



Agile Transformation at Acuity – Products for the Customer and by the Customer

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Acuity Knowledge Partners envisioned to transform into a Product Company from building custom software for customers. This transformation journey began in 2017. In this report, we will walk you through how we went about this transformation, framework that was developed keeping customer at the core of it and how we learnt and improved as we progressed on this transformation journey to deliver successful products for the customer which are by the customer.

1. INTRODUCTION

Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. Five years ago, we saw an opportunity to augment our service offerings with full fledged product offerings (our proprietary suite of technology solutions) to help our clients differentiate themselves in the market, simplify complex workflow, automate repetitive tasks, and improve operational efficiency. Our challenge was, how does a company go from simply creating what our customers asked for to creating innovative products our customers did not even realize they needed? How do you change a culture of correctly fulfilling a customer request to a culture than is comfortable with taking risks to innovate?

This is our journey of how we created more successful products by becoming a more customer led and experiment driven Agile Company. This not only helped in BU (Business Unit) growth ambitions driven by products, but also helped establish Acuity in the market as a product company.

2. BACKGROUND

Acuity's Agile transformation journey began in 2017, when we realized that we need to supplement our domain led offerings (including building software as per customer ask) by combining technology driven automation and subject matter expertise. This required both a shift from being a traditional custom software house to a product company and also a complete digital transformation that could put the company on a high growth trajectory. When we started this conversation at Acuity our challenge was to win the confidence of our internal stakeholders by not only showcasing sustainable product development but also generating return from it which can help meet the BU growth ambitions.

The task at hand was how to transform the company from customer software development house to a product company. Acuity's business units had their ideas on product but we were not sure whether customers will buy it once we build it.

As a first step, a strategic team was formed in the organization, to bring the best engineering practices for software development into the organization. The team was named Strategic Initiative or BEAT team and the suite of products developed by this team is referred to as Business Excellence and Automation Tools (BEAT) suite of solutions. Acuity management believed that Agile is the way forward to transform this company and establish it as a product company. The intention behind adopting Agile was due to its inherent philosophy of fast learning cycle with iterative improvement. Management also emphasized the need for organizational agility rather than only tech team agility. If we wanted to transform Acuity as an organization into a product company that can deliver successful products for its customers, then we had to learn as an organization what products would delight our customers. We also knew that customer is important part of this transformation

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and if we want to succeed we'll need to keep customer at heart of whatever we are doing. Acuity's Chief Digital Officer (CDO) gave Vikash responsibility along with Rashmi and other Scrum Master(s) for introducing Agile to BEAT and the organization.

3. OUR STORY: 1ST STEP—CONSTITUING THE FRAMEWORK WITH CUSTOMER AT CORE OF IT

We wanted to have a framework with the customer at heart of it. We knew that we needed to closely couple different groups from Acuity like Sales, BU & Delivery team, tech team who all needed to collaborate with the customer on developing these products to take Acuity on this journey:

- Sales—Who are mostly front facing team and who interacts with customer on regular basis
- BU and Delivery Team—They service the customer on regular basis
- Product Owners—One who owns the product visions and roadmap
- Pod—Scum team who works on building these products

Previously, individual BUs worked with the tech team to build custom software as per the customer requirement. There was limited sharing of knowledge across BUs in terms of leveraging different components/modules of a software across customers. We created cross functional groups consisting of above teams, which was going to help in building successful products through iterative delivery and fast learning cycle. Teams were structured in such a way that they can leverage features and modules across products. We also created modular architecture for these products. For example, a team will build a login module in such a way that it can be easily leveraged for other products that need the same. This helped in reducing the development cycle for each product by leveraging the modules across the products. These products also have Micro-services based architecture that helped in deployment of only relevant modules as per customer requirements.

Keeping the above structure and approach in consideration, we developed the following framework with customer at the core of it with rest of the teams as mentioned above revolving around it:

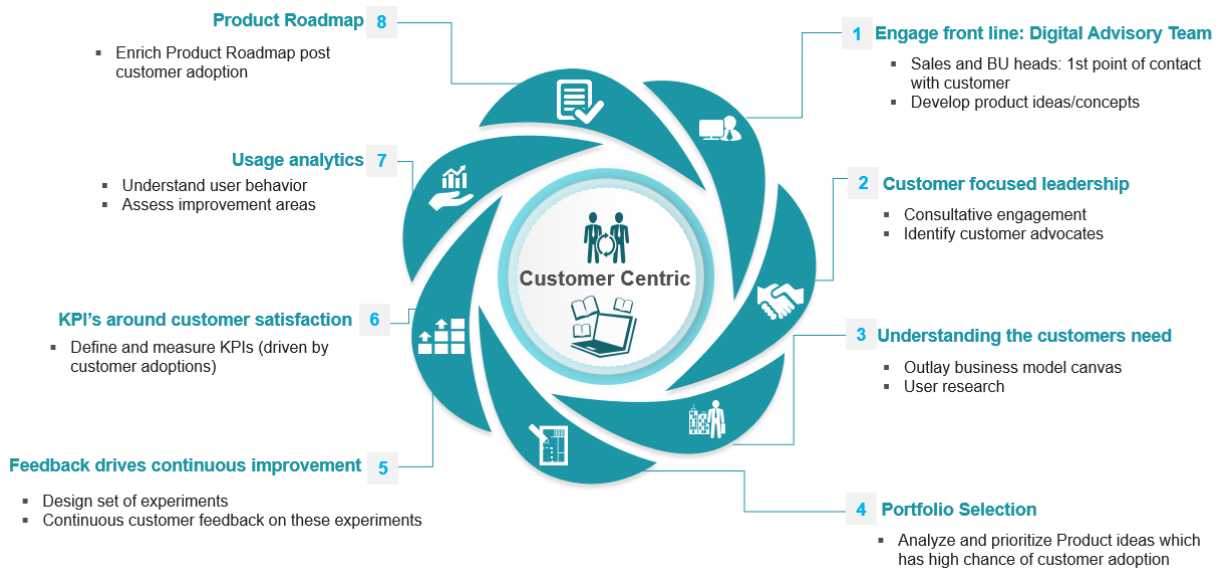


Figure 1. BEAT wheel of customer centric product development

1. Engage Front line: Digital Advisory Team—To begin with we formed a Digital Advisory team which comprised of Sales and BU heads along with some representation from delivery teams. Sales is important aspect of this as they are 1st touch point with the customer and they have the up to date pulse of both the customer and the market. BU heads along with delivery team are important as they service the customer as per their ask and they engage with customer on regular basis. They were entrusted with responsibility to regularly engage with customer and develop product ideas as per their discussion with customers. These products should be customer driven. Focus was to ideate on fact-based products rather than opinion based products.

2. *Customer Focused Leadership*—Once we have product ideas ready, we engaged with customer in a consultative mode. We had product champion from customer sides (mostly their analyst or relationship manager who'll be end user of the product) who acted as customer advocate for this product. They helped us in developing the initial vision and product roadmap. This helped in building a sense of ownership for the product with the customer and our customer advocate became the spokesperson of our products in their organization, which further helped us tremendously during the entire product journey. For one of the products in commercial lending, we were able to get couple of business users from a reputable bank early on during the product journey. This has not only helped in getting the features in the product as per customer priority but also helped us in closing the deal with the customer as we had product advocates in the customer itself.

3. *Understanding the Customer needs*—We regularly conduct user research for each of the products. We try to understand the user behavior, needs and motivation through this. We also try to understand users biggest pain point. Post this we come up with user personas for each user type. Our customer advocates help in sailing through all this in their organization. Post user research and user personas details are available for a product, we prepare the business model canvas covering various facets of the product like scope, market, estimated demand, ROI etc. This is a detailed document that is prepared for each product.

4. *Portfolio Selection*—We created a business model canvas for each product idea and created a BEAT portfolio consisting of these for further prioritization by Acuity Management. The entire exercise of prioritizing the best product from proposed portfolio at Acuity is called portfolio analysis, which is prioritizing the best product mix that can be pulled by the BEAT team for development. This quarterly exercise at Acuity is carried out for each product being actively developed as well as upon newly proposed product. During this quarterly portfolio review, learning from work in progress and new product ideas helps us make the decision whether to pivot or persevere the product. We have built a robust framework at Acuity to carry out this exercise. This helps us review the product mix each quarter to ensure BEAT is always working on product mix that can deliver maximum ROI for the company [Kumar]. This in turn implies that the product being developed has customer support.

5. *Feedback drives Continuous Improvement*—Once a product gets into BEAT development queue, there are frequent releases made, each of which in turn are validated by the customer users. This helps each product getting into loop of frequent customer feedback, update the product roadmap and priority and iteratively improve the product. Each BU was advised to come up with the hypotheses for the product that they'll like to test as we progressed with the product journey. Then we created MVP of the product for customer validation. Hypothesis defined earlier were tested with the help from customer and this helped in making us the decision whether we will like to Pivot or Preserve the product. This entire process and regular hypothesis validation helped in minimizing the waste and ensured that team is always working on most valuable item at any given point of time as per customer need. We do it through regular engagement with customer users and BEAT team where walkthrough is given to users, which happens post each release and their feedback discussed, prioritized and brought back into the product roadmap.

6. *KPIs around Customer Satisfaction*—Each product has defined business hypothesis when BEAT starts working on these which are nothing more than simply product KPIs (like efficiency gain it is expected to bring, client and user adoption, user satisfaction score etc.). These hypotheses are validated at regular intervals and refined as we progress. Customer input is an important aspect in measuring and refining these hypotheses. This has helped us in inculcating culture of experimentation at Acuity when it comes to product development.

7. *Usage Analytics*—Customer usage of each product is assessed and measured on various parameters, which forms an important input for improving the user experience with each product iteration. For one of our commercial lending products around customer loan underwriting, we discovered that relationship managers (product users) prefer to see a dashboard of their portfolio first thing in the morning once they login to the system rather than working on details of a specific customer loan proposals. The reason for this was that they want to have information around their portfolio like loan delinquency, loan outstanding, any upcoming renewals, etc. All of these indicators are KPI for relationship managers. And once we updated the landing page of the product as per our usage analytics, we were able to see the improvement in the product adoption by the user.

8. *Product Roadmap*—Our product roadmap is continuously updated and prioritized based on discussion with the customers. We have made it a practice to ask the customers at the end of each demo or customer interaction on the one feature that they feel will be game changer for them if it is available in the product. This has helped us tremendously in enriching and prioritizing the product roadmap as per customer's priority and

helped in unearthing new requirements that we could have never visualized or may have been last in our priority.

4. OUR STORY: 2ND STEP—CULTURE OF EXPERIMENTATION AND INCULCATE PSYCHOLOGICAL SAFETY IN THE TEAM

Customer centricity is putting the customer at the core of all the decisions you make and is quite different from simply giving your customer what they ask for. We wanted to create greater value for our customers by innovating and offering them great new solutions that they may not have previously imagined. So while our framework put the customer at the core, we still needed to move our culture of delivering what our customer ordered to one where we innovated to co-create what our customers needed. This cultural transformation created two opportunities for us, inculcating a culture of product development and co-creating with the customer.

4.1 Inculcating a culture of product development

We also started culture of experiment driven product development, where each product was started based on certain hypothesis and these hypotheses were validated with help from customer input and were refined for further experimentation. This experiment led and hypothesis driven approach also helped in building psychological safety of the BU as we progressed. We provided regular coaching to BU team to come up with following recommended hypothesis:

- This product will help in bringing XX% efficiency in the overall process
- This product can be rolled to XX customers and XX users
- This product will have satisfaction score of X and above from end users

These hypotheses also helped teams talking in common language across BEAT and the organization, even engineers working on this product are fully aware of the hypothesis which will be tested post their development.

These hypotheses were validated at regular intervals and fine-tuned as we progressed with product releases. We coached BU and delivery leaders with help from top management at Acuity that above statements are hypothesis, which will be used for validation with each incremental release of the product and based on the response received we can further re-write the hypothesis. We also mentioned that hypothesis is different from target or sales number that each product is expected to achieve. This helped in giving comfort or safety net amongst BU leaders and delivery team and helped in promoting a culture of psychological safety along with hypothesis driven experimentation. This was an important step in developing culture of innovation and building product mindset with the team and at Acuity.

As mentioned earlier, Acuity was not into product development and this initiative was a huge culture shift for the entire company including different stakeholders and BU involved in this exercise. We experimented by starting small with a couple of BUs and showed early success to win confidence of other BUs. This made it easier to onboard other BUs on the product journey as they were able to see the potential of this transformation. This helped in promoting the culture of trust and building high performing teams. This also enabled teams in moderate risk taking and bringing the culture of collaboration amongst teams.

We also involved sales early on during the product journey, which helped on getting their buy in during product development. This helped in opening the gates for customer interaction, which proved to be a crucial aspect of our transformation journey.

We tried to inculcate the culture of experimentation with people and delivery, which in turn helped us in building psychological safety of teams and BUs. This also helped in building culture of innovation at Acuity, which is an important aspect of product development. For one of the product, initial hypothesis was that it'll help in reducing standard process time from 75 minutes to 45 minutes, thereby leading to time savings of 30 minutes (40% efficiency) once the product was implemented for regular delivery of outputs by the user. Once we implemented and we measured the time saving, we realized that initial efficiency achieved was only 20%. We discussed the result with BU and revisited the hypothesis and redefined it to reflect the realistic efficiency that was possible from this product based on our current understanding of the business environment. We also mentioned that we would again validate the hypothesis as we progress, measure it and again redefine it as required. We also revisited product roadmap as per inputs from customer and reprioritized it with help from BU team. We realized that we were able to improve the feedback score of the product as well as achieve more efficiency as reported by the users.

Initially it was difficult for teams to understand this approach as business assumed this to be their target, which has to be achieved. With regular coaching and consultative approach along with Management support, we were able to overcome this and draw the line between target and hypothesis led experiment driven approach of product development.

We also promoted culture of fail fast, learn and improve. We had regular coaching for BU teams, mostly supported by Acuity leadership team to adopt to this culture. We started with couple of BUs and had some initial failures as part of this journey; but Acuity leadership came forward to enforce this culture of fail fast, learn and improve. BU teams got the comfort and adapted to this culture and this became the culture of teams across the organization. Since BEAT team was expanding, we ensured to hire new people in the organization with the same mindset of fail fast, learn and improve. Upon joining the BEAT team, they helped in establishing this culture across the team and organization.

For one of the product, BU was not getting the desired result as expected and it was time to make a decision on pivot or persevere. Acuity leadership discussed with BU on this product and asked if they will like to re-prioritize the roadmap based on their learning and try it out for some more time. BU leaders (as per support received from Acuity leadership) reprioritized the roadmap this time based on their discussion with customer and their learning from earlier progress. Post this discussion we were able to see success based on the product feedback received from the customer.

In one of the products, which was around workflow being used across business verticals, we tried to experiment if we can generate leads from workflow by placing short demos of our products relevant to users. We took an iterative approach and started small, tested it with the users. Based on feedback, we improvised on some of the features in the next version of the product, which now has more acceptance by the users, and we were able to generate more leads through the workflow product, which only started as an experiment to begin with.



Figure 2. Culture of Experimentation and Psychological safety

4.2 Co-creating with the customer

Traditionally we have been building software as per customer ask and not as per the customer need. We knew that we needed to get into co-creation mode with the customer if we had to deliver successful products which customer will actually use. We started involving customer right from user research, ideation, validating MVPs, involving them in product roadmap discussions, design workshops, etc. We always promote consultative engagement with the customers so that they visualize us as partner in their growth. Based on this we built a robust framework of portfolio analysis of product ideas as per customer interaction, which were thoroughly evaluated and prioritized by Acuity Management for product development by the BEAT team [Kumar]. When we started this, we took some time to engage with customers initially as they have been telling us the requirement throughout considering us as a custom software house and not as a product organization. We initially got into some consultative engagements with them to help them distinguish between need (which can help them maximize the return from the product) from requirement (which will serve only a specific problem). BUs also had initial doubts on this portfolio analysis, if this will work or not. But when they saw some early success, they got some confidence on this.

5. WHAT WE LEARNED

Mostly when we undergo agile transformation, there is a common misconception that adopting Scrum makes the company agile. Adopting Scrum may make the tech teams agile, but this limits the agility to the teams across the organization. If we want to truly embrace the benefits of agile it should be a holistic approach. As much as we need technical Agility we do need to have Business Agility for having successful transformation. As we underwent agile transformation, we also had our share of learnings:

- *Customer as partners rather than putting the customer first*—We learnt that customer may not be always be right and so to create true value we need to partner with our customers. In times where the market is turbulent and product dynamics keeps changing every now and then, it is important to have a partnership with the customers rather than having a contractual relation. This also helped us in getting mutual satisfaction and helped us in creating a long term and sustainable relationship with the customers by understanding what they actually need in the product, how are they going to use it and what will be the key features for them.
- *Culture of experimentation helps in building successful products*—At Acuity we realized that overstating the importance of successful delivery might limit the creative thinking. By not penalizing failure we fostered a risk taking mindset. Our mantra was to fail fast and fail better. Experimentation was the successor for innovation; it was not something which we do once in a while, but experiments led hypotheses driven approach became part of our product journey and Acuity's DNA.
- *Psychological safety of the team plays an important role*—When you have a culture of experimentation, psychological safety of the team becomes equally important. It was paramount for us to ensure with the teams that even though the experiment might not be successful each time they won't be penalized for their failures. In doing so it was also important for us to have people with right mindset, to have people who were willing to take that risk; to ensure this we also refined our hiring process so that we could on-board likeminded people. We also started rewarding the team and not the heroes, as we didn't want to create silos within the teams.
- *You should be open to change the process as per business needs*—To constantly evolve, it is important to embrace change. This helps to adapt as per the business need with a vision for the future. During our journey we were in agreement with the management that technology, tools and process should be an enabler for the transformation and not a hurdle in doing so. As we were transforming, we tried a couple of practices; some of which worked in our favor; but those that were hampering us, we were quick enough to identify them and adapt accordingly.
- *When it comes to implementing transformation projects, one needs to be looking for small wins/improvements*—Psychological safety was not just limited to the teams, we realized that when we ask people to invest in something which is of such magnitude they too need some safety net. To insure this we went ahead with a phased approach, where we started off with few of the business verticals. When other business verticals saw tangible benefits out of this, they also made the leap of faith as the success of projects gave them courage to invest.

We have successfully embarked on Agile and Digital transformation of Acuity and have success too during this journey, though we understand that it's a long journey on this transformation. Acuity Management has been quite supportive throughout. We have seen the BU teams transforming and talking the agile language. It's always great to hear them present the findings of their experiments and update the hypothesis based on that. Since 2017 we have delivered number of successful products for our customers, which not only has helped in Acuity's phenomenal growth but also has established Acuity as a company that is known for delivering products for the customer and by the customer. At the end we would like to conclude with a quote by Bill Cosby: "In order to succeed, your desire for success should be greater than your fear of failure."

6. ACKNOWLEDGEMENTS

We would like to thank David Fellows, Chief Digital Officer at Acuity and our mentor & guide. Thanks for having confidence in us, giving us opportunity to be part of this Agile transformation journey at Acuity and always guiding us with your valuable insights all through this journey.

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