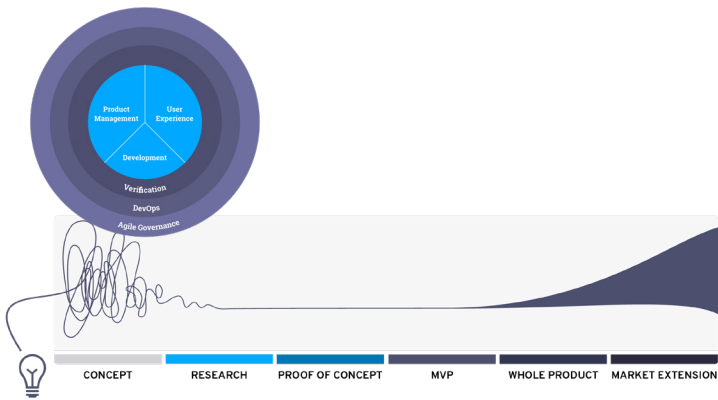
Stage 1
Get Shit Done

All companies start with a "get shit done" mentality. They usually have people who build things and people who sell things — development and product management — and not much else. This infrastructure might seem crude, but it's the right beginning. The components of the Product Pipeline are designed to be applied in layers.
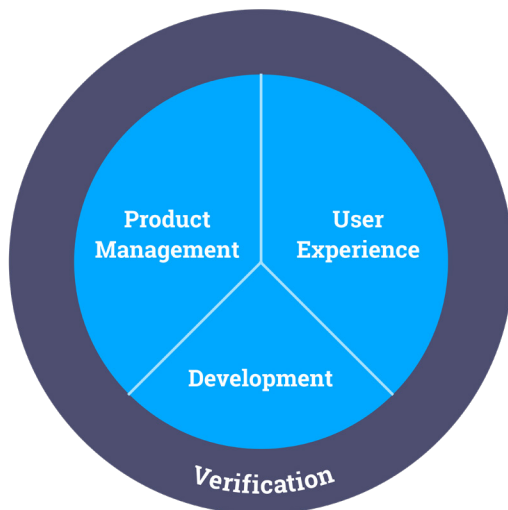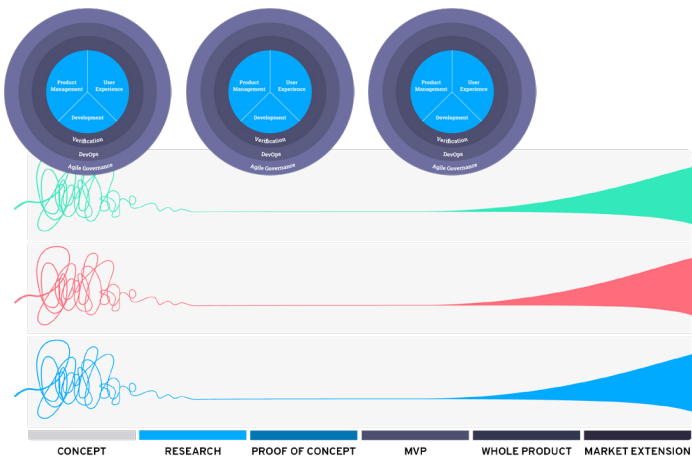
Stage 2
Market Test

Once you have your development and product management functions squared away, you'll add in user experience and verification to develop an MVP and conduct market testing.

Stage 3:
Single Product

By the time you've built a single product, you'll have your whole staffing structure in place, welcoming DevOps and Agile Governance into the fold.

Stage 4:
Robust, Sustainable Product Pipelines

When you reach stage 4 maturity, you know you've made it. You're shipping to the early majority and cycling through the entire process. Well done.

Where Are You in the Pipeline?

Whether they're constrained by their ability to scale out (do more things) or scale up (increase output), even organizations with decades of digital product experience can stumble through their Product Pipelines.

Building a Product Pipeline is good. Knowing how mature it is even better.

Product Pipeline MAPs: Finding Your Current Location

A Maturity Assessment Process evaluates the strength of your Product Pipeline within each of its six phases, ranking your maturity levels as competencies correlated with the six core components of the Product Pipeline. By identifying which to prioritize, you can respond better to market conditions.
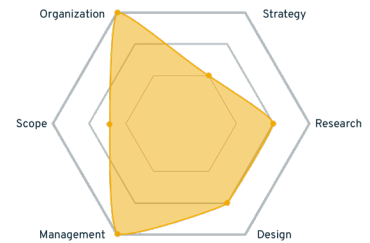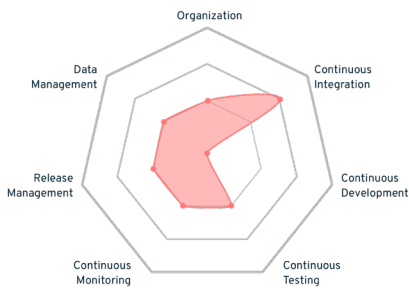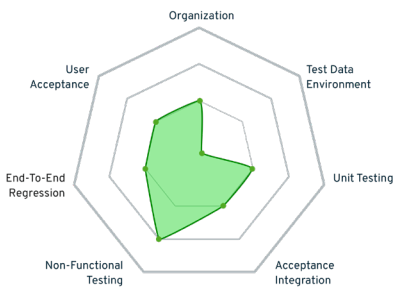
Product
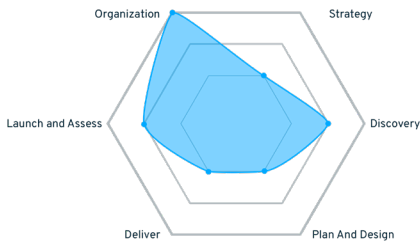
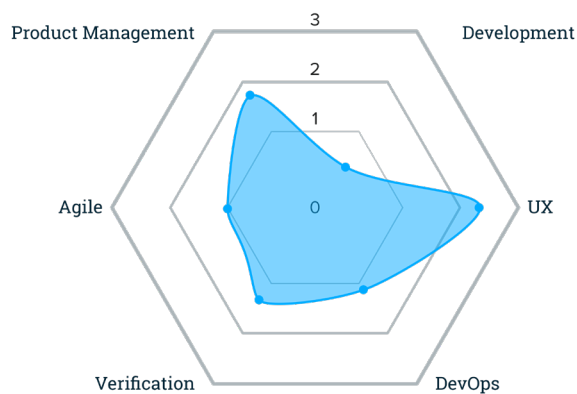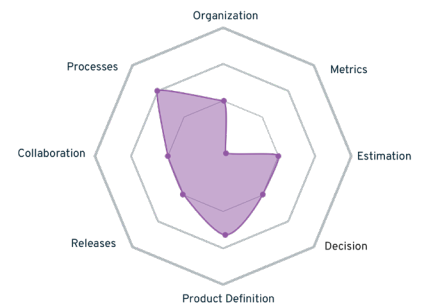### Development
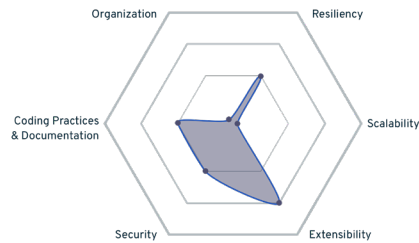
### User Experience

DevOps

Verification

Agile

MAPs can even help teams that are already successfully delivering products by helping them understand their strongest and weakest competencies. For example, you may have a strong user-experience component, while lacking a unified UX strategy.

Product Pipeline Results

To show the value of investing in a Product Pipeline, let's return to the Netflix case study. This graph shows the impact of a Product Pipeline over a 10-year period.
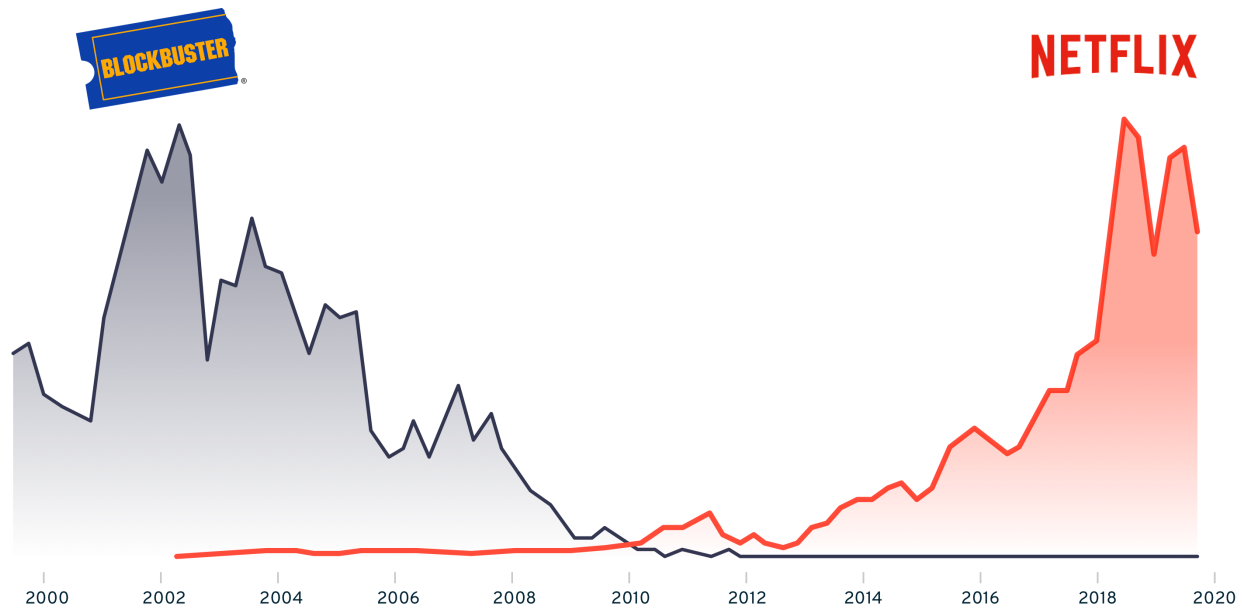
Gartner's Market Guide for Agile and DevOps Services Says:

"Organizations that have embraced the product model will outperform the competition that has not, in both customer satisfaction and business results."

What Else Can a Product Pipeline Do For You?

We've already discussed how a Product Pipeline can help you break away from the competition. How else can it help you?

1. Pressure test new ideas to ensure their business viability
2. Reinvigorate lagging products
3. Find new life for successful products in new markets and categories
4. Separate good ideas in concept to great ideas in execution that help you win in the marketplace
5. Accelerate and optimize organization workflows

Priorities and Suggested Steps

For organizations hoping to build a Product Pipeline or make the one they have even better we suggest the following steps.

Step	Priorities
1. Scope and Plan	Determine the focus and approach with customized scope and plan.
2. Kickoff	Bring together all constituents to begin the people, process and technology itegration.
3. Discovery	Access current areas of stength and oppertunity.
4. Review & Validate	Explore the user research results and corroborate the discoveries.
5. Recommendation	Share the best path forward based on organizational goals.
6. Drive Forward	Secure the action items needed to launch the transformation.

Kickoff
Jointly we will begin the effort in an inclusive way to bring all the participants together and get excited about what we are going to achieve

2

Review & Validate
Explore the information discovered and validate the details

4

Next Step
Collaboratively define a path forward and ways to support the journey

6

1

Scope and Plan
In scoping we work together to determine the focus and approach

3

Discovery
We work with you to assess your current state to determine areas of strength and opportunity

5

Recommendations
Based on your aspirations, share recommendations on the areas to move in your desired direction

Thank You!

We would love to hear from you

Ready accelerate business outcomes and drive enterprise agility and innovation in the process?

Contact Nexient to learn how by visiting us at **Nexient.com/Contact.**

Find Us On:

Nexient