2024 State of the Industry Report

Financial Services Edition

PROJECT TO PRODUCT

See what's driving better business performance at elite organizations and how financial services companies compare.

planview®

INTRODUCTION

Disruption defines the Digital Age

You already know how fintech firms like PayPal, Revolut, and SoFI revolutionized the financial services industry.

They began as digital-native startups – designed to disrupt.

However, Capital One, American Express, Fidelity, and other established financial institutions also lead the Digital Age, not by disrupting the market but by disrupting themselves.

Disruptors behave like startups and operate as customer-obsessed software companies. Their stand-out trait? A comprehensive, enterprise-wide focus on product over projects.

Because the fact is: Outcompeting in an era of disruption requires a product operating model.

But how many in the financial services industry have truly embraced this approach, and what sets the leaders apart from the low performers across all industries?

To answer these questions, we've conducted extensive research, analyzing fresh survey data and gleaning insights from 8,000 value streams. The result is a definitive report of what drives elite organizations – those capable of not just surviving but disrupting in the Digital Age.

Read on to uncover:

- How financial services compares to other industries in product operating model adoption
- The 8 key areas where elite organizations excel
- The barriers preventing companies from achieving optimal performance
- How Vanguard made the project-to-product shift, achieving record-high CSATs

TABLE OF CONTENTS

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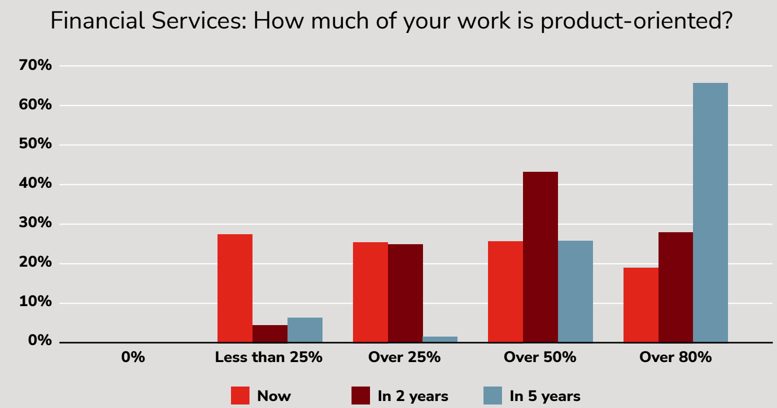
EXECUTIVE SUMMARY

The shift from project to product

Expect an ambitious transformation: Despite being less mature than other industries, financial services companies predict the highest levels of product-oriented work by 2029.

3 Critical Insights for Financial Services

1 **By 2029, financial services companies predict a higher percentage of product-oriented work when compared against other industries.** While currently trailing other industries in product-oriented work, 66% of financial services organizations predict that over 80% of their work will be product-oriented by 2029. This surpasses projections for non-financial industries, with less than half (47%) predicting that over 80% of their work will be product-oriented in five years. Read More



2 **Currently, the financial services industry trails other industries in all key areas of product operating model excellence.** While non-financial sectors demonstrate more advanced product practices across all measured categories, financial services firms remain concentrated in lower maturity levels, highlighting a significant gap in current capabilities. Read More

7 areas where elite organizations excel and financial services companies fall behind

1. Operating as a value stream network
2. Understanding and measuring customer value
3. Funding product teams
4. Making work visible
5. Elevating the product manager
6. Orbiting around the customer
7. Inspecting flow metrics daily

ELITE ORGANIZATIONS USE THIS TERMINOLOGY.

Value stream network	Work visibility	Work-in-progress (WIP) limit	Work aging	Flow Metrics®
The connected web of individual value streams across teams and functions, which improves value delivery through greater company-wide visibility and efficiency	A shared view of work showing where people invest effort, making it easier to gauge alignment, capacity, and progress against outcomes	A cap on active tasks (i.e., work in progress) to optimize workflow and enhance team productivity	A measure of how long work has been in progress, highlighting delays and identifying workflow bottlenecks	A set of metrics that measure the efficiency and effectiveness of the software development life cycle

3 **Implementing a product operating model can radically improve digital experiences, as shown by Vanguard and their project-to-product journey.** The investment management giant launched a five-year modernization initiative in 2020. Their efforts netted a 5x increase in the pace of technical change, a 75% reduction in the frequency of major incidents, and customer satisfaction scores that have never been stronger. Read More

5x increase in pace of technical change

75% fewer major incidents

CSATs strongest ever

> Having a mature product and platform operating model is strongly correlated with business performance outcomes, including 38% higher customer engagement and 37% higher brand awareness.
>
> McKinsey & Company[1]

1. McKinsey & Company. The bottom-line benefit of the product operating model. Accessed Sept. 12, 2024. https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-bottom-line-benefit-of-the-product-operating-model

Recommendations

The findings support concerted action from leaders in three areas: increasing visibility, connecting value streams up and out across the organization, and prioritizing the human element of outcome-driven work.

Increase visibility.

- Examine aging work and canceled work to minimize waste and mine unrealized value for the business.
- Optimize flow metrics to ensure the most efficient response to meeting customer needs, both internal and external.
- Make work visible – and use WIP limits.

Connect value streams up and out across the organization.

- See the organization as a value stream network – a cross-functional web across the enterprise.
- Ensure the whole organization is set up to support the value streams, especially finance and funding.

Prioritize the human element of outcome-driven work.

- Empower product managers to relentlessly prioritize.
- Address burnout by monitoring stress and using flow metrics, among other strategies.

GO DEEPER

Access the analysis on what makes an elite product-oriented organization – and what's stopping companies from becoming one – in the following pages.

Continue Reading the Report

Work with Planview's team of highly skilled experts to build a practical roadmap for operationalizing and sustaining a mature product operating model. Explore how you can drive a project-to-product shift successfully, from transformation to realization.

Request a Personalized Assessment

ABOUT THE RESEARCH

The second Project to Product State of the Industry Report uncovers a research-led approach to transforming and sustaining elite product-oriented organizations. (See "Methodology and Demographics" for data sources and other details.) The report benchmarks the shift that Planview CTO Dr. Mik Kersten detailed in his 2018 book, *Project to Product: How to Survive and Thrive in the Age of Digital Disruption with the Flow Framework*.

ACROSS ALL INDUSTRIES

Methodology and demographics

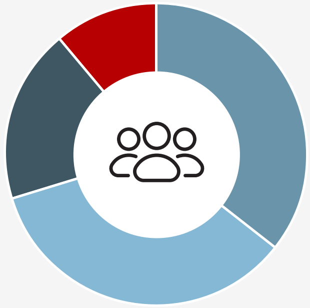
The 2024 Project to Product State of the Industry Report leverages insights from the following sources, combined with additional perspectives from Planview Flow Advisors and other industry experts:

1. A global survey conducted in June and July 2024, which drew 305 respondents from six geographies (Africa, APAC, Europe, North America, South America, and the UK) and nine industries (automotive, education, energy, financial services, government, healthcare, manufacturing, retail, and technology)

2. 300 respondents from the Planview Project to Product Maturity Assessment (The same questions formed the basis for the 2023 Project to Product State of the Industry report.)

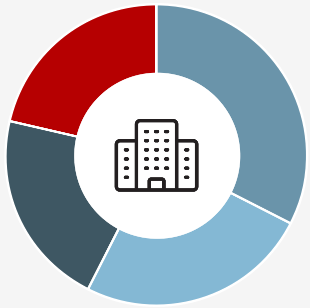
3. An analysis of 8,000 value streams derived from Planview's value stream management solution, Planview Viz

Role Breakdown



36% consultants or change agents
35% managers or senior managers
19% directors
11% executives

Department Breakdown



26% engineering/IT
20% PMO
17% product management
17% transformation

How Performance Is Defined

Survey respondents self-reported their organization's performance based on how consistently they meet their quarterly business objectives.

- **Elite-performing** organizations meet objectives more than 90% of the time.
- **High-performing** organizations meet objectives more than 70% of the time.
- **Medium-performing** organizations meet objectives between 50-70% of the time.
- **Low-performing** organizations meet their objectives less than 50% of the time.

ACROSS ALL INDUSTRIES

Key Findings

A product operating model drives better business results.

Elite organizations meet their quarterly business objectives more than 90% of the time. When compared with low-performing organizations – those that meet their objectives less than half of the time – the data shows that elite organizations:

Have **2x more** product-oriented work

Are **4x more likely** to be making work visible and controlling work-in-progress (WIP) limits

Are **3x more likely** to:

- View and operate the entire enterprise as a value stream network – the connected web of individual value streams across teams and functions, which improves value delivery through greater company-wide visibility and efficiency
- Measure customer value and use cascading objectives and key results (OKRs)
- Empower product managers to drive their product's vision and roadmap via experimentation

Are **twice as likely** to be:

- Customer-centric, actively maintaining stronger relationships between their employees and customers
- Conducting a daily review of flow metrics – measuring the efficiency and effectiveness of their work as it moves through the value stream
- Aligning project-based planning with product-based funding
- Conscious of how optimizing flow improves customer experience and results in better business outcomes

Product Teams vs. Project Teams

Unlike product teams, project teams orient themselves around the "iron triangle" of time, resources, and deliverables. This output-based approach can disconnect teams, leaders, and stakeholders from the value they're delivering. When output matters most, efficiency and outcomes matter less – even though the latter drive better business results.

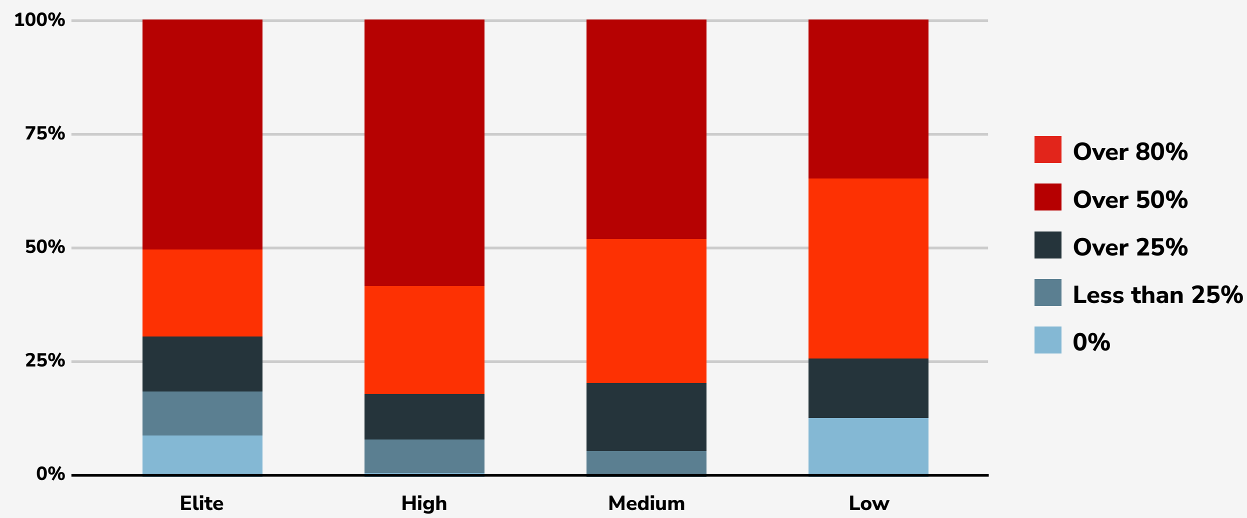
Product operating model adoption is increasing, but organizations employ both project and product teams.

Today, over 50% of the work in elite and high-performing organizations is product-oriented, compared to only 25% of low performers. The elite and high performers expect that to grow to 75% in two years, and the lower performers expect to get to 50%, reaching 75% after five years.

> 50% of respondents forecast that in five years, over 80% of their work will be product-oriented – a 60% increase from today.

While all respondents expect to do less project-oriented work and use more product-based practices, the industry won't reach 100% product orientation in the next five years. In fact, many organizations are deciding to keep pockets of project teams where it makes the most sense for their business, or they're retaining an element of project-oriented work due to regulation in their industry.

In 5 years, how much of your work will be product-oriented?

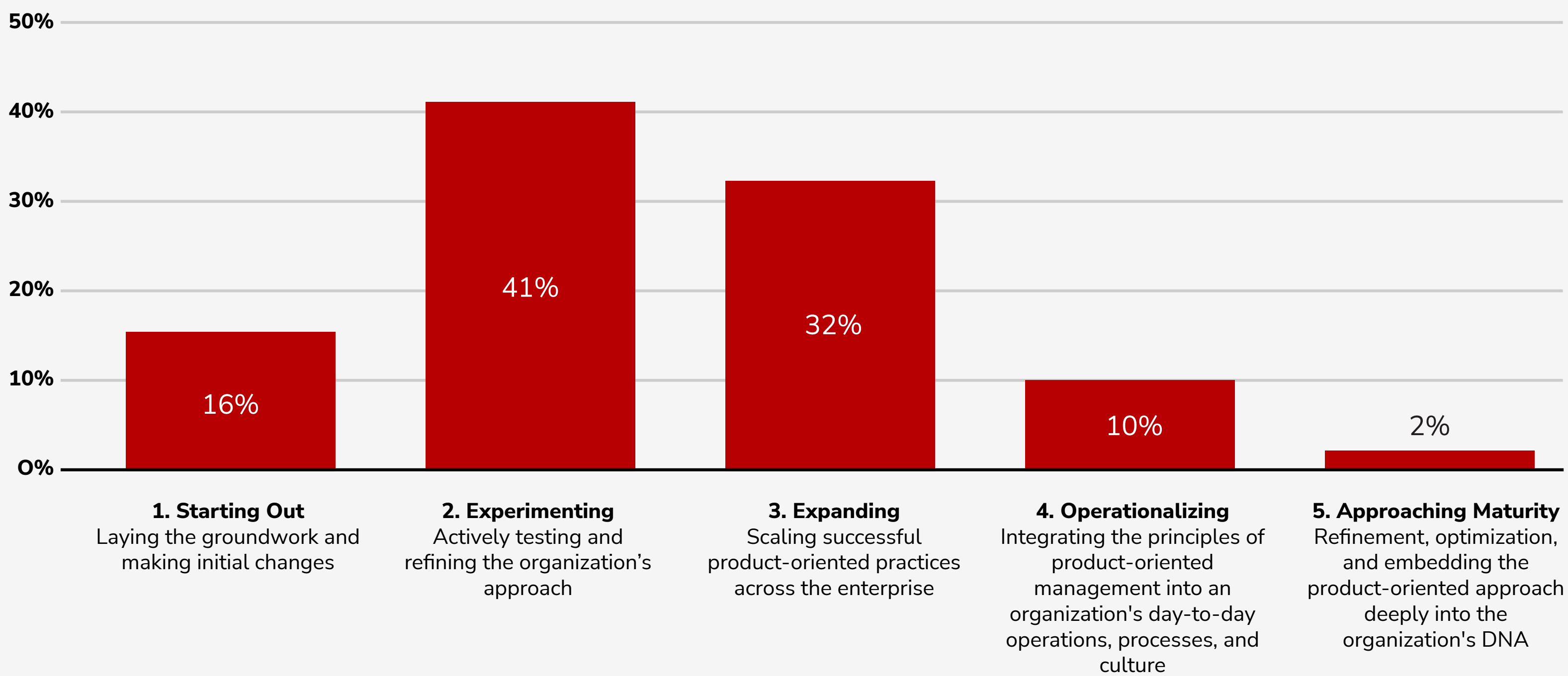


Most organizations remain far from full adoption.

Despite growing recognition of the benefits associated with product-oriented practices, most organizations remain far from full maturity.

The highest number of respondents report they are either in stage 2 (41%) or stage 3 (32%) of adoption. However, only 12% report themselves as having operationalized the shift. The data indicates that few organizations are operationalizing the model or approaching maturity, likely because there's so much in the way of their progression. Only eight percent (8%) had operationalized the shift in the 2023 report.

5 stages of adopting a product operating model



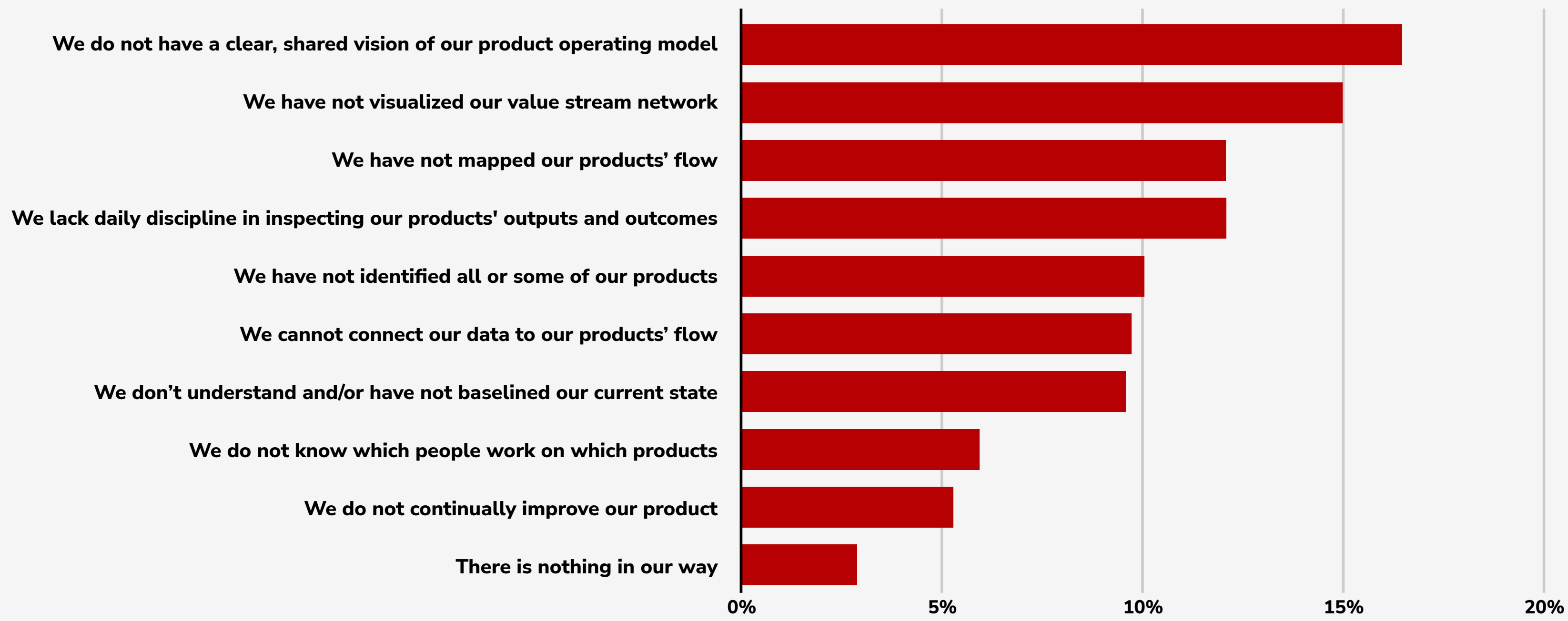
Most organizations have yet to establish or adequately maintain the necessary systems and practices to perform at an elite level.

Only 3% of respondents said that nothing stands in the way of their project-to-product shift. What could companies achieve if they flipped that statistic – and 97% of respondents said they have what they need to succeed?

The biggest challenge facing enterprises trying to shift from project to product today is not having a clear, shared vision of a product operating model, followed by not being able to see their organization as a web of interconnected value streams (i.e., a value stream network).

Both vision and visibility are challenges for strategic leadership, and the third most common answers – lacking discipline or not having mapped flow – relate to team level adoption.

Which of the following challenges are you experiencing in your shift from project to product?



ACROSS ALL INDUSTRIES

What's in the Way

97%
report at least one roadblock in advancing their project-to-product shift, hindering implementation and impeding performance

50%
still measure the success of delivery teams primarily with cost and quality metrics vs. business value

Only 15%
can incorporate customer feedback within weeks

2/3
can't explain how their work results in positive business outcomes or have few leaders who can articulate the business drivers

80%
don't have all teams inspecting flow metrics daily (metrics measuring the efficiency and effectiveness of work in a value stream) or leaders that can connect flow to customer experience to business outcomes

Only 35%
work in organizations where product managers are properly empowered

65%
cannot see their organization as a value stream network

Just 15%
said all products have automated, independent paths to production

Just 10%
said they have a structured approach to managing dependencies across teams and value streams

HOW FINANCIAL SERVICES COMPARES

Elite Organizations Excel in 8 Areas

The survey data shows eight clear markers of product operating model excellence in elite organizations. In the charts that follow, you'll learn how financial services compares against all other industries.

1. Operating as a value stream network
2. Understanding and measuring customer value
3. Funding product teams
4. Making work visible

5 Elevating the product manager

6. Orbiting around the customer
7. Inspecting flow metrics daily
8. Protecting teams from burnout

Elite organizations operate as a value stream network.

If a **value stream** is the sequence of activities necessary to deliver a product, service, or experience to a customer – either internal or external – then a **value stream network** is an interconnected system of value streams that work together to deliver value to customers across multiple products, services, or business units.

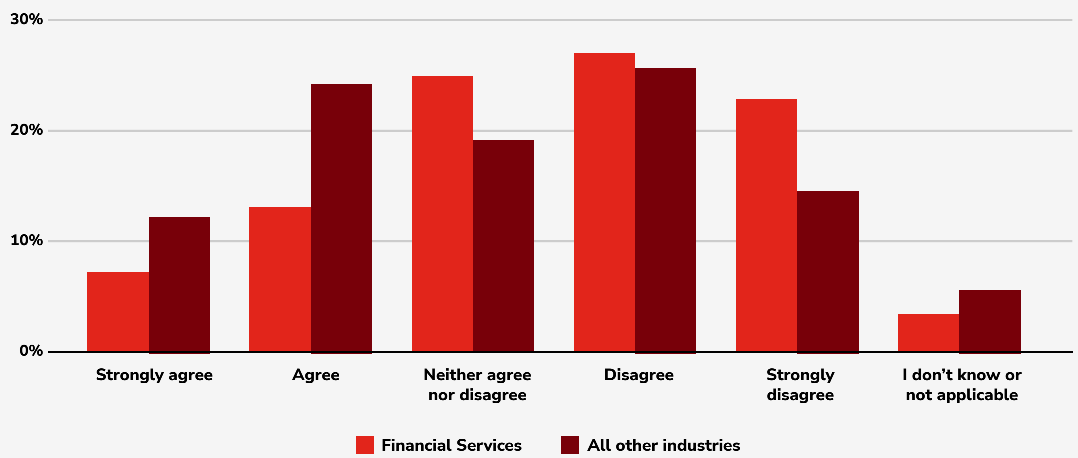
Put another way: A value stream is a financial services company developing a mobile banking app. The value stream network is the web of value streams from different teams – like user interface design, payment processing, security protocols, and account integration – that combine to deliver the complete customer-facing application.

In lower-performing organizations, only about 20% report the ability to see the entire enterprise as a value stream network, know which value streams they contribute to, and have leaders that can see the whole value stream network (including value stream connections).

That percentage jumps to about 48% in elite organizations and about 45% in high performers, before dropping to about 23% in medium-performing organizations.

A value stream network is the interwoven system of activities that deliver value across an enterprise.

Everyone knows which value streams they contribute to, and leaders can see the whole value stream network, including value stream connections. The entire enterprise is viewed and operated as an interconnected value stream network.



VALUE STREAM MANAGEMENT WORKS ON TWO LEVELS IN AN ORGANIZATION

The Team Level

Every product's flow is optimized by its associated product/value stream team. Additionally, the product team is actively responsible for its product's business outcomes as measured and forecast by customer experience and its downstream effect on revenue and profitability.

The Leader Level

The organization is made of the value streams that feed and manage its products. These value streams interconnect – the organization is a value stream network. When leaders see their organization in this way, they can extract insights that enable them to identify dependencies representing risks, waste, and bottlenecks. They can manage their portfolio of products, balancing resources as customer needs change. They can compare value stream and product performance, surfacing successful behaviors and spreading them across the whole organization.

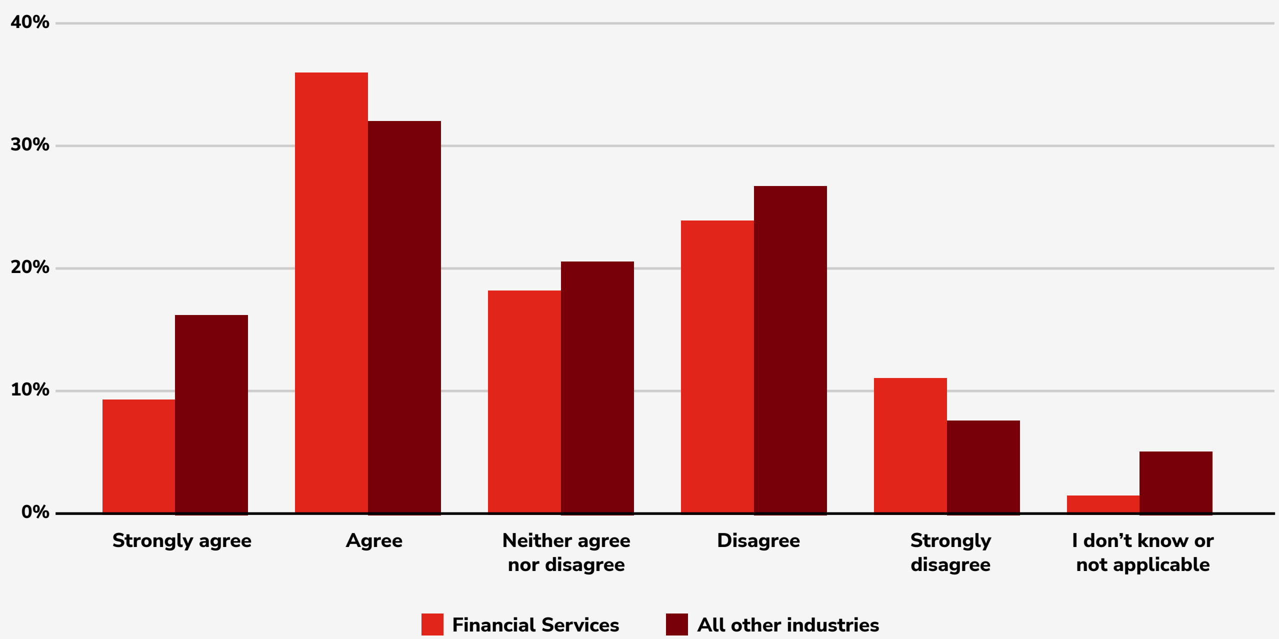
Elite organizations understand and measure customer value.

Teams are twice as likely to actively define, document, and measure customer value in higher-performing organizations. Most organizations are using OKRs to align strategy with execution.

It's hard for teams to focus on the customer – whether internal or external – when they deliver work in silos and are steps removed from the people consuming the work they create. In a product-oriented environment, silos are dismantled in favor of cross-functional teams with an emphasis on improving both the flow of improvements to the customer and amplifying and shortening the feedback loops from the customer.

That is why a product operating model correlates with higher levels of business performance – because practices like customer centricity are powered by a product-oriented organization.

Our team defines, documents, and measures customer value. The enterprise has adopted Objectives and Key Results (OKRs) and is cascading the defined objectives to influence product-area OKRs.



Elite organizations fund product teams.

Fifty percent (50%) of survey respondents said their organization has developed an enterprise-wide operating model that aligns project-based planning with product-based funding.

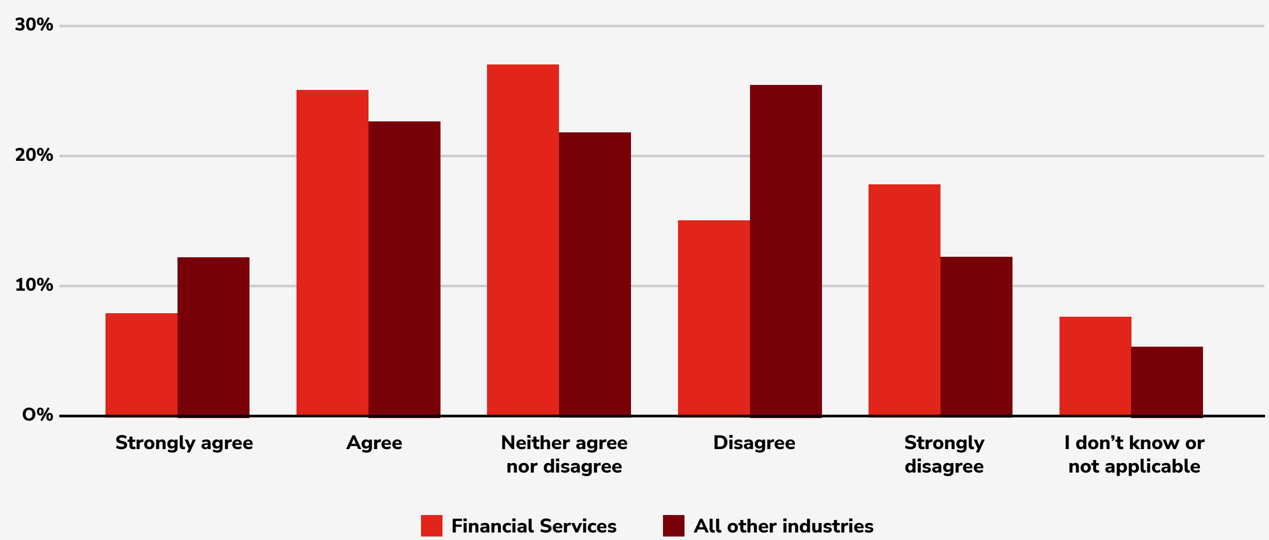
That's over twice as many as the lowest performers.

The research shows that organizations managing their budgets and investing in their products impacts their performance. Being product-oriented in a digital world isn't just the domain of product management and software engineering, even if they may make up much of the value stream. The whole organization is the value stream network, and finance – plus, HR/people operations, sales and marketing, business operations, etc. – matter, too.

- **Project-based** funding allocates a specific budget to a defined project with a set timeline and deliverables.
- **Product-based** funding invests in developing and enhancing a product or service over its entire lifecycle to drive outcomes and optimize performance.

The first step towards aligning these two approaches is to develop a comprehensive product vision and roadmap that outlines the product's goals, objectives, target audience, key features, and timeline. The roadmap will serve as the guiding framework for both project and product funding.

Our organization has developed an enterprise-wide operating model that brings project-based planning in alignment with product-based funding.



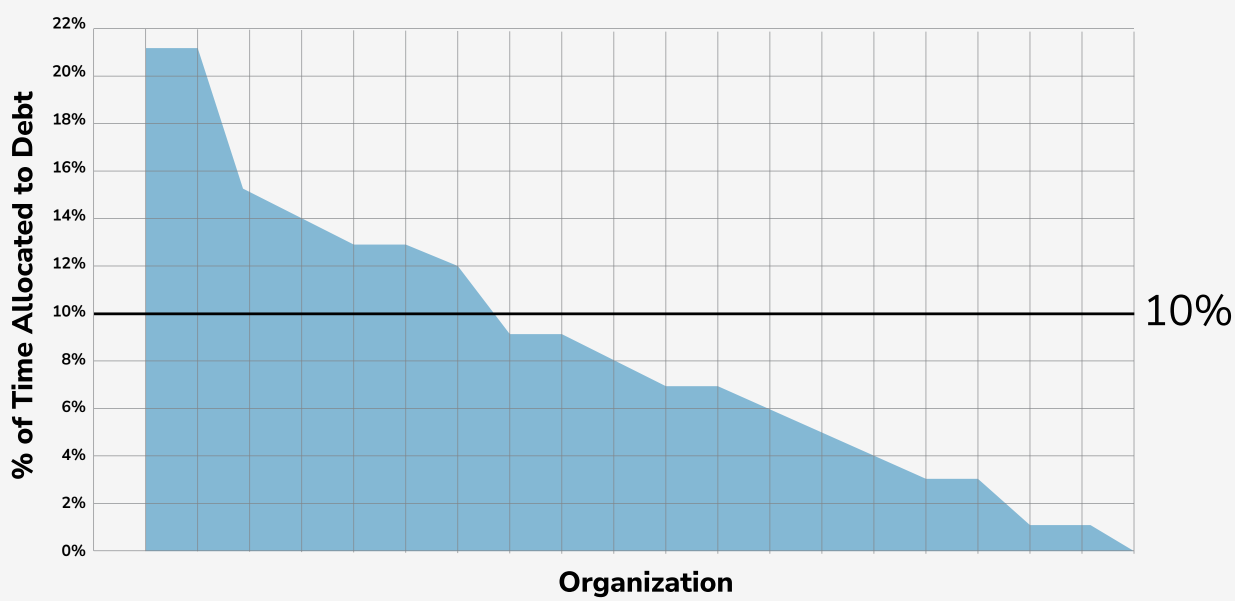
Value stream analysis:
Funding products includes sufficient funding of technical debt.

To adequately fund products, organizations must allocate sufficient budget for both modernization (addressing technical debt) and risk. However, our analysis of value stream activity reveals that 65% of organizations are underfunding their technical debt. This underfunding typically manifests in two ways: either the debt is being neglected, or the organization lacks clear visibility into its investment allocation.

While underfunded debt is often associated with project-oriented work, it's a challenge that persists even in product-oriented organizations. Without conscious management of technical debt, teams risk devolving into "feature factories" built upon outdated code. As code ages, it becomes increasingly difficult and costly to maintain, often resulting in decreased quality and performance.

The impact of technical debt extends beyond the product itself and affects the human element of development. It can lead to reduced developer productivity and morale, as teams struggle with the challenges of working within constrained, outdated systems.

65% of organizations are inadequately funding modernization;
less than 10% of work goes to debt.



Elite organizations make work visible.

Visibility of work is essential for controlling and influencing its speed.

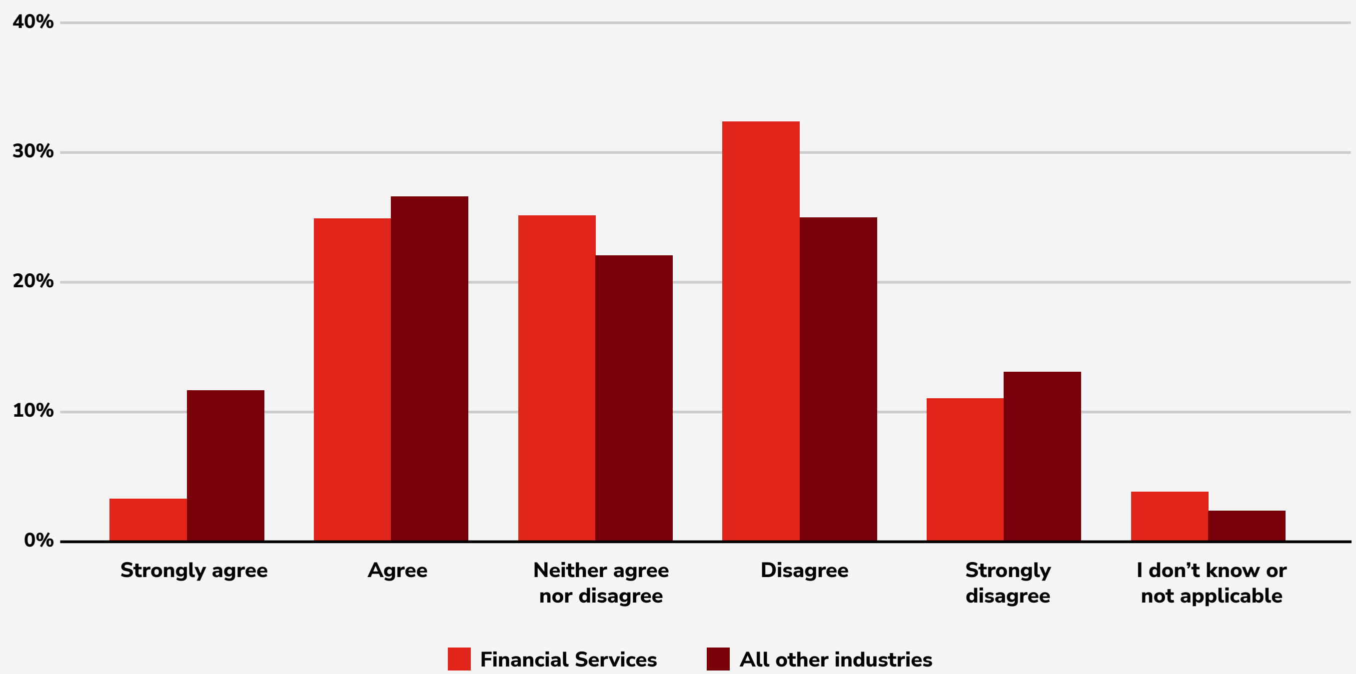
Sixty-one percent (61%) of elite organizations agree or strongly agree with the statement, "Work is visible to all, and Work in Progress (WIP) limits are controlled," compared to 17% of the lowest performers.

Visibility of work is essential for controlling and influencing its speed. This visibility allows for improvements where opportunities lie, alignment and application of resources as priorities and feedback dictate, and acceleration of business outcomes.

WIP limits play a crucial role in this visibility and control. By capping the amount of work in progress, organizations can prevent overloading their teams, reduce context switching, and identify bottlenecks more quickly. This approach leads to faster completion times, improved quality, and increased predictability in delivery.

Elite organizations leverage WIP limits to maintain a steady, optimized flow of work, ensuring resources are used efficiently and value is delivered consistently.

Work is visible to all, and Work in Progress (WIP) limits are controlled.



Elite organizations elevate the product manager.

Often, when organizations implement change programs related to ways of working, "relabeling" occurs. This is the practice of changing the names or titles of existing roles, departments, or processes without necessarily making substantial changes to their underlying functions or responsibilities.

Relabeling happens for a variety of reasons. It can be used to signal change to stakeholders (even when the reality of the movement is more incremental), to appear more contemporary, or to boost morale.

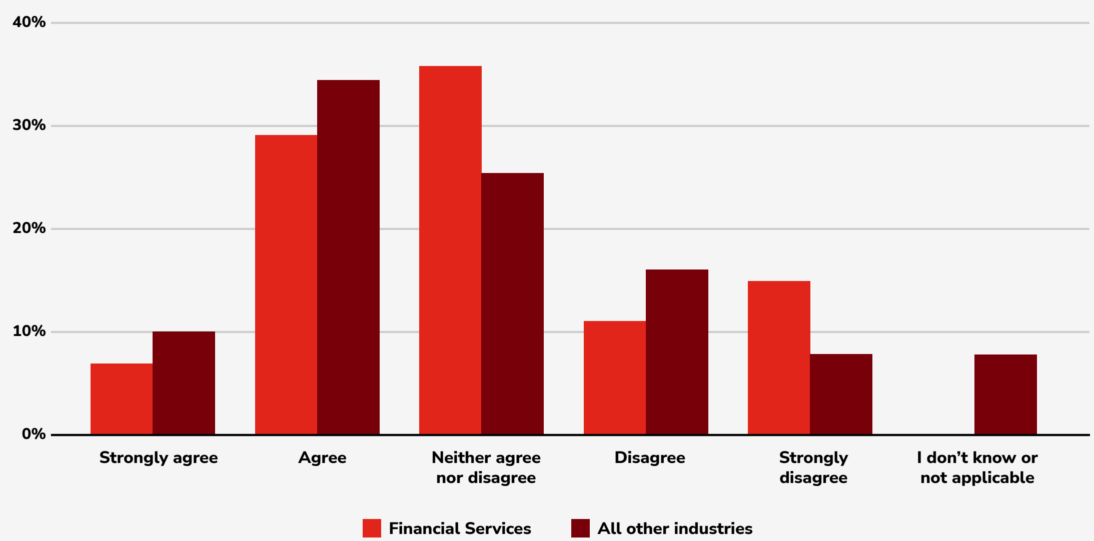
However, the intent to boost morale can have the opposite effect if it's just an illusion – causing frustration, confusion, and cynicism if there's no actual change in responsibilities and ownership.

The product manager role is critical when moving from project to product. Simply renaming business analysts or project managers is insufficient. Product managers should own and define the work within their teams, driving their product vision and roadmap through experimentation and learning.

Lower performers not only have less product orientation, they also don't adequately empower their product managers.

Less than 35% of respondents agree that product managers are adequately empowered in their organizations, but **it's notably higher in organizations meeting their business goals more often – 59% in elite organizations, compared to just 21% in the lowest performers.** Lower performers not only have less product orientation in their organization where they have product managers, they also don't give product managers the powers they need to do their job most effectively.

In our organization, product managers own and define the work within their teams. They drive their product's vision and roadmap through experimentation and learning.



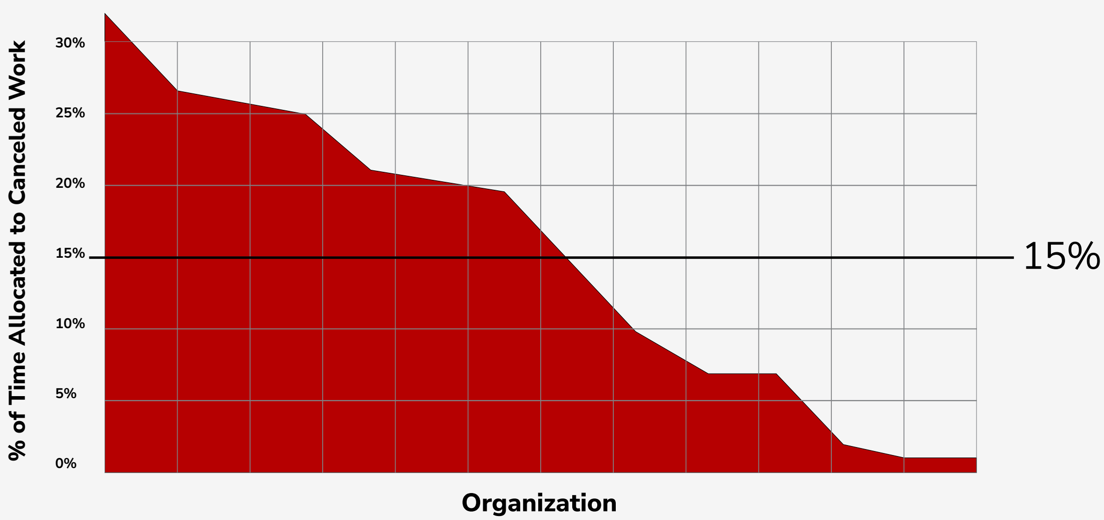
Value stream analysis:
Empowered product managers guard the organization from excess waste.

Organizations that understand the problems their customers face – and solve them by continually reinventing themselves – typically have a low amount of canceled development work. However, our analysis of value stream activity shows that organizations can have more than 30% of work that's been started and then canceled. In this instance, canceled work equals wasted time, effort, and budget.

An empowered product manager is an organization's first line of defense against waste caused by canceled work.

When product managers are empowered to work directly with customers – and, by extension, to solve real customer problems – it will lead to a decrease in canceled work. Armed with what matters most to the customer, product managers will funnel only the most valuable work to development.

For typical organizations, 15% of effort is wasted on cancelled development work; worst performers are closer to 30% of effort being wasted.



Elite organizations are customer-centric.

Simply put, higher-performing organizations are more customer-centric.

Seventy-five percent (75%) of respondents in elite performers and 60% in high-performing organizations agree that their employees have:

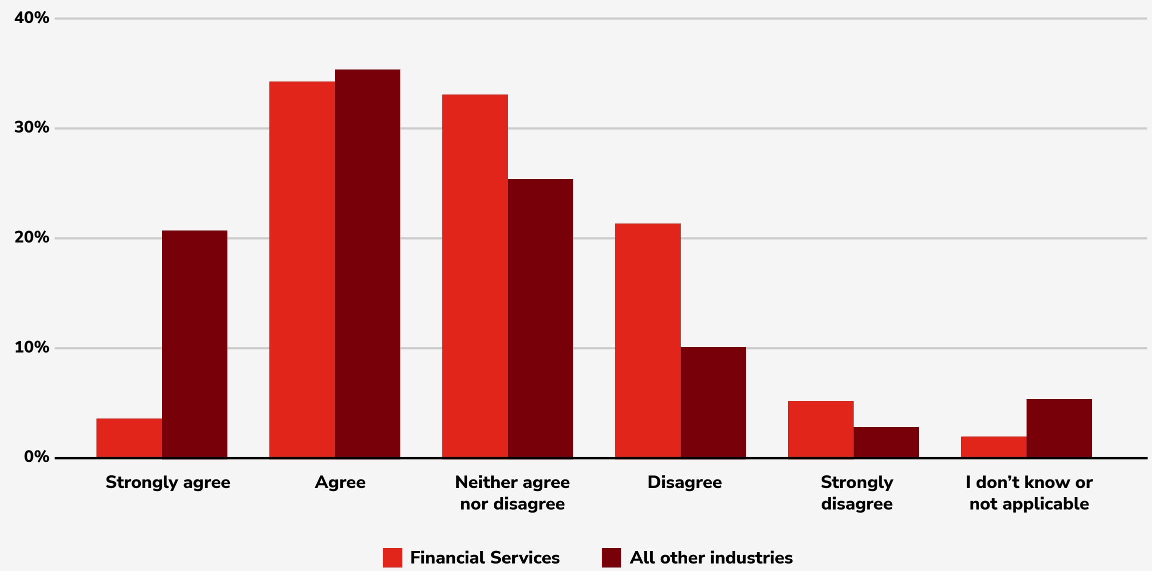
- strong relationships with their customers,
- a clear understanding of customer experience,
- and receive feedback on the work they deliver to them.

This compares to less than 30% in the lowest-performing organizations. **Higher performers are at least twice as likely to actively focus on customer experience.** They know that customer satisfaction increases basket size, results in positive reviews and referrals, and leads to greater business success.

When asked how quickly their organization can incorporate customer feedback into their planning and release cycles, the highest number of respondents (more than 40%) answered, "Some applications have an independent path to production and are able to incorporate customer feedback within a quarter."

Only 15% have all products with independent (and automated) paths and can change in response to customer feedback within weeks.

Employees maintain strong relationships with their customers and have a clear understanding of their experience with and feedback to changes.



Value stream analysis:
Aging work distracts organizations from delivering the right work at the right time.

For customer-centric organizations, what matters most to the customer is what matters to the business – and vice versa. They aim to deliver the right value at the right time, keeping their customers' needs as their north star.

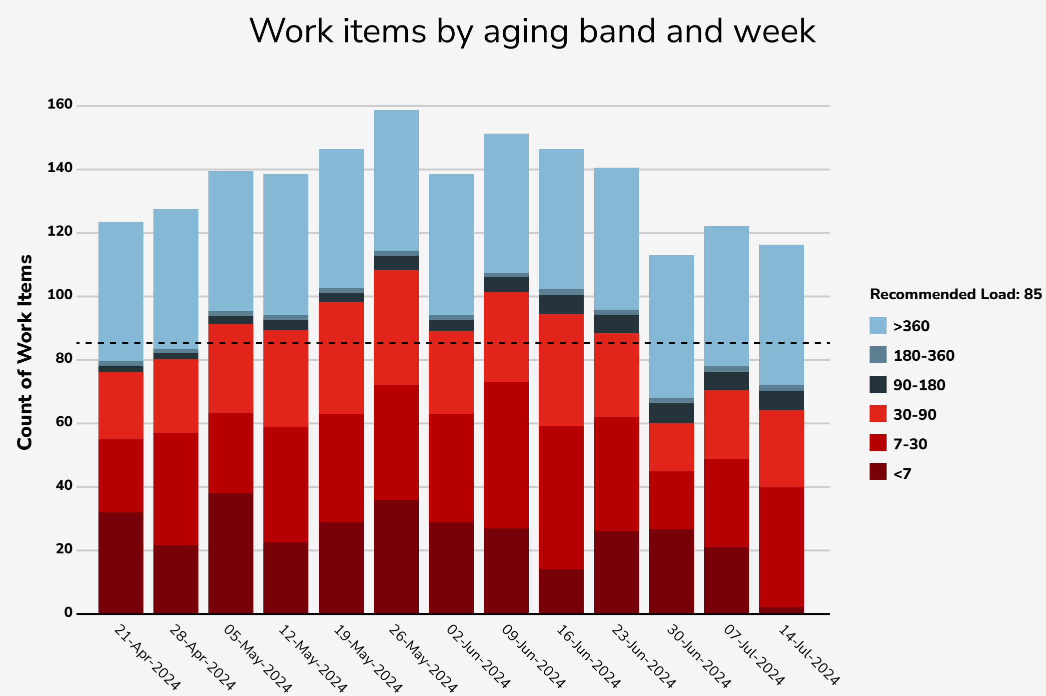
But the feature requests keep coming, and teams start new work before they've delivered what's in progress. Unreleased value piles up for the team, which translates to unrealized value stacking up for the business.

In this instance, teams can look at aging work to determine the work they've started but not yet delivered, and choose to either deliver or abandon each item. Our analysis of value stream activity revealed that **low-performing organizations have up to 30% of their work classified as more than 90 days old**, compared to five percent (5%) median overall, indicating that aging work contributes to several issues.

- **It's dollars invested without a return.** Aging work often becomes "invisible" to the team because it's not actively discussed or addressed during planning sessions. It can become deprioritized as newer, seemingly more urgent tasks take precedence, causing delays and waste.

- **It leads to flow inefficiency:** Aging work can slow down the overall flow, reducing the system's efficiency. Stagnant tasks clog the workflow, preventing smooth progress from one stage to another.

- **The value is stale or diminished.** Delays in completing work can mean that a feature or improvement arrives too late to capitalize on an opportunity, reducing the overall impact and business value of the work.



Elite organizations inspect flow metrics daily.

In even the highest-performing organizations, less than half of survey respondents agreed with the statement, “All of our teams inspect their flow metrics daily, and leaders connect flow to customer experience to business outcomes.”

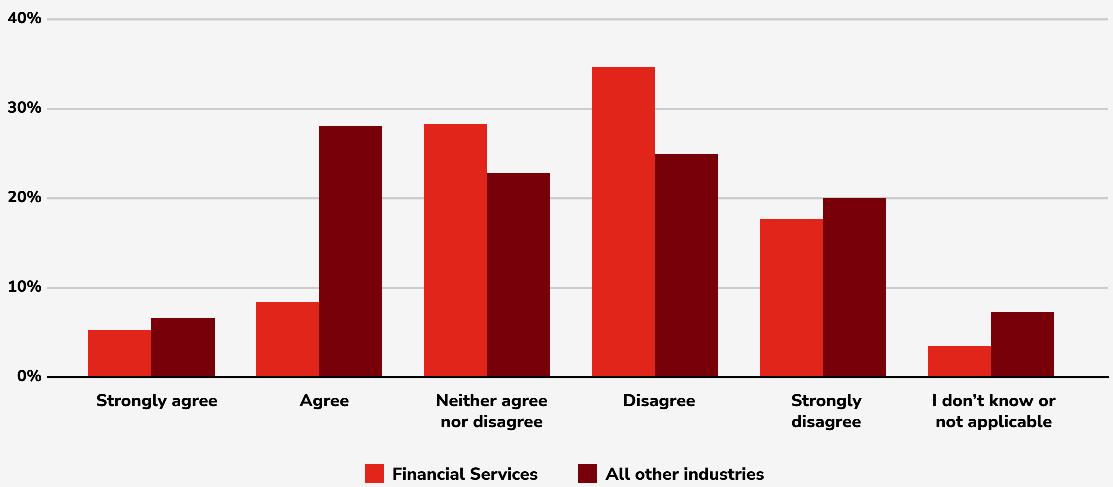
However, there is a **clear correlation between higher-performing organizations and tighter control over measuring the flow of their work to their customers.** In fact, 38% of elite performers use this practice, compared to 17% at each of the medium and low performers.

Flow metrics measure the efficiency and effectiveness of work as it moves through the value stream, from the initial idea for the feature or enhancement through every step until the customer experiences the change and provides feedback (knowingly or unknowingly).

Without these metrics, teams are “flying blind,” unable to see the bottlenecks, delays, and waste in and between the processes they use to deliver their business outcomes.

With 71% of the lowest performers disagreeing that they inspect flow metrics daily and connect flow to customer experience to business outcomes, it’s evident that if something can’t be measured, it can’t be improved. And if it can’t be improved, customer dissatisfaction will grow – and the business will feel the impact.

All of our teams inspect their flow metrics daily and leaders connect flow to customer experience to business outcomes.



The 5 Flow Metrics and What They Measure

Flow metrics are based on the principle that all software-related work should generate value for the business. They offer a reliable way to measure the value streams of software delivery against business outcomes.

Flow Velocity®: Is value delivery accelerating?

Flow Efficiency®: Is upstream work holding up delivery?

Flow Time: Is time-to-market getting shorter?

Flow Load®: Is demand vs. capacity being balanced?

Flow Distribution®: Are we investing in both business value generation and protection?

Learn more at flowframework.org.

Elite organizations protect teams from burnout.

Nearly half of the respondents said that they and their team experience too much pressure at work daily. Less than 10% said they weren't under pressure at all. Pressure might be a privilege in some contexts, but chronic stress in the workplace is proven to result in burnout.[2] Recognizing the presence of stress doesn't just make you a caring manager or colleague – mental health directly relates to a person's ability to perform and be productive.

The research showed that feeling burned out is more common than uncommon. Only 13% of respondents said they didn't identify with any of the burnout symptoms described or described their own.

However, of these 13%, nearly 65% came from higher-performing organizations, indicating that product-oriented ways of working can ease the risk of chronic symptoms of pressure turning into burnout.

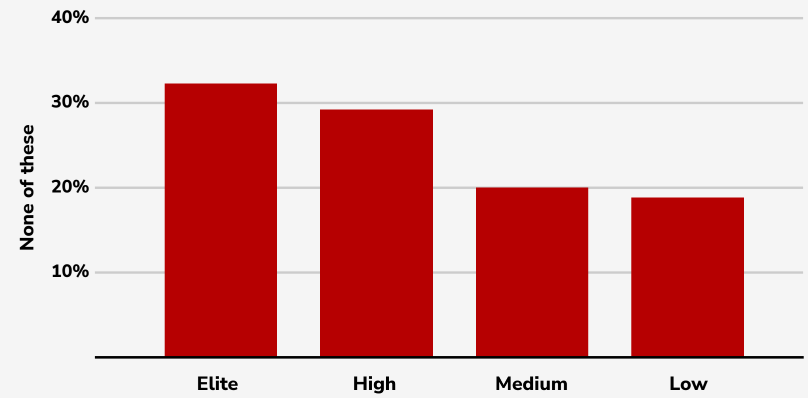
This finding is particularly significant because when examining pressure across all organizations, regardless of their performance levels, no notable differences are observed. Yet, in this specific case, the contrast is clear. It also highlights how strong the data is when seeing the practices in action in these differently performing organizations.

Ways to Address Burnout

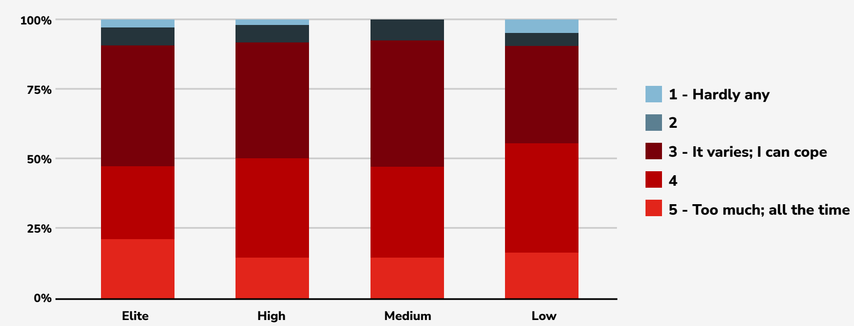
Relieving the cognitive load on teams has long-term outcomes that result in a higher capacity for innovation. To limit burnout, organizations can implement effective demand and capacity management strategies. Aligning work with strategic objectives through OKRs helps teams focus on high-impact initiatives. Additionally, well-structured product roadmaps provide clarity and direction, reducing unnecessary context switching.

Product-oriented ways of working can ease the risk of chronic symptoms of pressure turning into burnout.

Do you relate to any of these symptoms of work-related burnout?



On a scale from 1 to 5, with 5 being the highest and 1 being the lowest, how much pressure do you and your team experience daily at work?



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FINANCIAL SERVICES OUTLOOK

Where the industry projects it will be by 2029

Survey data suggests that financial services organizations recognize they're behind in adopting a product operating model. However, the data also shows that they're anticipating bold moves to catch up with and potentially surpass other industries.

Industry Gap Assessment

Financial services companies show 19% of organizations at the highest level (over 80%) currently, while other industries reveal 21% of organizations in this category. The gap widens considerably at the five-year mark, with financial services making a 47% leap in product-oriented work compared to a 25% increase across other industries.

Ambitious Transformation

Financial services organizations are projecting a dramatic transformation, particularly in the five-year outlook. The jump to 66% of organizations expecting to have over 80% of their work be product-oriented suggests an industry-wide recognition of the need to change.

Confidence Timeline

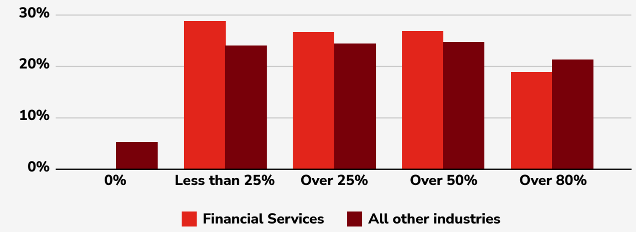
Both financial services and the total reporting from other industries show increasing confidence in product orientation over time. However, financial services companies appear to be planning a more significant shift. This could indicate either greater optimism or a stronger sense of urgency in the financial sector to make a change.

Risk of Overconfidence

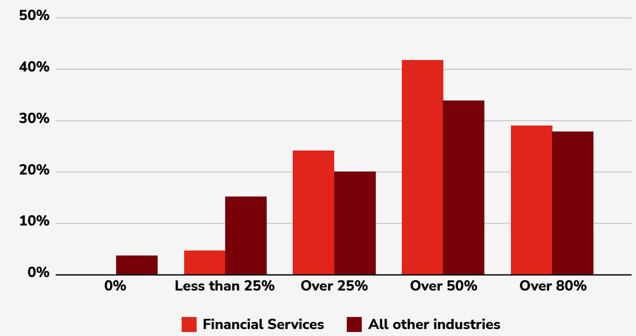
The notable jump in FinServ's five-year projection – particularly in the over 80% category – might be overly optimistic given their current state. Such a large transformation typically faces significant organizational and cultural challenges that could extend timelines.

How much of your work is product-oriented?

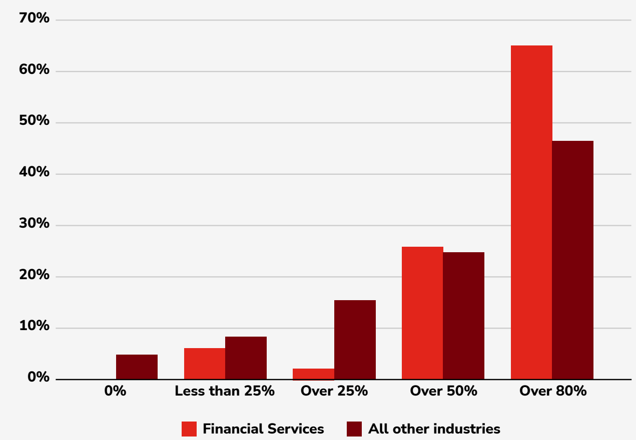
Today



In 2 years



In 5 years



CASE STUDY

Vanguard shifts from project to product, achieving record-high CSATs

As a leading investment management company, Vanguard serves 50 million investors with $9.5 trillion in assets. Delivering exceptional digital experiences to their customers is paramount, since 90-99% of customer interactions with Vanguard occur through digital channels. However, in 2019, when the company wanted to improve their ability to create and iterate on digital products efficiently, they discovered several issues with their project-based operating model.

Teams couldn't deliver changes quickly enough to meet customer needs, and they lost valuable subject matter expertise as project teams disbanded. Excessive work-in-progress (WIP) meant that teams averaged 50 concurrent epics. The ideation phase overwhelmed development teams with a 6:1 ratio of proposed to completed work, and only 16% of proposed work could actually be completed, resulting in significant waste.

To address these challenges, Vanguard launched a five-year modernization initiative in 2020. The initiative focused on four key areas: moving to public cloud infrastructure, adopting microservice architectures, recommitting to true Agile practices, and implementing product teams led by product management.

By 2024, the transformation showed significant positive outcomes. The company achieved a fivefold increase in the pace of technical change while simultaneously reducing major incidents by 75%. Customer satisfaction scores (CSATs) are the strongest they've ever been, and teams reduced their work-in-progress through better flow management. The shift to stable product teams helped maintain valuable institutional knowledge that had previously been lost when project teams disbanded.

Vanguard continues to evolve its approach, recently implementing a Digital Product Management program to accomplish the following objectives: expand value stream focus beyond development, address inefficiencies in the ideation phase, provide portfolio management a voice in capital allocation decisions, and formalize a product management discipline within the company.

The company's experience demonstrates how a shift to product-based delivery can drive both technical and business improvements while maintaining stability and increasing customer satisfaction.

5x

increase in pace of technical change

75%

fewer major incidents

CSATs

strongest ever

CONCLUSION

A bold future ahead for financial services

Financial services companies are planning a significant transformation in their product operating models over the next five years, despite currently trailing other industries. While today's financial services firms show lower maturity across seven key areas of product excellence, they project ambitious growth.

- Sixty-six percent (66%) expect to be highly product-oriented by 2029, surpassing non-financial sectors' projections of 47%.

One financial services company already seeing gains from a product operating model is Vanguard. Their successful transformation demonstrates the potential impact: The five-year modernization initiative has already yielded a fivefold increase in technical delivery speed, 75% fewer major incidents, and record-high customer satisfaction scores.

- McKinsey research further validates this approach, linking mature product models to improved business performance outcomes.

Across all industries – and especially in financial services – it's a clear path forward. Increasing visibility, connecting value streams up and out across the organization, and prioritizing the human element of outcome-driven work need to be the top priorities for leaders at all levels. The eight areas where elite organizations excel provide strong guidance for continuous improvement.

GO DEEPER

Accelerate Organizational Speed: Understand the 7 areas of change required for a product operating model

Get the Guide

Mik + One Podcast Episode 59: McKinsey + Company's Martin Harrysson & Megha Sinha on Maximizing Business Value Through Product Operating Models

Listen to the Podcast

Build a practical roadmap to operationalize and sustain a mature product operating model

Request a personalized assessment

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