Harnessing the Power of Data in Product Management

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Product management is part science and part art. Product managers are maniacally focused on taking a compelling product to market and driving adoption. In doing so, they often rely on their inherent knowledge of the product and the industry. However, this is changing; product managers are amping up the science part of the equation with a greater focus on using data to create and launch new products. A systematic, data-driven approach allows product managers to supplement their intuition with data and leverage "sense and respond" processes in driving key decisions.

A typical product management lifecycle involves the following steps:

Each of the steps that product companies must go through to build and launch successful products can be informed by data. For products to be successful, companies need to focus on driving acquisition, adoption, expansion and, in case of SaaS products, renewals as well. There is a multitude of data that is associated with each of these focus areas. The broad categories of data that aid the product charter are:

1. **Voice of Customer Data:** As companies are becoming more customer centric, they are institutionalizing the way they capture customer needs via quantitative and qualitative methods.

2. **Product Usage Data:** Products are increasingly being instrumented to capture usage data covering both activated licenses as well as feature adoption within the product.

3. **Sales/Orders Data:** Typically, this can be pulled out from the CRM system leveraged by the company.

4. **Support/Services Data:** Support and services groups keep a pipeline of requests and issues on a per customer basis. This also typically covers the status of the request / issue and the time for completion and resolution.

5. **Customer Feedback Data:** Companies track customer sentiment by capturing overall Net Promoter Score (NPS) or transactional customer satisfaction scores (CSAT).

Once companies have identified the data and metrics that they want to capture and monitor, the insights from the data can help shape key product decisions. Let's take the specific scenario of a company with an established product portfolio that is launching a new adjacent product. An illustration of the specific kinds of insights that would be helpful in informing specific product lifecycle phases is laid out below.

Potential Data Insights that Can Inform a New Product Launch

Define Customer Segments & Needs to Inform Product Requirements	Define Cross-Sell Opportunity/Migration Path for Existing Customers	Build Prototype & Incorporate Feedback from Early Adopters	Tweak Product, Define Go-to-Market Strategy & Launch Product
Voice of Customer Data			
• Pain points and current challenges • Identification of use cases that the product should solve for	• Propensity of the customer to adopt the new product	• Validation that the prototype addresses the identified customer need	• Prioritization of customer segments by pervasiveness of need that product addresses
Product Usage Data			
• Patterns in product adoption and usage • Relative preference for product capabilities	• Preference for newly released product based on capabilities currently used	• Extent to which product is used across the customer's org • Capabilities enabled and used	• Segmentation of customers to determine those who would benefit most from new product to inform targeting strategy
Sales/Order Data			
• Purchase patterns among existing customers that point to a specific need • Relative preference for core product vs. value-added modules	• Propensity of existing customers to move to new product based on previous purchase patterns		• Ramp up of previous products within existing customer base
Support/Services Data			
• Patterns in the services requested for, by customers • Patterns in support requests pointing to specific needs			• Specific services requirements for identified target customers
Transactional CSAT			
• Current gaps in customer experience, from product, support or services standpoint		• Gaps in product prototype that need to be prioritized and addressed in final release	

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Although the specific data and the nature of insights will vary across companies and products, companies need to have a deliberate strategy around leveraging data in developing, commercializing and improving products. Product managers who successfully leverage data focus on:

- Instrumenting the product/process to gather pertinent customer and product data

- Developing a data strategy to monitor and analyze the data captured to derive key customer and product insights

- Supplementing the art of product management with an intentional approach towards the science by leveraging the insights and incorporating them into the decision-making process

Should you wish to discuss this topic in greater detail or explore strategies for leveraging data in your organization's product management efforts, please feel free to contact me.