The HCLTech Trends and Insights podcast

Nick Ismail
Hello everyone and welcome to the latest addition of the HCLTech Trend and Insights podcast. Today. We're going to be discussing the findings of the latest research report from HCLTech on the blueprint to AI-led operating models and specifically why people will power the shift to product aligned operating models. I'm joined by Satish Srinivasan, AVP Digital Business Services at HCLTech and he is going to help us take a deep dive into this topic. Satish, how are you doing today?

Satish Srinivasan
Wonderful! Thank you, Nicholas.

Nick Ismail
Excellent. Well, let's get straight into it, then. Many organizations faced challenges with things like team efficiency and in the report it found that 95 percent of decision makers express dissatisfaction with their current team structures. What are the key factors that contribute to these inefficiencies? And how can companies address them?

Satish Srinivasan
Yeah, absolutely, it's not a surprise right with this research saying 95 percent are expressing dissatisfaction. Let me break this down a bit right, and there are three parts to this right, so one is making changes takes too long, especially in the process to make any changes in the team in the structure, 37 percent of people that you researched right, so they're saying this. The second point is managing growth and scale. That's a significant problem right. So that's another bumping, 35 percent of them saying that. And third factor is leadership engagement or inadequate leadership right. So that's another big 20 percent of them saying that right. So all of these factors contribute to inefficiencies in organizational structure, especially in a fast paced world that we are in with IT changes happening. It's not a surprise, but we could talk about how we can address some of these.

Nick Ismail
Absolutely. And when it comes to improving team collaboration and efficiency and addressing those issues you just mentioned. What changes need to be made in organizational structures to enable a more seamless transition to a product-aligned operating model?

Satish Srinivasan
Definitely, so when it comes to the product-aligned operating model right and the fundamental factor is how close are we to the customer right so do we understand the customer well and are we aligned to the right goals to solve the most relevant customer problems and to do that right so you need to mean what we call is value stream alignment

becomes very key right and the concept of value stream is to think from a customer perspective and organize your activities without having silos in your organization right. So you have a customer and value focus and organize your activities and your thinking on those lines and to deliver better alignment to business outcomes right. So and 64 percent of the respondents in our research said that the organization doesn't understand the value alignment so to enable value flow. So if we align to user value stream thinking and align to customer needs, that will significantly be the first step to in improve collaboration. Second is also to have clear roles right so what each person is doing in a protocol in model because here it's not about rigidity in structure, it's about enabling fluidity at the same time that can come only with their own clarity right. So, like what an engineer would do, what a product owner would do, what a product manager would do right so and what are the goals and to have this what we call is objective key results right OKRs stacked up hierarchically leading all the way to customer object objectives. So what will add value to customer. So these two aspects of value stream alignment and simplified and clear roles with OKRs will be fundamental, enabling collaboration and efficiency in teams.

Nick Ismail

So it's clear that change is needed, but actually resistance to change is often a barrier and I'm wondering then, how can companies overcome this challenge? Particularly when 37 percent of the respondents from an employee point of view reported frustration with slow processes and slow change.

Satish Srinivasan

Yep, that's right so change is definitely a challenge for any organization and all the more critical when we are thinking about moving into a product aligned operating model because we change the fundamental ways in which people work right. So here. As we know and Marty Cagan and other key leaders and experts in the space. I mentioned principles need to be prioritized over processes in a product operating model right and and we have that is a fundamental board of thinking. Then we could look at what is causing this resistance to change and we can break that down into three parts right. So one is what is in it for me for each stakeholder involved, which means we let to think what it for me, for the engineer, what is it for the product manager. And starting all the way from what is in it for the customer right. So, and how do we establish and align to the goals is key to define this. And the second aspect to resistance to change is uncertainty and fear of failure right. So when teams go into a more outcome oriented model which is key critical for a product aligned operating model right, you're not here talking about delivering just features or completing to a plan. It's about actually delivering the outcomes, so delivering value to the customer. So what does all this mean? Right? So, how do we bring down the fear of failure and give a little bit of freedom right, and prioritize innovation over predictability? So all that will help bring some clarity to the teams. And the third and most also important is to drive purpose and vision into the teams. So how do we make sure whatever they're working on is significantly valuable for the customer as well as the organization, and again breaking that down backwards into OKRs and giving the freedom for them to deliver these outcomes, right. So, and how do we enable all this will be through clear communication channels. We'll talk about it in a moment.

Nick Ismail

Yeah, absolutely and you, you've, you've touched upon it. But cross-functional collaboration is absolutely crucial when implementing a product aligned operating model. So how can businesses ensure a culture of collaboration and clear communication? What best practices can they follow? What did the report find?

Satish Srinivasan

Yep you you called it right cross-functional misalignment right. So that's that's very, very important. Then that happens all the time. In the traditional models we try to put in a strict governance but that won't work in a product aligned model. So in product align model we need to focus on demolishing what we call as the silos right. Then over 32 percent of the people we surveyed, they said increasing trust is fundamental for that right and over 39 per said they need better communication channels to drive better collaboration. So how do we go about increasing trust? Fundamentally, we need to be sharing information right. So when I say sharing information it's about, do we understand the customer well? So we would have many mechanisms to survey research directly and directly on what would work for the customer? And also how have we organized? What is the performance of the team? What is the performance of the product that we are delivering? Right? So over 35 percent of our research are respondent set, they need better clarity and data and feedback right. So which means we need to ensure there are better communication channels set all the way across. We need information and be transparent in sharing this information so that the teams can make the right decisions at the right time. So when that is enabled with clear goals set for each team and each stakeholder. And improving trust with transparency collaboration will automatically happen and we need to have these tools in place and try that right and yeah will also have to focus on data that we are capturing to do this and that becomes key to drive as well to improve collaboration.

Nick Ismail

Absolutely, and a lot of this change or most of it will come from the top down from the leadership. But the report found that 51 percent of organizations feel leadership could do more to align product goals with overall business objectives. So what are the steps that leaders can take to proactively address this?

Satish Srinivsan

One of the key developments that taken can leverage is of course AI right. So AI is everywhere, it's ubiquitous, everybody's talking about it, but it's very important tool for going into a product aligned operating model? And how can we use AI, how can leaders enable that? So we can drive better customer insights even before we figure out our customer comes back and say so this is working, not working. We can leverage AI tools to understand based on the data patterns, how are we seeing interaction by the customer with our product? And how are we how are they engaging with their customers and how does a product perform? So there's a lot of data analysis that's possible with AI. So that's definitely something the leaders can enable immediately, right and then also the leadership engagement right so that's key to drive better alignment to product goals in objectives right.

So when we see leadership engagement it, they need to be consistently aligned right and we are seeing patterns on this across the large and medium size companies right. While large companies in our research said it's very important but somewhere they don't seem to be actioniong it right, whereas the medium size companies seem to be more close to action in terms of defining business value bases funding models. So these are some of the aspects that leadership should stay close to and have a periodic touch point. They should also be looking at data on what is working and what is not working and make these decisions to make those data available to the teams and they also should make the right decisions to enable this okay.

Nick Ismail
So let's go into the topic of AI in a bit more detail. Can you point to any specific examples of ways that generative AI, for example, can help empower employees and enable a more seamless transition to a people centric product aligned operating model?

Satish Srinivasan
Yes, definitely, we are working with a few of our large customers in enabling this change. Right and AI can help across from strategy to governance when everything in between and can also enable decisions and insights across different roles and people in the organization. So for example, there are these three big buckets or even the way we slice and dice we could say in three to five buckets in which we are leveraging AI this. So when it comes to strategy and alignment right. So we are starting to leverage data in terms of the customer goals customer interaction patterns right and that is informing us to see which problem to solve which problem not to solve. So what we call is the DFE framework, desirability, viability and feasibility. Earlier we used to do DFE based on our understanding and thinking. With opinions right. So now it's becoming more empirical and more data driven with customers data, we are able to analyze them better. With AI tools, that's on strategy and alignment. And second is to what we call is business observability right. So in terms of measuring the right insights right. So when we have a large IT landscape and each of them have an impact into the business KPIs and business outcomes, so how do we measure this from the vast landscape of events and the telemetry data that we can capture from the applications and slowly translating them into the business outcomes right? So our business KPIs. For example, if you take supply chain landscape many applications globally with one of our manufacturing customers, but there are many things that go wrong and they're not able identify a specific reason why this is happening and we are implementing an observability- led solution that is starting to give us visibility into the process metrics from their application telemetry and connecting to the business KPIs right. So we are using AI solution to do this analysis and drive observability right. And third is in terms of governance right. So even before a failure happens even before team alignment goes wrong in terms of key decisions, etc. We are able to leverage AI to understand these patterns to nudge people or leadership with possible failure points what we call as the failure mode analysis that we could do with extensive data right. We are using AI to crunch these and make right decisions at the right time for leadership as well as the team level decisions as well. And finally with this advent of generative AI employees are going to be required to adopt and learn new skills. How can organizations help facilitate this

to enable a smoother transition to that end goal of a product aligned operating model. Yeah, great question, right. So one of the perspectives you're seeing is how AI impacts. This is in three buckets at what we say as AI assisted, AI augmented right. And AI-led or AI automated. So in the first model it's about AI giving insights right and then the person is going to be making decisions or actions. The second is AI works collaboratively with Agentic AI that's possible like we have agents or AI agents to do some activities then the users or product team members use some activities collaboratively and the third is where there are some tasks that autonomously can be done by AI. That's what we call as a automated and where very minimal intervention is needed right. So this has a three stage maturity curve. It requires significant upskilling. For teams, it requires enabling trust right so the teams also need to trust the AI models and their capabilities. So we are training our talent pool to do this right and leaders can do this across the board whoever is keen on moving to a product operating model, it's important to upskill the employees and also provide them an environment where agents can coexist with employees right and then it's not about one versus the other, it's about one complementing the other right. So that culture of working as working together right and working towards an integrated model to deliver better business value and business outcomes for the customer is essential for a protocol in model and that's what we are working towards enabling our customers to do.

Nick Ismail
Satish, thank you so much for your insights and for those who are interested in taking a deeper dive into the report, you can click on the link in the description below. Thank you, thank you so much. It was pleasure talking with you Nicholas.