

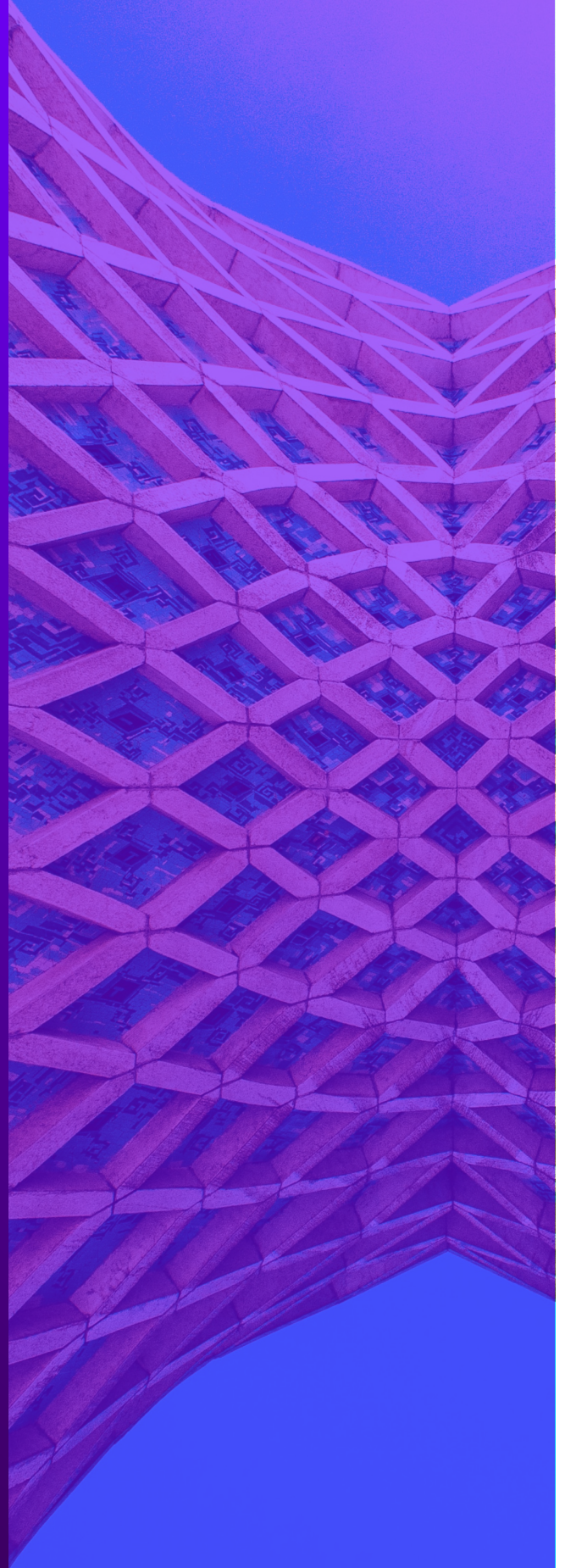
Whitepaper 2021

The New Frontier:

Exploring the
Future of
Data Product
Management



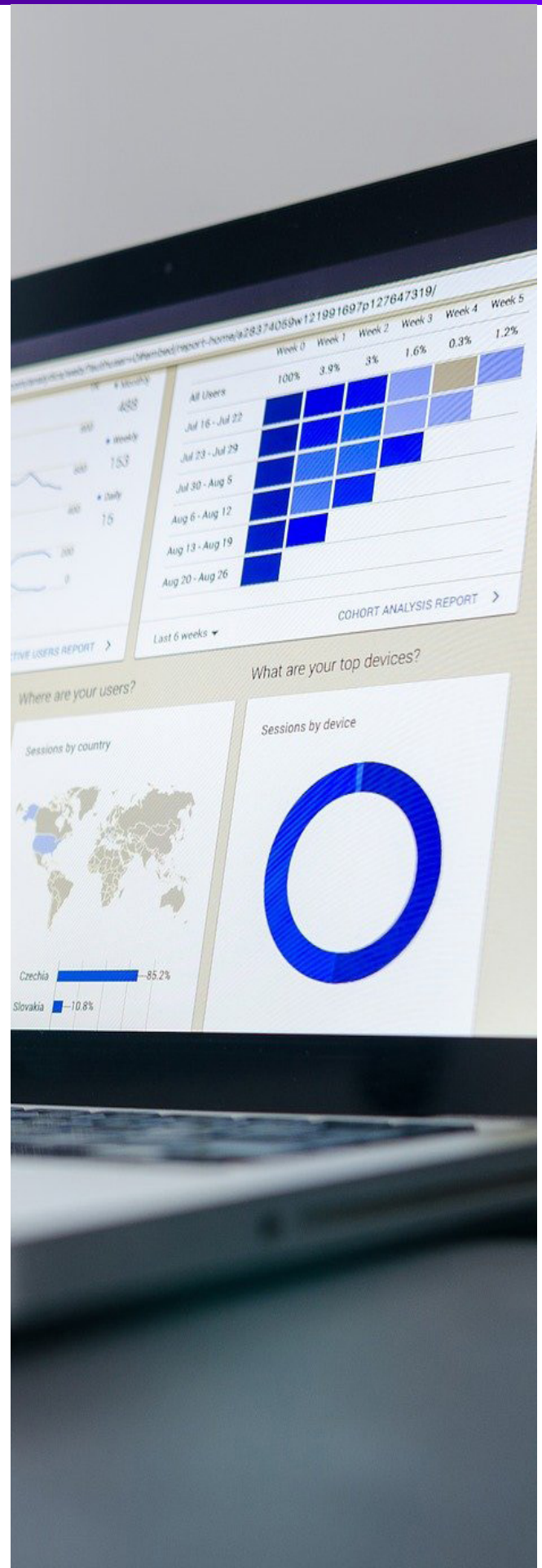
cynozure.



Having access to the right data, and being able to use that data effectively, is key to business development. However, traditional approaches to leveraging data are not always agile or flexible enough to enable businesses to grow their business functions in the ways they want.

When businesses switch from applying a 'technology first' approach to data and instead start treating data as a product, it's much easier for them to realise the value of the data they have, and to then utilise it to build valuable and scalable data products that deliver business outcomes quickly.

Data product management offers a fresh way of working with data, and, although still in its infancy, is growing in popularity due to its solution-focused and customer-centred approach. In this paper we'll explain what data product management is, give an overview of the role and responsibilities of a data product manager, and explore the many benefits of applying a product management approach to data.



The evolution of data product management

The easiest way to understand data product management is to think about it in terms of how physical products are managed. In basic terms, product management is the art of getting a product to market, and data product management represents an evolution of these methods and processes.

If we think of a physical product, like a car for example, we can see that ultimately it exists because customers want it. It also has features and benefits that can be enhanced or changed, electric windows or air conditioning for example, and its success as a product is measured against relevant KPIs.

Product management as a concept has been around for quite a while and has been described as an organisational function that *'guides every step of a product's lifecycle'*¹ by focusing on the product and its customers in order to build the best possible product. It's a 'learn as you go' process which means that, by the time the product gets to the customer, it's robust, fit for purpose and viable. There's always a clear route to market and repeated testing is carried out along the way. A real strength of the product management process is that you can achieve repeatable and scalable outcomes by virtue of the process itself.

Over the past twenty or so years, digital natives like Google, Facebook and Spotify have applied a product management approach to data, and used this process to build and then manage highly flexible, highly valuable and highly successful data products. Data product management is now firmly embedded within these businesses and it's easy to observe the enormous impact that this has had in terms of business growth for these companies.

Digital and data native organisations have used a data product mindset for a number of years and more recently this method has started to filter down to other businesses. Companies like Facebook for example, realised very early on that applying a product management approach to data meant they were able to build their products faster, modify them and pivot if needed because of the tools and technologies that they had in play. It's now time for the rest of the world to catch up.

¹ 'What is product management?' by Max Rehkopf

Data native story: Gousto

Gousto is a British meal kit retailer that supplies subscribers with recipe kit boxes which include ready-measured, fresh ingredients along with easy to follow recipes. At the time of writing Gousto has achieved 'tech unicorn' status, meaning the business is valued at over \$1billion.

Culturally, Gousto is a data-first company. It hired data scientists early in its history, and has made extensive use of data science to accelerate its growth over time. It puts data at the core of what it does and this mentality is felt across the business as much as at a leadership level.

Gousto uses data across its operations from creating a truly personalised service, from providing targeted and relevant recipe recommendations and forecasting likely demand, to optimising the route that products take around its factory and out the door to customers.

Within its supply chain, Gousto applies algorithms to drive operational efficiencies by optimising the routing of orders within its factories. Gousto has built data products to optimise the placement of ingredients in its

factories, as well as the routing of orders within them, helping to increase throughput within its operation.

Gousto is also applying data science to create 'churn prediction models' that can identify customers likely to stop their subscription. From this information, marketing and customer care teams can react with relevant interventions through communications, offers and other means so that over time the customer interactions will become ever more personalised to focus on these customers.

Robert Barham, Gousto's Director of Data, emphasises that Gousto thinks long term about the data capabilities it needs to develop. "Our starting point is our overall ambition several years out, and we work back from that to determine the data products we need to develop as well as the foundations that must be in place for them to be successful." This helps them deliver for today but also build the kind of leading edge data capability that enables them to continue to grow, act and behave the way they have by applying data to every decision they make.

Managing data as a product

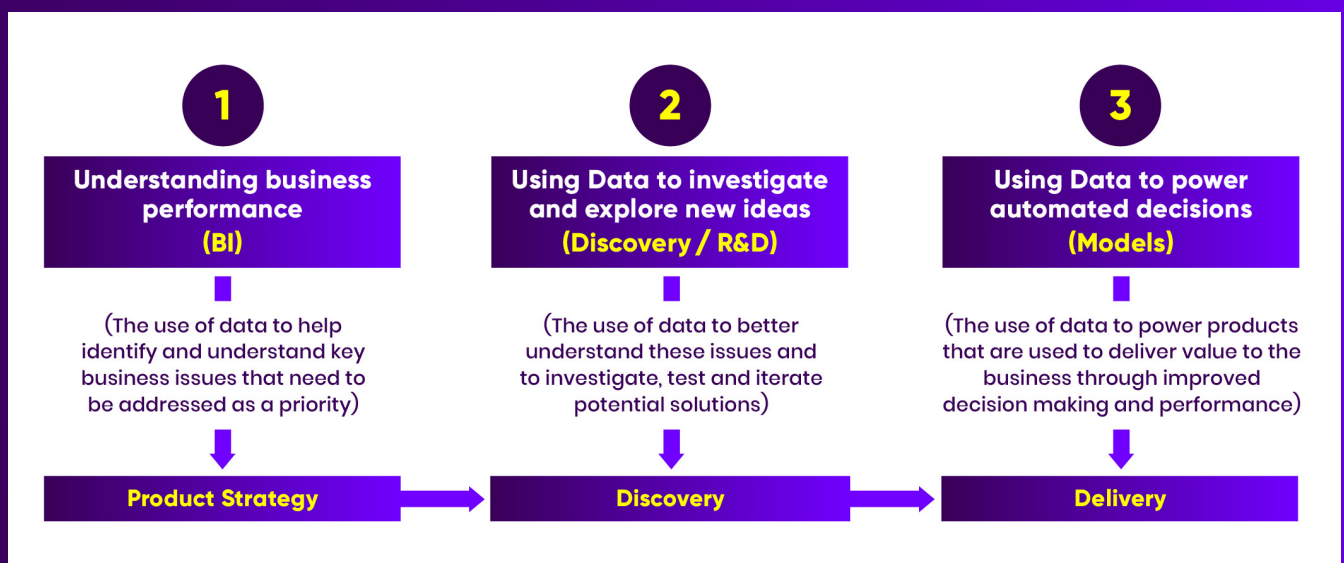
In general terms, a data product is any tool or application that processes data and generates outcomes. It could be something as simple as a dashboard, a report or an algorithm, and it might include data science models. The primary objective of data products is to manage, organise and make sense of the data that organisations generate and collect, and so we can see how a product management approach is useful because it focuses on outcomes rather than on the processes, or on the data itself.

Data products are most useful when they fulfil a specific need within a business and can be customised to translate the data into actionable insights. When the management of these data products is also streamlined, the

approach benefits everyone because it fits with a wider business strategy.

If you give your customers great products then those customers will keep coming back to you, so the reports dashboards and the visualisations are all about helping customers, not just by reporting what's happening, but also to provide insights about what the business should do in the future to better help its customers.

So you can see that data product management is very much an evolution of the approach within physical product management, and produces all the same benefits.



Categories of data product

Digging deep and driving value

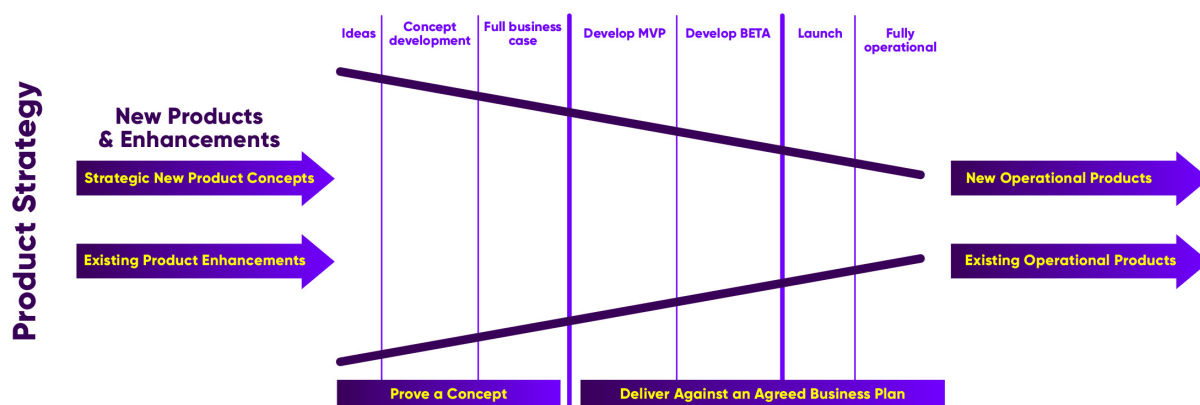
A data product management approach digs deep into the core challenges that an organisation is facing in order to formulate a response and a solution to those specific problems. This means that you only build the bare minimum necessary to test out the product against the problem. You experiment to see if it's viable, learn it and then roll it out to selected customers to garner feedback before building the next bit. All the time you're prioritising the aspects which are of most importance.

When real-time, data-driven insights are available, they can be prototyped and tested before being deployed which of course makes them more agile. Another benefit is that product teams no longer need to guess how customers interact with a product because real-time data is collected and used at every stage of the

process. Data is no longer viewed as a single-use and isolated commodity, but as a real-time data stream that the organisation can tap into at any time.

The aim with this way of managing data is to get something in front of customers quickly so that an organization is able to immediately understand what's working and what's not. The old technology-first approach isn't always able to do what the business needs it to and this can be frustrating, often causing time delays and incurring additional costs.

It's pretty clear that using a product management approach to data is going to be faster, more flexible and ultimately more successful than the old way of building an entire platform before testing it. It's progressive rather than reactive.



Data product portfolio management lifecycle

We work with many different types of business and often see a focus on business needs rather than the needs of the customer. Because of this it can be difficult to prioritise what to do, and what to do first, which means that the business is stuck in a rut, looking inwardly at itself rather than at tangible outcomes for its customers. When businesses adopt a product management approach to data the emphasis changes because it puts the customer first.

Ultimately, improving business functions and maximising business value is the key objective of data product management, and adopting this approach means that business goals are aligned with both long-term and short-term strategies, meaning that the key metrics to success can be defined. The requirements of large data initiatives can also be translated into smaller, actionable pieces which can be delivered in increments and resourced as and when appropriate. This means that the process is much more flexible than technological approaches and can be adapted and modified easily and cheaply.

As an organisation grows in size, the amount of data generated grows with it and so a product management approach to data becomes more and more relevant. Managing data in this way also promotes reusability as common data features are made accessible to all those within the business².



² 'An introduction to the data product management landscape' by Anh Nguyen

At its core, data product management is about people, processes and tools and is a value-based approach to delivering a data strategy. It's clear to us at Cynozure, that as data technology develops, a data product management approach will soon become the only viable way to manage data effectively. For this reason, it's important for businesses to get ahead of the curve and to start to explore this approach for themselves sooner rather than later.

The role of the data product manager

If we think back to the example of a car, the product manager is the person who's commercially in charge of bringing the car to market and making sure it meets the KPIs. A data product manager has a similar role in that they're responsible for designing data products and features and leveraging the flow of data. They will also tap into the data streams within product features to best identify the KPIs and to then ensure that the data product meets them.

A data product manager will have access to an unlimited number of data insights which means that decision making becomes more proactive and less reactive, and the risks associated with relying upon bad, or outdated, data to make decisions are eliminated. Data product managers will also understand exactly how to use data to increase a business' advantage and will bring huge value to a product development team.



Essentially a data product manager focuses on customer needs and the long-term strategy of the business and tries to predict where the market's going in order to build data products that are relevant and viable. There are already data product managers out there (working with digital natives for example), but it's a very new field and the role is not yet well-established.



The role of the data product manager

The data product manager role is dynamic and requires both commercial know-how and a deep understanding of tech. The data product manager is responsible for building relationships across different parts of the business and engineering effective systems and processes that streamline business practices. Always a highly effective communicator, the data product manager will also be customer focussed, outcome driven and will champion best practice.

A data product manager's key responsibilities will include:

- designing products and features that are based on data-driven insights.
- taking new data and analytics initiatives from idea through proof of concept to business case approval.
- being the commercial and strategic owner for the data platforms and tools.
- managing the commercial relationships with third party suppliers and vendors.
- working proactively with other areas of the business and forming strategic partnerships.
- owning the product backlog and plan.
- championing, sharing and seeking to improve insight processes and best practices.

Data product management in action - a success story

Simmi Bajaj, a Cynozure consultant, worked with our client, Studio Retail, an established and multi-channel retailer, to guide it through the process of implementing a product management approach to data.

Studio Retail recognised the value in putting data at the heart of everything that it does; and made a significant investment in building the capabilities of the Enterprise Data Team and harnessing the millions of records in first party data collected from Studio Retail customers.

A lot of information that existed in Studio Retail was in the form of reports that were created depending on the platform that the data was available in, and so Simmi helped the Studio Retail team identify the reports and analysis that really mattered in order to deliver insights that were actionable.

It was clear that the work the Studio Retail team was doing was understandably very report focused, but the mindset needed to shift towards being more customer-focused in order to uncover more useful customer analytics and to then introduce an insights-guided culture and establish best practices throughout the enterprise.

One very clear, tangible change was to the budget that was being spent on encouraging customers to join up on a credit account. Various incentives had been tried out in the past but the new data product management approach meant that Studio Retail would now test only two offers with a control group. This would provide them with the insights it needed to be able to identify which offer was likely to have the highest conversion rate. These best practices are essential for data-guided decision making in any business.

The product management approach to data was integral to the success of this project as Studio Retail was keen to improve how people received insights by reviewing processes, 'nourishing' them and refining them along the way. A data product manager was assigned to the project and all requests for information were channelled through one person in order to provide the best knowledge on the business background for all analytical requirements.

Once all new work was logged in one place, work could be prioritised and shared across the team so workloads became transparent and output was regularly measured.

Looking to the Future

What can organisations do now to transition to the new way of managing data as a product?



Learn. Meet with the senior leadership team and identify business needs and current data challenges.



Identify. Have a look at current reports, models and data sets and work out which ones are products.



Start small. Test out data product management. Identify a business challenge, create a lo-fi proof of concept with real users, prove it adds value and then iterate.



Go live. Find out what the blockers are for data product management through a live example.



Create. Create a plan to overcome the blockers which are most likely to impact on the availability of data.

How we can help

Good data strategy is something we're passionate about at Cynozure, and we'd love to share further insights with you. Our ambition is to improve the general level of knowledge of data product management within industry, and also help make practices and processes within data product management more effective.

We want everyone to understand and appreciate why data product management is a good thing for all businesses, and we have the resources to help with that.

If you need advice about data product management strategy, or need some support getting things off the ground, there are a number of ways we can help, please **visit our website at www.cynozure.com** to learn more.

About Cynozure

Cynozure is a data and analytics strategy consultancy and we're on a mission to change the way business is done through positive use of data. In collaboration with forward-thinking organisations, governments, and individuals we advise – and deliver on – all aspects of data and analytics strategies.

This is achieved through advisory services, coaching and mentoring, solution and organisational design, technology implementation, business change programmes, and on-going support services.

Organisations that have benefited from our approach include Penguin Random House, Clinigen, Studio Retail, Battersea, Nationwide, HSBC and Knight Frank.

To find out more about what we do:

View our free on-demand Data Product Management webinar here at **www.cynozure.com/insights/data-product-management-webinar/**

If you are involved in Data Product Management, and would like to join our growing community of product owners and managers looking to collaborate, share, learn and develop, email Tim Connold **tim@cynozure.com**

For more information:



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The future of data product management is here, and we can help you navigate it.

About the authors



Jason Foster

Chief Executive & Founder

Jason is the founder and Chief Executive at Cynozure, a data and analytics strategy company with a mission to create a better future for all through the open and positive use of data. He is co-author of 'Data Means Business' the go to book that provides a clear and pragmatic guide for business leaders to help develop their mindset and strategies required to generate value from data and scale quickly.

Jason also hosts the Hub & Spoken podcast where he covers a wide range of topics on the leadership, culture, technology, change and strategy associated with data and analytics. Jason is featured in the DataIQ 100 Most Influential People in Data, 2020 and 2021.



Tim Connold

Product & Customer Director

Tim is Director of Product and Customer for Cynozure and responsible for creating products and solutions for both Cynozure and our customers. He has extensive experience working in large blue chip companies and has been employed in a variety of senior decision making roles. Tim has over 20 years' experience in front-end digital and physical retail, as well as in back office support functions in customer facing organisations. He's passionate about creating successful products that solve real world problems for both internal business users and customers.

Tim's interest in, and experience of, Data Product Management led him to establish a focused hub for people across the industry to join to collaborate on and develop the role of Data Product Management. To join the growing community, please email Tim direct at tim@cynozure.com

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Data Means Business covers the Level Up Framework: a method we've developed to make the journey to becoming a data-guided organisation more practical. Level up your organisation to adapt, evolve and scale in an ever-changing world.

Find out more about the book and **download part one for free here.**

