



The Deloitte On Cloud Podcast

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Title: Developing a product mindset to build apps at the pace of cloud

Description: Though the concept of a “product mindset” isn’t new, over the past decade—with the ascendance of cloud—it has really started to gain traction as a better way to build cloud apps, or any app or system. In this podcast, David Linthicum talks with Twilio’s Anthony Lazaro about what a product mindset is, how companies can leverage it to build apps that generate high ROI for the organization, and how to develop a product mindset and culture to build apps at the pace of cloud.

Duration: 00:25:26

David Linthicum:

Hey, guys. Welcome back to the On Cloud podcast. Today on the show I am joined by Anthony Lazaro. He’s a principal product manager at Twilio. How’re you doing this morning, Anthony?

Anthony Lazaro:

Doing really well. Thanks for having me here.

David Linthicum:

So, how did you come to Twilio, and actually I think we talked about this during the pre-show that it's located in Charlotte, North Carolina, which is one of my favorite places in the entire world. How did you come to pop up there?

Anthony Lazaro:

Yeah, so I'm actually remote over here. So, Twilio's based in San Francisco, but we have people everywhere. Part of COVID we've become a remote everywhere type company, which other people are probably considering as well. And how did I come here? So, I've been on a product journey for a decade working with technology companies. I started with a young start-up, 27 employees, grew that to hundreds on the product side. I've been with a traditional enterprise going through digital transformation, running a team there, and then moved to Twilio, really passionate about providing infrastructure and APIs for the builders of the world. And, really, my job right now is I run product for one of our portfolio products, but my customers are these builders of cloud services trying to build product applications for their businesses, for their customers today.

David Linthicum:

So, can you go a little deeper in what Twilio does? I think that listeners have heard of the name, may not know exactly what products or services you guys provide.

Anthony Lazaro:

Sure. So, Twilio is a communication platform-as-a-service. Historically, we kind of help people run voice applications or text message applications with a few API calls, and we provide you all the back-end infrastructure and that's necessary to do that. We have grown, and now we actually have full-on applications from customer data platform to contact center solutions, so really we provide you programmable infrastructure to accomplish a lot of your customer digital journey experiences that you need to get done.

David Linthicum:

One of the things that I love about this topic is I noticed this through my career as well. So, in other words, I kind of split the difference. I was a product CTO where I actually build and deploy products into the marketplace, and those are the olden days we actually had to deliver things on CD drives and DVD drives. And then wrestled around with that and then kind of figured out the aspects of that, that there was a much more higher level of standard that had to occur and a higher level of quality, ability to kind of repeat things over and over again because you're building something that has to work on lots of different platforms, including platforms that you didn't anticipate working on.

And, obviously, there's issues with going with that, some of the quality issues that you deal with as a product. And then went into enterprise development where there's not as much rigor around that, so in other words, we're building applications for a known set of users, and I found that the development processes and even the cultures within the two development communities was very different. So, let's dive into what's good product development and, ultimately, why everybody is talking about this as a new paradigm these days for how we should build and deploy all systems.

Anthony Lazaro:

Yeah, so, what you're calling out, the discipline of product has been around kind of forever. You go back decades and hear Steve Jobs talking, it's talking about these product principles. But recently, especially over the last decade with the advancements of technology, the moving of everything into cloud, the accessibility of OpEx cloud services, you have this extremely fast pace of development where you are building in an enterprise, and you might have hundreds of applications, or even thousands of applications—constantly building new ones—and the issue is that just because you build something doesn't mean it works, or it actually is solving the problem. And, so, that's where the practice of product has come into play and has become very vogue in terms of content being written and books being written about it. It's because in order to get the ROI out of your investments, you need really strong, sound product principles and culture on your teams that are building.

David Linthicum:

So, in other words, the ability to kind of get more discipline, get more rigor, get more quality in how we're building systems, and, so, I think if I'm understanding this correctly, and you can correct me if I'm wrong, we really should always be building things and managing projects as if we're building a product with the same sort of standards, same sort of culture, the same sort of discipline, so no matter if we're building an accounting application for six people or an API platform for 6 million people. Am I off base that way? Should they be two different cultures?

Anthony Lazaro:

Yes, you're spot on. The way that we build, whether you're building actually the user interface or digital product for a consumer, or you're building platform capabilities for internal stakeholders, you need to be building with a product mindset. And it's going to ensure that you actually have more successful outcomes and innovation in what your technology can do. And the counter path is you're building technology and everyone's kind of frustrated with it.

David Linthicum:

Yeah, and you're competing against other applications, and even products within, say, a cloud deployment, and, so, someone is using some sort of a custom application that's a legacy system that's been around for 20 years, say it's inventory control, and they're using a SaaS-based CRM system, and people are noticing the difference between the quality and the experience of using one, say the SaaS-based system, which was built from the ground up to be a product, and something that was not. And, so, I think what you're getting at is what I get.

We're investing almost the same amount of money in building both those systems or leveraging both those systems. And why not do it in a way where it's going to be a product that's able to keep and provide the experiences that you need to make that more valuable in the enterprise, and I think that's what it

comes down to. So, it's not this "good-enough" mentality. People say, well, it works. Yeah, yeah, it doesn't work. But the ability to kind of take it beyond that to get to an engineering standard that were probably people were building enterprise systems aren't quite used to. What do you think about that?

Anthony Lazaro:

I think that's spot on, and I think it's coupled with what we see happening at a macro level too. Digital transformation has changed how businesses get done. You're not walking into retail banks; you're opening up your phone. And there's all these back-end processes and applications that need to be able to be cohesive for your business to actually operate in that new paradigm of how the business gets done. And the second big thing is our customer expectations are exceedingly high, and it requires organizations to really be able to have this high interoperability across all of their kind of application bases, their internal processes, even things that go out to their customers.

And without that, you're not going to be able to meet the expectations of your customers. And these are really being set by the digital giants. You look at Amazon, you look at Apple, you look at these teams, and they're setting a new standard for kind of how business gets done. And your customers don't care that you aren't Amazon or Apple. They're kind of expecting that same level of value and experience from your organization.

David Linthicum:

So, we're redefining customers as not just users but people who consume the system, and I think that's kind of fundamental to what we're discussing here. So, in other words, the expectations of a customer selling a product as a CTO back in the day, or user—someone who's leveraging an application that I cobbled together and built to solve a distinct business issue, but it was good enough to solve it and then release going forward—really, we're kind of combining those as one and the same.

So, in other words, we're defining customers and users of having the same expectations, the same needs, looking for the same experiences, and really trying to get them to a very similar productivity level that we're not just kind of distinguishing between the various customers and the users out there. So, how do we get there? What's good product management for solving these tech problems, customer business? What are the key values in terms of changing the culture so we are treating customers and users the same and providing the opportunity for them to be as productive as they can with these systems?

Anthony Lazaro:

Sure, so a simplistic definition of product and product culture and management is, "using technology to solve customer problems in a way that benefits a business." And one of the leading thinkers here in this space is Marty Cagan. He talks about the four risks on product and product innovation. It's the risk of value, usability, feasibility, and viability—meaning is this valuable for my customers? Can my customers use it? Can I build this? Is it feasible? And is it going to actually work for my business?

And you might think, "Oh, all my engineering teams are following this definition," but to flesh it out on where it breaks down, let's set up a dichotomy. So, you have teams that are truly product teams, and the opposite of this type of team is really what I would call a delivery team. And on a product team, you have teams that are working on problems, solving for outcomes.

On a delivery team, you have teams that are given features and told to build them by a certain date. On a product team, they're very empowered to figure out how to solve those problems, meaning the solutions are getting pushed down to the teams that are building. And on a delivery team, the stakeholders are just saying exactly what you need to build. And what you have within these two groups is you have one that's highly collaborative, that is using the process to drive innovation, while the other one is really highly combative. Things are getting thrown over walls, business stakeholders look at the engineers and think, "Why is this getting delayed, why is the solution not good enough," and the engineers look at the business leaders, and they're thinking, "These people have no idea what they're talking about." And, so, that's really the dichotomy of, I think, product development and the two different worlds that can be operated within.

David Linthicum:

So, I'm thinking about the CIOs and the CEOs that I know in this space, and I think one of the common complaints that I hear is that the technology within the organization is moving too slow and they're not necessarily getting the ROI back from developing this technology so they're investing lots of money into this, and it looks like we're going to have to invest a little more to get to a more product-development oriented culture, so what are some of the benefits you get back? In other words, how would I sell this in the boardroom that this is something that we need to do?

Anthony Lazaro:

I think you're hitting on the foundational question. People are spending so much money, whether that be resources or OpEx on these kind of services, and they're not happy with the pace of innovation, the ability to respond to threats, or the ability to capitalize on opportunity. And one way that people think about solving this is they think about adding process, so they start getting more rigorous in their process. They hire project managers and have more oversight, they write more requirements, they more fully flesh out user stories, et cetera.

And the irony here is this process—and I'm not opposed to process overall—but when we're adding on all these layers of process, what happens is the developers start to get farther removed from the problem that they're actually working on, and they're just building solutions out of context from these problems. And that just exacerbates this negative cycle of our pace of innovation isn't good enough, projects are delayed, the solutions aren't actually solving, adding value, or working for our business.

And, so, the opposite of this is adopting the best practices of a good product culture, working on those four risks across product and engineering and design and being collaborative on how you build with a focus on problems that then is going to result in solutions that actually work. And, so, in terms of why it's needed, you're spending so much on building these resources and technology, and you need to add in this place for collaboration. And there's some investment there in terms of building out product teams and how you structure stuff, but the ROI is just immensely proportionately higher.

David Linthicum:

Yeah, and that's what people are looking for. And if you think about it, we're moving into the next generation of business where a business is going to be defined by their innovation, their ability to kind of create net new value. So, valuation is going to be on revenue somewhat, certainly on revenue growth. But if you look at the bigger players out there today, they're being rewarded in terms of value through their ability to become more innovative and provide more viable products that are entering into the market. So, here's the \$64,000 question, and obviously big consulting firm, we do delivery all the time and then looking at different kind of product-oriented development techniques and building a team. So, how do I build a good product team? What are the roles? What's the culture? How do I drive culture? What kind of key people should I think about? Should it be—should I be hiring for this, or do I build these people?

Anthony Lazaro:

Yeah, sure. So, in terms of what a good product team looks like, you'll typically have three roles there. There's the product manager, there's the design lead, and there's the engineering lead. And this is a highly collaborative trio that's really helping you constantly devalue those four risks that I named earlier. If you're a back-end team, then maybe your design lead is more of an architect. If you're a front team, you're obviously having heavy design input there. But that is the key dynamic is that you have this collaboration across these functions in how you build, and you're both discovering the problem together as well as discovering and iterating on the solution together. And this is, again, juxtaposed to that idea where these are very separate functions, and the business owners are really the stakeholders that are throwing work to the engineers to build.

And, so, that is—the day-to-day work of a good product team is constantly having discovery and understanding of who your customer is, doing research on how your solution is really solving that problem. The second fundamental thing is having this high collaboration across these resources. And the third one is really having really healthy stakeholder cross-understanding, which is really managed by the product manager so you're constantly confirming this is viable for our business the solution that we're building.

Those are kind of the fundamentals of a good team, and if I were to call out one thing that's the most important thing in addition to what I just said, it is really engaging your team of engineers on the product vision. It's, "Who is our customer, what is their problem, how do they use the solution, and how is this benefitting our business?" And if you were to walk around to every engineering team member, you would hope that they could answer that question. And if they can answer that question, I bet you have a really high-performing team.

David Linthicum:

Right, and, so, that gets to the cultural changes that need to occur, and I think that would be probably more of my concern if I'm kind of transforming culture, which in many instances you are. I mean, you just brought it up earlier, and I think that's exactly what's going on right now is a lot of developers and product developers, software developers, system developers hide behind the processes—or not hide behind; they're removed from a lot of the interactions and dealing directly with customers. And everybody's into what their job description is and not necessarily being in a flat organization, or into where their position is in the organization. I have ten people reporting to me, versus I have ten people collaborating with me on a real-time basis. So, is this a training exercise that we do? Are we just—is it an iteration and constant reinforcement of what a good culture is? Or are we just hoping that people assimilate to the culture and kind of get to understanding what the value is?

Anthony Lazaro:

So, it's definitely something that needs to be intentionally inactive. If you have a quarterly meeting where you talk about your product vision, that's not going to do it. That's not good enough. You need to have—a lot of teams are using Agile, maybe they're on two-week sprints. Once a sprint, the PM should be setting aside a tiny amount of time. We're talking 20 minutes, 25 minutes, to have a conversation with those developers on the team around our product vision. "Hey, here's the problem that we're working on right now. Here's how it's working into our macro two-year vision for where we want to be. Here's how we're expecting customers to use it." And you're talking about what you're building, you're having these conversations.

That is a cultural change. You can have process meaning, "Okay, we're going to add 20 minutes onto our sprint planning meeting," that helps you get there, but it is a cultural change where you're empowering and you're pushing down decisions to this team with product management, with engineering leadership, and you're really empowering these teams. That is a cultural change that really starts at the top with stakeholders. Are you as the leader going to be dictating, "Here's the idea I need you to implement," or are you going to be handing your teams and creating your teams around problems? "Hey, this team, you're focused on this problem. I want you to work around solving this problem for this customer type," and you're really pushing down where the innovation's occurring. Those are the keys to really a good cultural change around product.

David Linthicum:

So, how are traditional enterprises looking at this problem right now and adopting this as a best practice? Because I do see a big chasm kind of growing between companies like yourself that actually build products, cloud services, build things that are more repeatable and going to be more robust and have better experiences in the marketplace versus enterprises that are just used to building good enough and doing so with some sort of a static process that they really kind of drive like a religion. So, what should they be doing to get to the culture, to get to the best practices, to get to these kind of dynamic teams that are able to provide product-based development quality?

Anthony Lazaro:

Yeah, I think there's a few things that traditional companies—enterprises—are doing to adopt product best practices. First is you kind of understand in your engineering organization the different types of work that's getting done. Some of your teams are application teams; they're dealing with potentially end customers, and they're needing to have extremely fast iteration and solutions. Other teams are more platform teams where they are building capabilities to support these application teams, and the timeline's a bit longer in terms of expectations for both shipping things and how long those things are going to be supported.

And the third type of group is more enterprise teams, you're largely buying applications and administering them and doing things like payroll, and that's a much more slower moving timeline for your organization. So, once you have these teams in place, you can start to think about how you need to staff them for product best practices. For your application teams, you need full on dedicated design, product, and engineering. You might need multiple roles on the

design side to really empower teams and move quickly. But that core unit really needs to be in place, and you need to be structuring them where they can focus on problems that they can iterate and work on very quickly.

On the platforms, this is that internal team that's really key and a stakeholder, and for them those customers are the application teams. You need to make sure that you're hiring in a good, strong product leader that's not just doing project management for your platform teams but is really helping those platform teams build for the long-term vision and essentially really understanding the job to be done of their application teams. Because what you'll find is sometimes those teams are very ticket based, pumping out features. But the platform team really needs to understand what's the job my application teams are trying to do, and it's going to help them build in a way that they don't get pigeon-holed six months after deploying. And on the enterprise teams, that's a much more slower pace that can be controlled more through stronger product leadership at the top. So, I think how you organize is a really key understanding of where you should focus on applying and staffing for product best practices, and it kind of really runs the spectrum of those three different types of teams.

David Linthicum:

So, the big question that I think the listeners are asking right now, coming from a cloud computing world, some of them doing product-based development on cloud-based systems, how do we get started? I mean, what are the things that we do to create a team, to empower a team, to sell to the stakeholders, things like that? Say I'm in an organization and we're doing a fairly good job in dropping software at good increments, things like that, and people seem to be mildly impressed with it, but to really kind of take things to the next level. Does there have to be a problem that we're solving, or is this something where we're looking at opportunities to build something better than we're doing right now?

Anthony Lazaro:

Yeah, so, what I would encourage are maybe two ways to get started. If you find yourself in that description of product versus delivery teams, heavy on the delivery spectrum of the role, I would look at one, or maybe two teams, a spot in your organization where you can try to operate as a product team, meaning give those teams a problem to solve, empower them to figure out how to solve it, and start with this baby step of having a small group really run as a product team in your org. The second thing that I think could be done, and this is a really easy day-to-day change, is I would—and I mentioned this earlier—I would tweak how you scrum.

Add in how you scrum a time for developers to dive into a conversation around who their customer is and their problem. And if you have that ritual once a sprint where you're doing that, you are going to suddenly start to see developers innovate on new ideas of what you could do, and they're going to start doing their work where they had better vision for where we're going so they won't be pigeonholed on what they deploy, and you're going to see the fruit of just that little bit of effort around product.

David Linthicum:

So, we're in an elevator together, we're going up six floors, and I'm looking for an elevator pitch in terms of how you—why you build a product-based development organization, so what would those reasons be, just kind of really quick that people can summarize so they can take it to their leadership?

Anthony Lazaro:

Sure. In business today, the biggest threat that you have is your inability to innovate. It is your inability to respond to threats or to capture and realize market opportunity. And while you might invest lots and lots of money in engineering resources, the key to success is actually using all those resources appropriately, and that's done through healthy product best practices.

David Linthicum:

That's a great way to end it. So, where can we find more information about you and your work you're doing at Twilio?

Anthony Lazaro:

Sure. You can reach out to me on LinkedIn, Anthony Lazaro, principal product manager at Twilio. And go to Twilio.com, check out our different APIs and programmatic tools that you can use to build great customer experiences.

David Linthicum:

Spell your last name for us, please.

Anthony Lazaro:

Lazaro is L-A-Z-A-R-O.

David Linthicum:

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