

Accelerating the journey to the cloud with a Product Mindset

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Section 1

Introduction

The priority to move into the cloud and achieve a zero data center footprint is becoming top of mind for many CIOs. This sense of urgency has continued to accelerate over the last 12-18 months, with all industries recognizing the value of scalability and faster solutions. Services like Application Programming Interfaces (APIs) support integration between multiple systems to connect people, organizations, and industries. In the banking industry, APIs allow organizations to leverage existing capabilities for faster deployment and flexible consumer offerings, while maintaining focus on their core business model. This allows for cost-effective scalability driven by consumer insights. Furthermore, many banks struggle to keep up with regulation changes and penalization for failing to comply can be complex and costly moving to the cloud, banks can confidently navigate the ever-changing landscape with the support of a cloud provider familiar with meeting security and regulatory requirements.

One of the most fundamental changes required to accelerate a move to the cloud is the adoption of a Product Mindshift - the shift from an emphasis on project to product. A survey by Deloitte Insights in April of 2020 found 68% of CIO's ranked migrating to the cloud as the top technology spending driver in 2020. This is a 20% increase from the same survey sent only 6 months earlier, just before the pandemic¹. However, many technology leaders recognize money alone won't offer a solution. Cloud transformations require a major overhaul to business operations, and require CIOs to adopt a holistic approach to budgeting, hiring, team organizations, culture, security, product development, and many other operations. Businesses unable to quickly adapt may be left behind, and those who succeed will have created a new operating model that's lean, agile, and prepared to take full advantage of cloud computing benefits.

¹ Stewart, Duncan. Okubo, Nobuo. Jehu, Patrick. Liu, Michael. *The cloud migration forecast: Cloudy with a chance of clouds. TMT Predictions 2021. Deloitte Insights.* <https://www2.deloitte.com/xen/en/insights/industry/technology/technology-media-and-telecom-predictions/2021/cloud-migration-trends-and-forecast.html>

Section 2

What is a Project Mindset?

Established more than a century ago, the Project Mindset is a major productivity driver in the corporate world. In predictable situations, this methodology produces outcomes on time and under budget - just like the completion of the Hoover Dam in 1936. Through careful planning, preparation, and task management, the largest concrete structure ever built was completed under budget in less than four years, which was two years ahead of schedule. Many organizations now follow a similar blueprint, with project managers creating organized series of tasks, mapping milestones to timelines, and carefully tracking to a pre-fixed budget.

However, in the age of behemoth software companies, exponential growth, and rapid shifts in consumer preferences, organizations can achieve even quicker success by leveraging agility, innovation, and technologies like cloud computing. As business outcomes and value for customers become centric, organization-wide goals shift from timelines and cost reduction to value creation, from project to product.



Section 3

Foundations of a Product Mindset

Adopting a Product Mindset can supercharge organizations by putting customer empathy at the forefront of product creation. This approach allows product managers to remain focused on the value they are creating for users, and continuously seek opportunities to improve.

The constant flow of data encourages quick pivots, without being blocked by rigid budgets and resource allocations. With a deep understanding of customers needs and the unique ability to rapidly deliver targeted solutions, a Product Mindset presents five key foundations:

Data-driven decision making

When data is democratized, decisions become decentralized even when overall governance and education are centralized. One of Google's foundational beliefs is "default to open", which encourages the exchange of information. With data more readily available to everyone, cross-functional teams are aligned and empowered to make decisions that deliver a whole product, rather than just meeting individual deadlines. Organizations using data to drive long-term and holistic objectives are better equipped to break down team silos and scale isolated successes.

Holistic organizational structure

Product-focused organizations design their teams around products. Strategies are guided by user needs or preferences, and aren't constrained by available resources. With an "outside-in" approach, decisions are not framed by existing capabilities, organizational structures, or presumed market trends. Organizations should be open to upskilling or redefining roles to ensure the teams and structures reflect the new strategy.

Value, not milestones

A user-centric organization prioritizes customer empathy and focuses on tangible business and user value, rather than short-term milestones. Success is measured by outcomes not output. This means the focus remains on whether the product has the intended impact, and not on how many features are delivered. An organization should build a business case for a Product Mindshift that encompasses both financial and qualitative key success metrics. When done optimally, organizations can ensure investments are value-driven and aligned with overall business objectives.

Venture capital based budgeting

In traditional budgeting, projects are allocated a fixed amount of money, and funding is usually restricted to annual or quarterly cycles. Venture capital based budgeting is aligned to outcomes, and funding is frequently reallocated according to product value. With ever-changing products and projects without fixed specifications, flexibility is fundamental to this budgeting approach. Initial investments can be small as a Minimum Viable Product (MVP), and additional funding and resources can be secured by demonstrating value. The flexible and frequent relocation structure also means teams can quickly and easily switch ideas to ensure the overall objective is being met, rather than waiting for the traditional annual funding process.

Agility and continuous improvement

Product-focused organizations thrive in complexity as they are quick to make strategic adjustments and tactical decisions² to manage change. In digitalization, Agile and DevOps have become increasingly effective practices because of their emphasis on rapid feedback, failing quickly, and creating business value. By delivering services in short cycles, organizations can continuously optimize to better align value to user needs. Instead of sticking to a plan, organizations should stay attuned to evolving needs and respond to the change with a continuous learning feedback loop.

² De Smet, Aaron. Mygatt, Elizabeth. Sheikh, Iyad. Weddle, Brooke. *The need for speed in the post-COVID-19 era—and how to achieve it*. McKinsey & Company. 9 September 2020. <https://www.mckinsey.com/business-functions/organization/our-insights/the-need-for-speed-in-the-post-covid-19-era-and-how-to-achieve-it>

Section 4

Accelerate cloud transformation with a Product Mindshift

The International Data Corporation predicts investments in digital transformation from 2020-2023 will grow at 15.5% CAGR, meaning 65% of global GDP will be digitalized by 2022³. Considering this quickly changing landscape, organizations can enhance their management style by shifting towards the user-centric, long-term, and holistic thinking of a Product Mindset. The complexity of a cloud transformation is complex, requiring numerous stakeholder, and varying technologies, architectures, and needs. Embracing a Product Mindshift will accelerate the cloud journey and allow an organization to consistently delight its users while driving market adoption.

Achieve faster time-to-market with better managed risk

In dynamic environments, organizations must move with speed to the market. Teams a Product Mindshift can accelerate overall flow and remain focused on outcome-driven ideas. Quicker success is also achieved with an agile way of failing rapidly, learning from the failure sooner, and reiterating. These frequent recalibrations not only drive towards value, but also mitigate the risk of wasting time, resources, and money on ideas not aligned with users' needs. Furthermore, the combination of shorter cycles and venture capital based budgeting reduces the overall risk of investing in unsuccessful ideas.

³ IDC FutureScape: Worldwide Digital Transformation 2021 Predictions, Doc # US46880818, October 2020.
<https://www.idc.com/getdoc.jsp?containerId=US46880818>

Empower teams to innovate

The dynamic nature of cloud transformation can restrict innovation through fixed budgets, limited resources, or structural constraints. The journey to the cloud has no one-size-fits-all model; as each organization has different cloud transformation uses and objectives. By first understanding those unique needs, organizations can develop targeted processes and strategies to meet the vision. This holistic and flexible organizational structure enables product managers to ideate according to market fit. By making comprehensive decisions, teams can unlock cross-functional collaboration, democracy of data, and innovation. At Google Cloud, teams are encouraged to “Think 10X”, to improve things 10 times, not by 10%. This mantra gives teams creative freedom and empowers innovation.

Drive organizational sustainability

Organizations that enable a Product Mindshift are more sustainable in the long-run. Even with the best technology and processes, a cloud transformation can be stalled by “people challenges” and failure to embrace new ways of working. The value-driven ecosystem of a Product Mindset is essential for sustainable improvements and adoption across an organization. A strategy centered around value and outcomes will not only encourage internal buy-in, but also drive market adoption by consistently delighting customers.

Section 5

How to enable a successful Product Mindshift

The need for cloud and digital transformations is often the catalyst for companies adopting a Product Mindset. However, introducing a significant organizational change during a technology transformation can feel daunting and it's important for business leaders to tackle the change carefully. To achieve transformative results, this initiative must begin with leadership and systematically rewire ways of working from the top down. With good planning and the right buy-in from leadership, this can achieve amazing results. This complex process can be distilled into the following five critical elements:

Create a holistic business case

A Product Mindshift requires full buy-in from executive leadership and partnership with multiple departments in an organization. To encourage cooperation, it's important to begin by justifying the required finances, time, and effort. The cultural, procedural, and organizational changes can all be mapped directly to additional value by measuring the impact of increased delivery speed, better market fit, and adoption rates. Qualitative metrics like employee empowerment and change adoption, also play an essential role. A holistic business case accounting for both financial and people elements helps ensure investments are aligned with the overall business strategy and drive value add initiatives.

Early change management ingrained in the culture

One of the most important components of a Product Mindshift is ensuring necessary cultural adjustments for employees to flourish with the new ways of working. Re-labeling processes or the job titles of managers is unlikely to create a significant impact if the culture of an organization does not change too. For a Product Mindshift to work, leaders need to transform the organizational culture to remain adaptable, embrace change, and strive for continuous improvement. Change management should be implemented early, with open and frequent communication to overcome resistance. One of the key ways to encourage a culture change is to properly align employee incentives with the desired outcomes. Rewarding value creation and learning can help employees who are overly focused on their tasks to see the bigger picture of how their work creates value for customers. It's also important to encourage employees to some level of risk when justified by the potential rewards as a culture with a Product Mindshift is agile enough to fail quickly, recalibrate, and mitigate setbacks. Focusing on downstream value creation and impact during employee performance reviews will further help shift the focus and encourage a culture of a Product Mindshift.

Executive alignment and leadership buy-in

In the same way a cloud transformation requires the full support of executive leadership, the Product Mindshift relies on complete alignment from organizational leaders. Employees look to executive leadership as a North Star during any major transformation, but particularly when they are being asked to change the way they work every day. It's particularly important for executives to embrace the change when it comes to empowering teams and making decisions. However, this can be difficult for leaders who are used to a hierarchical organizational model and top-down directives. As the democratization of data and decision making is crucial to the agility of teams, leaders will need to cede some level of control to enable a Product Mindshift. Rather than imposing top-down controls, leaders should focus on making the product goals clear, eliminating roadblocks for their teams, and encouraging continuous improvement.

Flatter and collaborative organizational structure

Companies with strict hierarchical organizational structures will successfully tackle challenges by embracing a Product Mindshift. To move quickly, make decisions, and map efforts directly to value, working teams need to be cross-functional units with a broad set of abilities and expertise. Interdepartmental hierarchies and approval workflows can slow process and make democratized decision making almost impossible. Project-focused teams often use sequential methodologies such as Waterfall, where a task is completed by one team before another team hierarchy is activated for the next step. Product-focused methodologies like Agile are based on continuous iteration, where multiple teams work together, communicate constantly, and make decisions frequently. Rather than project managers, product managers lead these teams and are responsible for the value of the output, rather than completion of the project. Organizations transitioning to a product mindset should try adopting a flatter organizational structure, where there are networks of cross-functional teams. In this framework, employees are educated and aligned on the business value they are creating, rather than being defined by their position in a vertical hierarchy.

Coexisting in a hybrid during the transition

Much like with cloud transformations, it is unrealistic to expect the Product Mindshift to happen overnight. These changes are a process that can take years. Some individual teams may adapt very naturally to the changes, such as software engineers. As these professionals are already very close to the products they create, the concepts of product management and agile work often come more naturally to these teams. Different speeds of adoption can create a Project-Product hybrid in the organization, and create friction. Organizations need to plan for this potential conflict and accommodate to both ways of working during the transition. These considerations may include finance facing the challenge of balancing mixed-model budgets or human resources needing to phase out older reporting hierarchies and initiate new methods for performance reviews that don't threaten business stability. A successful Product Mindshift requires organizations to recognize the transition period and create a plan for coexisting in this hybrid.

Section 6

Best practices to avoid pitfalls

The difficulty of change management means it's often easier to retreat to how things were historically done. Organizations adopting a Product Mindshift can avoid potential pitfalls by practicing the following principles:

Don't force a Product Mindshift into existing organizational structures

Organizations should not try to force existing practices and must be willing to invest in organizational change. This may include reevaluating roles and responsibilities, overhauling the budgeting process, or even instituting a new team dedicated to culture change. A Product Mindshift does not mean every organization must change everything about the way they work. Both Project and Product Mindsets offer unique value, and organizations should determine which aspects of each mindset to adopt and how to shift into the hybrid space.

Align expectations and evaluation metrics

If teams are encouraged to deliver outcomes and not output, key success metrics must be reflective. While a project manager may prioritize completion and cost, a product manager may prioritize user engagement and market fit. To truly enable a Product Mindshift, management teams should reevaluate KPIs and OKRs so metrics reflect value and actionable insights, while also eliminating vanity metrics. This alignment will ensure employees progress towards the overall vision and maintain trust for their management.

Empower organizational decision-making

Organizations following a top-down hierarchy typically have executive leadership taking charge on vision and strategy. To enable a Product Mindshift, these organizations should redefine their structure to be flatter and more agile. While executive leadership still plays an important role in a product's lifecycle, product managers should drive the strategy rather than take top-down directives. Teams should also feel empowered to make decisions and understand the reasoning behind new initiatives. This deeper insight results in faster, data-driven decision-making to ultimately serve user needs.

Cultivate a continuous learning cycle

Mistakes are an inevitable part business, especially when it comes to major organizational changes. Fortunately, with a Product Mindshift, mistakes can be mitigated quickly through rapid feedback loops and agile working processes. It is important to take this a step further by cultivating a continuous learning cycle so the entire organization can learn from the mistakes and adapt accordingly. One strategy to achieve a continuous learning cycle is what the Google Cloud team refers to as a "Blameless Postmortem". This approach sees teams come together to discuss what went well, what went poorly, why it went poorly, and how it can be avoided in the future. Doing this with the explicit understanding of blamelessness creates an environment of psychological safety, where individuals can be open about mistakes without fearing punishment or humiliation. Such a supportive environment allows organizations to identify the root causes of their success and failures, learn from these, and continuously apply them to their work.

Section 7

Conclusion

A Project Mindset is an effective method for directing focus and completing tasks under deadlines and budgets. While this management style is productive for many organizations, adopting a Product Mindshift can be beneficial through significant changes as it emphasizes value, user needs, and holistic thinking. A Product Mindshift leverages data-driven decision making and agility, while not shying away from overhauling existing organizational structures or budgeting practices. As digital transformation is dynamic and unique to each organization, a Product Mindshift can accelerate the journey to the cloud by supporting the agility of people, processes, technology, and governance. This practice prompts speed, innovation, and longevity so long as organizations do not force Product Mindshift principles into unfit organizational structures, expectations, and habits.

Becoming a cloud-first organization is no small feat, and a Product Mindshift can accelerate the journey. At Google Cloud, the Cloud Customer Experience (CCE) organisation can help propel customers' cloud adoption and maintain alignment of cloud investments to organizational strategy. This support will not only drive momentum, but also develop reusable governance frameworks and manage cloud knowledge and learning. CCE can help build or evolve your organization's cloud journey to accelerate enterprise-wide adoption of business-aligned cloud strategies.

