Forbes
INSIGHTS

Unlocking Digital Product Success: Achieving Scaled Adoption And ROI

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Table of Contents

Foreword

The digital and physical worlds are converging as hardware becomes interactive and intelligent through the power of software and connectivity.

At the same time, advances in generative AI are enabling new ways to elevate customer experiences and employee productivity. Organizations that can rapidly and thoughtfully take advantage of these new capabilities will leap ahead of their competitors.

Yet, too often, we see organizations struggle to launch products that achieve sustained adoption and meaningful ROI. Building and evolving exceptional digital products—whether purely digital or embedded systems—requires dedicated focus throughout the product lifecycle, from defining the right value proposition and building them the right way to launching and evolving experiences that fuel continuous growth.

Across our clients at Thoughtworks, we've witnessed the transformative power of a product thinking approach, creating and continuously improving products that delight customers while catering to business drivers and the realities of bringing ideas to life. Addressing the four product risks—desirability, viability, feasibility and usability—and reassessing them throughout the product lifecycle is key to achieving continuous market fit and sustained value for your customers and your business.

We partnered with Forbes Insights to survey 300 global leaders to explore how large organizations are prioritizing digital product investments, overcoming challenges associated with developing and evolving products and measuring success.

Clearly, companies are navigating an unprecedented mix of market dynamics and new disruptive technologies presenting considerable opportunity as well as risk. We hope the insights in this report serve as valuable guideposts as you create your digital product roadmap to help capture market share and drive profitable growth. Additionally, Thoughtworks' Product Thinking Playbook and Product Organization Wheel are resources designed to help organizations manage complexity. In today's competitive environment, if you can get your digital products right, the return will be invaluable.

RUJIA WANG

Global Head of Customer Experience, Product and Design, Thoughtworks

SECTION I

The Current State Of Digital Product Investment

The concept of a digital product has transcended the confines of downloaded software and self-contained applications.

Ever since people started embedding software into products, the consumer and business landscape has changed completely—and with it, how we think about launching, scaling and evolving successful products.

Compared to their analog predecessors, software-powered products are dynamic and adaptive: They can be constantly modified, tested and improved upon. Whether launching a new product or evolving a product already in the marketplace, companies need to be able to take advantage of this mutability by having the capability to rapidly build, test, learn and iterate.

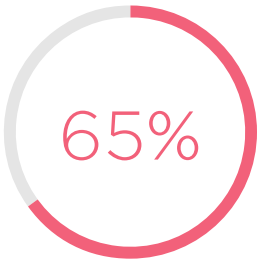
With modern software development, the traditional lines between terms like product, service and brand, as well as between the physical and digital, are blurring. Digital products should be treated like living systems that provide an evolving set of services and experiences that come to life with increasing user interaction and adoption.

As such, when interacting with a brand across channels, there is only one expectation—that the experience is seamless and consistent.

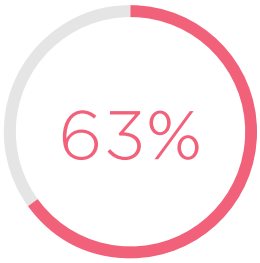
"Most people have experienced frustration interacting with a poorly designed chatbot or Interactive Voice Response (IVR) system. The disruptive nature of generative AI increases the stakes to rethink the experience across products and touchpoints even further. Robust product thinking discipline becomes even more imperative in delivering an experience that builds brand equity," says Joe Murray, Head of Customer Experience, Product and Design in North America for Thoughtworks, a global technology consultancy.

FIGURE 1.

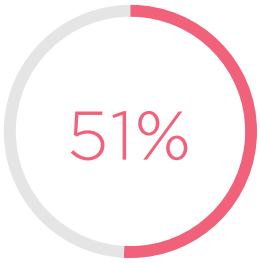
Common Challenges Creating And Sustaining Digital Products



agree their organization struggles to define how to improve existing digital products that have failed to produce the intended ROI



agree organizational silos contribute to misaligned expectations around speed to value and ROI from digital products



find it difficult to scale digital products beyond proof of concept or minimum viable products

In this interconnected landscape, each touchpoint becomes integral to the overall product experience and can make or break customer adoption. In fact, the survey conducted by Forbes Insights and Thoughtworks, which polled executives in retail, life sciences and retail banking, found that:

63% of organizations embrace customer-centric product design to maintain a competitive advantage

61% of organizations prioritize and optimize digital touchpoints to improve the customer experience

60% of organizations view investing in digital products as mission-critical to building and maintaining brand equity over the next year

Gaining this understanding is only half the battle. Building great digital products is hard. More than half of respondents said they struggle to scale digital initiatives beyond proof of concept or minimum viable products. On average, only 24% of their digital products even make it to launch.

Finding the most feasible, viable and desirable digital products requires experimentation and validation before committing to a full product launch. Even after launch, many initiatives fail to meet their expected potential. On average, only 22% of digital products reach target adoption levels, and a similarly low percentage delivers the intended ROI.

The challenges are not merely limited to methodology and approach. "Creating an exceptional customer experience relies heavily on the strength of the employee's ability to deliver across touchpoints," explains Sapna Maheswari, Thoughtworks' Head of Customer Experience, Product and Design in Europe. "When employees are engaged, valued and empowered with the right tools, they are more likely to deliver exceptional service and create meaningful interactions with customers."

The adoption of AI will exacerbate these struggles but also open growth opportunities. By enhancing automation and efficiency—enabling hyper-personalization, accelerating R&D and driving the creation of new products, services and business models—AI will significantly widen the gap between companies that can build and evolve great products and those that can't.

57%

of surveyed organizations plan to budget more than $50 million for digital products in three years' time. That's up from 11% just three years ago.

> “The disruptive nature of generative AI increases the stakes to rethink the experience across products and touchpoints even further. Robust product thinking discipline becomes even more imperative in delivering an experience that builds brand equity.”

JOE MURRAY
HEAD OF CUSTOMER EXPERIENCE, PRODUCT AND DESIGN, NORTH AMERICA, THOUGHTWORKS

SECTION II

Navigating Digital Product Change

The last five years have brought a cascade of market-shifting technologies.

Surveyed organizations are planning to increase their budget on digital product development significantly in response. To keep up with the pace of change, organizations will need to do more than pour money into new products: They will need a strategy to discover, develop, test and refine product concepts. "Ideas have a shelf life, and they become obsolete quickly," says Murray. "It's really important to have an efficient and effective mechanism to move from a new product idea to capturing the value of that idea in the marketplace."

Yet many organizations struggle with setting priorities, efficiently funding product initiatives and executing them successfully. Nearly two-thirds (64%) of organizations already have difficulty keeping pace with user demands for new features and enhancements.

More than two-thirds (67%) of surveyed executives report that adopting agile methodologies for product development is an important factor driving digital product success at their organization. Yet very few organizations are truly agile, and too many are incentivized to operate a "feature factory," which refers to the practice of layering on new features that no one asked for and losing sight of what really drives customer value.

Instead, it makes more sense to think of digital products as a research and development function, says Murray: "It's like you're building a great product engine around a specific domain rather than investing in a specific product with a specific list of features. It's more about continuous design and continuous delivery."

The survey found that high-growth companies—those with revenue growth of 15% or more—are more likely than no-growth companies to take certain steps to overcome product development challenges. (See next page). And leaders of high-growth companies are more likely to say that leveraging AI or generative AI is driving digital product success (57% versus 32%).

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>
> **JOE MURRAY**
> HEAD OF CUSTOMER EXPERIENCE, PRODUCT AND DESIGN, NORTH AMERICA, THOUGHTWORKS

FIGURE 2.

Overcoming Product Development Challenges

HIGH-GROWTH COMPANIES
NO-GROWTH COMPANIES

Develop product roadmaps with clear goals and milestones	77% / 64%
Invest in employee training in digital product management	74% / 60%
Embrace agile development to increase responsiveness	76% / 62%

*Respondents from high-growth companies reported revenue growth of 15% or more.

Innovation Opportunities: New And Existing Products

Most organizations are spreading their investments across an array of new and existing products for both internal and external users. For new products, there is a high degree of uncertainty, so you need to articulate your hypotheses, and follow an evidence-based, highly iterative approach to validate them and reduce risk, says Maheswari. "Seek increased confidence, not certainty," she says.

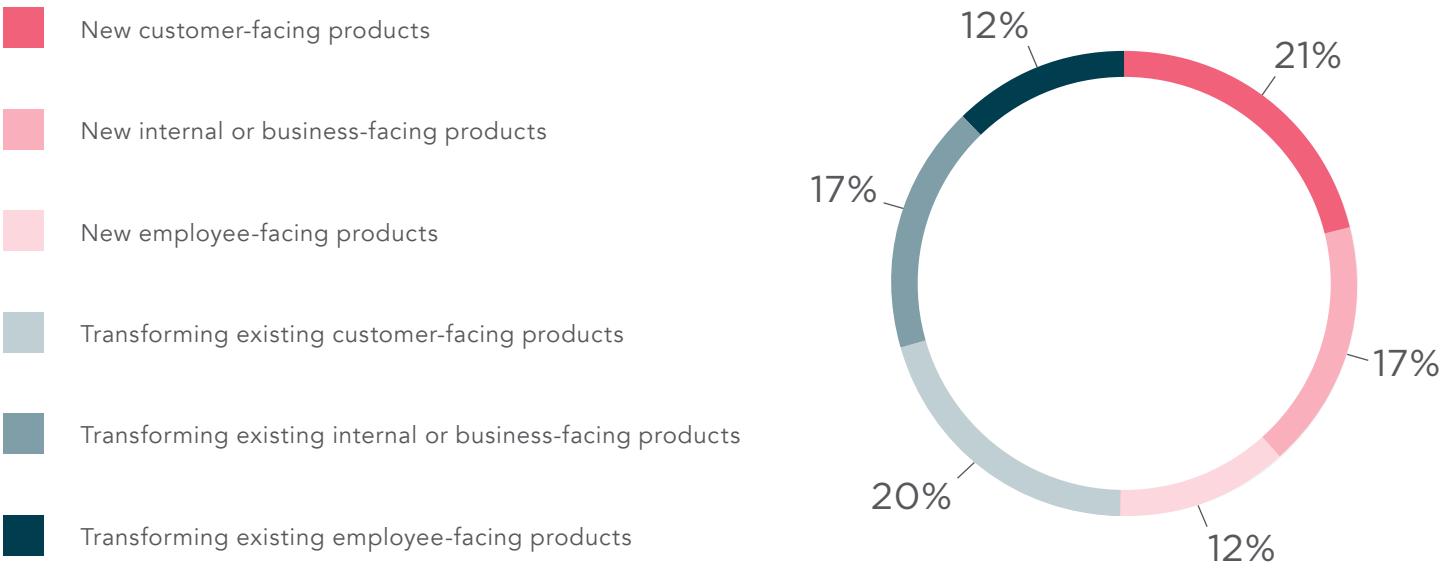
Transforming existing products is an opportunity to correct course if returns aren't meeting expectations. Low user engagement, high churn rates, poor user feedback, low conversion to revenue and high customer acquisition costs are all signs that an existing product needs work. "Many organizations don't even realize that the digital initiative has failed or that the products they're building out don't create the impact that they envisioned," says Maheswari. Only 28% of organizations track usage and product analytics daily, and another 38% track these metrics weekly.

Existing products and experiences also provide opportunities to observe the audience you serve, find inspiration for new ideas and look for new ways to apply existing capabilities. For example, the Ford Canopy camera plays an integral role in the livelihoods of many contractors and tradespeople who use the AI-powered multi-sensor security system to protect against the theft of their personal and commercial vehicles and their contents. In a published case study, Canopy product development executives describe how they were able to answer the question, "How might Ford protect customers' livelihoods?" by turning a rapidly developed and validated prototype into a digital business that could serve millions of customers.

"You need to go beyond simply interrogating customers through surveys and test how they use your products in the wild; that's where the seeds of innovation can emerge," says Murray.

FIGURE 3.

Total Share Of Digital Product Investments Across New And Existing Products



*Percentages represent average annual investment in digital products allocated to each category.

SECTION III

Preparing For Tomorrow's Digital Product Investments

Every industry sees the opportunity to differentiate with AI-powered products and experiences.

As the definition of digital products transcends traditional boundaries, AI presents many opportunities to transform human, physical and digital interactions. AI-driven advancements can create products and services that more closely meet customer needs, with opportunities becoming increasingly industry-specific.

To better understand how organizations are evolving their digital products, the survey took a deep dive into three industries—retail, retail banking and life sciences. In life sciences, 46% of executives forecast that AI and advanced analytics for drug discovery and development will have the greatest impact on the future of digital products in the next three years. Retail executives report that the most influential trend affecting their digital presence will be "phygital retail," a blending of physical and digital experiences. Many retail banking executives, meanwhile, are looking to create or improve digital products in customer service by using AI in customer interactions.

While all three industries plan to apply technology to meet their own specific needs, there are some commonalities. All focus heavily on end users (customers, clients and patients). They aim to create more seamless interactions between the physical and the digital. And each one sees a future where AI plays a key role.

FIGURE 4A.

Life Sciences

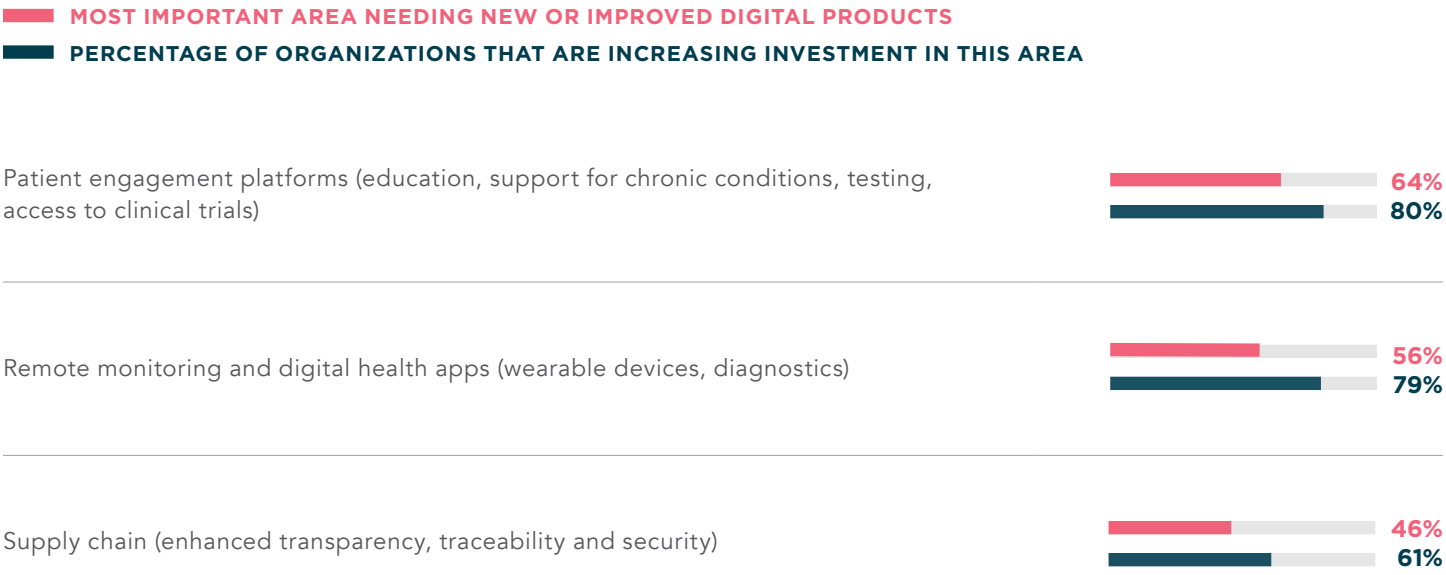
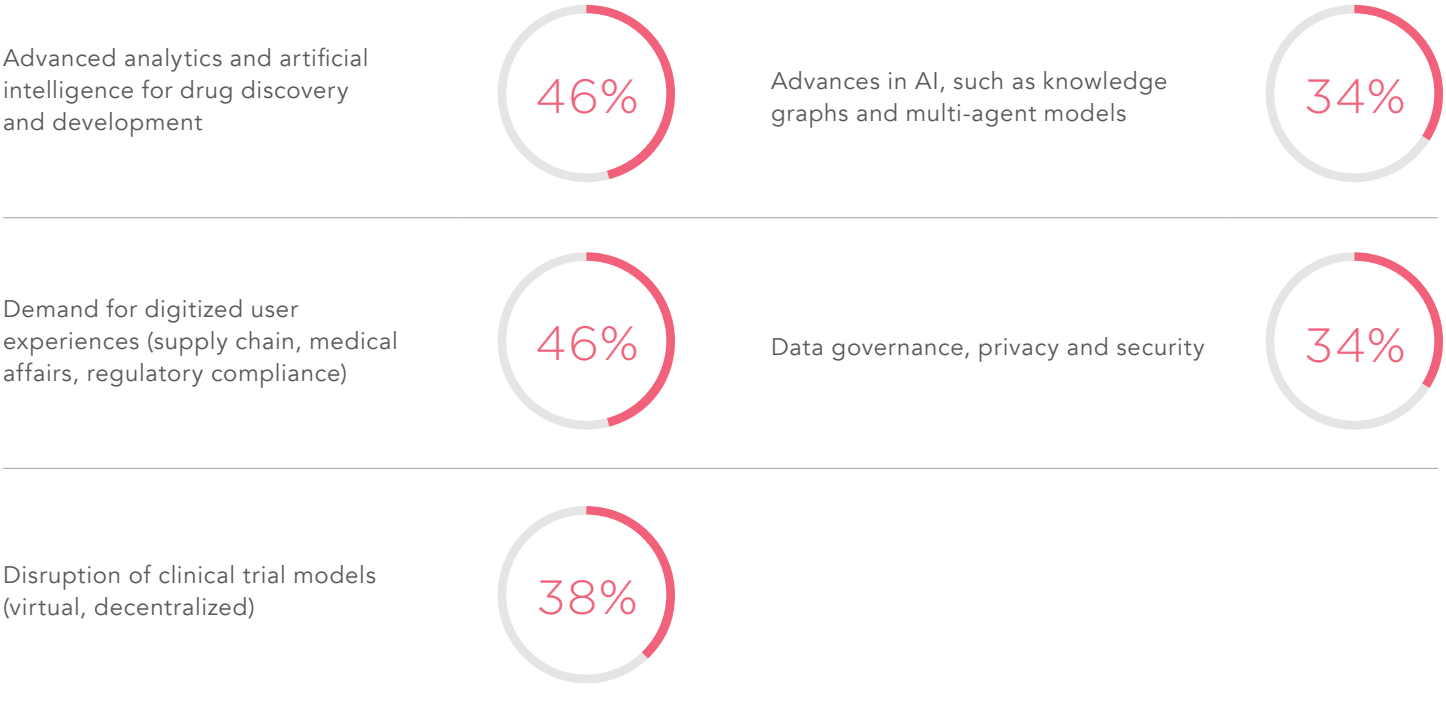


FIGURE 4B.

Trends Impacting The Future Of Digital Products In Life Sciences



*Respondents were asked which trends would have the biggest impact on the future of digital products in life sciences over the next three years.

FIGURE 5A.

Retail

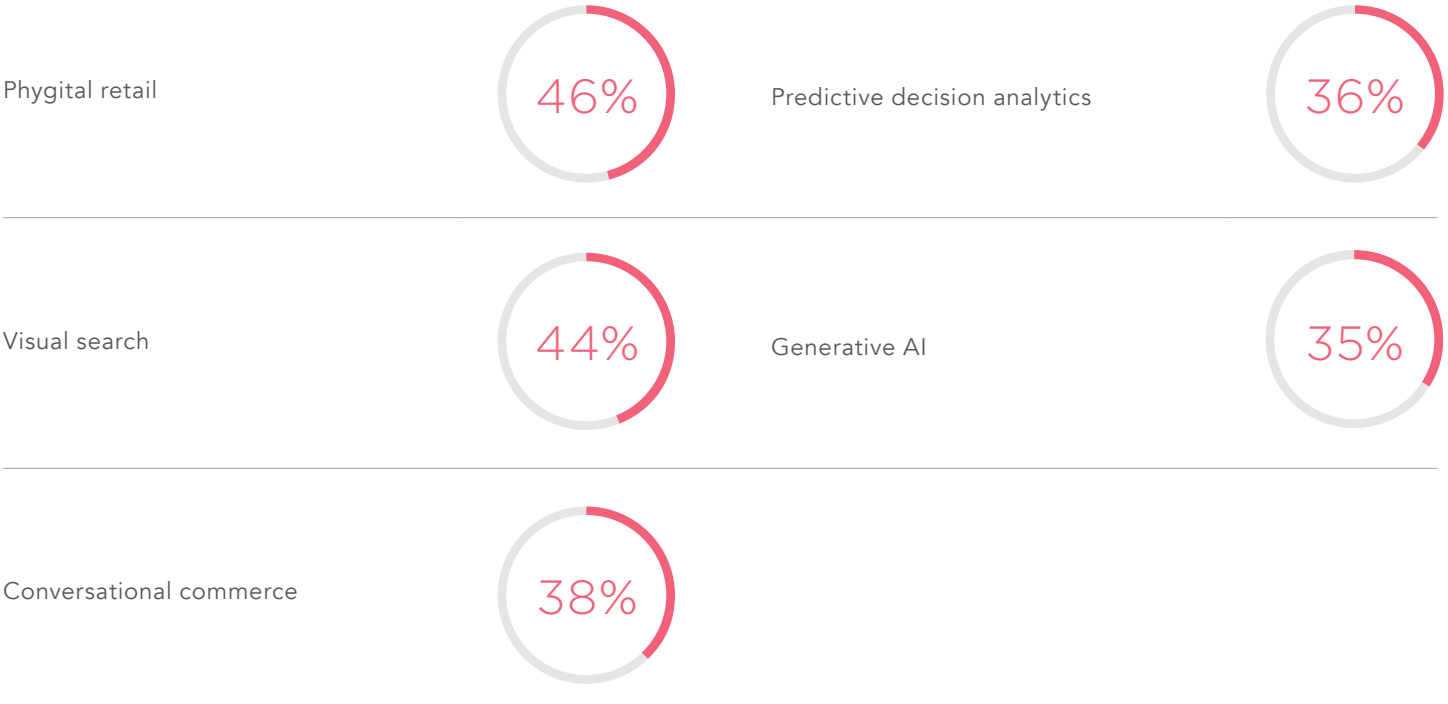
MOST IMPORTANT AREA NEEDING NEW OR IMPROVED DIGITAL PRODUCTS

PERCENTAGE OF ORGANIZATIONS THAT ARE INCREASING INVESTMENT IN THIS AREA

Customer data platforms (unified customer view, personalization, customer lifecycle management, predictive marketing, customer lifetime value, data privacy)	81%	77%
Loyalty and customer engagement platforms (customer acquisition and retention, omnichannel engagement, customer loyalty, personalization, gamification, social media integration, experiential rewards)	68%	81%
Supply chain (digital twins, control towers, last-mile delivery, promise engine, data-driven inventory management, picking and packing, demand and supply planning)	48%	70%

FIGURE 5B.

Trends Impacting The Future Of Digital Products In Retail



*Respondents were asked which trends would have the biggest impact on the future of digital products in retail over the next three years.

FIGURE 6A.

Retail Banking

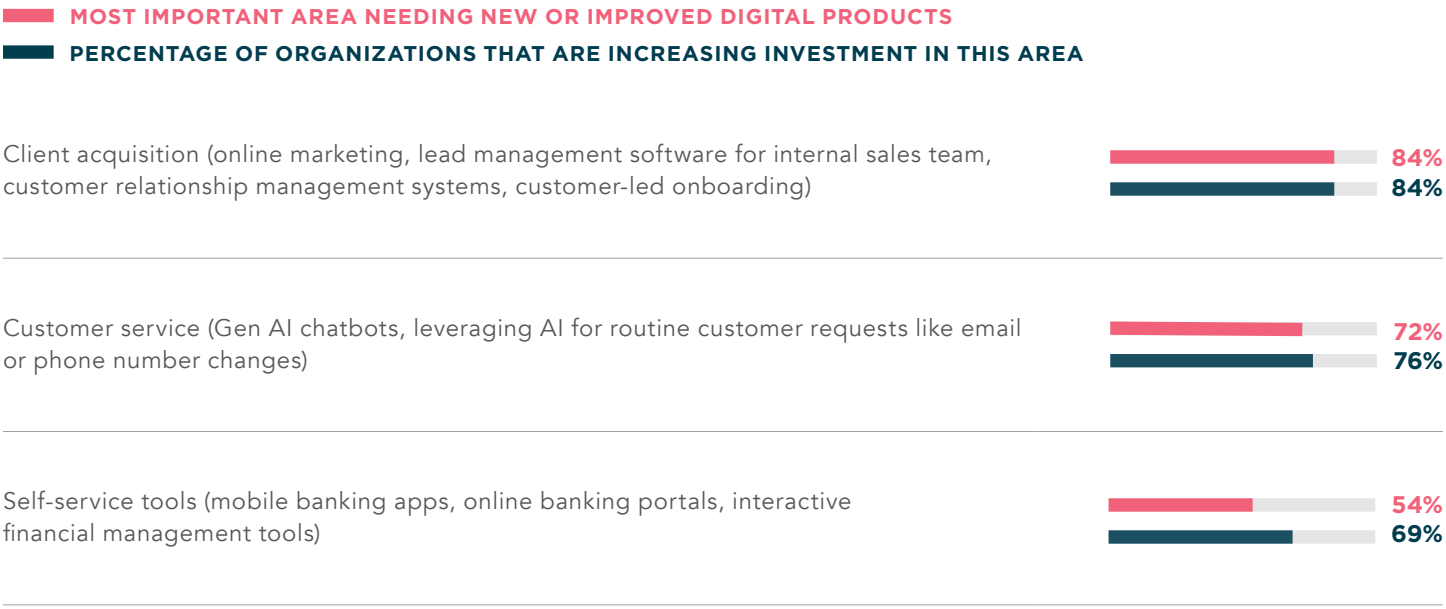
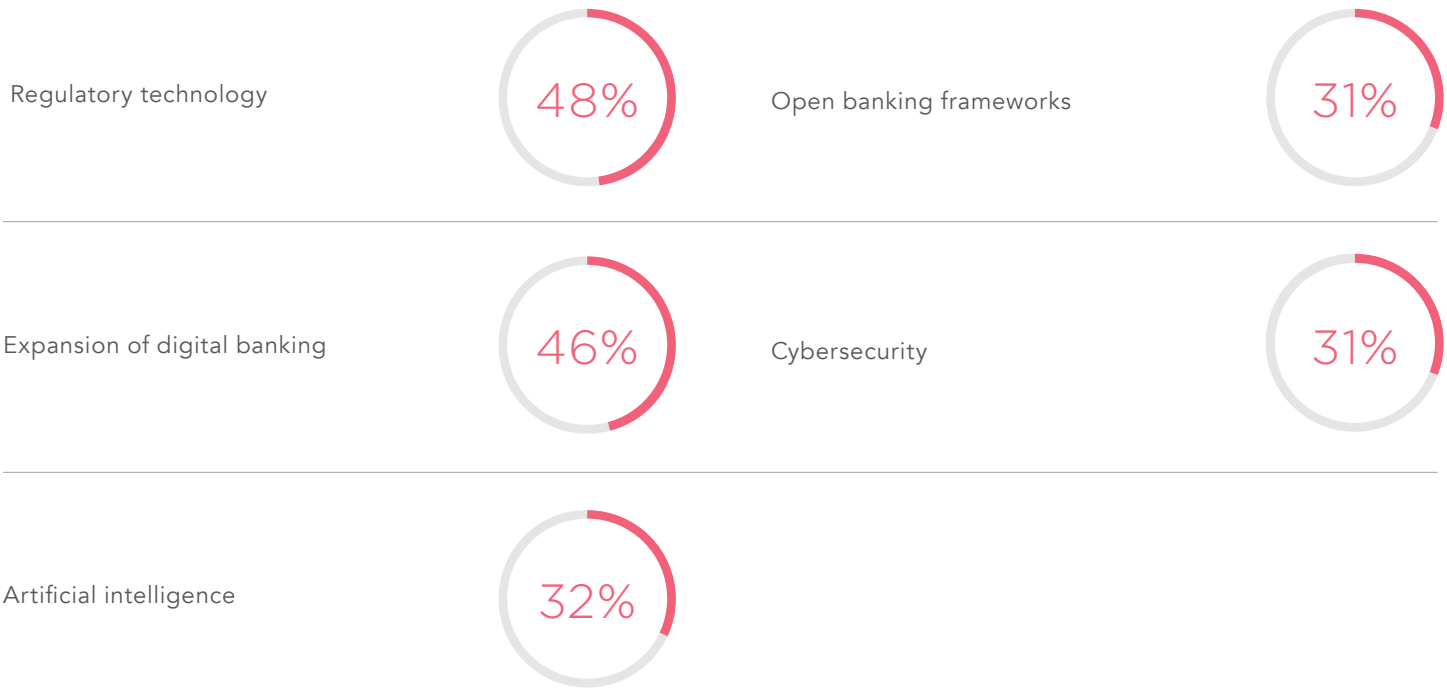


FIGURE 6B.

Trends Impacting The Future Of Digital Products In Retail Banking



*Respondents were asked which trends will have the biggest impact on the future of digital products in retail banking over the next three years.

While there is near universal agreement that AI has the potential to be a key differentiator in all three industries, there is no universal agreement on how widely, how deeply or how quickly AI should be integrated into their digital products and processes.

Seven out of 10 executives say AI and ML will reshape the future of digital products over the next three years. But respondents are looking to revamp, on average, only 17% of their existing digital portfolio with artificial intelligence, including generative AI.

"There is a lot of hype around AI—particularly generative AI—but there is also a lot more fear and caution than we would normally see at this stage of the hype cycle," says Murray. "Applying product thinking practices, combined with deep engineering expertise, dramatically increases the likelihood of not only success but also an opportunity to pull ahead of the market."

Organizations are still trying to figure out when they should avoid investing in AI, such as when the chances of breaching regulatory or ethical constraints are too high, says Maheswari. Roughly half of respondents (52%) said data privacy and security will completely reshape the future of digital products—a far higher percentage than those who named AI and ML (14%) or generative AI (5%).

Security and privacy will be a major factor shaping another pivotal trend: the Internet of Things (IoT). More than two-thirds (68%) of respondents believe the proliferation of mobile devices and IoT will create new opportunities for personalized and connected experiences, particularly in life sciences, where device malfunction carries more serious consequences. "Organizations will need to consider data governance from the outset, with privacy and security embedded as sensible defaults, to ensure user trust is established and maintained," says Maheswari.

FIGURE 7.

Important Factors For Evaluating AI Investment

74%	Market trends and industry analysis
74%	Ability to integrate with legacy systems
74%	Risks and regulatory considerations
71%	Ability to scale across the organization
70%	Business case with clear ROI
70%	Skills required for implementation
70%	Potential for competitive differentiation

*Percentages represent respondents who indicated each factor is important when their organization evaluates investments in AI by selecting 4 or 5 on a 5-point Likert scale.

Conclusion

Successfully integrating digital, physical and human interactions takes strategy and teamwork.

Building extraordinary digital products and experiences is hard, and while many initiatives will never move beyond the proof-of-concept phase, when you capture the right value proposition and build them right, your digital products can drive competitive advantage and significant ROI. Organizations can take steps to ensure that the products they choose to develop and launch have the greatest impact and adoption.

For new digital products or new ideas for existing products:

- **Define your customer.** Follow an evidence-based approach to discovering the needs of underserved customers or needs you can meet better than your competitors. Product failure can be caused when an organization lacks clarity on the experience being delivered and how it is valuable to the customer.

- **Develop a strategy to test promising ideas fast.** Maximize learning while minimizing the time to test new ideas. Be strict with scope; identify a thin product slice that delivers meaningful value. Test multiple prototypes with customers. Generative AI can significantly increase the number of prototypes that can be explored over a short period of time.

- **Establish teams to follow digital products throughout their lifecycle.** Product evolution can fall through the cracks if teams are incentivized only to develop, test and launch new products—and then move on to the next project rather than owning development from end to end.

- **Strive for data-informed design.** Deliberately gather data to create actionable analytics around your customer value hypothesis. This process will enable you to adjust and tune early and often as you continuously improve.

- **Build for scale.** Many organizations fail to move past proof of concept or minimum viable products because

they fail to remove technological barriers to speed and scale. Combining product thinking with platform thinking enables better coordinated and faster evolution—allowing you to stay on top of customer needs and ahead of the competition.

To evolve and improve the performance of existing products:

- **Gather feedback.** Use customer research and product metrics to diagnose the underlying problems related to acquisition, activation, engagement and conversion to revenue. "Adoption often falls short because you're not close enough to the customers to truly understand their real needs," says Maheswari.

- **Revisit the underlying customer value proposition.** Consider if there are unmet needs that can be met with new AI capabilities or if an existing feature can deliver a stronger value proposition for the customer. Evaluate ways to expand on the value proposition in a manner that opens opportunities to enter adjacent markets or enhances the value of the solution for the customer.

- **Reevaluate your product positioning.** Understand that markets are dynamic and act as evolutionary systems. Not only do user needs evolve, but the market has the power to change what users value in an instant. This transformation can shift customer needs and expectations, and products can lose market fit over time.

- **View software as a living system.** Building great digital products requires continuous discovery and continuous refinement. In other words, says Murray, "You're never done."

For all digital products, having true multidisciplinary teams from ideation to launch increases the chances of shipping a successful product. "Designers who know how to ship and engineers who understand design intent make extremely potent product teams," says Murray.

DEBORAH ORR
Report Author

Methodology

In partnership with Thoughtworks, Forbes Insights surveyed 300 global business leaders in May and June 2024.

Respondents represented companies from retail banking (33%), life sciences (33%) and retail (33%). Retail and life sciences respondents represented companies with at least $500 million in annual revenues in the past year, and retail banking respondents represented banks with at least $5 billion in assets. Respondents included C-suite executives (50%) and vice presidents (50%) across product development, IT, digital strategy, marketing and customer experience.