



A BUSINESS LEADER'S GUIDE TO PRODUCT DEVELOPMENT AS A SERVICE

When we talk about 'product', we have a specific definition in mind.

To our way of thinking, there are three criteria a product must have: it must be **self-funding**, meaning that the product itself must bring in revenue to remain sustaining; a product must be **chosen**, meaning that the product must be deliberately picked and used by its intended customers; and finally, a product is **never done**, and must be ever-evolving.

In order to compete in the digital economy, organizations must embrace these notions when building digital products. Becoming a digital-first organization is easier said than done, however. A recent IDG survey found that 89% of organizations have plans to adapt a digital-first business strategy, yet only 44% have fully adopted the approach. Why such a large delta? In many cases, without the right partner, developing the capacity and mindset required to build digital experiences that result in tangible ROI is too tall an order. Yes, internal teams may talk a good game when it comes to digital, but often their products fail to deliver the expected value.

As a result, internal and external end-users, including customers, may complain about their experiences and interactions with your

digital services. At the same time, management teams feel like product development is a black box. They're not sure what the product development team is doing, and they can't generate the desired results for your customers.

More than likely, the product development team is also suffering, particularly if they lack clarity on their goals or are struggling to keep up with the demands of the business. Finding and retaining talent is often difficult, especially now that their expertise has never been in greater demand.

If these scenarios echo what your company is experiencing, this guide from 3Pillar presents the answer to your challenge—the Product Development as a Service (PDaaS) engagement model. We'll first provide our perspective on what PDaaS entails and how this approach to product development can offer a path to success for your company.

The guide presents an overview of PDaaS. You will discover as you review this guide that working with a PDaaS partner requires a paradigm shift that focuses on adopting a Product Mindset.

The Product Mindset is a collection of values and principles that guide every action and decision we take in building successful products. At its

core, teams must minimize time to value, solve for customer needs, and excel at change when building digital products. A cycle of continuous improvement in your digital products and processes is what you get from a Product Development as a Service engagement.

UNDERSTANDING THE KEY CONCEPTS OF PRODUCT DEVELOPMENT AS A SERVICE

Here's a series of FAQs that will help you understand the key concepts of PDaaS:

WHAT IS PRODUCT DEVELOPMENT AS A SERVICE?

PDaaS is an all-inclusive managed service that maximizes your return on investment in developing digital products.

A PDaaS engagement covers all phases of the product development lifecycle. This includes understanding potential customers and their needs, as well as continuous improvement of product management, user experience design, data engineering, back-end processes, front-end user interfaces, mobile experiences, quality assurance, and DevOps workflows. A PDaaS engagement leverages mission-driven, high-performing, cross-functional teams. They have the skills, experience, and judgment to ensure implementation and objectives align, and they take full advantage of innovative ideas.

Product innovations can take many forms in this process. The team may focus on improving the usability and impact of existing features with customer retention goals in mind. Innovations

can also focus on adapting how insights are collected from users and how those insights are distilled for use beyond the build process by sales, marketing, and customer service teams.

High-performing PDaaS teams have a clear understanding of success levers, and they leverage collective creativity to strategize ideas for holistic improvements that go far beyond technical upgrades. They are innately curious to observe patterns, identify challenges and opportunities, and make recommendations that enhance user experience and drive even more revenue from products.

"PDaaS enables companies to create revenue-generating products without having to hire an entire software team. This makes it possible to remain flexible as the overall product strategy evolves."

- Gary Wu, Lead UX Researcher

HOW DOES PRODUCT DEVELOPMENT AS A SERVICE COMPARE TO A STANDARD SOFTWARE OUTSOURCING MODEL?

PDaaS goes beyond traditional software development outsourcing, where all you get is code in response to a ticket or specific requirement. A PDaaS team centers around strategic planning, which enables the development team to understand how to optimize their work to provide the most value to end-users. This, in turn, maximizes the return for the business investing in a PDaaS approach.

The PDaaS engagement model takes into account the context and the vision behind requests, validates them, and only then builds the right product in the right way. In contrast, an outsourcing model-based team

spends extra time asking for more clarity on the requirements, the tech stack details, and the deadlines. For engineers within a PDaaS model, the vision document, business constraints, and the definition of customer success precede everything else. As a result, the PDaaS approach produces products that provide value to the business, not just products that meet a predetermined set of requirements that were likely created in a vacuum.

While quality is important in both PDaaS and standard software development engagements, the focus for a traditional development team is solely on productivity. In contrast, the PDaaS model focuses on the business objectives and the insights it takes to build a better product that more effectively unlocks value for end-users.

PDaaS engagement teams rely on data and insights to validate that their work is serving the larger goal. This happens because they understand the WHY behind the product or the experience they are building. The PDaaS approach thus tends to generate greater personal ownership of products from end-to-end because team members understand the purpose and adopt it as their own.

The team also thinks about the use of the product, anticipates business and user needs, and then directs the development process accordingly. It's an experience that goes far beyond what most vendors provide—the team owns the complete workflow, starting from the inception of the idea and continuing all the way until the true value proposition is delivered to the client. The core mission is to develop a product that solves for customer needs and drives business growth.

“When you collaborate with a partner offering the PDaaS engagement model, you get a team of missionaries—not a team of mercenaries, as

is often the case with software development outsourcing.”

- Ovidiu Silaghi, Senior Director of Product Development

WHAT ARE THE BUSINESS BENEFITS OF PRODUCT DEVELOPMENT AS A SERVICE?

The most immediate benefit of working in a PDaaS model is the acceleration of time-to-market. PDaaS ensures best practices are implemented throughout the product development lifecycle, which greatly increases the speed at which you can deliver value to customers.

By collaborating with a partner that uses the PDaaS engagement model, your internal product development organization also grows stronger. They'll learn ways to improve the product development process, including DevOps improvements, collaboration techniques, and innovation facilitation. Additionally, they'll learn how to apply bigger picture improvements in areas including security, reliability, performance, maintainability, deployability, architecture, and the use of the cloud.

Since a PDaaS engagement is about driving business outcomes and top-line revenue, a business needs to establish strong processes across multiple departments. An integrated organization is required to minimize time to value, solve for customer needs, and excel at change.

With PDaaS in play, you also get a partner who understands your desired business outcomes and your domain, as well as the constraints, the market, and your users. They craft solutions that take all of these factors into account, balancing user needs with business needs and market and technical trends, allowing you to make better decisions for your business.

“Using the PDaaS model leads to increased user engagement, more robust experiences, better product outcomes, and a more fulfilled internal software team.”

- Cassi Lup, Senior Manager of Product Development

“Teams that use the PDaaS model are built for performance and with the right mix of technology and product people to hit the ground running. They also create value for the organization.”

- Lindsay Kloeping, Director of Product Strategy

“Some teams are fully autonomous and others are more tightly intertwined with client teams, but in both cases, the delivery team stays connected to the client stakeholders at all times. They understand new needs as they arise, keep a high level of trust with the stakeholders, track the team’s progress against the agreed-upon scope, and conduct knowledge transfer continuously across the engagement.”

- Lindsay Kloeping, Director of Product Strategy

WHAT TYPES OF COMPANIES BENEFIT MOST FROM PDaaS? WHY?

Companies of all sizes and in many industries can leverage the PDaaS engagement model. This includes organizations that want to drive top line revenue, better engage with their end-users, monetize data and information, and leverage innovative applications of technology. The key is to be open to an approach that may feel more expensive up front than the traditional outsourcing model but in the end generates dollars instead of saving pennies, driving a higher return over the long term.

By collaborating with a partner who leverages the PDaaS model to maximize the investment in

product development, a wide range of companies can solve end-user experience challenges. The partnership facilitates open collaboration and clarity on the desired outcomes for target end-users without locking development teams into a single set of activities for achieving outcomes.

A company that collaborates with a partner using the PDaaS model will also benefit by becoming a highly Agile organization that understands how product value and outcomes go well beyond code development. They can also grow and advance their products without hiring an entire internal development team.

“As Wayne Gretzky once said, ‘Skate to where the puck is going, not where it has been.’ Software teams that use the PDaaS model take the same approach. As problems evolve and mutate over time, there are mechanisms in place to deal with change and ensure the product meets the client’s ultimate objectives.”

- Angel Almada, Senior Product Manager

WHAT TYPE OF COMPANIES WOULD PDaaS NOT BE A GOOD FIT FOR? WHY?

Creating digital products and experiences is a creative endeavor as much as it is one of expertise and discipline. Organizations that thus view product development as a function to address a set of service tickets, the execution of product specs, or the implementation of off-the-shelf solutions are not a good fit for working within a **PDaaS engagement model**.

Utilizing the PDaaS model requires clients to embrace a culture of continuous improvement as an important value. Internal stakeholders need to be comfortable with a partner that

pushes back, providing counter-arguments and alternate solutions. And to fully leverage the skills the team brings to the table, internal development teams also need to avoid becoming overprotective of the codebase, release plans, and an application's architectural decisions.

“Once a company shifts away from the typical software development paradigm—looking at digital engineering just as code—it can collaborate effectively within a true PDaaS engagement model.”

- Shiva Wahli, Senior Technical Manager

WHAT CRITERIA SHOULD BE USED TO EVALUATE A PARTNER WHO USES THE PDaaS ENGAGEMENT MODEL?

When evaluating potential partners, look for a firm that can help in multiple areas—from strategic planning to the ongoing evolution and management of a product. Look for a company with a history of driving outcomes and having outsized impact. Expect them to have a strong understanding of the market and your users and strong technical knowledge of everything from code to cloud.

To find a partner with these attributes, ask how they describe a successful outcome:

- Does their description go beyond throughput to also focus on business results?
- Do they understand that the destination is a moving target?
- Do they have the type of culture that understands how to use judgment in pursuit of objectives?

The most promising PDaaS partners will also ask specific questions about your business. These include your business objectives for product development, the culture of your engineering team, the quality of the current codebase, the factors that have influenced the code, and your deadlines and commitments to end-users. With both sides openly asking questions and providing honest answers, it's easier to make sure the two firms are a good match.

Also be sure to ask potential partners about their methodology, their success proof points, how they deal with change, and how they have previously approached your problem. Evaluate any case studies on their PDaaS approach and their mindset towards product development. How alike or different are they from your culture and how you see product?

Other key factors to consider when selecting a partner:

- Average tenure of their client relationships
- Net Promoter Score
- Center for Internet Security rating
- Ability to handle both greenfield and re-platforming projects
- Capacity to provide a full team—product management, user experience, back-end, front-end, QA, and DevOps

A partner doesn't have to have the exact experience in your industry or solving the specific problems you're faced with. But they should be able to demonstrate the ability to identify your challenge quickly and recommend solutions that would deliver value in minimal time. They should also be willing to deliver value in short amounts of time to begin the process of making iterative improvements to your existing solutions.

"A partner who uses the PDaaS engagement model does not sugarcoat information to avoid conflict. They realize that healthy disagreements backed by data are critical to progress."

- Gary Wu, Lead UX Researcher

"Both the client and the partner should be open-minded in challenging each other's ideas and ready to take a leap of faith for the betterment of the product. Transparency is another virtue that is extremely important when selecting a partner."

- Shiva Wahni, Senior Technical Manager

WHAT ARE COMMON PITFALLS THAT LEAD TO UNSUCCESSFUL PDaaS ENGAGEMENTS?

A disconnect between product strategy and execution can lead to unsuccessful PDaaS engagements. If a specific set of features for a set price by a set date is expected, then the upside potential of PDaaS is limited, and both parties are likely to get frustrated.

Another factor that can lead to unsatisfactory PDaaS engagements includes internal teams that view their partner simply as a resource for code execution. The right partner can leverage their experience building products across

all phases of product development in many industries to be much more than just a developer.

The project can also be hindered by dormant code with quality issues, inefficient CI/CD processes, silos of information, overly aggressive timelines, or constant changes in direction. When a combination of these conditions exists, the value delivered by the PDaaS model will take a longer time to emerge.

For PDaaS to succeed, the internal team and the partner team need to work collaboratively. The relationship needs to also be based on trust and results, with information flowing from both sides. The two teams can then work together with individuals feeling a sense of empowerment to make the best decisions for the business.

By adopting a Product Mindset, internal and external teams can think expansively about how to achieve the desired outcomes and expand their capacity for innovation. And by adopting an Agile environment, the two teams can craft an updated scope of the initial plan based on new information—either from implementations, the market, or users.

"When a client is flexible and embraces the relationship with its partner, the engagement is more likely to succeed. They can learn together and empower each other to understand the business impacts and the problems to be solved."

- Ovidiu Silaghi, Senior Director of Product Development

WHAT GUIDANCE CAN YOU PROVIDE ON HOW TO GET THE BEST RESULTS FROM A PDaaS ENGAGEMENT?

To get the best results from a PDaaS engagement, prioritize the adoption of a Product Mindset. It starts with the executive team, helping them understand the value of listening to the market and end-users, and knowing what the competition is doing. Spend extra time at the beginning of the relationship with a partner to identify why you're building the product and how each step you take will lead to that goal.

- Gary Wu, Lead UX Researcher

Another way to ensure the best results is to foster a personal relationship between your internal team and your partner. This will breed creativity, courage, and curiosity. Also know what you want to build, and then be open to suggestions about the way your product should be built. Trust that your partner has developed numerous similar products and can help you avoid common pitfalls.

Taking this approach will make the partner feel like a team within your organization and allow them to prove their value. In return, they will show you how your products can get into the hands of your end users sooner without technical debt piling up, how your products can be developed to perform efficiently, and how to iterate based on what matters most in the future.

To keep yielding the best results from your partner, follow Agile principles. Products are never done—so strive for continuous improvement to deliver more value to users. Also focus on incremental growth without trying to solve everything with the first version. Solve the core problems for end-users as early as possible and then make continuous improvements.

“Be open to the idea that how your partner approaches your problem may be different than you envisioned. Be prepared as well to collaborate openly and talk often to make

sure the team really understands the problem you're trying to solve.”

- Lindsay Kloetting, Director of Product Strategy

“Treat your partner as a part of your organization and your own team. Trust the process and be willing to fail fast in an effort to learn and pivot.”

- Ovidiu Silaghi, Senior Director Product Development

WHAT IS THE 3PILLAR PRODUCT DEVELOPMENT AS A SERVICE SOLUTION?

Product Development as a Service (PDaaS) is an all-inclusive managed offering from 3Pillar for a fixed monthly fee. In addition to dedicated specialists, your Product Development Team comes with everything you need to operate, optimize, and unite their services into your business to drive outsized and impactful business results.

As part of our reliable, transparent, and collaborative solution, we provide a multi-disciplinary, purpose-built team. You benefit from a partner that drives business outcomes, takes responsibility for results, anticipates challenges, and delivers a wide range of digital product crafts and delivery leadership capabilities:

- Product Management
- User Experience Design and Research
- Product Engineering
- Cloud Operations
- Advanced Analytics

In addition to a dedicated product development team supported by highly-experienced managers, we provide the services below to blend our team into your organization and drive results:

- Regular technical reviews and health checks
- Software development best practices and templates
- Accelerators for quality automation
- CI/CD and other required development infrastructure

We also coordinate quarterly travel (for either your team leaders or ours) to augment regular daily and weekly communications.

3PILLAR PDaaS BENEFITS

Speed to Market: Multi-disciplinary teams release software early and often to build momentum.

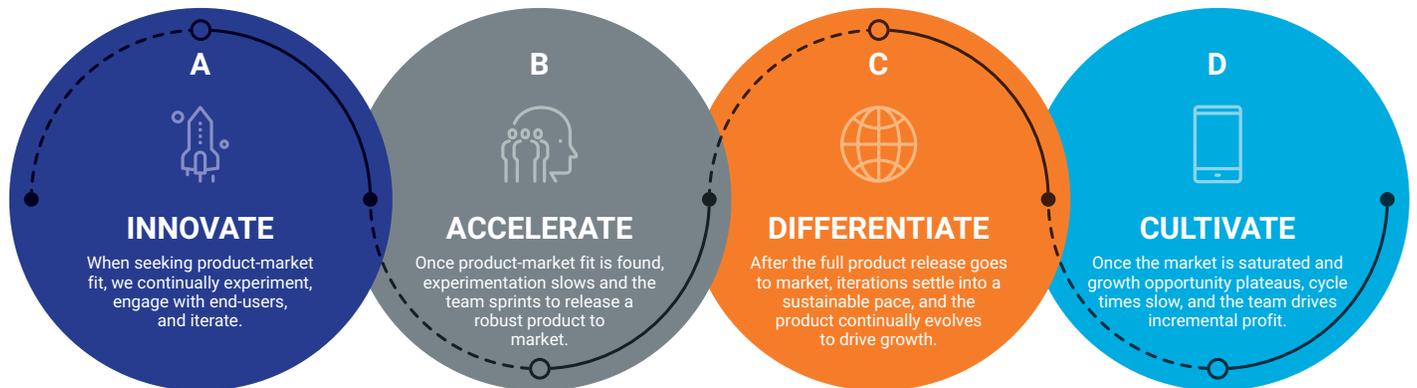
Hassle-Free: Product leaders optimize team performance against product outcomes, taking responsibility for driving results, not activity.

Predictable Value: Lean and Agile methods, along with best practices, optimize cycle times and minimize waste to improve predictability and minimize time-to-value.

Sustainable Investment: Globally-distributed teams deliver world-class craftsmanship for a predictable monthly fee.

PDaaS ENGAGEMENT MODEL PHASES

3Pillar provides an engagement model that adjusts as your product advances throughout the product development life cycle:



WHY CHOOSE 3PILLAR AS YOUR PDaaS PARTNER?

Once you commit to adopting the PDaaS engagement model approach, the next key decision is selecting the right partner. 3Pillar has a long track record of creating teams that are purpose-built for creating products users love and quickly delivering outsized business impact for our clients. We are also equipped with the tools to foster open collaboration and to truly understand the problems you and your customers face.

A Product Mindset is at the core of everything we do. We actually coined that phrase, and our CEO David DeWolf wrote the book on the Product Mindset. This has helped us assemble global teams that excel at their crafts, hone their skills through our Communities of Practice and Tech Nuggets programs, and are committed to the success of their team, the products they work on, and their clients.

Our Product Mindset has also fueled the growth of our company while enabling many clients to revive their business models. As we spread our wings across the globe and add new businesses to our portfolio, our capabilities continue to multiply.

3Pillar's successes include long-term digital product collaborations with well-known and proven brand names across a wide range of industry domains. The shared knowledge of our 1900+ employees boost the performance of our clients' products every day. We have also developed internal processes that allow us to understand what stage a product is in, the potential issues of the codebase, and how to meet the desired business outcomes. In addition, we leverage the technical lessons learned across the hundreds of products we've developed since being founded in 2006.

Our average client tenure, along with our Net Promoter Score and Center for Internet Security rating, are strong evidence of the work we deliver

and the partnerships we form with our clients. The volume of products we've developed over the years have established a collective breadth and depth of knowledge that is difficult for other firms to duplicate. Once you start working with 3Pillar, you gain access not only to a team, but also to the collective knowledge of thousands of other product development experts.

For more information on our Product Development as a Service engagement model, contact 3Pillar today. Find out how we can give your company a way to make a sustainable investment in product development that also speeds your products to market and generates business value.

3PILLAR GLOBAL BUILDS BREAK-THROUGH SOFTWARE PRODUCTS THAT POWER DIGITAL BUSINESSES.



3Pillar is an innovative product development partner whose solutions drive **rapid revenue, market share, and customer growth** for industry leaders like CARFAX, Fortune, and PBS.

Leveraging a lean and agile approach, 3Pillar delivers value-generating, digital solutions with specialized product strategy and management, user experience design, as well as software and data engineering expertise across mobile, cloud, and disruptive technologies.

Visit www.3pillarglobal.com for more information and career opportunities. To learn more about the Product Mindset, visit www.productmindset.com.

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