

# Drive Product-Aligned Operating Model Transformation with HCLTech's **FENIX 2.0** Framework

Unlock speed, efficiency, accountability and  
supercharge customer experience

# Introduction

Companies understand that successful and accelerated digital transformation is critical to their future. The goal is clear: Transform business value chains to maintain the edge with digital technologies, deliver an outstanding customer experience across B2B and B2C paradigms as well as on profitability and shareholder value. Yet, '53% of organizations surveyed remain untested in the face of digital challenge and their digital transformation readiness' according to a Gartner report. Realizing true digital transformation requires reimagining cultural, organizational, and operational ethos and structures through intelligent integration of digital technologies, processes, and

competencies across all levels and functions in a phased and strategic manner. However, it is easier said than done. Most large organizations today are organized around functions – IT, Operations, etc. Within these reside multiple cost centers resulting in silos that impact how teams operate and collaborate.

Impacting customer experience requires organizations to align with their customers' journeys and concerns. This requires breaking down the existing silos and reimagining the organization to align IT and business around customer value chains which will enable them to:



Focus on value addition



Align to business outcomes and customer experience impact



Focus on engineering discipline



Align funding with the organization's priorities

## Defining the product-aligned operating model

A product-aligned operating model provides a framework to align IT and business, that focuses on outcomes. Simply put, resources such as people and funds are assigned to products based on their strategic value. What is a 'product' in this context?

A digital product is a set of capabilities that drives customer value. Products could be external- or internal-facing. For instance, in the case of an online retailer, a search engine could be a product. A good search engine providing a smart search

capability that can dig deep into inventory, bring up related products, with user reviews and personalized recommendations could be a significant differentiator.

Such a product would require pulling data from multiple applications (SCM, for example), leveraging AI (for personalized recommendations), and possibly interfacing both on-premise and cloud infrastructure. In short, it will require the underlying applications that service the product to be grouped within the product. It will also require close collaboration across business and IT in a product-aligned operating model. It will help respond quickly to market cues, leverage opportunities, and pivot as needed to gain market share and keep customers engaged.

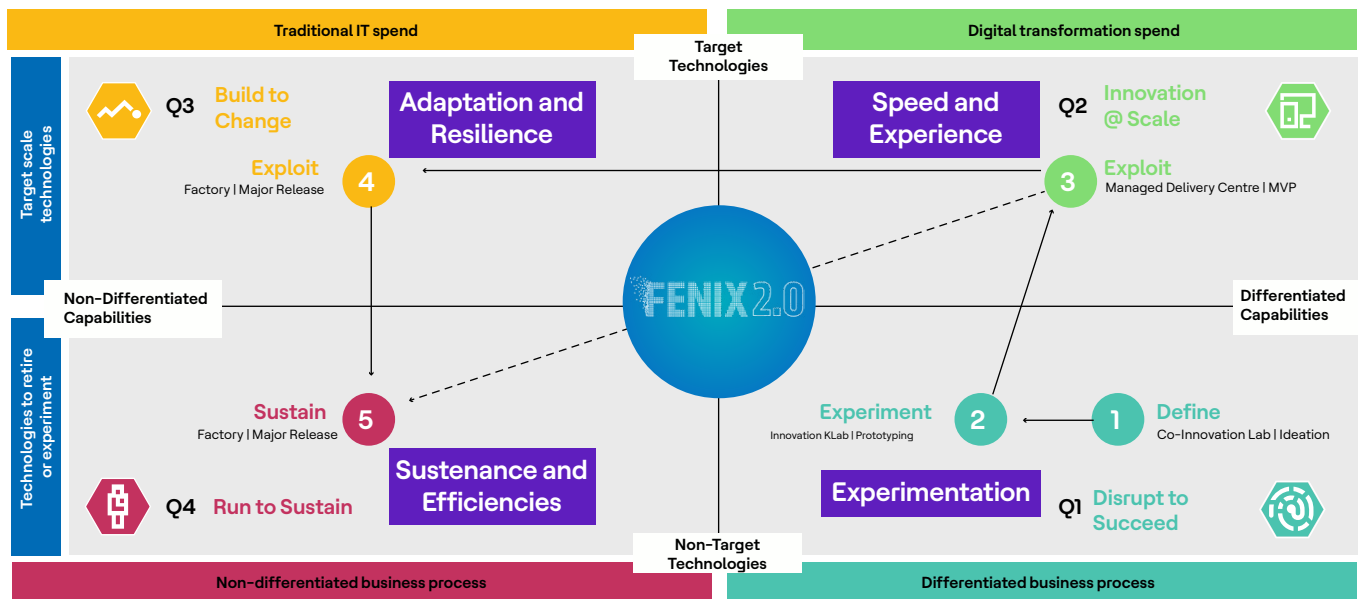


# Realizing the product-aligned operating model: A strategic framework

We leverage FENIX 2.0 framework to help our customers chart their product-aligned transformation journey in a structured and

disciplined manner. FENIX 2.0 framework helps categorize and prioritize initiatives while providing delivery models, tools,

and accelerators to transition to the product-aligned operating model.



## Exhibit 2: FENIX 2.0 Framework: Prioritise and Align

This four-quadrant model of FENIX 2.0 built around differentiating vs. non-differentiating capabilities [horizontal axis] and technology focus [vertical axis] enables a fit-for-purpose operating model and execution. [More details on FENIX 2.0 Framework.](#)

**Quadrant 1:** Innovation and experimentation either on emerging trends in the industry and domain or technology to enable a differentiating edge in the market. E.g., Experimenting with Metaverse use cases to enhance customer experiences. Approach: Cross-functional team

of experts focused on innovation in a 'fail-fast' environment.

**Quadrant 2:** Strategic/differentiating capabilities with a focus on time-to-market and customer delight. E.g., a delightful shopping cart experience with user-friendly UI, quick and hassle-free checkout, and timely updates on delivery. Approach: Teams aligned to customer journeys, working in close collaboration with the business. Well-funded to drive continuous improvements with rapid time-to-market and observability at scale.

**Quadrant 3:** Core capabilities

underlying essential business processes with a focus on stability and resilience and standardization of processes. E.g., Payment engine and payment interface in case of a retailer or bank. Approach: Teams aligned to capabilities, focused on standardization and automation – some might be ripe for re-engineering for cost reduction and greater efficiency.

**Quadrant 4:** A legacy platform to be kept running till they retire E.g. Asset Inventory systems on mainframe. Approach: Teams aligned to services, focused on sustenance at least cost.

# The building blocks for a **product-aligned** operating model

Our product-aligned operating model approach distills learnings from our digital transformation engagements with our customers. In addition, it outlines a holistic approach to evolving the organization across multiple dimensions toward the target state. Businesses and IT need to realign, focusing on products that deliver value.

1. The **organization design** aims to align business and IT to deliver value in accordance with the FENIX 2.0 strategic framework
2. Switch to **product ways of working**, in which business and IT teams develop a close working relationship focused on joint accountability and faster feedback loops
3. Adopt **product portfolio management** to enable efficiency and ensure value-based funding
4. **Digital Capability** upliftment to build autonomous cross-functional teams and enable people to fit and thrive in the new organization structure.
5. Relook at the underlying **technology and data fabric**, to enable autonomy, speed to market and actionable insights.
6. **Change management** to steer the shift in organization culture and mindset towards a purpose-led product aligned operating model, focusing on customer centricity and continuous improvement

We partner with our customers by adopting a product-aligned operating model to orchestrate a transformation across these dimensions.





## Benefits – Why a product-aligned operating model should drive digital transformation



**Customer / user Centricity:** Outcome orientation, creating business value with a focus on customer experience and delight



**Alignment:** Business and IT partnership aligned towards customer journeys, maximizing the flow of value



**Speed and Efficiency:** Accelerated change and innovation, less waste with more creativity with empowered teams



**Accountability:** End-to-end accountability with cross-functional teams focused on optimizing the entire value chain

Our experience points to a significant reduction in total cost of ownership (TCO), faster time-to-market, and more outstanding team commitment and engagement resulting in more innovation.

## Success stories

With the product-aligned operating model, HCLTech helped a Dutch retail bank develop and manage key products and platforms with distributed teams to realize:

- 35% reduction in TCO, enabling investments in transformation initiatives
- 4X increase in customer satisfaction, with focus on customer experience, innovation and experimentation
- The ability to release on-demand based on product needs enabling the bank to respond to market cues faster

For a Swedish car manufacturer, HCLTech adopted scaled agile and product-aligned operating models across its legacy and modern technology portfolio, helping:

- 2X increase in delivery cycles, resulting in faster time to market and user satisfaction
- Reducing waste, bringing down stalled initiatives and programs to zero
- 60% reduction in operations effort, channelling the savings towards strategic and differentiating initiatives

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