

The Blueprint to AI-led Operating Model

Mastering the art of
engineering value at velocity

A Global Research Report 2025



Foreword

Disruption is no longer a distant threat—it's a constant state.

In an era where generative AI (GenAI) is compressing disruption cycles, it's fundamentally reimagining how businesses create and capture value. Business success today hinges on more than just transformation, it depends on a disciplined approach to continuous innovation.

Our latest research, **The Blueprint to AI-led Operating Model**, reveals that organizations are increasingly adopting a product-aligned operating model to bring order to the chaos of constant disruption. This approach unites teams around a common vision, fostering cross-functional innovation and driving operational efficiency, ultimately creating a foundation for sustained success.

Organizations embracing product-aligned operating models are not just keeping pace—they're pulling ahead. With 51% of these firms accelerating AI investments and unlocking 1.3x higher returns, proving strategic structure amplifies value.

This model is also enabling organizations to innovate with precision and double their odds of delivering customer-centric breakthroughs. Yet, the journey demands firms to confront real hurdles—legacy systems, resistance to change and the need for sharper metrics.

We invite you to explore how leading firms are leveraging this structural approach to ride the waves of disruption and turn them into a strategic advantage.



Pawan Vadapalli

Corporate Vice President and Global Head, Digital Business Services, HCLTech



Ashish Kumar Gupta

Chief Growth Officer, Europe and Africa, Diversified Industries, HCLTech

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Introduction

As businesses strive to stay competitive in a constantly changing market, adopting innovative operating models becomes essential for success.

The discipline of disruption, a principle that balances structured execution with the agility to embrace change, sets leading organizations apart.

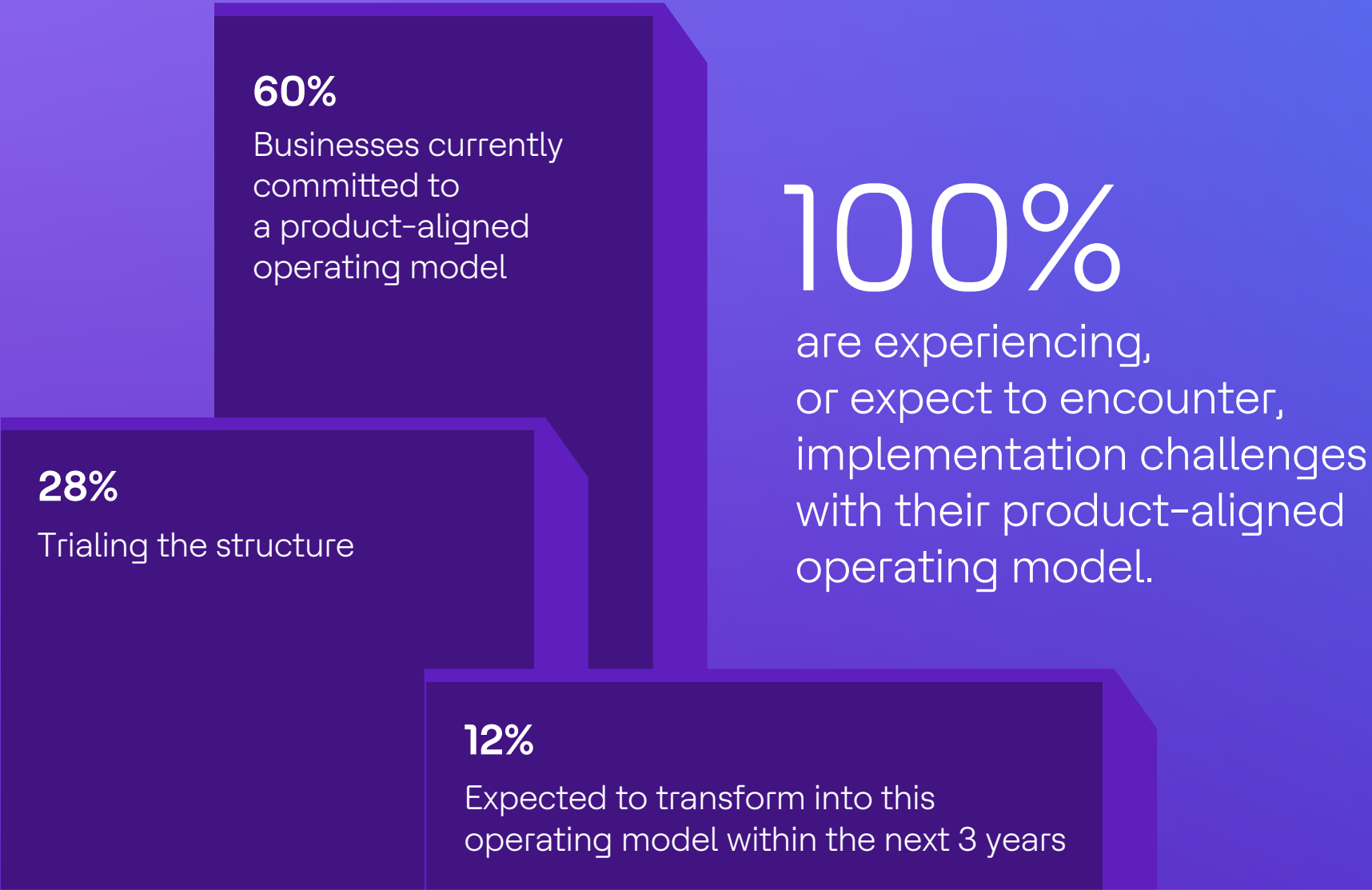
A product-aligned operating model embodies this principle by providing a framework for teams to focus on a singular outcome, aligning efforts towards continuous product improvement and delivering consistent value to customers and businesses. Through having one outcome, teams can focus on driving continuous innovation and value throughout their product lifecycles.

However, for a product-aligned operating model to succeed, it must be centered around customer feedback and built on seamless collaboration, transparent communication and robust management tools. They must all aim to deliver one unified outcome—business value.

Despite many IT and business decision-makers being aware of a product-aligned operating model, few are unlocking its full potential, whether that's due to a lack of senior buy-in, inadequate tools for analyzing customer feedback or gaps in implementation knowledge. As a result, many strongly agree that the model has not yet realized maximum value and they need to restructure their teams to enhance efficiency. This reinforces that organizations must disrupt traditional operating structures for maximum value delivery.

Understanding what is currently holding your business back will be the first step toward unlocking the full power of a product-aligned operating model. This research report dives into the current views of IT and business decision-makers towards product-aligned operating models, exploring their concerns, potential barriers and the benefits they see to this approach. There's an art to disruption; by understanding these different areas, businesses can efficiently transition and enhance their current operating models, ensuring the right balance between innovation and structure and sustainable growth and adaptability in the digital era.

Key findings



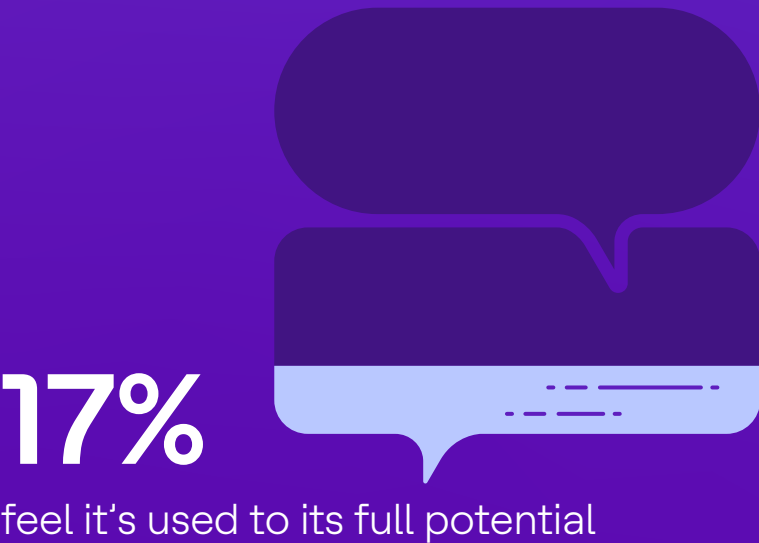
Primary challenges faced include:

-  **31%**
Feel uncertain around integrating new tools and systems into legacy infrastructure
-  **Almost 1/3**
Lack of knowledge on model implementation
-  **3 in 10**
Face budget management complexities

Many are also suffering from insufficient leadership:



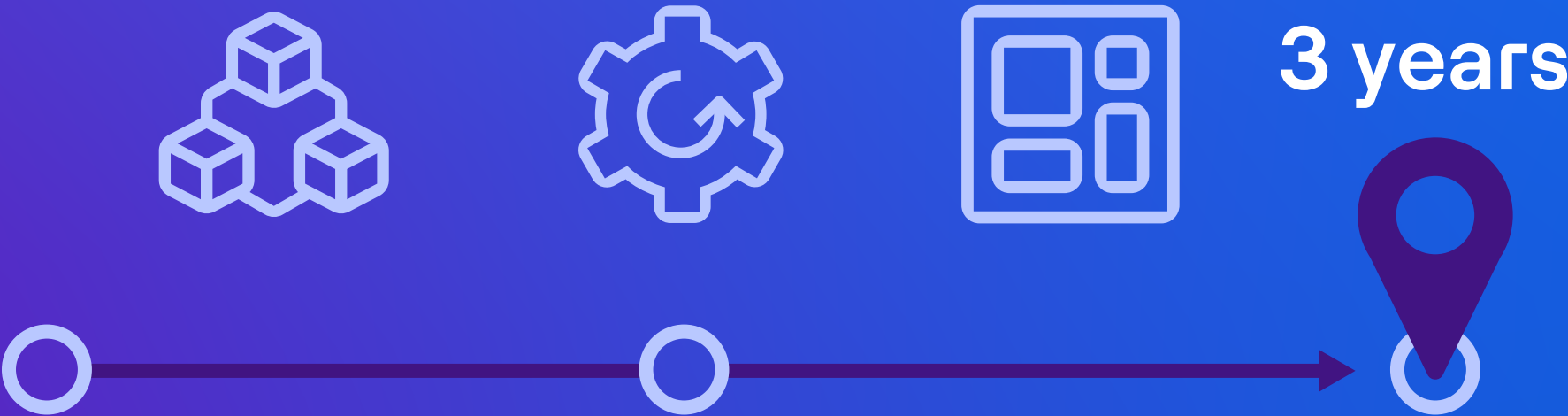
Businesses are not utilizing the full value that customer feedback can provide.



Generative AI (GenAI) can help alleviate many of the expected challenges when migrating to a product-aligned operating model.



Building a supportive system is essential in implementing a successful product-aligned operating model. Within three years, businesses will prioritize and invest in **AI, portfolio management, observability and shared business platforms.**





Growing technology capabilities call for a disciplined approach

Technology is evolving at an unprecedented rate, disrupting and reshaping industries in real-time. From GenAI to agentic AI, businesses have more opportunities than ever to enhance efficiency and drive innovation. Yet, as these technologies reshape industries, a fundamental question arises:

Is your organization equipped to navigate disruption with discipline?

To harness the full potential of AI, organizations must do more than adopt tools—they must align on a shared strategy for integrating them effectively.

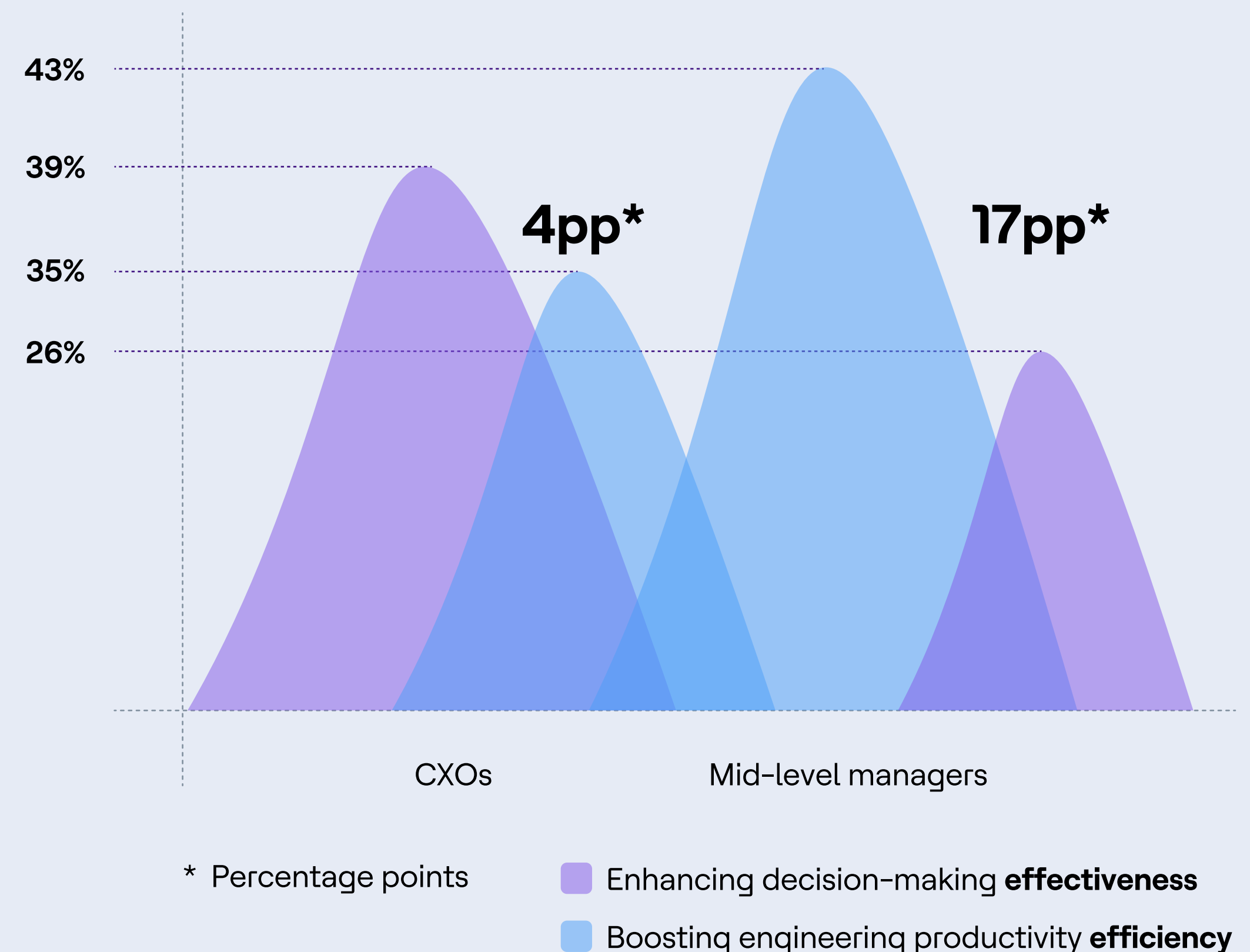
While C-suite executives see GenAI as a balanced catalyst for both effectiveness and efficiency, a significant leadership gap lurks beneath the surface.

Our research reveals a telling disconnect. At the executive level, leaders recognize AI's dual potential with near-symmetrical precision—merely a 4 percentage point variance between effectiveness and efficiency goals. Yet, descend to mid-management and this harmony fractures dramatically, with a staggering 17 percentage point chasm.

This isn't just a statistic. It's a warning.

Organizations investing millions in generative AI risk turning breakthrough technology into bureaucratic white noise. The promise of AI isn't just about doing things faster—it's about doing things smarter, more strategically and with unprecedented insight.

Figure 1. Cross-level views on GenAI's potential



True AI transformation demands more than top-down mandates. It requires a unified operating model that democratizes AI thinking across every organizational layer. When AI becomes a shared language—not just an executive buzzword—that's when real innovation happens.

A product-aligned operating model addresses this by fostering clear communication pathways and breaking down silos. Rather than structuring teams around functions, the operating model ensures that technology priorities are transparent, strategic and directly connected to business outcomes. By aligning product teams, engineering and leadership around a shared vision, organizations can harness AI's disruptive power with discipline, leading to increased adoption, established agile decision-making processes and driving innovation at scale. A product-aligned operating model will also improve product quality and ensure continuous product improvement, allowing for a quicker customer service response (see Figure 2).

By putting the customer at the center of the development process, businesses meet expectations more effectively and build stronger relationships and long-term loyalty.

Figure 2. Customer-centric benefits of a product-aligned operating model

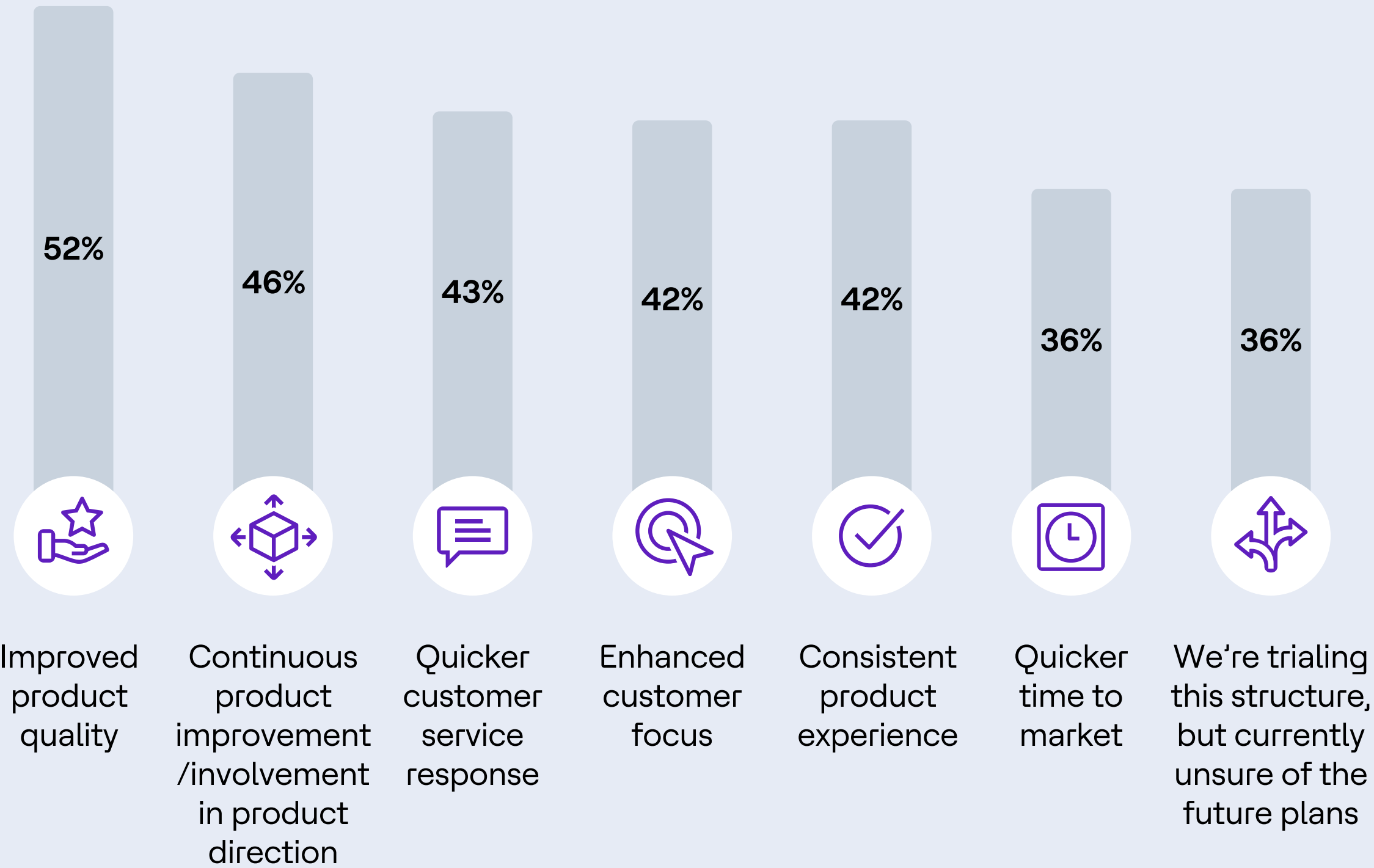
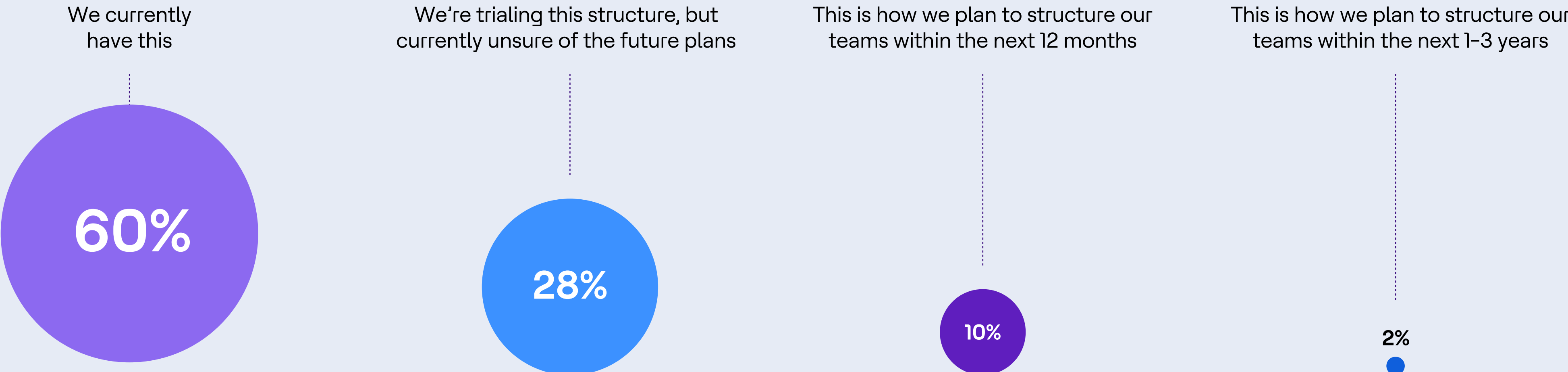


Figure 3. Adoption of product-aligned operating model



AI-led disruption is accelerating the shift toward product-aligned operating models, enabling stronger cross-team collaboration and more effective adoption of AI tools. Sixty percent of the businesses surveyed report already having a committed product-aligned operating model, while 28% are trialing the model. The remaining 12% are planning to implement it within 3 years.

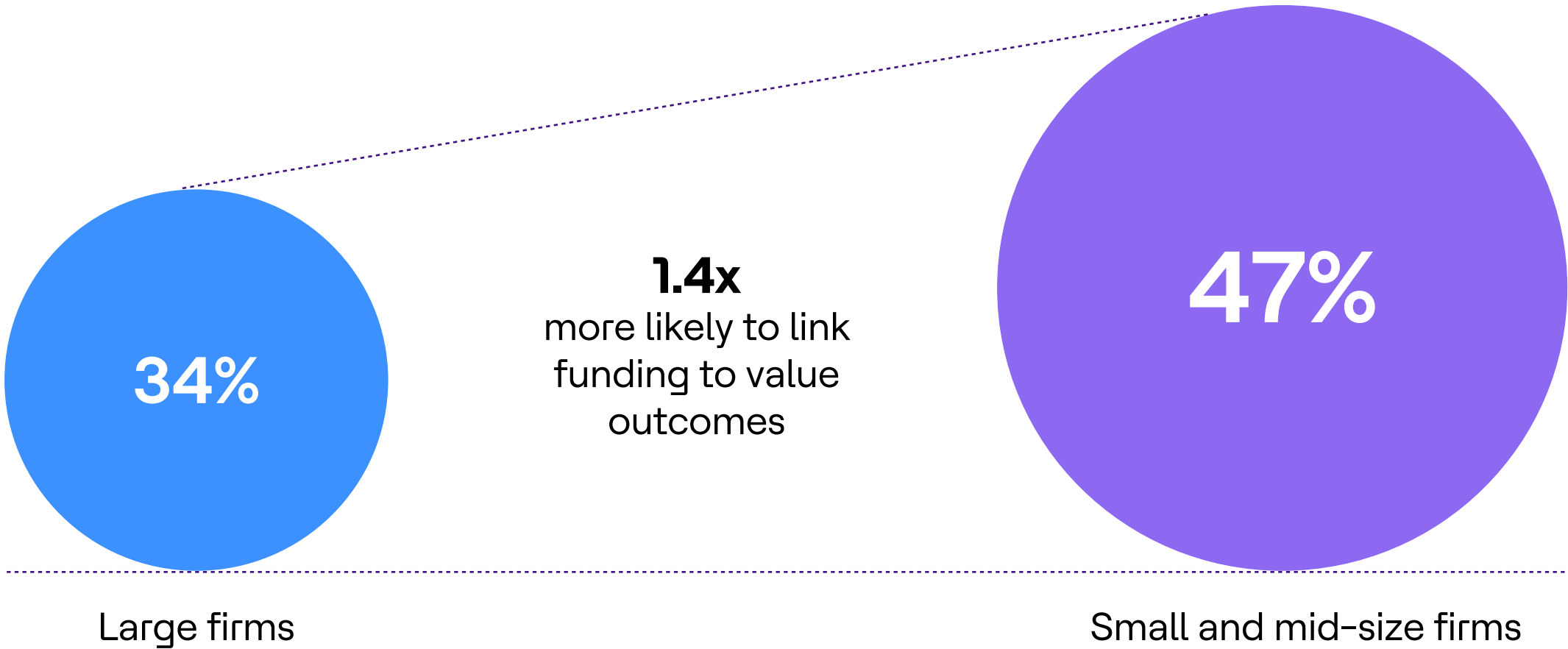
The US and Europe are currently leading the way in product-aligned operating model utilization, with APAC not far behind. However, Europe is most confident in the success of the model. They're the least likely to question the model's future (25%) and have the most significant portion of respondents moving towards the disciplined approach in the next 3 years. Regulatory

frameworks prioritizing customer outcomes, data security and digital transformation in Europe could drive the implementation and commitment to the model in this region. For instance, the European Commission's [Digital Decade policy](#)^[1], which outlines 2030 targets, places the people (the customer) at the center of digital technologies and fosters strategies that enhance secure data flows, access and interoperability. These key elements are core pillars in a product-aligned operating model, aligning with why Europe is most committed and confident with the model.

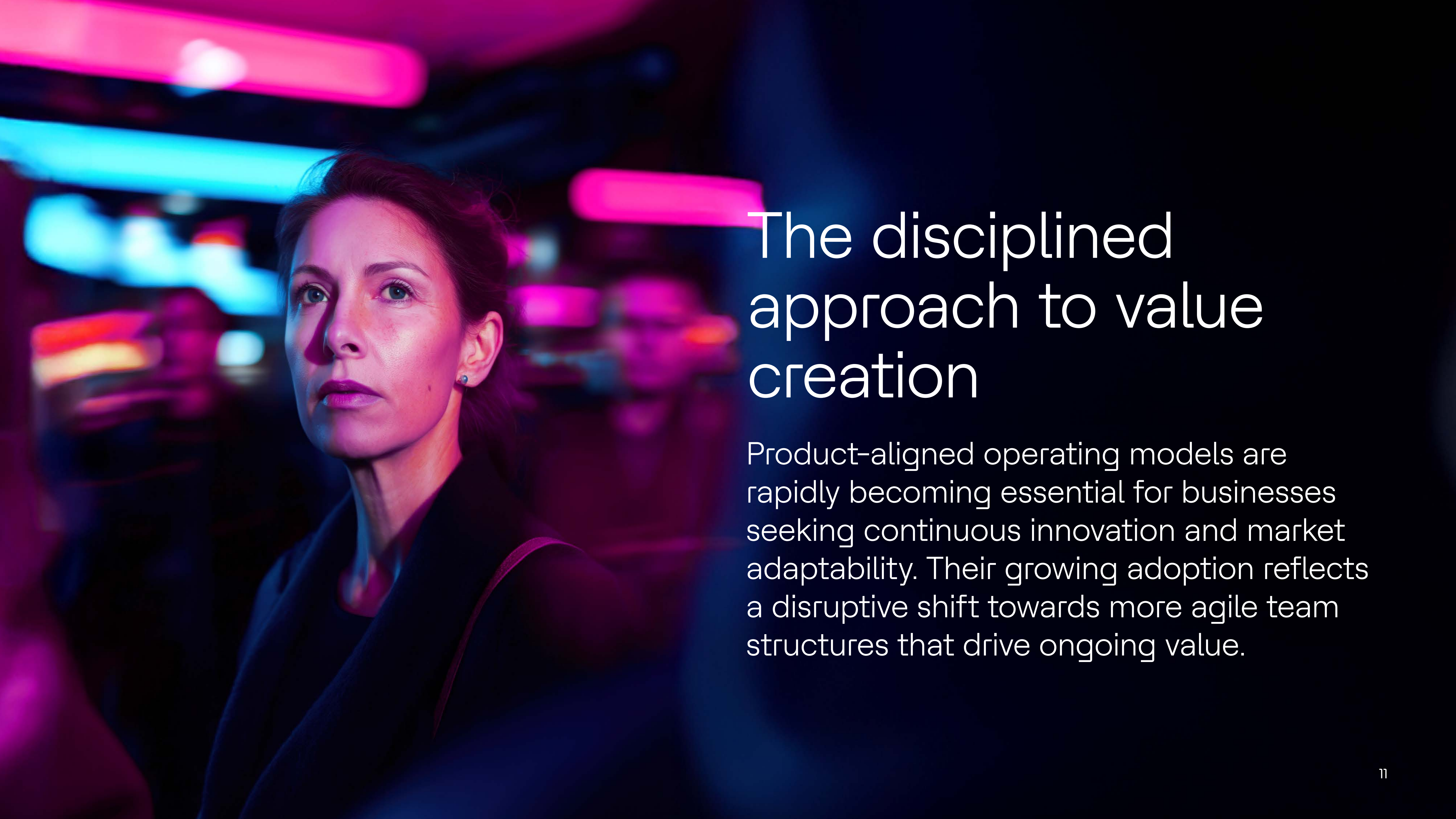
There's a disconnect between small and large organizations regarding how effective a product-aligned operating model can be. Over half (56%) of surveyed large organizations—defined by having 10,000 or more employees—agree that an organization needs to have a culture of experimentation to take full advantage of a product-aligned operating model, compared to only 49% of smaller organizations. This means larger organizations are more risk-taking and looking to maximize value delivery. Yet only 34% claimed to link their funding/spending with how much value it can deliver. This highlights that despite value delivery being ideated as necessary, current practices often dismiss it.

In contrast, **smaller organizations are 1.4x more likely to align their funding in new technologies with value outcomes.** Like the leadership disconnect, large organizations struggle more with investment value recognition due to the sheer volume of communication pathways. With so many channels in play, key conversations about maximizing value often get lost, making it harder to align priorities.

Figure 4. Aligning organizational funding with potential value delivery



Clear communication pathways are one of the most efficient ways of handling change and will allow for a unified goal around value delivery. Without a unified operating model that focuses all teams on a singular goal, businesses risk losing their competitive edges by adapting to change.

A woman with dark hair pulled back, wearing a dark jacket, is looking off to the side with a focused expression. The background is dark and filled with blurred, vibrant neon lights in shades of pink, blue, and orange, creating a futuristic or high-tech atmosphere.

The disciplined approach to value creation

Product-aligned operating models are rapidly becoming essential for businesses seeking continuous innovation and market adaptability. Their growing adoption reflects a disruptive shift towards more agile team structures that drive ongoing value.



[Using customer feedback] drives change by taking initiative and solving customer problems before they even realize they have them”

Europe (France), Business and professional services, C-Suite

Product-aligned operating models are rapidly becoming essential for businesses seeking continuous innovation and market adaptability. Their growing adoption reflects a disruptive shift towards more agile team structures that drive ongoing value.

To stay competitive in fast-evolving markets, businesses need a culture of continuous improvement, where products are constantly refined to meet changing customer needs. Moreover, being customer-centric is one of the most significant benefits of harnessing a product-aligned operating model. It allows customer feedback to be continuously incorporated into the product design process, from the initial ideation to post-development improvements.

Maintaining agility and resilience within teams is crucial to ensuring all can collaborate effectively, even amid uncertainty. Keeping a strong focus on shared objectives remains the key to successful product delivery.

Establishing key pillars is essential for organizations to adopt a product-aligned operating model and adapt more quickly to technological change.

Pillars of success

01

Demolishing silos

Promoting collaboration between cross-functional teams to empower individuals at all levels to make informed decisions and drive innovation

02

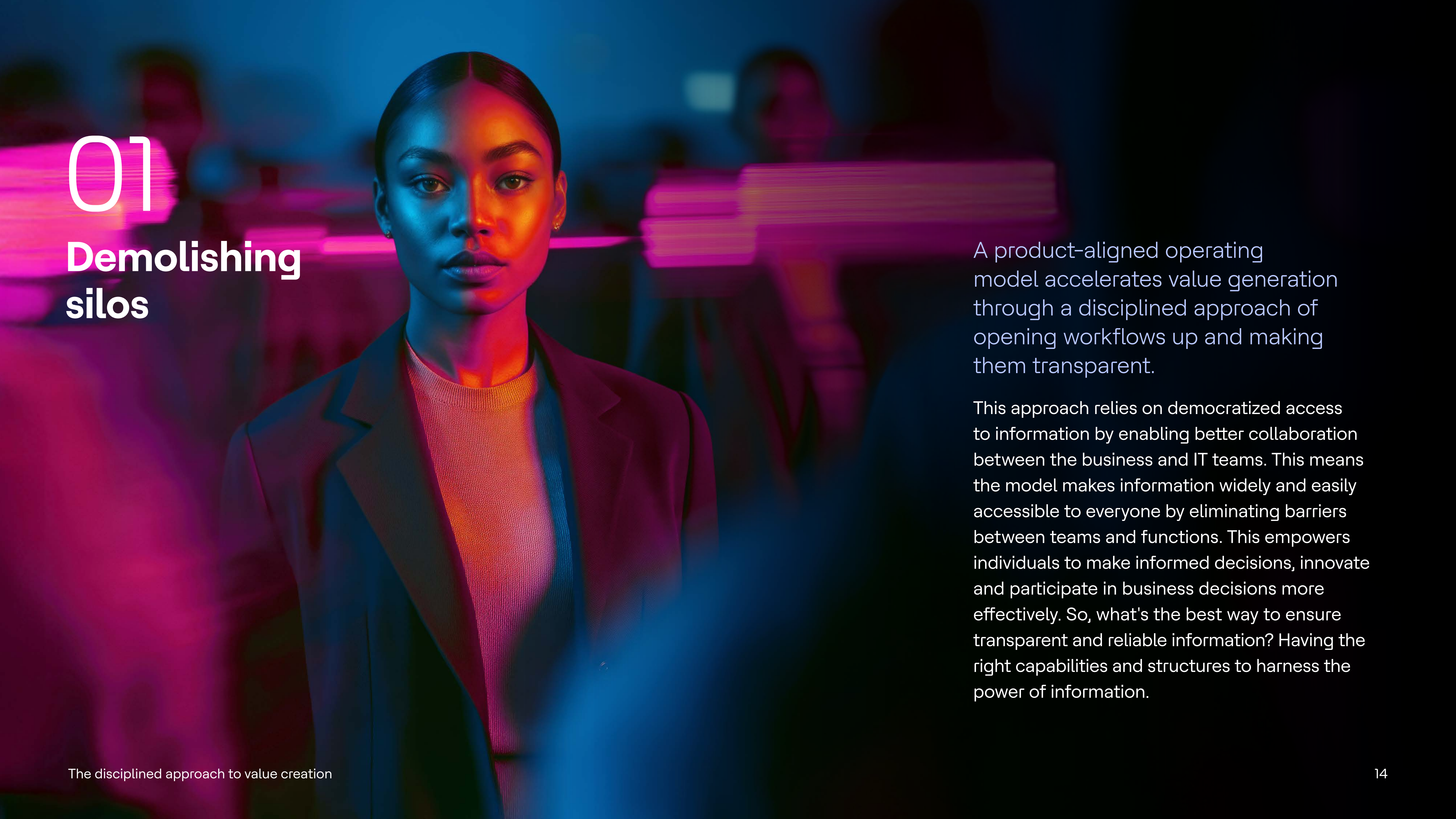
Tracking what matters

Centering success metrics around customer value to ensure products are tailored to meet evolving needs, driving measurable business impact

03

Building supportive systems

Leveraging technologies to streamline operations and align efforts around a singular goal



01

Demolishing silos

A product-aligned operating model accelerates value generation through a disciplined approach of opening workflows up and making them transparent.

This approach relies on democratized access to information by enabling better collaboration between the business and IT teams. This means the model makes information widely and easily accessible to everyone by eliminating barriers between teams and functions. This empowers individuals to make informed decisions, innovate and participate in business decisions more effectively. So, what's the best way to ensure transparent and reliable information? Having the right capabilities and structures to harness the power of information.

Currently, 53% of organizations use tools such as Slack, Microsoft Teams or Zoom to streamline information effectively and support value generation. However, there is room for improvement—39% want improved channels, 35% seek an improved feedback culture and team and 33% aim for higher-quality/focused debriefings between teams. This highlights a critical gap between an organization’s tools and how effectively they are being used.

Moreover, 32% report a desire for higher trust between teams. Enhancing communication pathways and fostering smoother workflows can unlock team potential by increasing transparency and trust. By combining technology upgrades with cultural shifts, organizations can strengthen their product-aligned operating models, better meet customer needs, drive innovation and secure long-term competitiveness.

Figure 5. Communication platforms that organizations use to facilitate collaboration

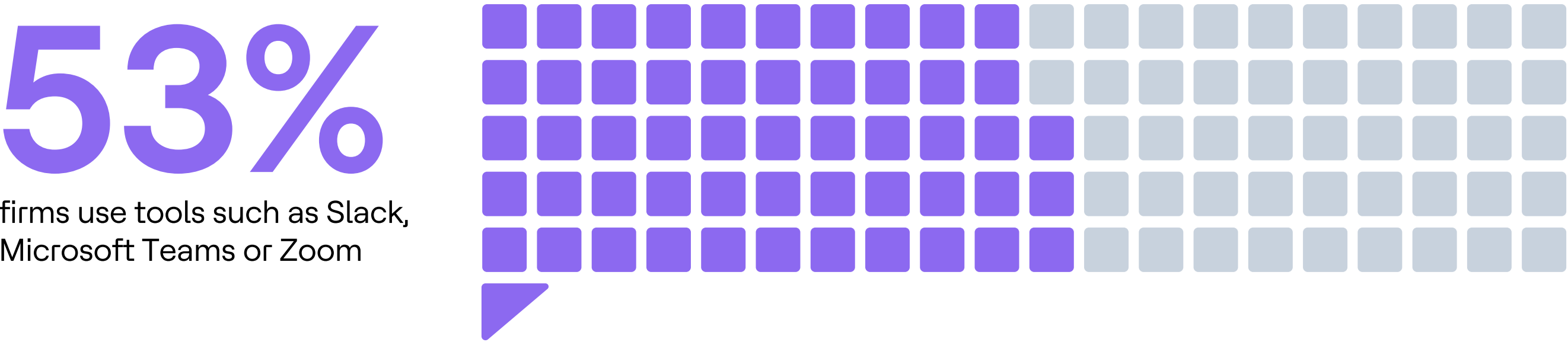
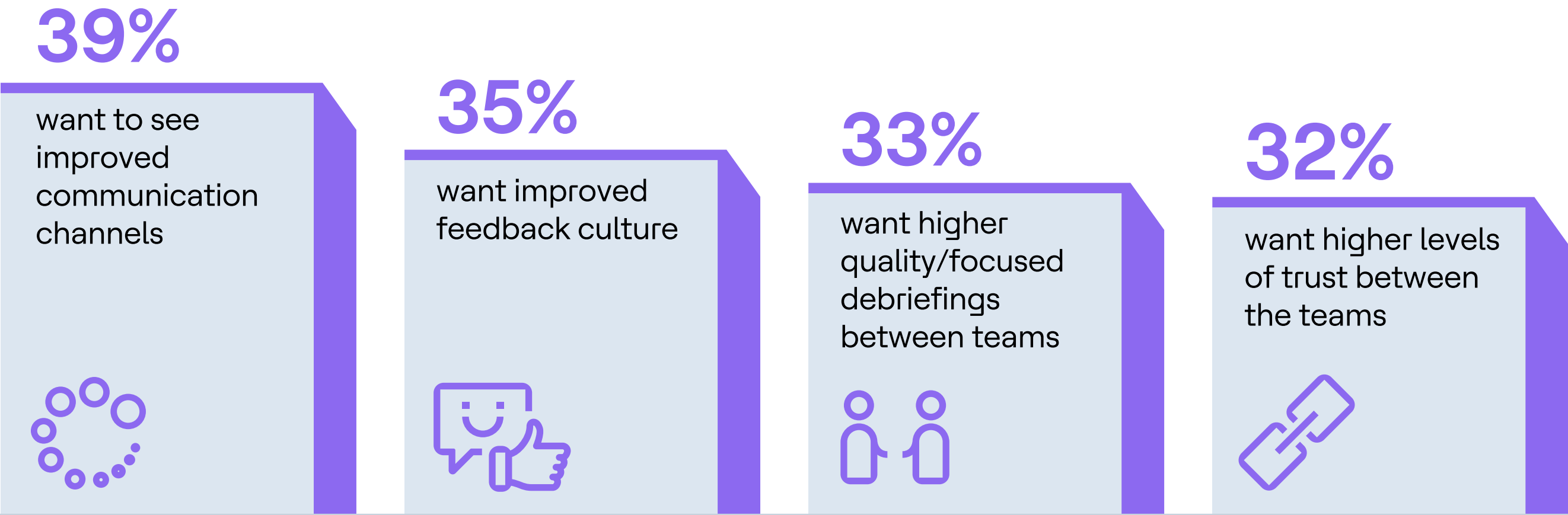


Figure 6. Enhancements to foster better collaboration between business and IT teams



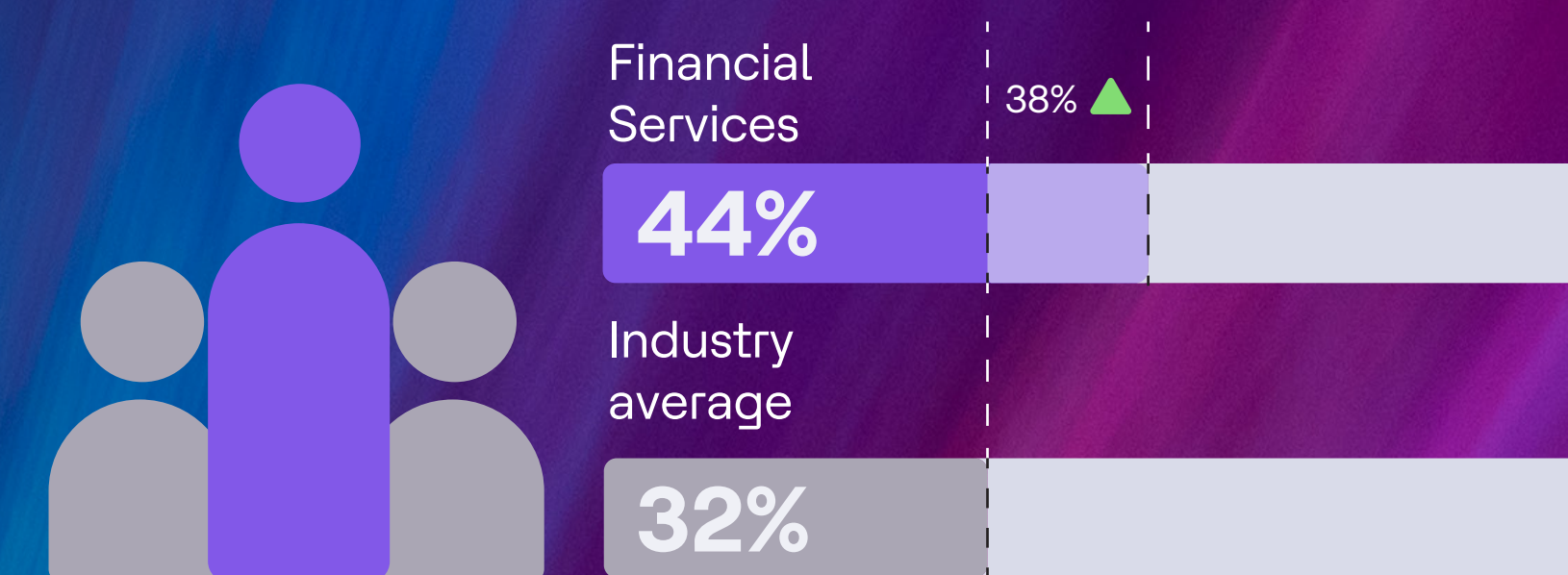
Industry spotlight

Trust is at the core of financial services collaboration

Financial firms prioritize trust-building between teams when looking at improvements to enhance collaboration, placing it as a higher priority than other sectors and the global average (44% vs. a global average of 32%). Perhaps this desire for improved trust between teams comes from the sector being cautious over the strict regulatory frameworks they operate under (e.g., GDPR in Europe, Sarbanes-Oxley Act of 2002 (SOX) for the US or Basel III, specifically in the case of banks).

These frameworks require strong cross-functional collaboration between compliance, risk, IT and business teams, within which trust plays a key role. Trust is critical in ensuring smooth cooperation between teams that handle regulatory adherence. Failing to comply can result in organizations paying millions in fines and losing the trust of their customers.

Figure 7. Firms focusing on improving trust between teams to enhance collaboration



02

Tracking what matters

Organizations must track success to ensure they're on the right track with innovation and development. Success is measured through the value creation for customers—improved user experience, increased adoption rates and higher retention are all tangible business outcomes.

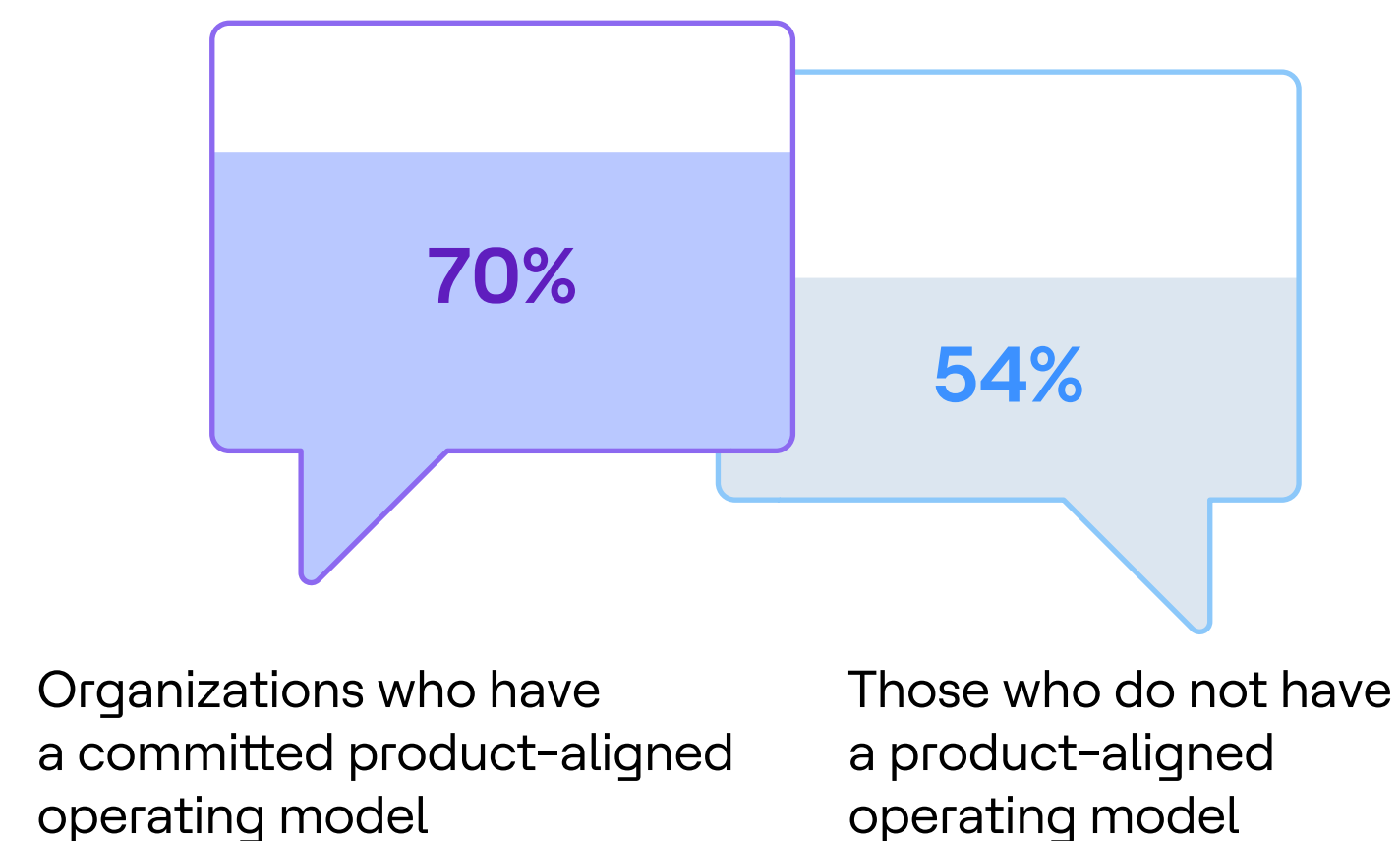


My organization informs customers on a regular basis about efforts to enhance their experiences and create value for them.”

USA, Banking, Financial Services and Insurance, C-Suite

This is where a product-aligned operating model is helpful, as it prioritizes customer feedback loops. Our research identified that out of the surveyed decision-makers, those with a product-aligned operating model are likelier to use customer feedback in their development process—saying it plays a crucial role (70%, compared to just 54% for those not using the model).

Figure 8. Customer feedback is crucial in the development process



Moreover, organizations with a product-aligned operating model are more likely to employ customer-involved approaches such as feedback sessions, workshops and pilot programs than those without (41% vs. 26%).

This is a huge advantage—customer input can help aid value creation, as accurate, real-time insight feeds into internal strategies to foster innovation and value building. This underscores the fact that a product-aligned operating model enhances operational efficiency and creates a direct pathway to innovation and customer-centric value creation. By prioritizing feedback loops and leveraging customer insights, businesses with this model can stay ahead of evolving demands, deliver products that resonate with their audience and maintain a competitive edge in their market.

Industry spotlight

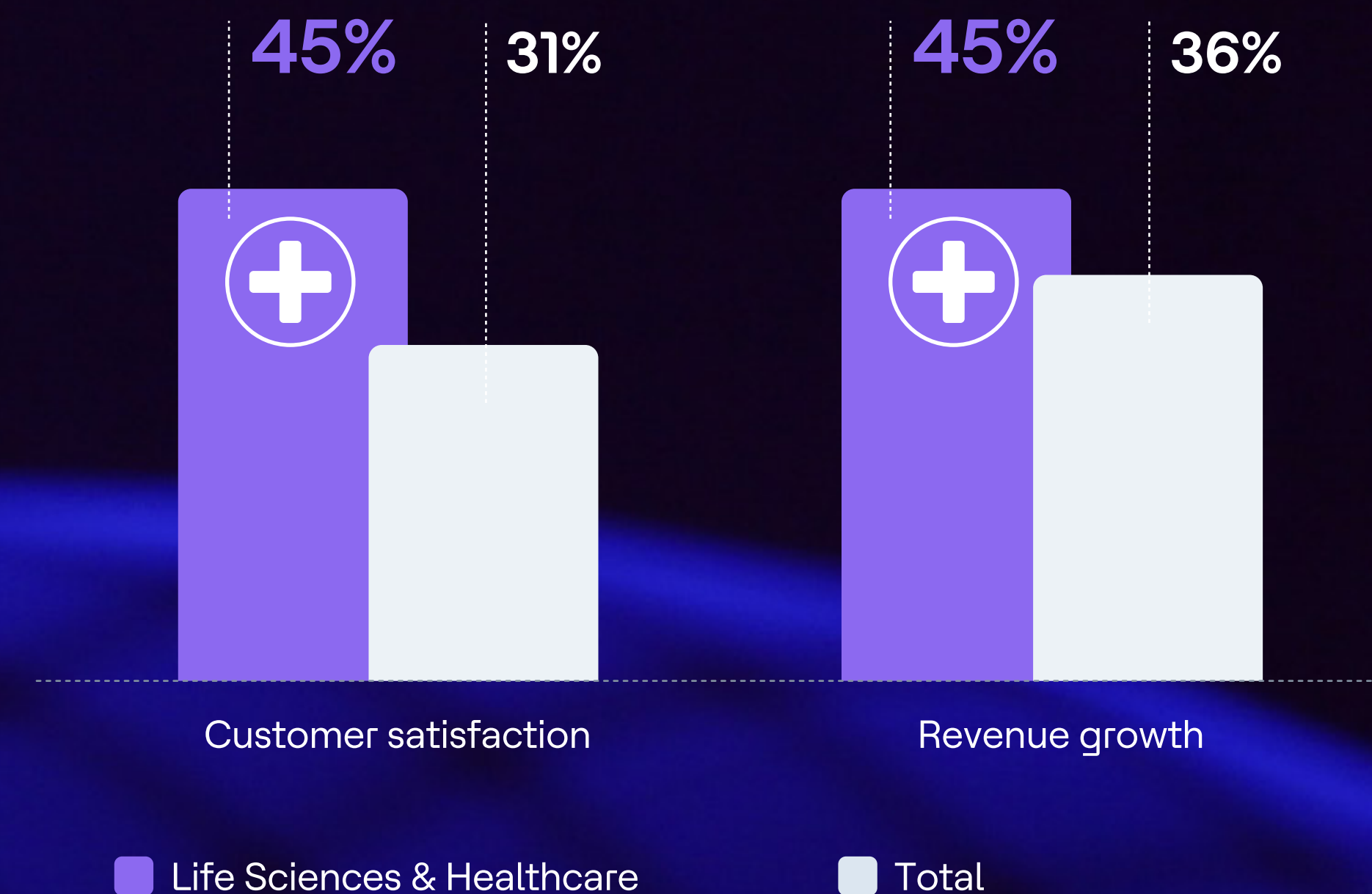
Life science and healthcare looks to customer satisfaction

The life science and healthcare sector places customer satisfaction at the heart of product development more so than any other industry. In fact, their focus is 45% higher than the average (45% in life science and healthcare vs. 31% average). This emphasis is deeply rooted in the sector's nature, where patient well-being is directly tied to innovation.

Organizations in this field regularly engage with customers in highly sensitive areas, from medical check-ups to prescriptions and new product development. Neglecting customer needs can erode patient trust, reduce treatment efficacy and fail to meet healthcare demands.

However, while customer satisfaction is a top priority, financial performance remains equally important. A comparable proportion of organizations cite revenue growth as a key measure for delivering customer value, highlighting the sector's need to balance patient-centricity and financial sustainability.

Figure 9. Common measures in delivering value to the customer for the life sciences and healthcare sector

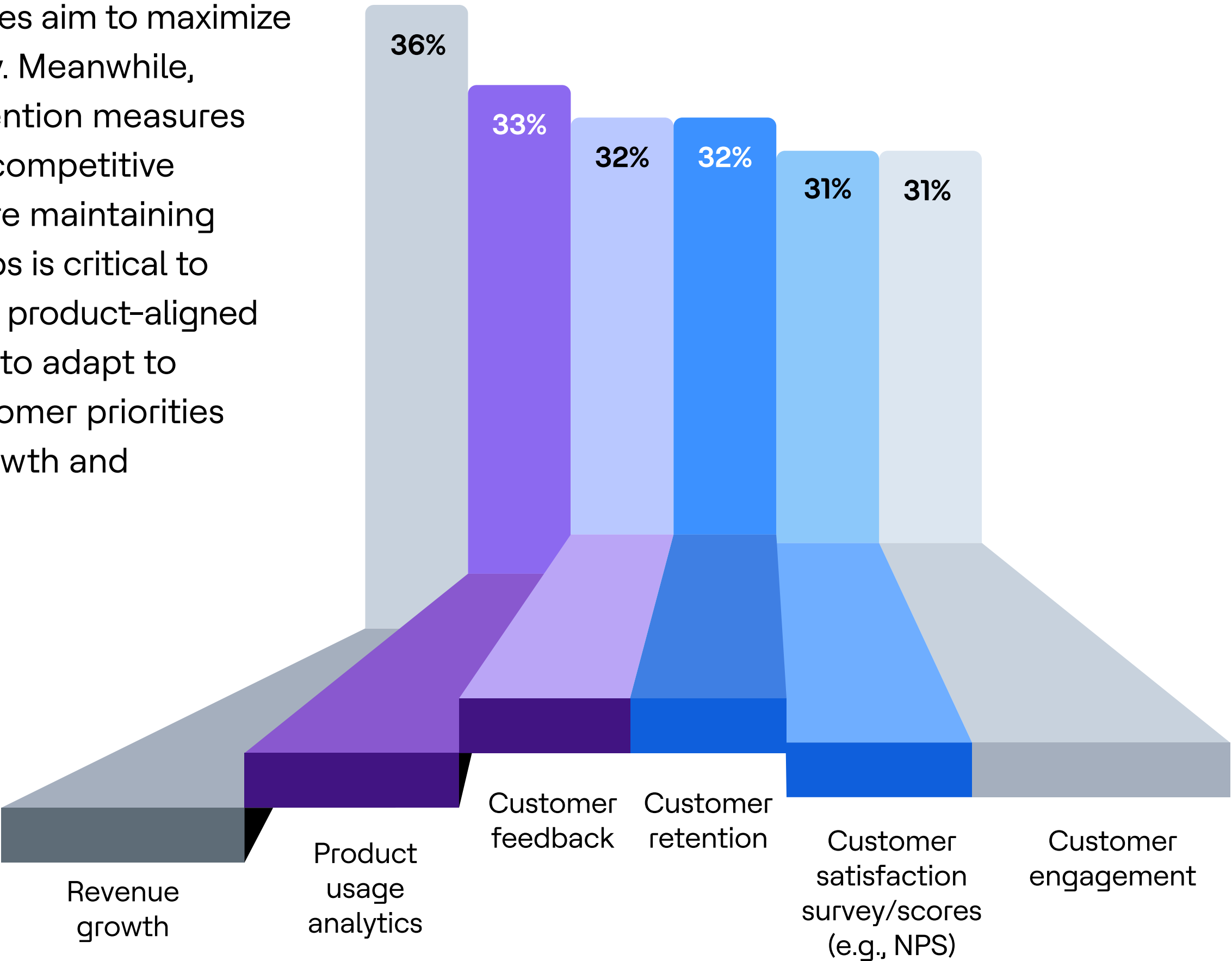


Value-tracking measures are directly linked to funding for organizations. The more an investment can deliver (in reference to success metrics), the more organizations can invest, a sentiment that 94% of businesses surveyed report doing. This is a massive benefit to those with a product-aligned operating model, as it enables a continuous cycle of reinvestment and improvement, driving both innovation and sustained customer value over time.

Organizations typically measure product development success by delivering value to customers through revenue growth, product usage analytics, customer feedback and retention of customers (see Figure 10).

But this can vary by region. In the US and Europe, there's a focus on revenue growth (37% and 36%, respectively), which aligns with their mature markets, where businesses aim to maximize financial returns and profitability. Meanwhile, APAC focuses on customer retention measures (47%), highlighting the region's competitive and fast-growing markets, where maintaining long-term customer relationships is critical to sustaining growth. A benefit of a product-aligned structure is that it allows teams to adapt to specific market needs and customer priorities through optimized business growth and dynamics.

Figure 10. Ways to measure the success of product development in delivering value to customers



Industry spotlight

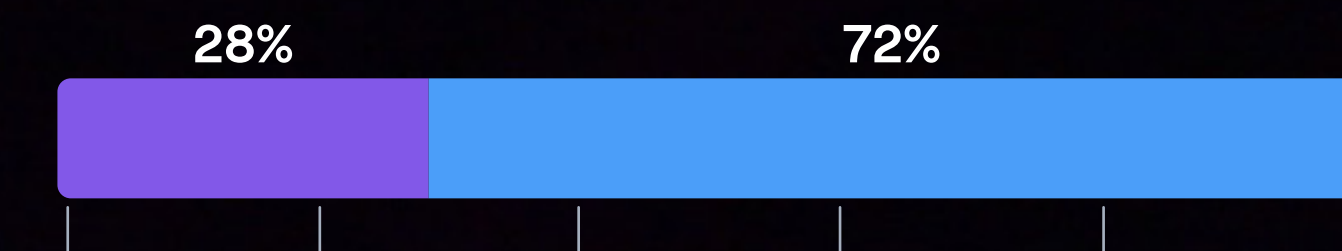
Manufacturing organizations struggle with extracting value

Our research indicates that more than half of the firms in the manufacturing sector recognize the need for engineering excellence to drive product outcomes. However, a critical challenge lies in measuring the value of these engineering efforts—only 28% strongly agree that their leadership understands the importance of value measurement, falling below the global average of 35%. The knock-on effect of this gap is severe and evidenced by over half (52%) of manufacturing organizations reporting that they lack a culture to track and assess engineering value. This shortfall limits an organization's ability to optimize returns, as investment and resource allocation decisions often fail to align with actual business impact.

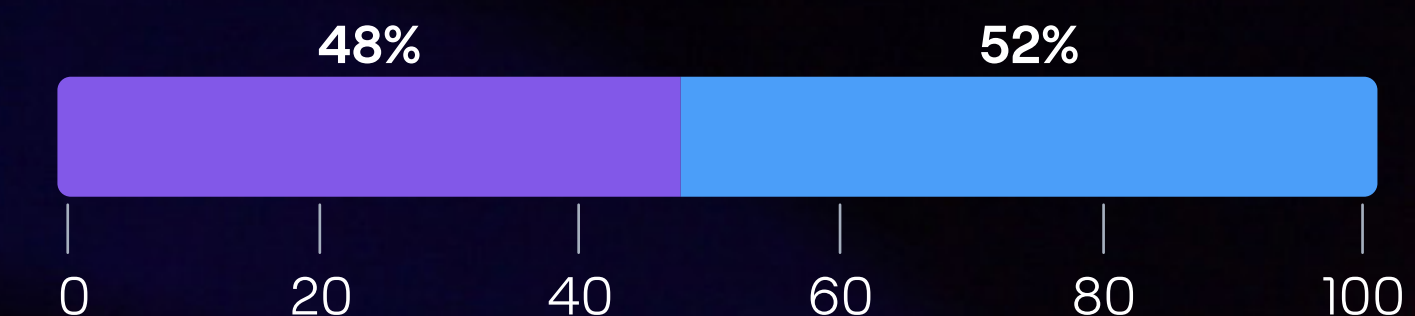
Addressing this disconnect is essential to ensure that current and future investments yield measurable business outcomes, preventing inefficiencies, underutilization and missed growth opportunities.

Figure 11. Manufacturing malfunction

Leadership understands the importance of measuring the flow of value

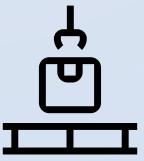
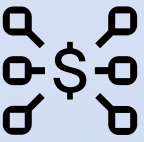
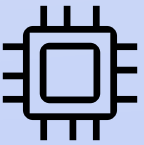
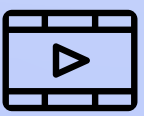


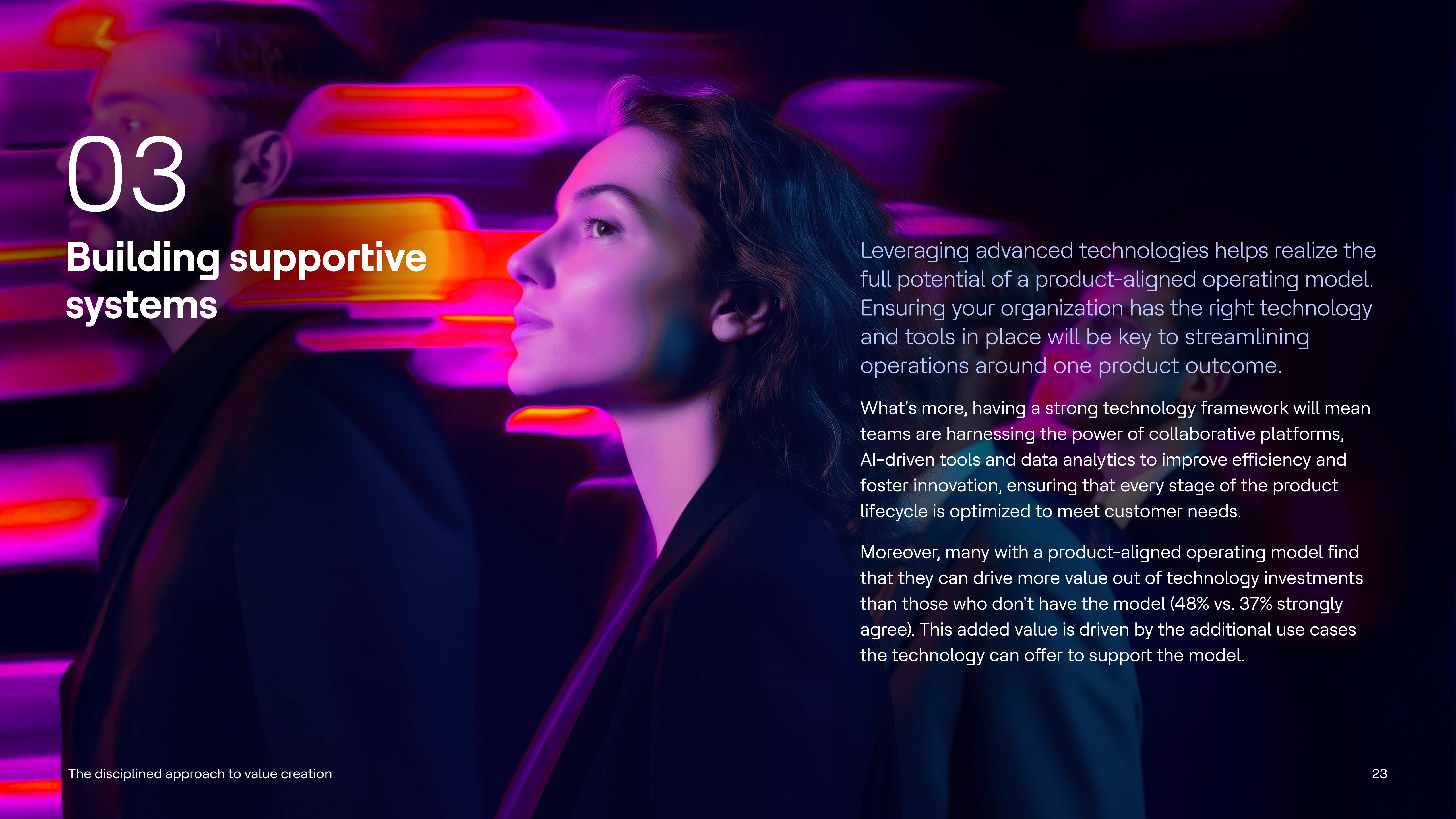
Has the culture to track and assess engineering value



Strongly agree Doesn't or somewhat agree

Figure 12. Metrics industries use to gauge success

Industry		Top focus for measuring success when delivering value to customers		Vs. the average percentage points (ppt)	
	Manufacturing	36%	Product usage analytics	+3 ppt	
	Banking, Financial Services and Insurance	37%	Volume of innovation	+8 ppt	
	Retail & Consumer Packaged Goods	43%	Customer engagement	+12 ppt	
	Distribution, Logistics and Transport	45%	Revenue growth	+9 ppt	
	IT and Technology	45%	Revenue growth	+9 ppt	+13 ppt
	Business and professional services	43%	Customer retention	+11 ppt	
	Media, Entertainment, Telecoms	38%	Product usage analytics	+5 ppt	
	Life Sciences & Healthcare	45%	Revenue growth	+9 ppt	+14 ppt
	Oil, Gas, Energy & Utilities	44%	Employee satisfaction	+13 ppt	



03

Building supportive systems

Leveraging advanced technologies helps realize the full potential of a product-aligned operating model. Ensuring your organization has the right technology and tools in place will be key to streamlining operations around one product outcome.

What's more, having a strong technology framework will mean teams are harnessing the power of collaborative platforms, AI-driven tools and data analytics to improve efficiency and foster innovation, ensuring that every stage of the product lifecycle is optimized to meet customer needs.

Moreover, many with a product-aligned operating model find that they can drive more value out of technology investments than those who don't have the model (48% vs. 37% strongly agree). This added value is driven by the additional use cases the technology can offer to support the model.

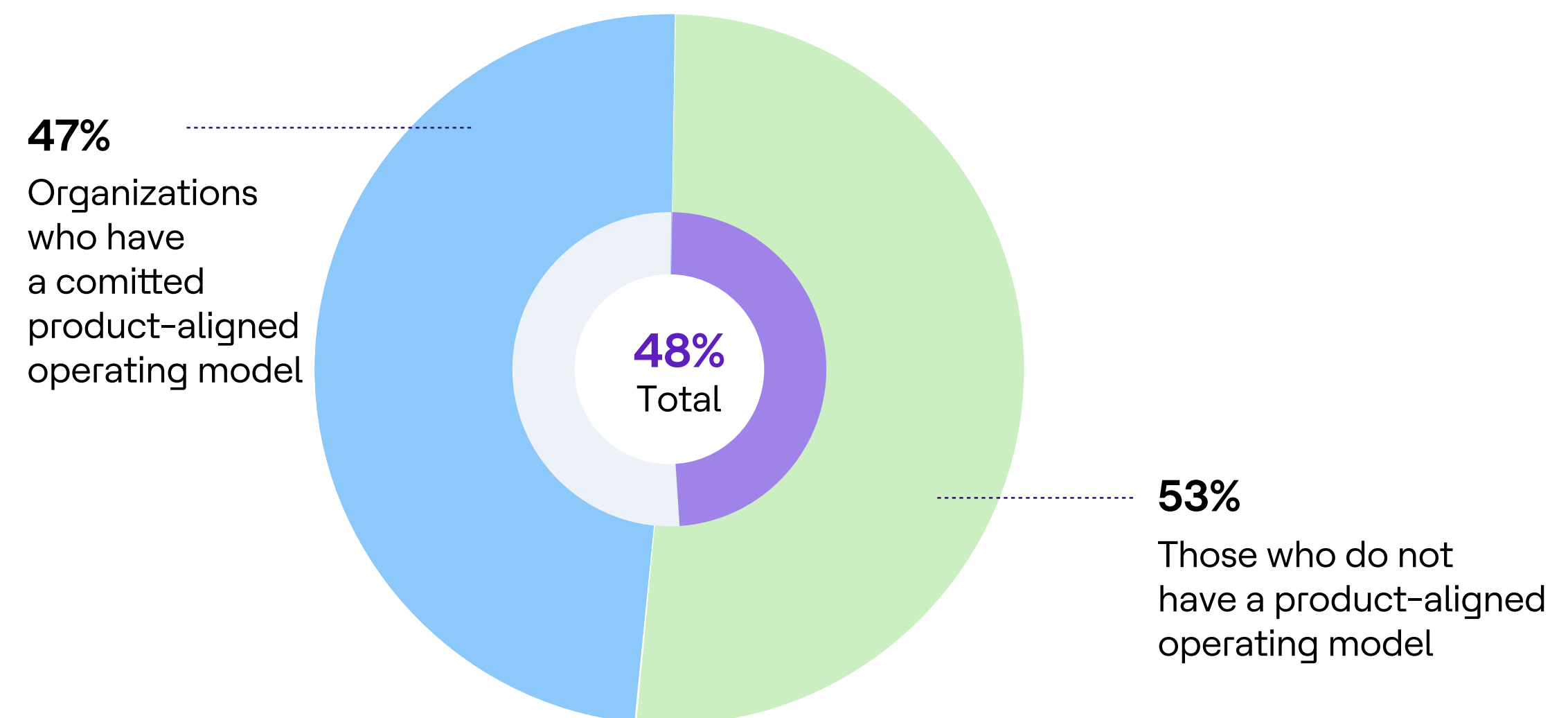


We value providing clients with AI-generative data-driven insights. The power of generative AI to examine massive volumes of data allows our enterprise to gain meaningful insights. This can help inform decision making and enhance strategic planning.”

USA, Manufacturing, C-Suite

For instance, GenAI can help provide better product management through meaningful insights on progress, risk predictability and much more. Yet if teams aren't equipped to gather data for analysis appropriately, the tool becomes more disruptive than helpful. In fact, 48% say that they could do more to continuously gather and utilize customer feedback, primarily driven by those who do not yet have a committed product-aligned operating model (53%).

Figure 13. “My organization could do more to continuously gather and utilize customer feedback to guide product development and improvements”



Businesses in APAC are ahead of the curve in using GenAI for innovation, with 57% of respondents strongly agreeing that their product teams leverage the tool. In contrast, Europe is slightly lagging, with only 45% strongly agreeing. It's likely that the [General Data Protection Regulation \(GDPR\)](#) and [EU AI Act](#), with a lack of certainty and guidance on the potential implications of GenAI, factor into this trend.

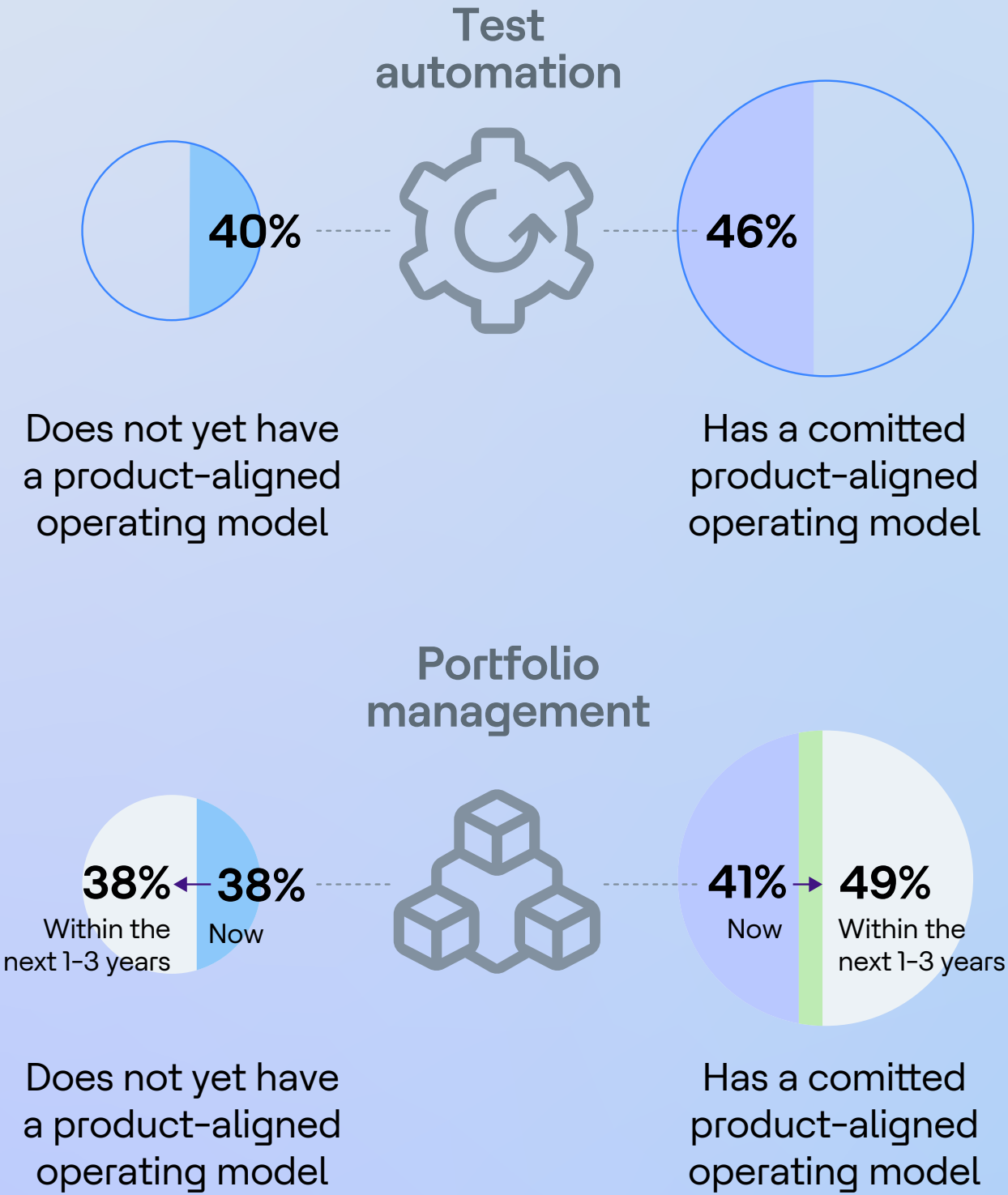
However, the benefits of GenAI outweigh the risks in many ways, as almost all (99%) decision-makers see a future where AI is fully embedded within their toolsets.

Technology also means those with a product-aligned operating model can expect enhanced innovation. Innovation can come from freeing up time using test automation to focus more on creative problem-solving and experimentation or leveraging portfolio management technologies to access real-time data to identify improvement opportunities or ongoing efficiencies.

In fact, of those with a product-aligned operating model, we can see greater prioritization of these technologies either currently or over the next 3 years (see Figure 14).

Portfolio management will help ensure that all technology investments are strategically aligned with goals and business objectives, a current challenge for many. It'll also help create centralized oversight, enabling businesses to track progress, risks and opportunities, which will help alleviate some of the challenges around lifecycle resource management and measuring success.

Figure 14. Tools used by product teams



Many organizations are looking towards technologies to create specialized products and strategies to keep their competitive edge and customers engaged. For instance, organizations are looking into developer experience platforms, which are expected to grow—or at least maintain interest—by both groups over the next 1–3 years (see Figure 15). This tool is one of many that can help ensure increased efficiency and tailored solutions that meet market demands, further driving competitive advantage and long-term growth.

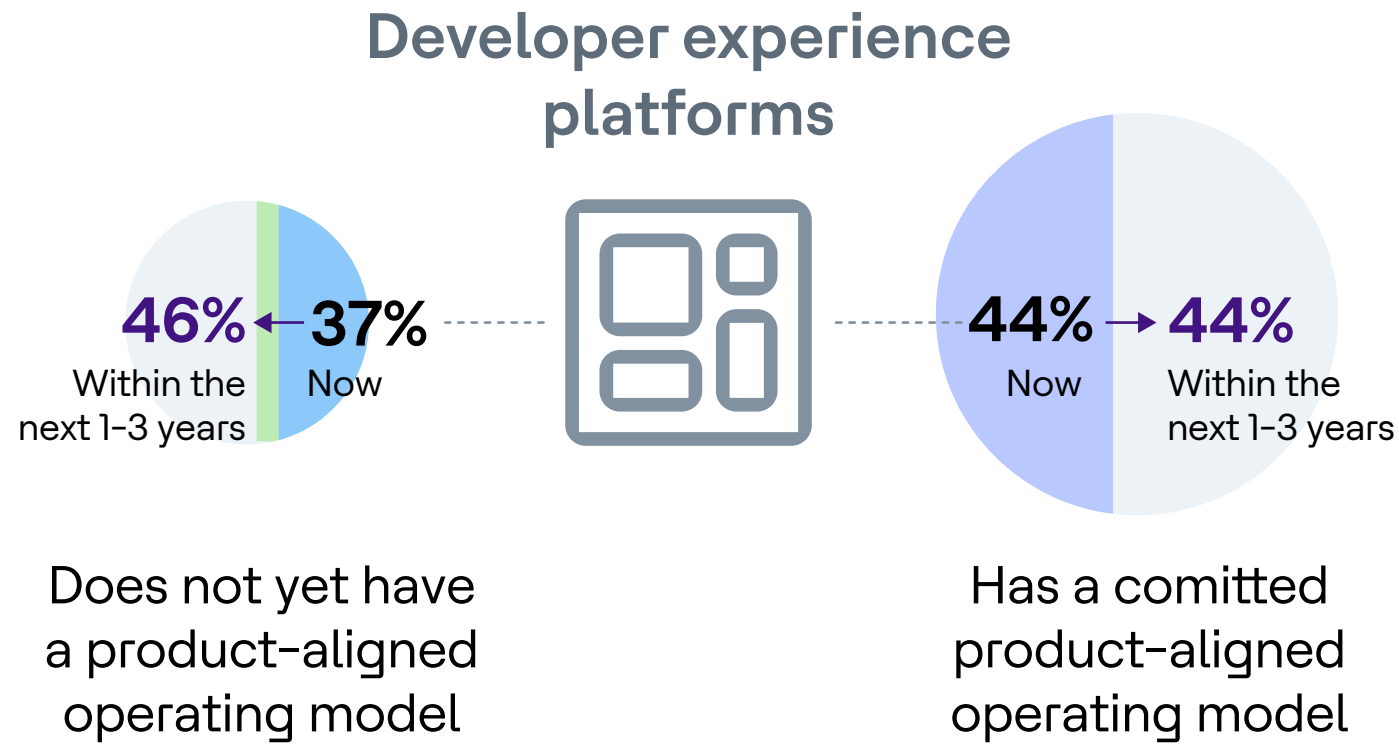
Businesses that have yet to transition to product-aligned operating models feel the pain of siloed teams, fragmented tools and inconsistent workflows. As a result, they are making larger bets on developer experience platforms to bridge these gaps and unify engineering, product and design teams.

For organizations that have already implemented product-aligned operating models, steady investment levels suggest that they have already integrated such shared platforms into their operating models. They've moved beyond foundational investment and are now reaping the benefits—faster product development cycles, seamless collaboration and reduced friction across teams.

It'll also have knock-on benefits such as a faster time to market for products, heightened agility from intuitive interfaces and increased consistency across development teams. Lastly, with streamlined processes and open communication freeing up team capacity, opportunities emerge for a renewed focus on innovation and experimenting with new ideas. In turn, this naturally encourages the culture of continuous improvement and innovation on which a product-aligned operating model thrives.

However, to effectively implement these investments, organizations must overcome the integration challenges that nearly a third will face.

Figure 15. Developer experience platforms driving efficiency gains



Industry spotlight

The move to the cloud is demanding system integration investments

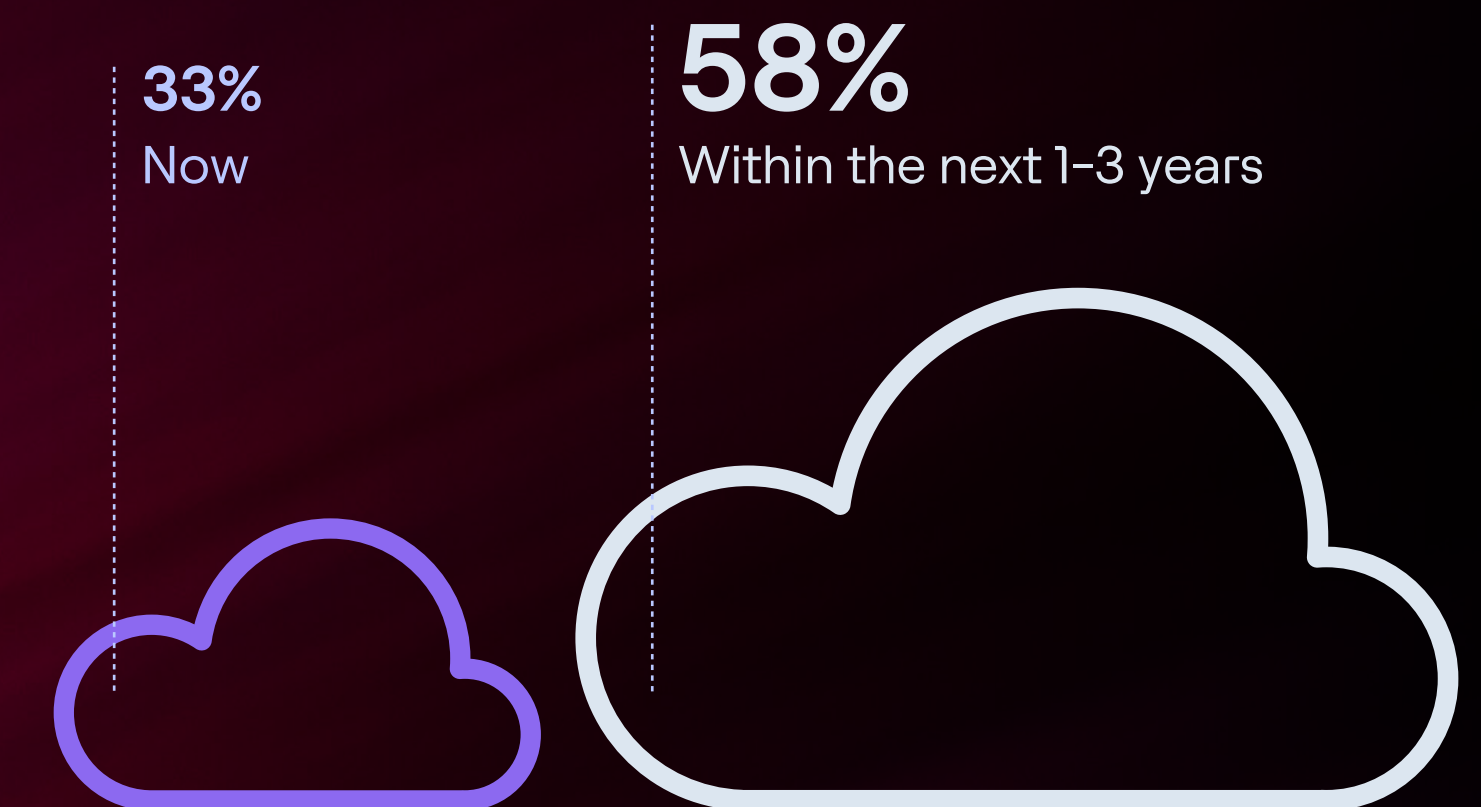
Organizations in the telecom industry are set to nearly double their investments in cloud migration over the next 3 years. While just 33% of organizations in the sector are currently investing in becoming cloud-native—lower than the average of 51% across all industries—this an additional 58% is expected to invest in it within the next 1-3 years. Not only is this a jump of almost twice their current investment, it also means that cloud migration will become a higher priority in this sector than across all industries combined.

As cloud adoption accelerates in telecom, organizations that act early will gain a competitive advantage in scalability, agility and cost efficiency. This shift signals a fundamental transformation in how content is created, distributed and monetized,

with cloud-native architectures enabling faster innovation, seamless user experiences and enhanced data-driven decision-making.

Integrating legacy infrastructures with modern cloud applications is essential, as reflected by the fact that system integration investments are expected to rise by 122% within telecom over the next 3 years. This trend suggests an urgent need for businesses lagging behind to reassess digital transformation strategies to avoid falling further behind their industry peers.

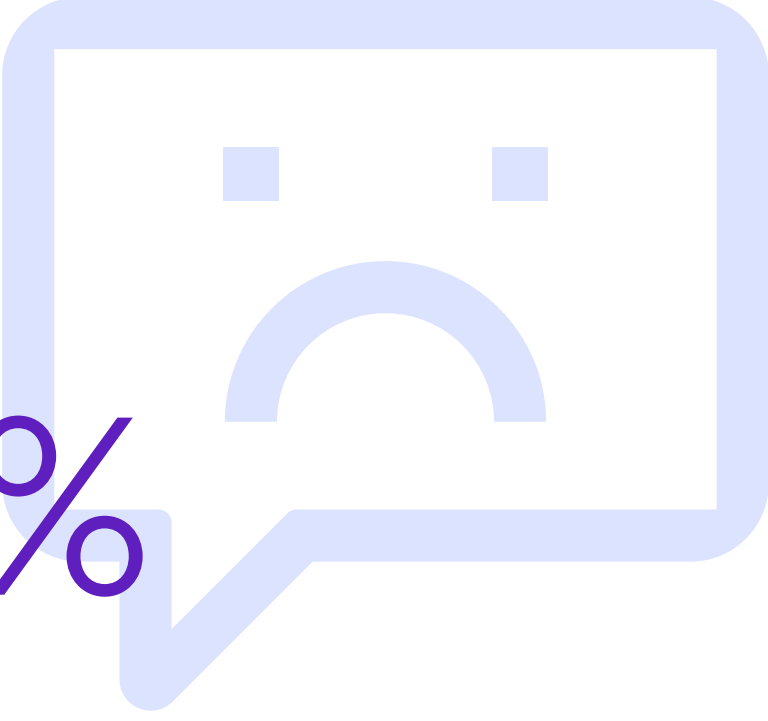
Figure 16. Cloud migration investments



Organizational structure is holding many back

There are clear roadblocks that are derailing (or *will* derail) many organizations' progress in moving towards a product-aligned operating model.

95%



of decision makers are unhappy with their current levels of efficiency due to their team structure

However, organizations are not yet operating at maximum potential. Decision-makers are unhappy with their current levels of efficiency due to their team structures (95%) and the top challenges they report are frustration of employees and customers (37% each) due to the process of making changes taking too long. Moreover, managing growth and scalability (35%) is an ongoing challenge, with insufficient leadership (19%) a barrier to change in about one-fifth of organizations.

Clearly, businesses are dissatisfied with their current structures and are looking for advice on changing their approach but lack the leadership needed to make successful model changes. For instance, many feel there's a lack of knowledge about effectively implementing a product-aligned operating model (31%). There's a strong need to navigate cultural changes and leadership recognition to recognize the value and benefit of a product-aligned operating model.

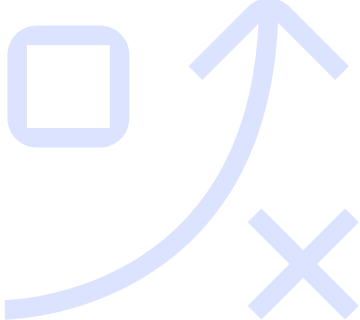
Figure 17. Common challenges organizations face around team structure

37%



Employees and customers feel frustrated as getting things done/making changes takes too much time

35%



Growth/scalability is a challenge with current team structure

Nearly all (95%) businesses surveyed feel they can do more to better align product goals and business objectives. Additionally, many (96%) feel a need for greater focus on change management initiatives to drive a product mindset and culture. This misalignment creates confusion and inefficiencies, preventing teams from working cohesively despite desiring to do so. Without strong leadership and clear guidance, it is difficult to prioritize these initiatives and fully embrace the benefits of a product-aligned operating model, stalling and limiting the impact of strategic initiatives.

However, disparities between business objectives and goals are not the only thing holding teams back. Decision makers also report struggling to measure the value to the customer. While

businesses believe they measure the effectiveness of their product development processes, the question remains: Are they maximizing this measurement? As organizations continue to evolve, their methods for measuring and prioritizing success will likely shift, with customer value becoming increasingly central.

Transitioning to a product-aligned operating model requires understanding new processes, cross-functional team dynamics and product ownership principles that many organizations haven't historically practiced. Without clear guidance and best practices, businesses demonstrate uncertainty in implementing the model effectively, leading to hesitation or fragmented attempts that may not yield the intended benefits.



95% agree that their organization needs a complete cultural and mindset shift to maximize the potential value

Gaps in an organization's collaboration hinder the flow of value

One of the core challenges and barriers highlighted with a product-aligned operating model is a lack of tools to help with efficient communication and collaboration—both essential to the model.

Notably, 22% of organizations anticipate siloed team communications as a likely challenge. Nearly 40% want improved communication channels and collaboration platforms. This will devastate the flow of value within the product development process and limit success.

Figure 18. Lack of tools for efficient communication and collaboration

22%

anticipate siloed communication between teams

39%

want improved communication channels/ collaboration platforms

However, like other barriers, resistance to adopting appropriate communication channels stems from a lack of recognition at the executive level, as senior leadership dictates the available investment. Many (64%) decision-makers surveyed feel their organization's leadership **does not fully grasp** or only **somewhat** understands the need to measure the flow of value.

As a result, investment in the right communication tools is being hindered, limiting the organization's ability to streamline workflows and drive innovation. Unlocking these communication pathways requires leadership buy-in and a shift in mindset to prioritize structured, transparent and value-driven communication strategies.

“

Strengthening leadership skills and assigning a department member to manage the team's cross-functional projects is essential”

Europe (Nordics), Life Sciences & Healthcare, C-Suite

There are also contradictions in information availability and collaboration, which are currently playing a critical role in the bottleneck of the effectiveness of a product-aligned operating model. While a third of organizations actively engage in cross-functional collaboration, the fact that nearly all (99.6%) see room for improvement underscores a systemic issue. IT teams, often the backbone of technology-driven operations, struggle to collaborate effectively due to inadequate systems and limited team cultures. This misalignment within IT cascades through the organization, hindering seamless communication, delaying decision-making and ultimately reducing the efficiency of the entire product lifecycle. Without addressing these foundational issues, businesses risk undermining the core objectives of the product-aligned operating model, including innovation, customer-centricity and sustained value delivery.

What's more, for value to seamlessly flow throughout processes, it's essential to view product ideation and innovation as one.

Yet, most (95%) report this happens in isolation because they operate in silos—this is true even for those leveraging a product-aligned operating model. The separation of ideation and innovation stems from a lack of effectively integrated processes, misaligned objectives and barriers that lead to fragmented workflows. As a result, valuable insights and creative potential are lost, preventing a seamless flow of value and stifling the synergy needed to drive innovation effectively.

It's not surprising that businesses have experienced challenges and will continue to do so in the future, but they don't have to. Having the right tools, technology and vendor support in place is essential to reducing the impact of these challenges on your business and products. A vendor that supports the transition to a product-aligned operating model or enhances its effectiveness once in place will be critical to successfully navigating and ultimately overcoming these challenges.

A blurred photograph of a warehouse aisle. On the left, there are tall orange metal pallet racks filled with white boxes. The perspective is looking down the aisle, which recedes into the distance. The image has a motion blur effect, giving it a sense of activity and depth.

Encourage supplier collaboration, good ties with suppliers may result in better terms, a more stable supply chain and higher-quality products.”

**USA, Retail and Consumer Packaged Goods,
Mid-level Management**

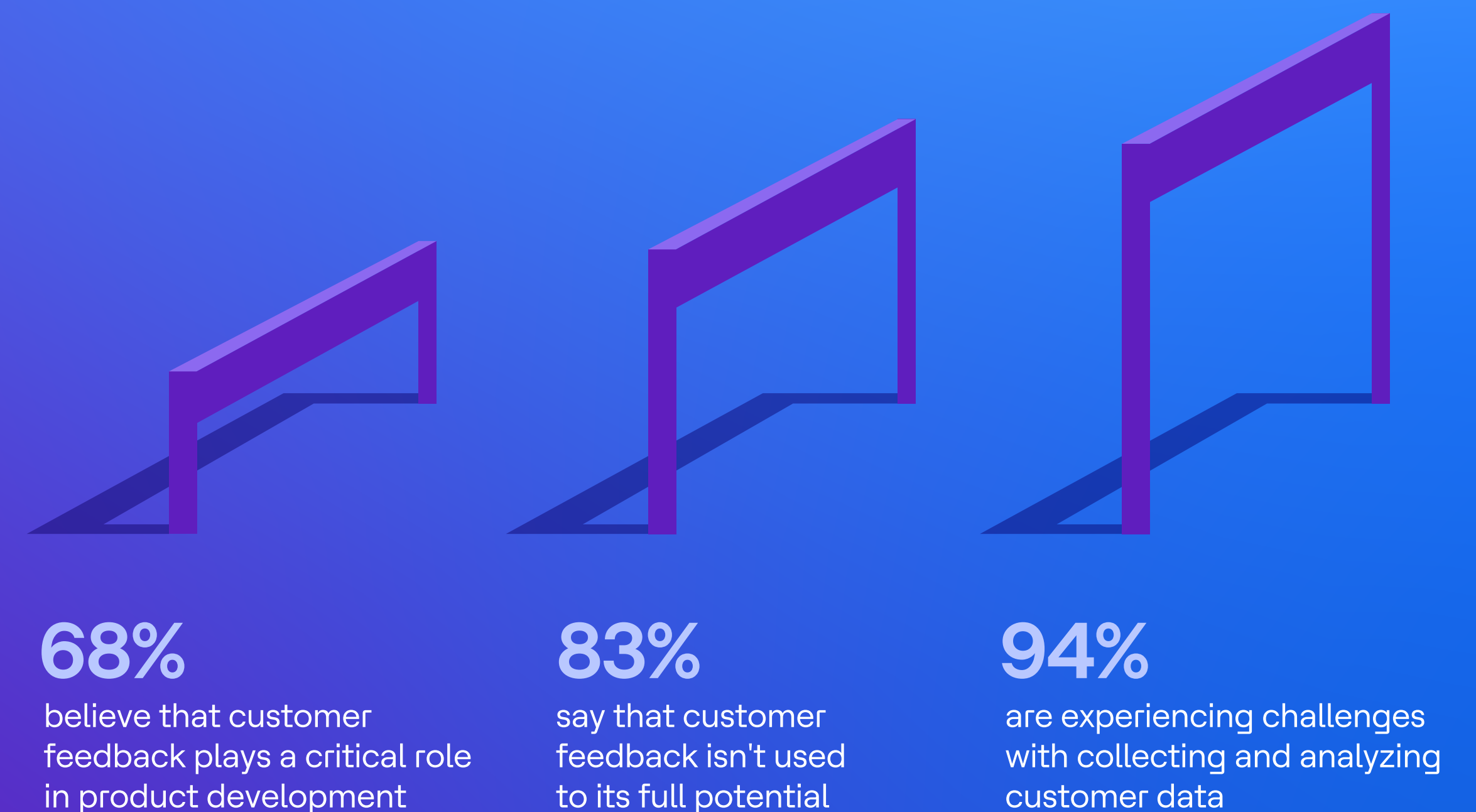
Customer feedback continues to be underutilized

Customer feedback and insight play crucial roles for many organizations. They help provide actionable direction for product development, ensuring that offerings align closely with customer needs and expectations.

Feedback loops allow businesses to identify pain points, refine features and prioritize updates based on real-world usage, ultimately fostering stronger customer relationships and delivering greater value.

However, this doesn't come without its challenges. Many organizations struggle to capture and integrate feedback into their workflows consistently. In fact, despite customer feedback being continuously incorporated into the product design process for most, only 17% say it's being used to its full potential. Every single (100%) decision-maker surveyed agreed improvements are needed to boost customer centricity. This disparity between using customer feedback and not experiencing value results from insufficient expertise in collecting and analyzing the data. Moreover, businesses value customer insight. In fact, many (68%) decision-makers identify customer feedback as having at least a crucial role within their businesses (see Figure 19).

Figure 19. Customer feedback challenges



To close this gap, businesses should prioritize building robust, agile feedback loops that consistently integrate customer insights into every stage of product development. By taking actionable steps, organizations can ensure that customer feedback shapes and enhances their journey toward a product-aligned operating model.

Moreover, siloed teams, outdated systems and a lack of real-time analysis tools can impede the flow of insights, making it challenging to turn feedback into meaningful action. Balancing diverse and sometimes conflicting customer needs requires careful prioritization and strategic decision-making. Without precise alignment between customer insights and product goals, businesses risk losing focus, delaying innovation and ultimately diminishing the value delivered through their products.

However, the customer can be recentered in the development process through increased employee autonomy. Currently, just under half (49%) of employees feel strongly that their product teams are encouraged to make decisions to enhance customer experience. There aren't nearly enough people who feel empowered to make decisions. It likely comes from a lack of trust in decentralized decision-making, unclear guidelines or insufficient access to data and tools that support informed choices.

Product teams default to hierarchical approval processes without the confidence to act autonomously, delaying innovation and missing opportunities to respond quickly to customer needs. Empowering teams with the autonomy to make decisions accelerates the development process and fosters a culture of accountability and creativity. Organizations can achieve this by investing in training, implementing clear decision-making frameworks and ensuring employees can access real-time insights about customer preferences and product performance.

By addressing these challenges and embedding customer feedback at the heart of their product-aligned operating models, organizations can improve customer-centricity, drive continuous improvement and build a competitive advantage in their markets.



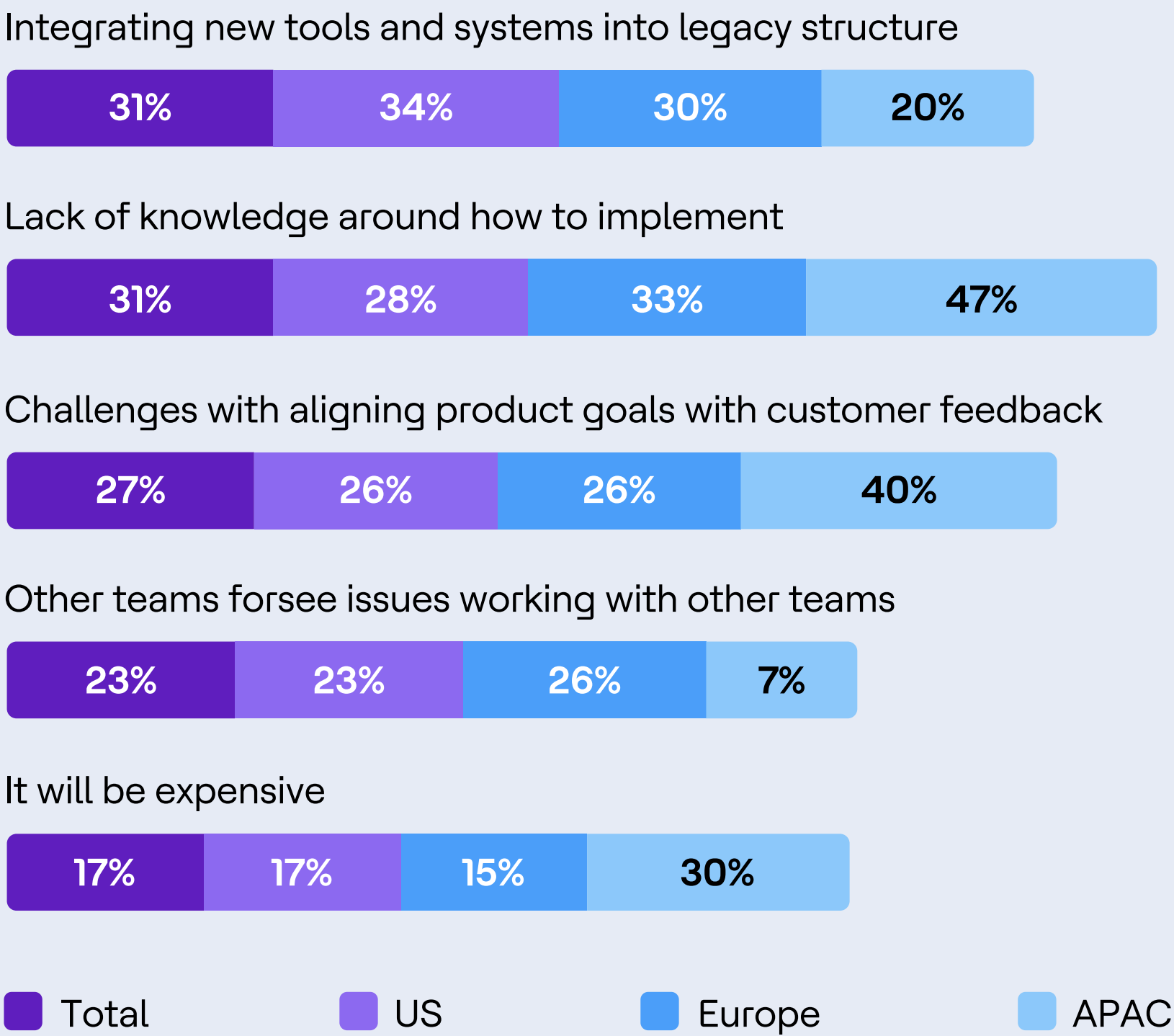
Regional challenges in adopting product-aligned operating models

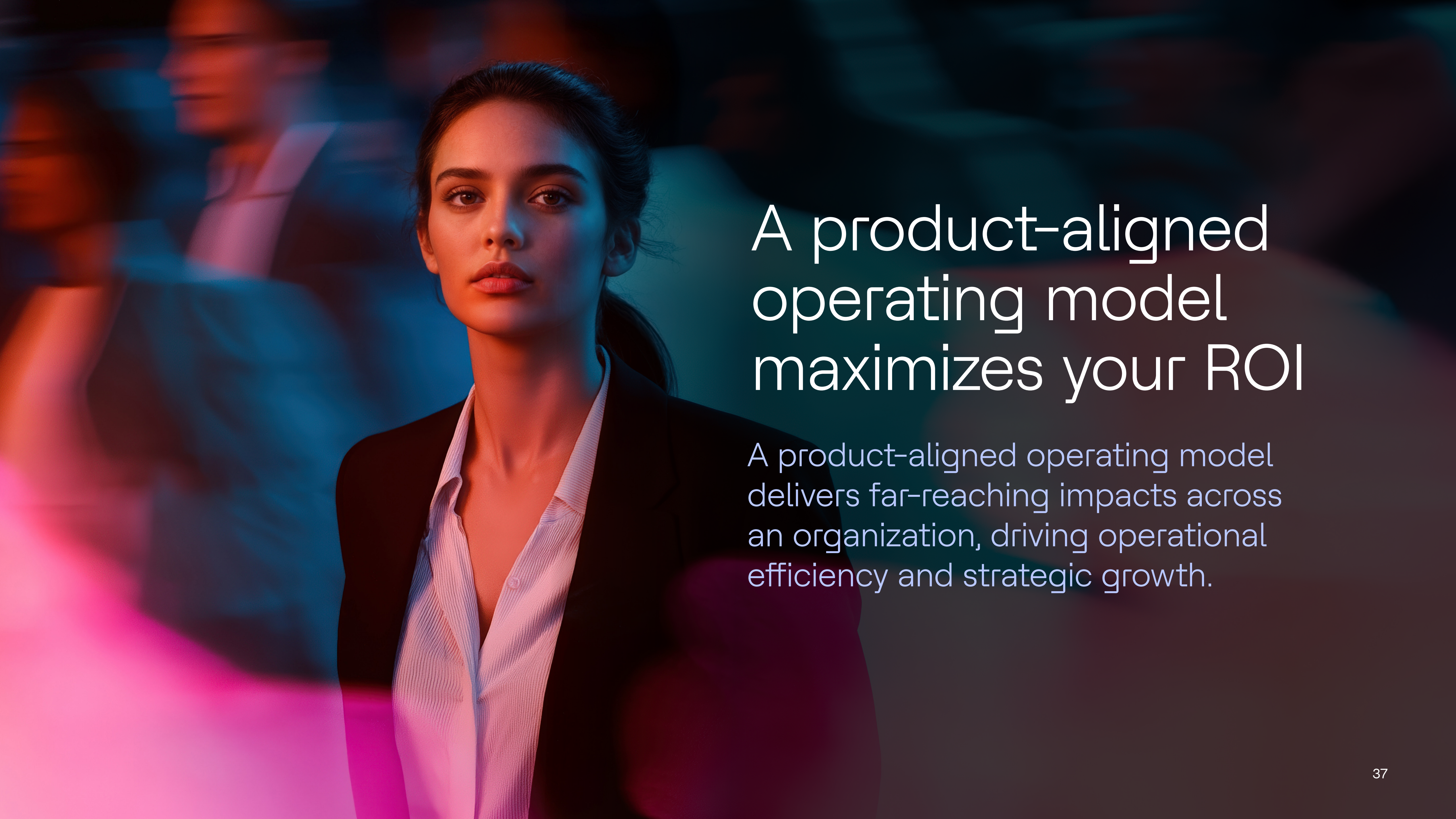
The US faces the greatest difficulty integrating new tools and systems, likely due to complex infrastructures, dispersed teams and the logistical challenges of aligning large organizations under one model. In Europe, strict regulatory and compliance requirements further complicate this transition.

In APAC, operational challenges are more prevalent, with businesses struggling with limited team knowledge (47%), aligning product goals with customer feedback (40%) and implementation costs (30%) (see Figure 20). These challenges stem from the region's rapid growth, diverse market development and resource constraints, leading to slower adoption and reduced success.

While integrating new tools into legacy systems is challenging across regions, overcoming these barriers is essential. Successful integration accelerates future adoption of emerging tools and streamlines the shift toward a product-aligned operating model, enhancing long-term agility and innovation.

Figure 20. Challenges or barriers faced when implementing a product-aligned operating model





A product-aligned operating model maximizes your ROI

A product-aligned operating model delivers far-reaching impacts across an organization, driving operational efficiency and strategic growth.

This model fosters better collaboration, clearer accountability and agile decision-making by aligning teams around unified product goals. Businesses adopting this approach can expect tangible benefits such as faster time-to-market, improved resource allocation and enhanced customer satisfaction. Beyond operational improvements, the model enables organizations to create a culture of continuous innovation, ensuring products remain competitive and aligned with evolving market demands.

Overcoming current challenges while prioritizing continuous improvement will be key to boosting a product-aligned operating model's potential.

Implementing a product-aligned operating model can also increase ROI on technology investments. Around half (48%) strongly agree that a product-aligned operating model drives value from technology investment. Organizations implementing the model are 1.3x more likely to maximize their ROIs from every investment than organizations without the operating model. This is revolutionary, as AI's growing capabilities evolve rapidly, ensuring you can maximize your investment will set you apart.

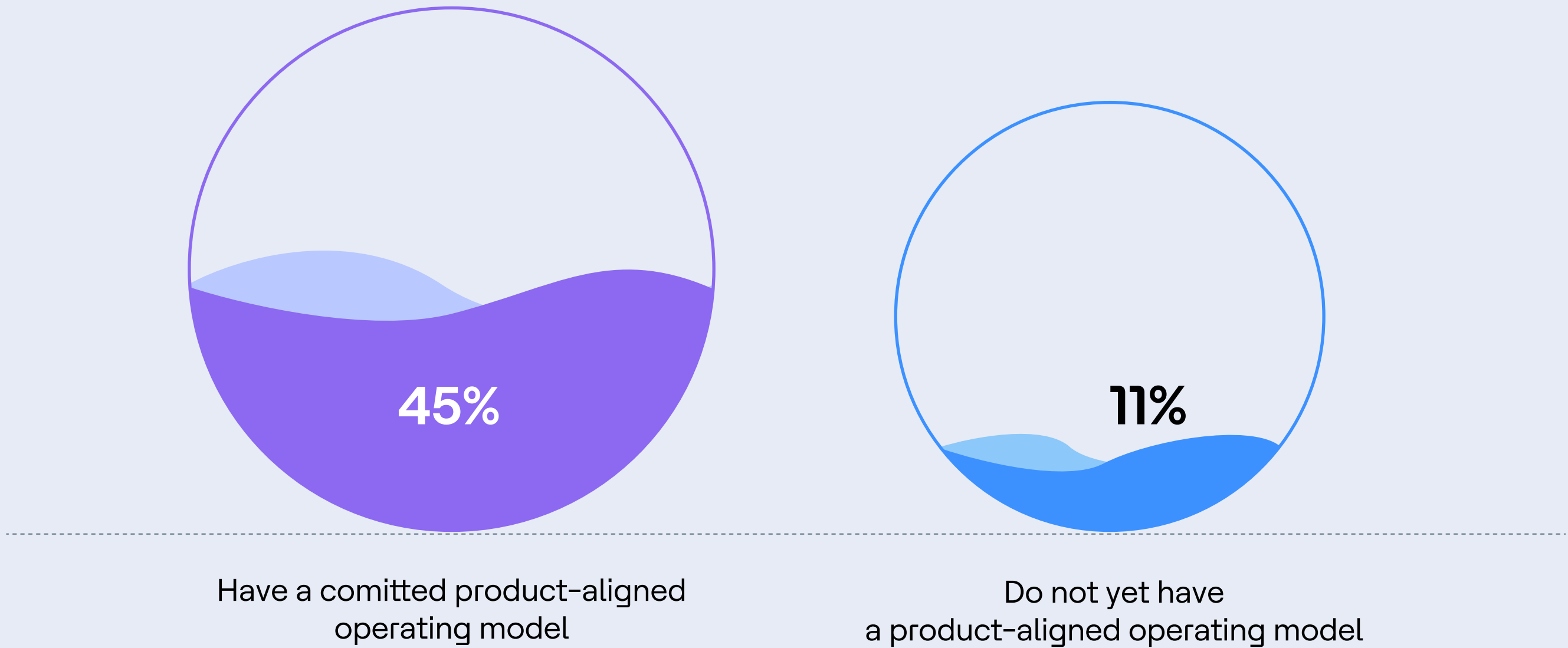
Figure 21. Positive business impacts of adopting product-aligned operating model



In fact, not only will organizations with a product-aligned operating model be most likely to maximize their ROI, they're also more likely to be ahead of the curve, with 51% of organizations already implementing AI capabilities vs. only 37% of traditional organizations.

As businesses face tighter margins and revenue uncertainties, a structure that aligns teams to specific products or business goals will help ensure accountability. Moreover, strengthening leadership's role in value measurement and accountability is essential for unlocking the full potential of a product-aligned operating model, ensuring sustained growth and competitiveness.

Figure 22. All technological investments have demonstrated high level of value



Conclusion

A product-aligned operating model is rapidly becoming an essential disciplined approach for businesses seeking streamlined, goal-focused product development that drives sustained value. While model adoption rates are high, this does not mean that these businesses are without challenge, with many facing gaps in implementation knowledge, limited senior leadership buy-in or complexities around integrating new technologies

To overcome these barriers, senior leaders must proactively address current and anticipated challenges relevant to their region and sector. Building the right partnerships and technology toolkit will support your business with a smooth transition.



This report highlighted three critical components to product-aligned operating model success:

- The role of strong and committed leadership
- The value of GenAI and other technologies in enhancing product lifecycle management and customer insight
- The importance of cross-functional collaboration for unlocking the model's full potential.

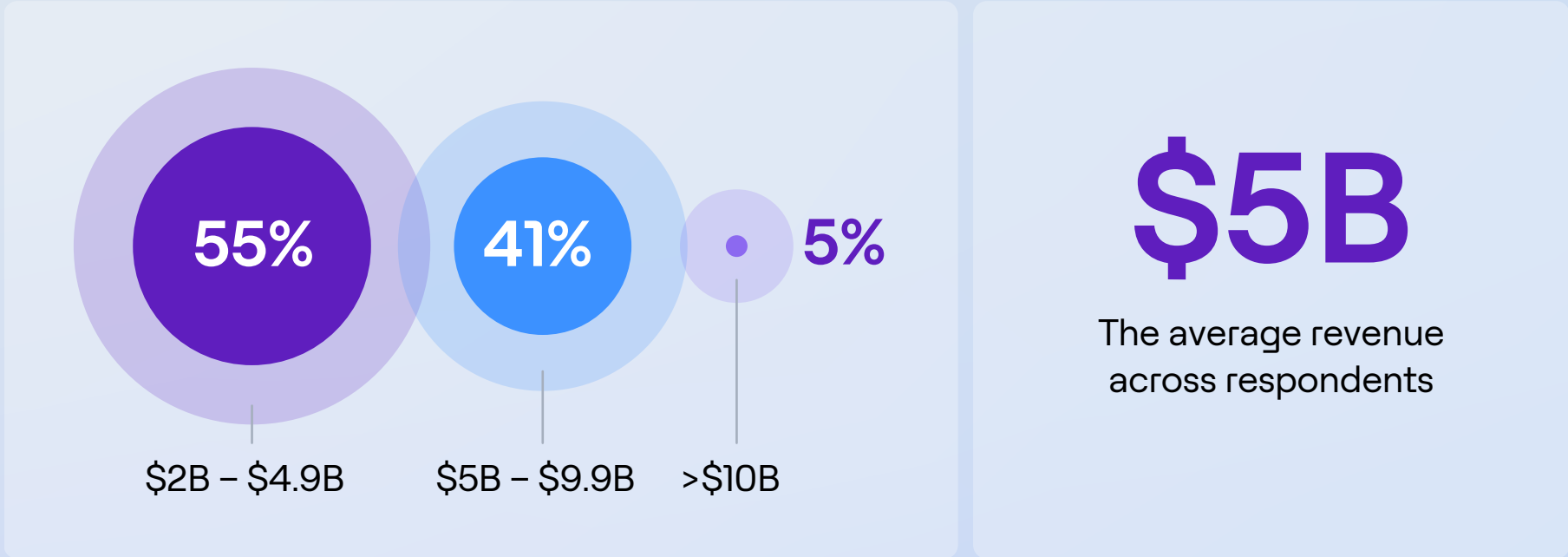
By having a strategic approach to a product-aligned operating model supported by technology platforms and insight-driven tools, businesses are empowered to remain agile, competitive and customer-centric. These steps will ensure your teams are well-equipped to drive continuous innovation and meet evolving market demands.

This shift towards a product-aligned operating model demonstrates that businesses are responding to immediate disruptions and building resilience and adaptability for the future. Organizations aim to innovate continuously and stay ahead in rapidly changing markets by fostering collaboration, transparency and customer-centricity. As adoption grows, it's clear that the product-aligned operating model is more than a trend—it's a fundamental discipline transformation in how businesses operate to create lasting value.

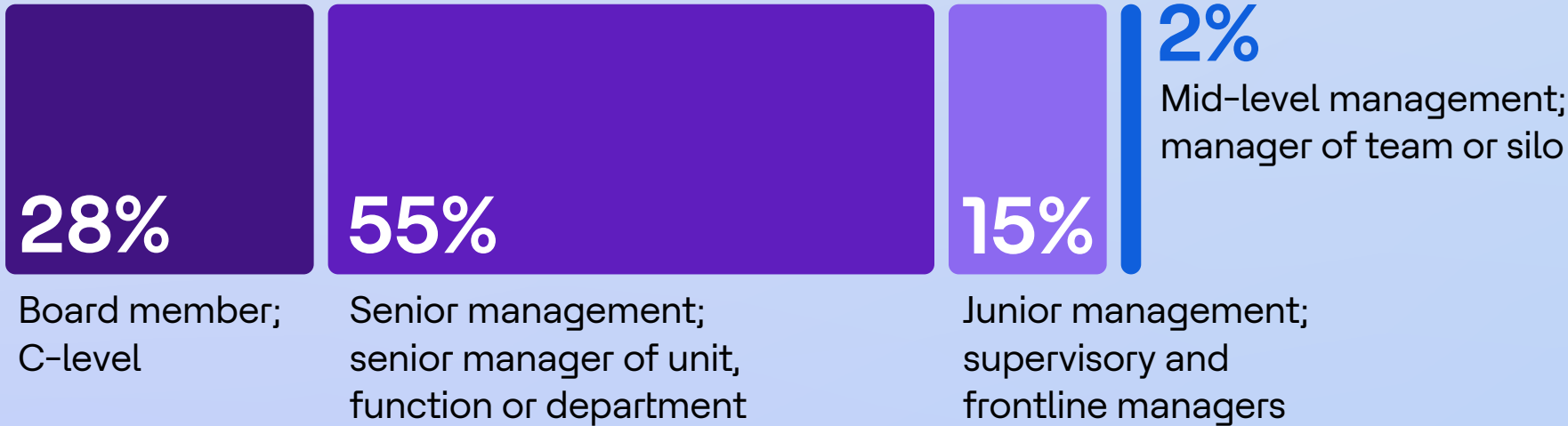
Research Background

The study involved 550 IT and business decision-makers from organizations with 3,000 or more employees and over \$2 billion in revenue.

Respondents by revenue

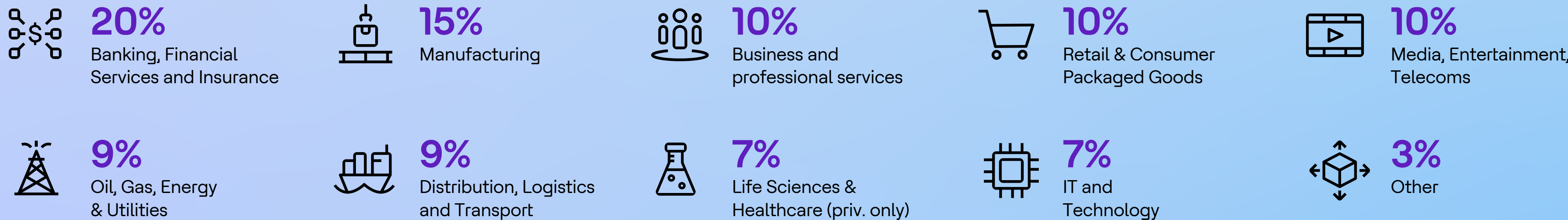


Respondents by seniority



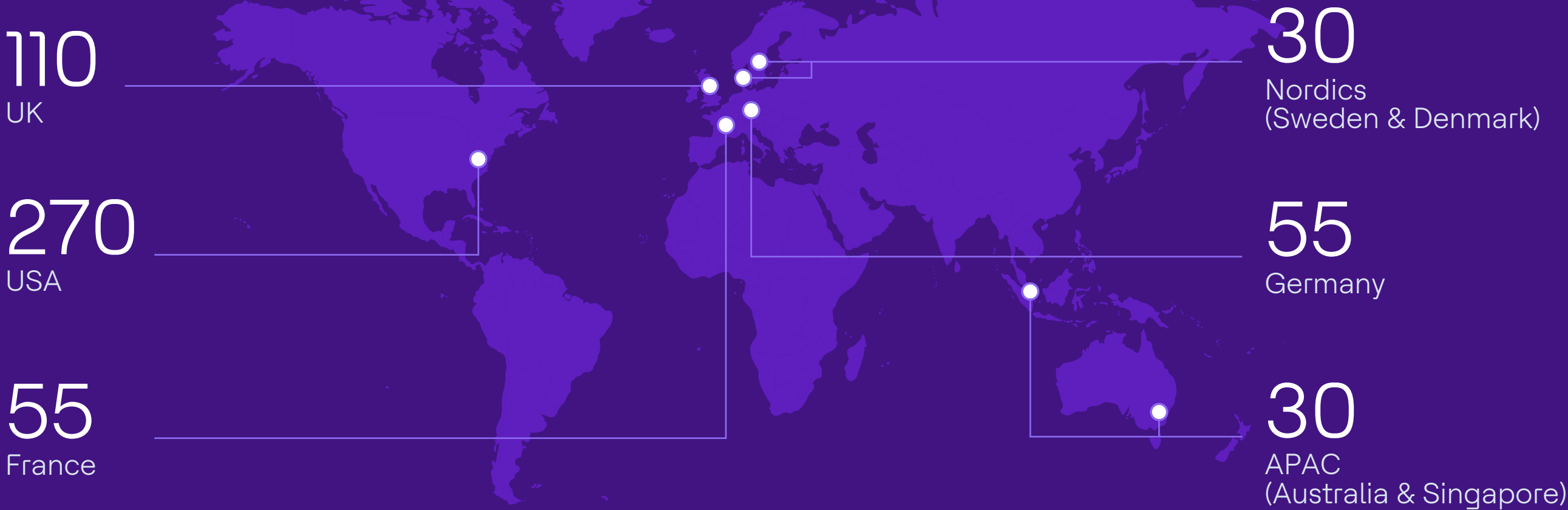
Respondents by sector

Organizations were represented across all sectors, with an additional focus on manufacturing and banking, as well as financial services and insurance. Respondents must have had complete or extensive knowledge of their organization's digital transformation.



Respondents by country

The research was conducted across the following countries: US, UK, Germany, Nordics (Sweden + Denmark), France, APAC (Australia, Singapore).



All interviews were conducted using a rigorous multi-level screening process to ensure only suitable candidates participated.

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