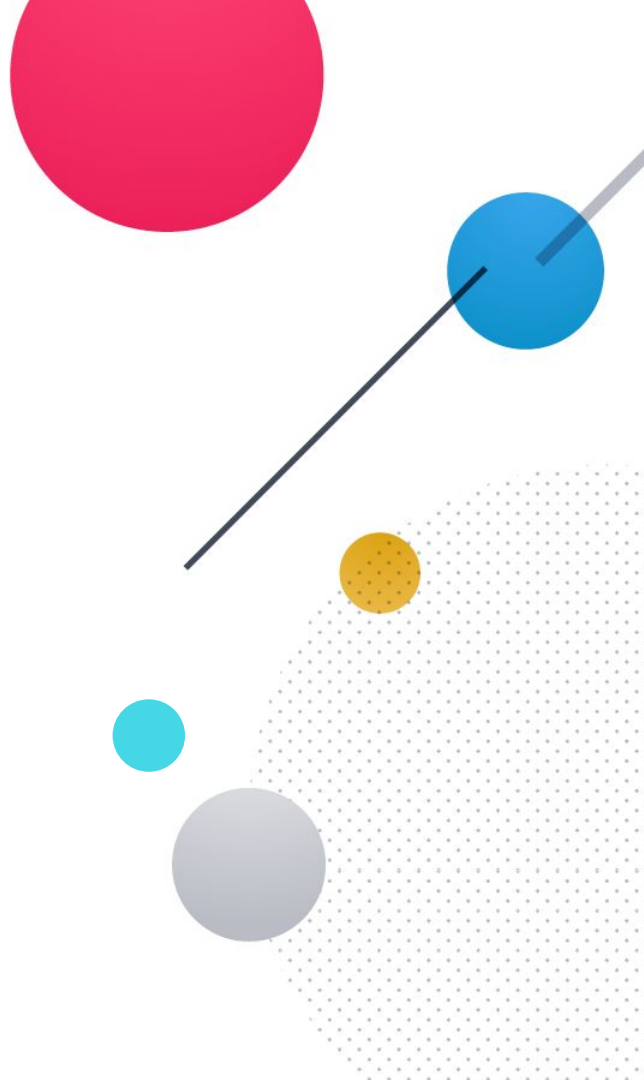




# Product Ops: What is it and do you need it?

Lea Sheridan  
Product Marketing Manager  
[lea@pendo.io](mailto:lea@pendo.io)



# Product Ops is on the rise

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+8% YoY

5,700

LinkedIn users with a  
product ops title

There are **nearly 5,700 LinkedIn users with a product operations title** — an increase of 8% in the last year alone. But even more noteworthy is that **product operations as a skill on LinkedIn is up 80% year over year**. The dust may be settling, but there certainly is a lot of it.

2018

2019

+80%

LinkedIn users with  
product ops as a skill

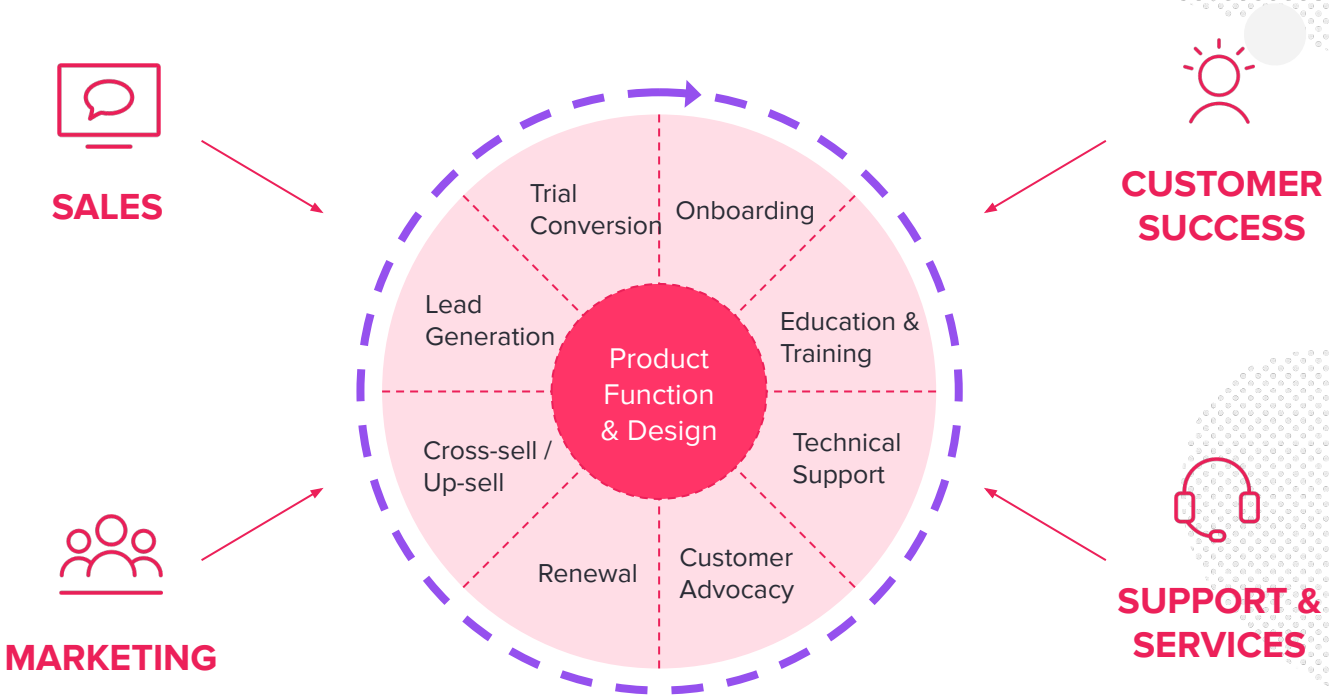
# But why now?

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Today, your product is  
the **experience**

# Key customer touchpoints are moving inside the product



# Product Led Companies Enjoy Better Margins

**+527%**

year-over-year  
customer  
profit margin

# The Product Led Difference

	PLG Index Median	SaaS Index Median
ENTERPRISE VALUE (EV)	<b>\$7,149</b>	\$2,902
CY2018E REVENUE	<b>\$606</b>	\$347
CY2018E REVENUE GROWTH RATE	<b>35.3%</b>	22.1%
TTM GROSS REVENUE	<b>75.5%</b>	70.9%
R&D EXPENSE AS PERCENT OF 2017 REVENUE	<b>30.7%</b>	18.7%

Source: OpenView





**But, it's not that easy...**

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# Driving Adoption is Getting Harder

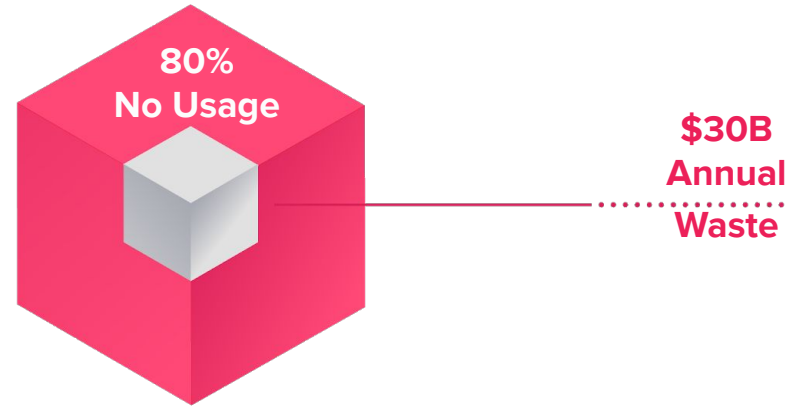
Success rates for new offerings are poor



Sources:  
Dam, Lars Van, Trenk, Eric, Blosch Marcus. *Tech Go-to-Market: Business Leaders Invest in Product Management to Scale the Business*. Gartner, 28 March 2018.  
*State of Product Leadership Report 2019*. Pendo, 11 February 2019.

# Making Rollouts Much Riskier

Most SaaS product features go virtually unused



Costing billions in wasted R&D

## Frequent

*Top 80% of Usage*

**12%**

## Moderate

*Next 15%  
of Usage*

**8%**

## Rare

*Last 5% of Usage*

## Never Used

**24%**

**56%**

**\$175.8 billion**

Total public cloud revenue in 2018

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×

**21%**

Average percentage of revenue  
publicly-traded cloud companies spend on R&D\*

---

**\$36.9 billion**

---

Estimated dollars spent on R&D  
by publicly-traded cloud cos.

**80% of \$36.9 billion =**

(Pendo's calculation of the percentage of features that are rarely or never used)

**\$29.5 billion**

of public cloud revenue is spent developing features that are rarely or never used

---

*\*Source: SEC filings for the majority of companies on the BVP Emerging Cloud Index*

# Connect Productivity to Intelligence



# Seeing Both Sides

*VC Perspectives From A Former Entrepreneur - Jeff Bussgang*

November 18, 2015

## \* The Secret Weapon to Scaling: Sales Operations

I was speaking at an event last night and met a young woman at a large public tech company that was thinking of moving into startup land. She wanted to know whether her skills would be valued in a smaller, growth company. I asked her what role she was currently playing and my eyes widened when she replied, "sales operations". "Holy crap!" I exclaimed, "You'll be the most valuable hire a growth stage company could ever make." When the people around us looked puzzled, I realized that not everyone appreciates that sales operations is the secret weapon to scaling start ups.

One of the largest friction points to rapid scaling is the sales force. Very few companies have a business model that enables frictionless revenue growth because of their successful implementation of a freemium model – e.g., [Bettercloud](#), Cloudflare, Dropbox, [MongoDB](#) – and even those that do eventually hire a sales team to move up the ladder on deal size and improve upsell, cross-sell and renewal rates. When you begin to scale a sales force, you desperately need to create a sales operations function. Here's why:

- **You need to hire, train and make productive a lot of new salespeople – fast.** Your sales directors and VPs find it hard to take the time to sit with internal and external recruiters and write job descriptions, screen candidates and develop the systematic training and monitoring and coaching programs for new sales recruits. The difference between ramping a productive salesperson in 3 months versus 6 months could be life or death for a scaling startup. That's the role of sales operations.
- **Your VP of Sales is a great leader, but not a great operator.** Most VPs of sales are strong leaders of people, recruiters and individual "rain makers". But they don't typically love staring at spreadsheets, analyzing metrics and working out optimal compensation systems that align incentives with strategy. That's the role of sales operations.
- **Sales and marketing alignment is important – but hard to execute in the trenches.** The sales directors and VPs are too busy chasing deals and coaching their reps in the field to be back in headquarters walking marketing through the latest in competitive intelligence. The field staff struggles to be patient enough to explain and identify what sales tools are lacking as well as tracking what happened to certain cohorts of leads to improve lead generation. And wrangling over the latest in pricing and packaging schemes is never fun – and not something you want your sales team distracted by. That's the role of sales operations.
- **The insights from your sales CRM system is strategic, but cumbersome.** Having an in-house whiz at [salesforce.com/SugarCRM/NetSuite](https://salesforce.com/SugarCRM/NetSuite) is required to develop those fancy pipeline reports, prepare for the weekly sales calls as well as report to the executive team and the board on a weekly, monthly and quarterly basis a snapshot of what is happening in the field across all territories and all sales teams. That's the role of sales operations.

# Product Ops is a framework for ROI at scale

## Scale Efficiencies and Reduce Cost

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UX Is the New CX

## Drive Revenue from Digital Engagement

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From  
Transactions to  
Lifetime Value

## Increase Customer Retention and Loyalty

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From Acquisition to Intimacy

## Innovate Faster with Higher ROI

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Converge on  
Product Intelligence



# Scale Efficiencies and Reduce Cost

Improve your team's  
productivity and  
customer satisfaction

Build a 360° view of the **always-on, omnichannel** user across your product portfolio

Speed **time-to-value** based on customer Intimacy and a clear view of objectives

Correlate what **users do, think, and want** to reduce unused feature sets

Deflect and **eliminate common support tickets** and increase customer throughput

# Increase Customer Retention and Loyalty

Reduce customer acquisition cost and churn

Guide the product journey **starting with onboarding**, not only reacting when things break

**Customize and personalize** the product journey at massive scale

Automate **dynamic customer interactions** where and when they're needed

Identify your product's **power users** and activate **customer advocates**

# Drive Revenue from Digital Engagement

Monetize your digital product and enhance the journey

**Predict** which experiences will create value across the user's lifecycle

Re-position key **feature adoption** from passive to habitual to entrenched

**Know what to build** next to increase wallet share among target segments

Align **cross-functional** teams around shared goals and use-case expansion

# Innovate Faster with Higher ROI

Drive your product roadmap  
with 100% certainty

Combine **user behavior data** with other  
business, industry, operations, and market data

**Take action** on product intelligence  
natively as part of the user's experience

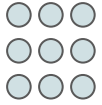
**Shift priority** from sprint-centric continuous  
delivery to user-focused product strategy

**Reduce test cycles** from design and  
remove overhead from development

**Oh... and let's not forget...**

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# The other problem

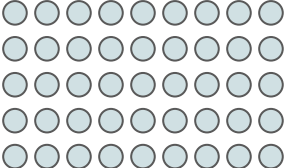


Product  
Managers

# The other problem



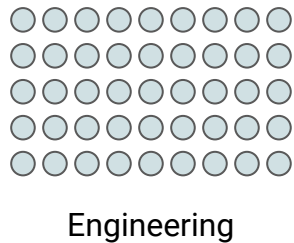
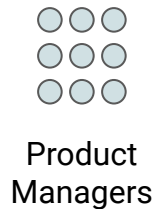
Product  
Managers



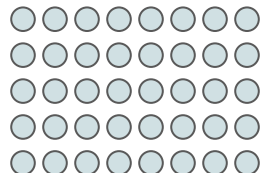
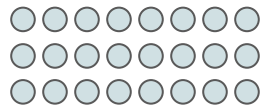
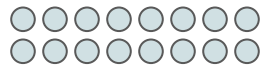
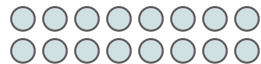
Engineering

**1:8**

# The other problem



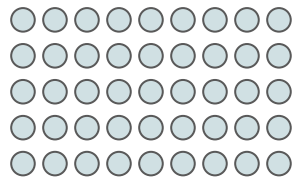
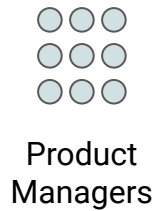
1:8



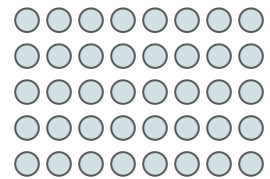
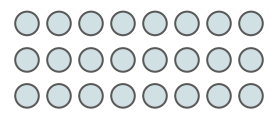
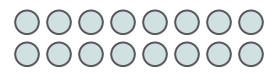
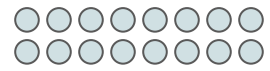
1:30



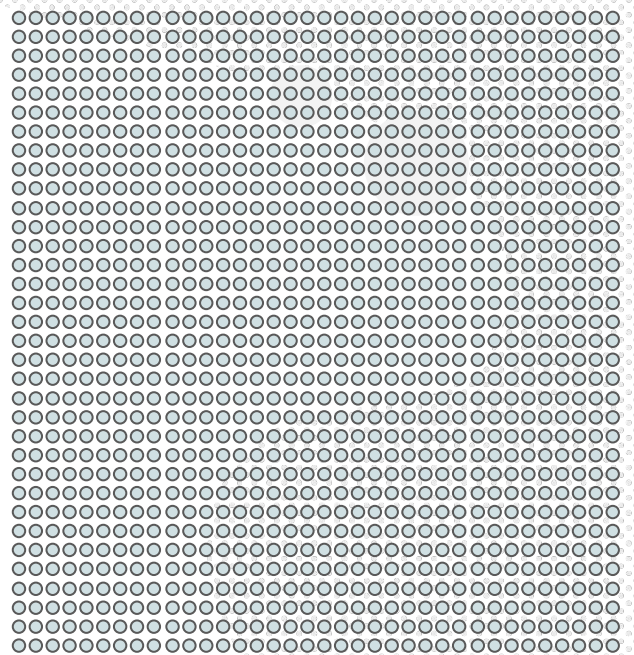
# The other problem



1:8



1:30



1:250

# The other problem

Product Managers



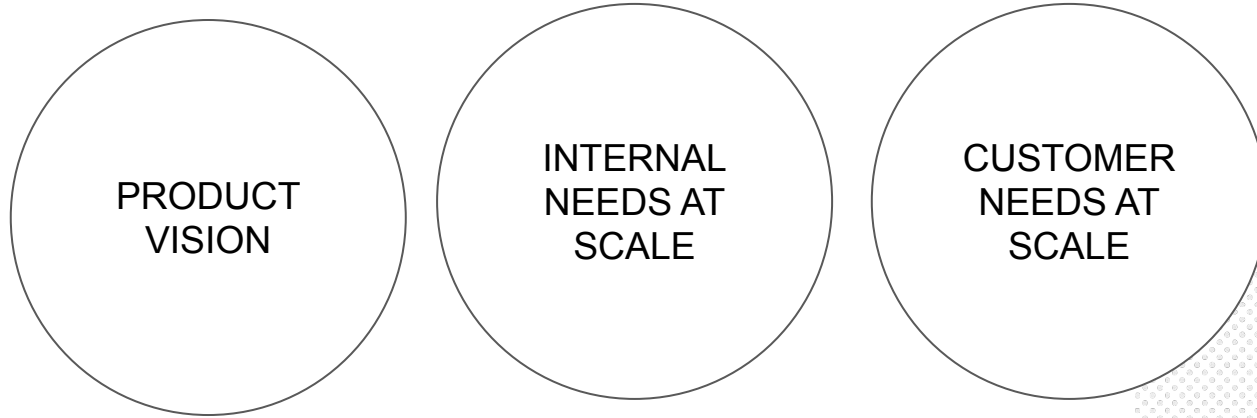
Sales

Customers

1:30

1:250

# A glorious balancing act...



# What is Product Ops?

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Product ops is about setting up a system in the product organization to **get the right data** — both quantitative and qualitative — from the right places **into the process for creating better products.**

Melissa Perri /// Founder



I define product ops as building the **connective tissue between the teams** building your technology and the teams who interact with your users.

Blake Samic /// Head of Product Operations



If you're building an audio system and the volume knob is the product, then the **equalizer settings** are the product ops function. You can turn up the volume, but the settings — the tweaks, the **configurations needed for that perfect product experience** — is what I define as product ops.

Varun Ramamurthy Dinakur /// Founder & CEO



# Three different models of product ops



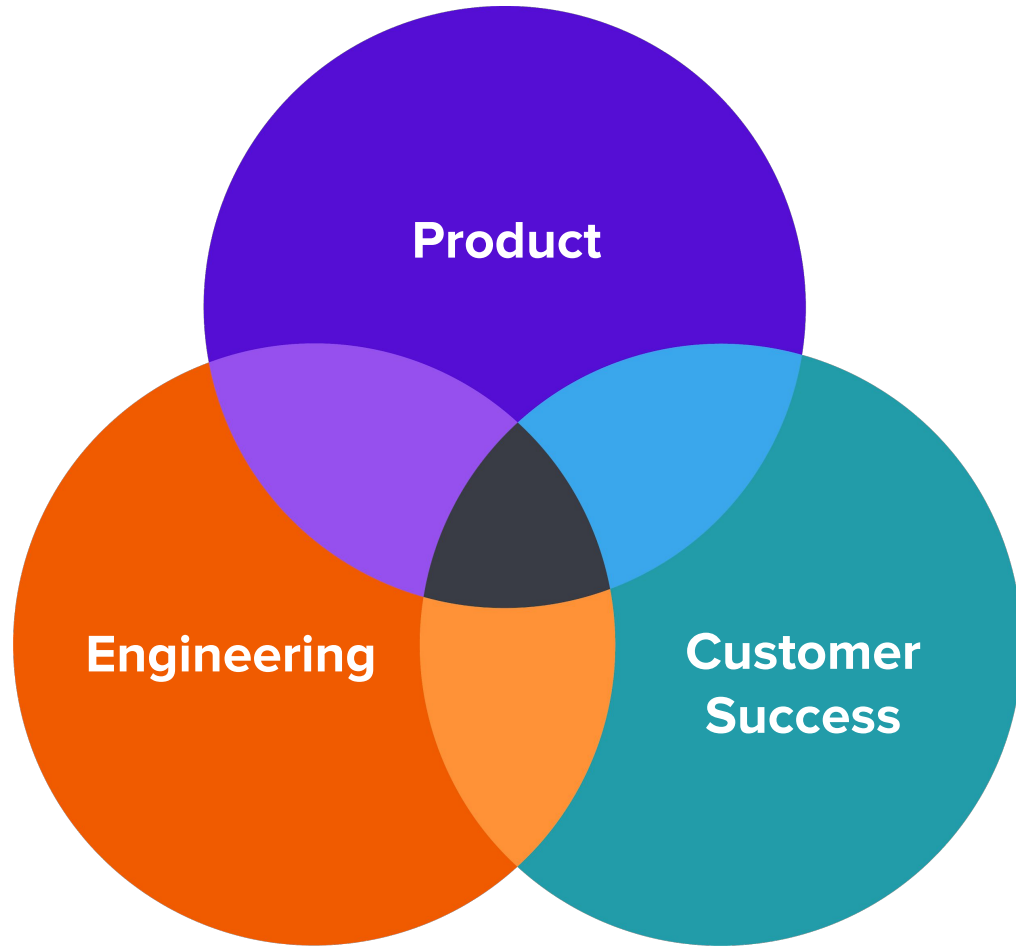
**Customer-centric**



**Outcomes-driven**



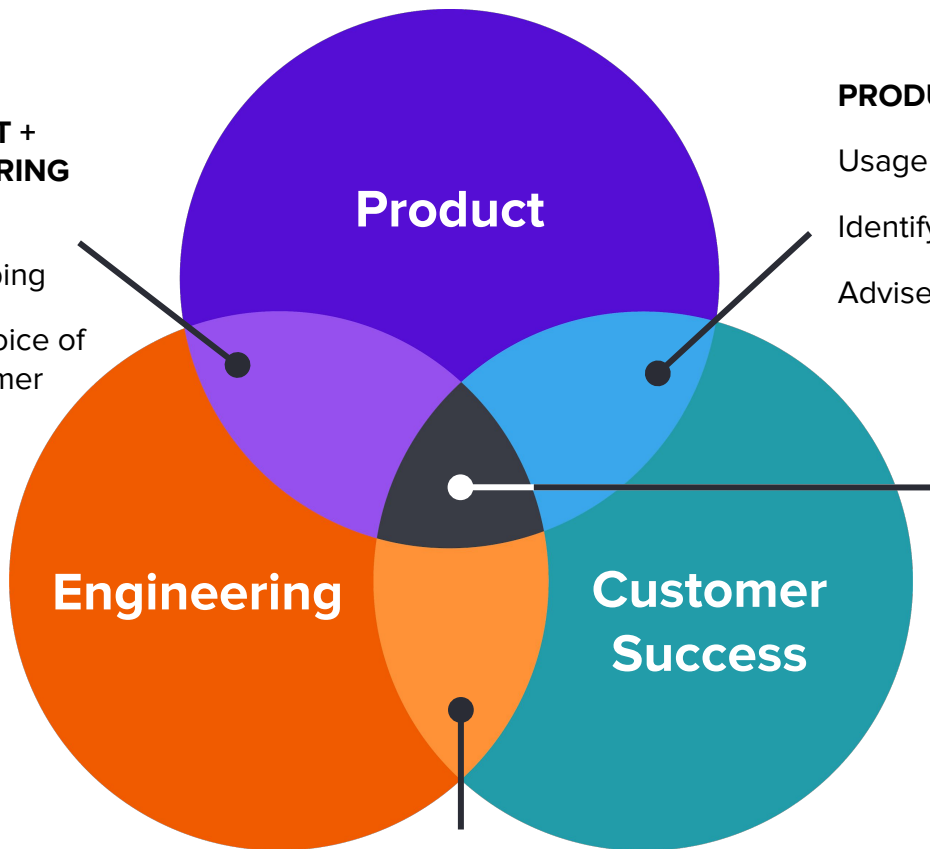
**Efficiency-focused**



**PRODUCT +  
ENGINEERING**

Advise on  
roadmapping

Surface voice of  
the customer



**Product**

**Engineering**

**Customer  
Success**

**PRODUCT + CS**

Usage insights via feedback / research

Identify onboarding optimizations

Advise on in-app guidance

**ALL**

Reconcile usage data w/ qualitative feedback

Advise, supply data for roadmapping

Support broader product strategy

Manage tech stack

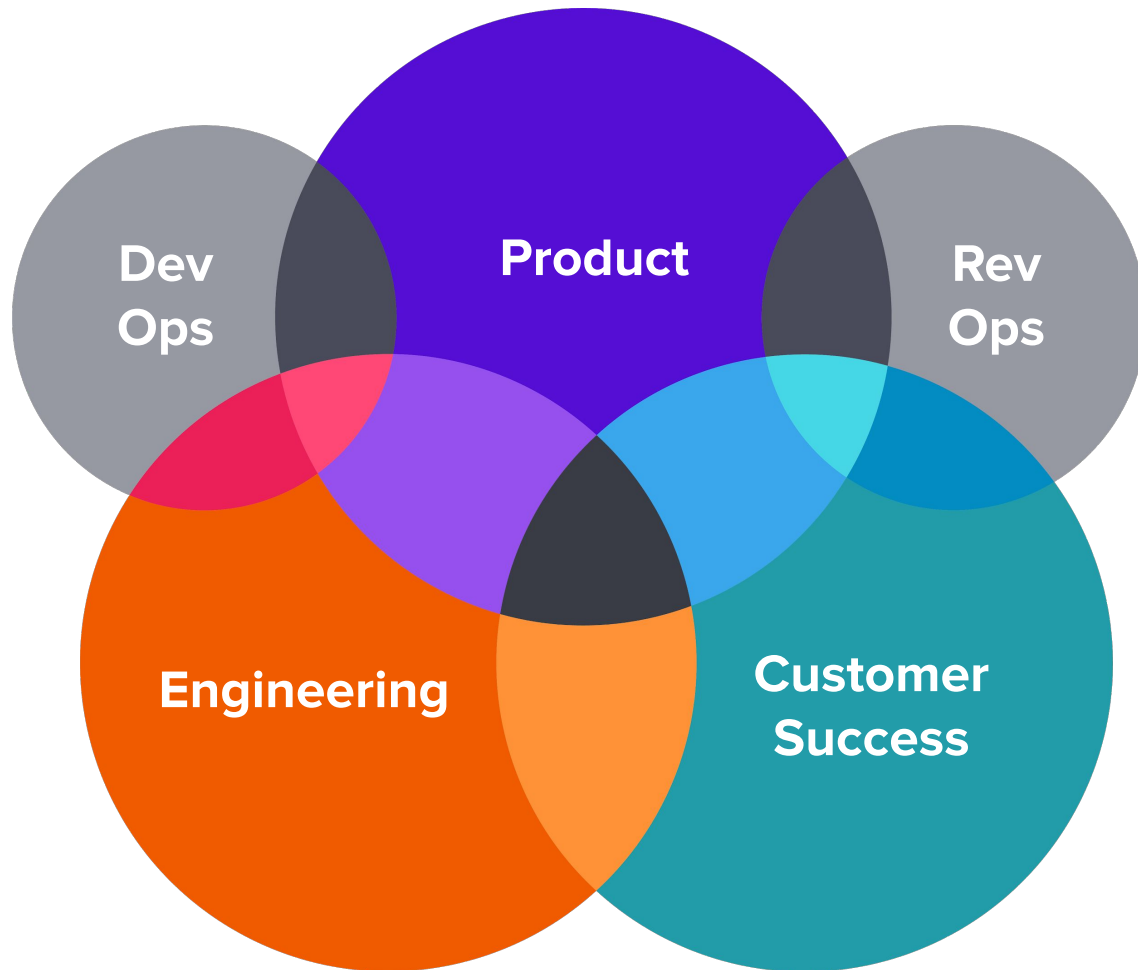
Supply product health data to exec team

Partner with RevOps and DevOps

**ENGINEERING + CS**

Bridge divide between engineering & user







**Tools**

**Data**

**Experimentation**

**Strategy**

**Trusted Advisor**

The background features a collection of teal and white geometric shapes, including squares, rectangles, and lines, some of which are stylized to resemble UI elements like buttons and input fields. A central white rectangular box with a subtle drop shadow contains the word "Tools" in a teal, sans-serif font.

# Tools

# Building the Product Ops tool stack



An abstract graphic design featuring a central white rectangular box with the word "Data" in purple. The box is surrounded by various purple and white geometric shapes, including circles, triangles, and lines, creating a dynamic and modern aesthetic. The background is white with subtle gray lines and shapes.

**Data**

# Collect, organize, and understand important product and customer health metrics

Stickiness

Feature Adoption

App Retention

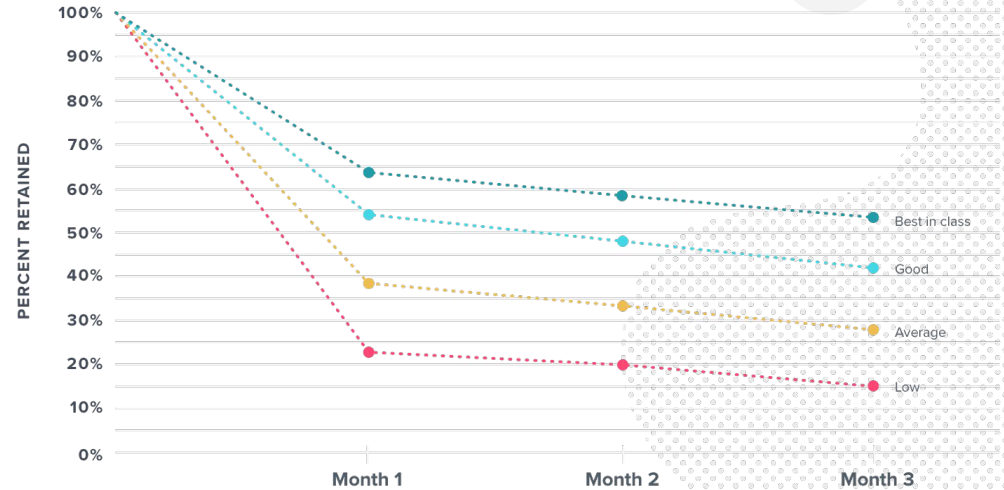
Account Level NPS

Feature Requests

Revenue Data

## App Retention: Overall

Source: Pendo





# Experimentation

# Identify which experiments to run and determine success

Track all experiments  
Streamline sequencing and  
implementation



**Think of product ops as two roles at an airport: running launch logistics on the ground to make sure all the planes are taking off in the most efficient way possible, and performing air traffic control to make sure the planes aren't all running into each other once they're in the air.**

Robert Hatta /// Talent Partner

DRIVE  CAPITAL





**Strategy**

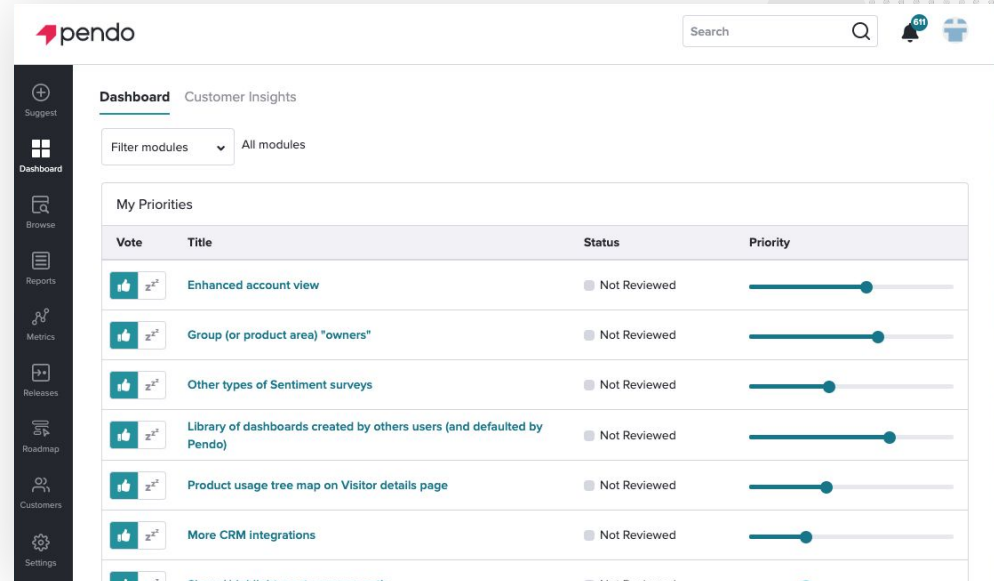
# Influence product roadmap decisions and priorities

What are top priorities?

What are top X needs from Y customers?

Who are the top X customers at risk?

What is the messaging around X release?



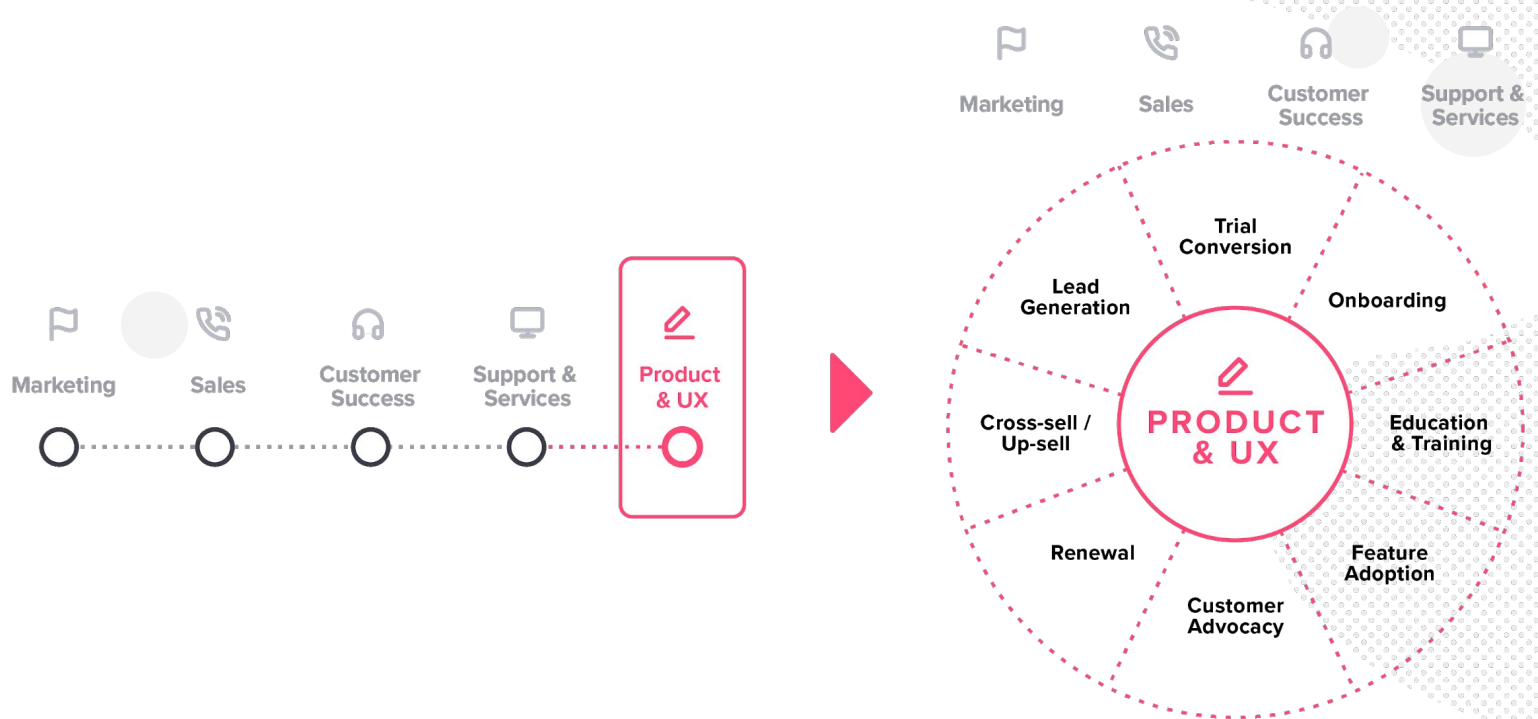
The screenshot shows the Pendo Customer Insights dashboard. The main content area is titled 'My Priorities' and contains a table with the following data:

Vote	Title	Status	Priority
👍 z=1	Enhanced account view	<input type="checkbox"/> Not Reviewed	<input type="range"/>
👍 z=1	Group (or product area) "owners"	<input type="checkbox"/> Not Reviewed	<input type="range"/>
👍 z=1	Other types of Sentiment surveys	<input type="checkbox"/> Not Reviewed	<input type="range"/>
👍 z=1	Library of dashboards created by others users (and defaulted by Pendo)	<input type="checkbox"/> Not Reviewed	<input type="range"/>
👍 z=1	Product usage tree map on Visitor details page	<input type="checkbox"/> Not Reviewed	<input type="range"/>
👍 z=1	More CRM integrations	<input type="checkbox"/> Not Reviewed	<input type="range"/>



**Trusted Advisor**

# Collaborate with and influence cross-functional stakeholders



# Do you need it?

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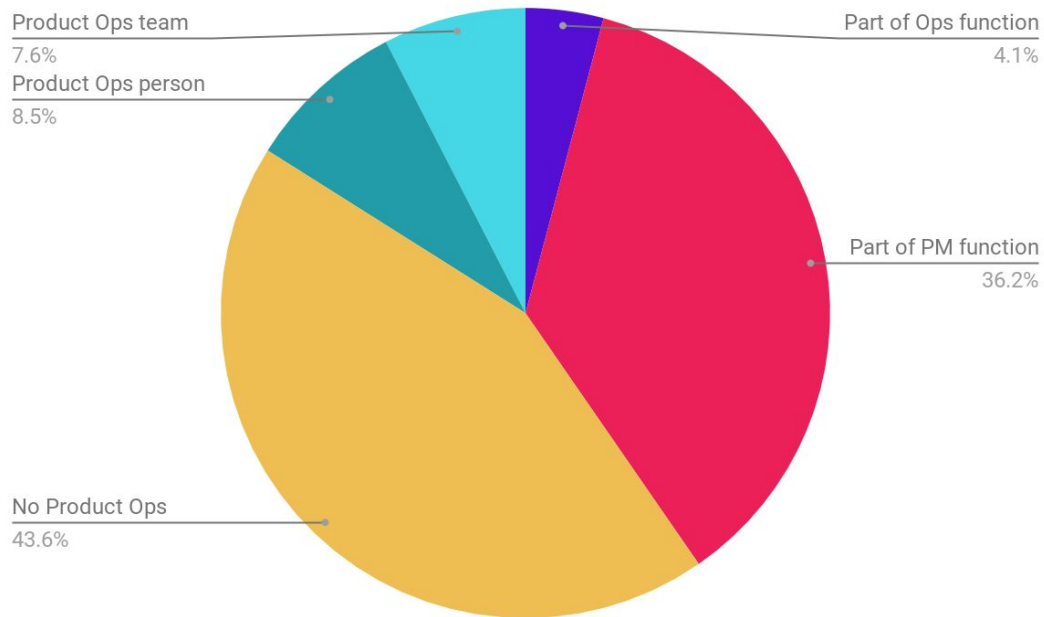
# We asked people!

## About the survey

Done at **Industry conference** in Cleveland this September and across Pendo social channels

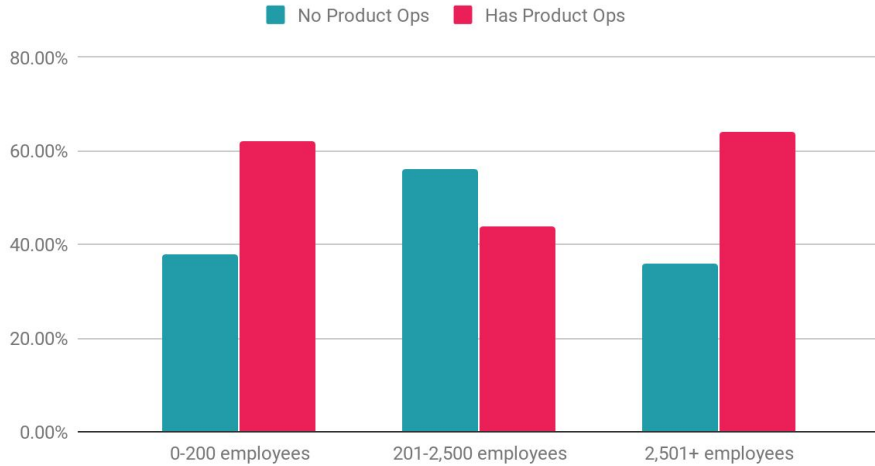
**436 Respondents**, majority in Product Manager roles

**56% had product ops** at their company

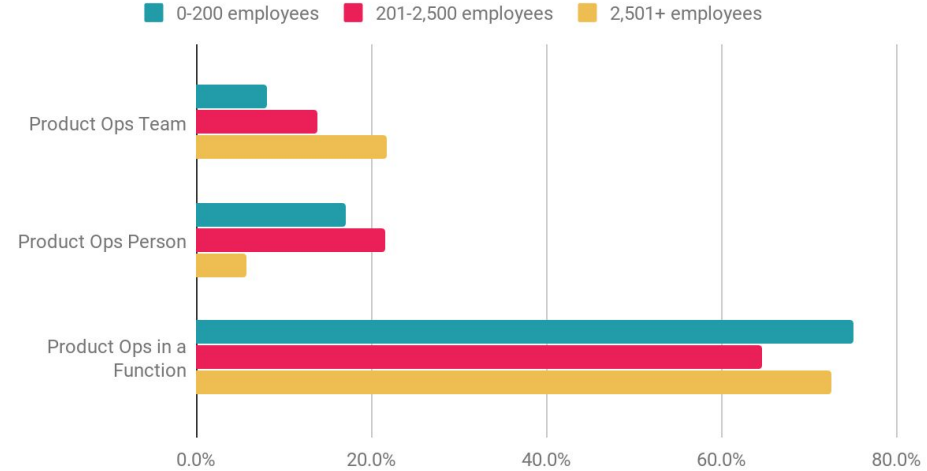


# Product Ops by Org Size

## Product Ops presence by org size

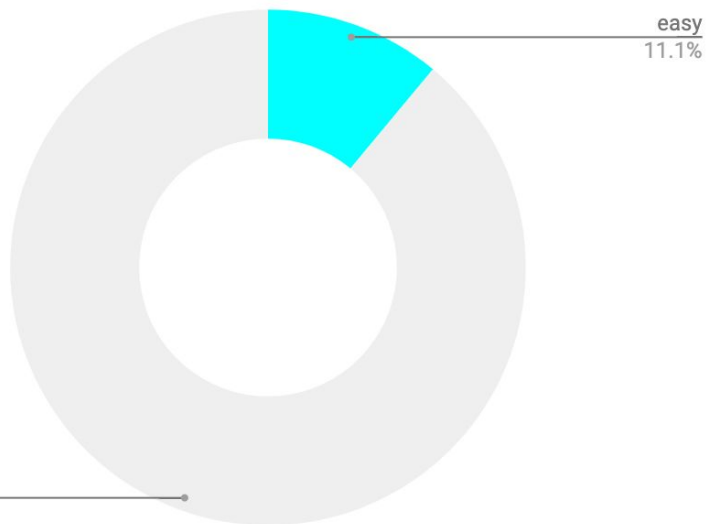


## Product Ops structure by org size

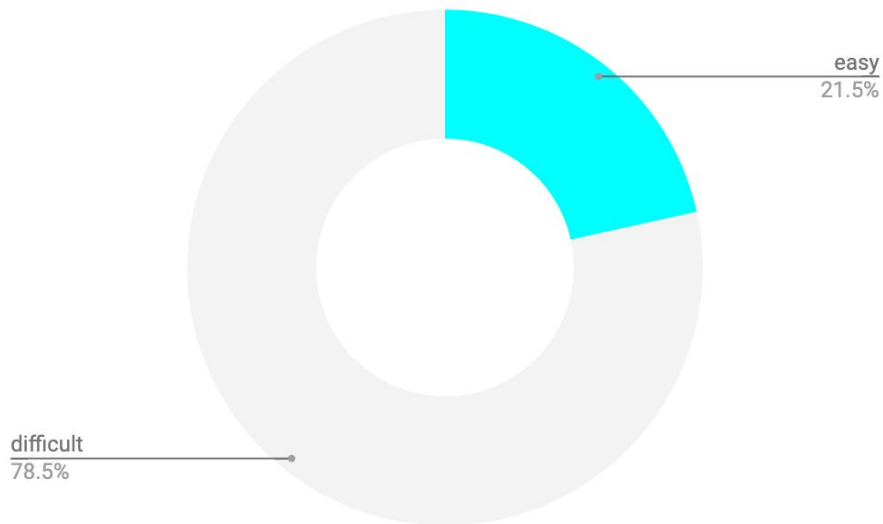


# How difficult is it for your company to gather and organize customer feedback on your product(s)?

## Without Product Ops



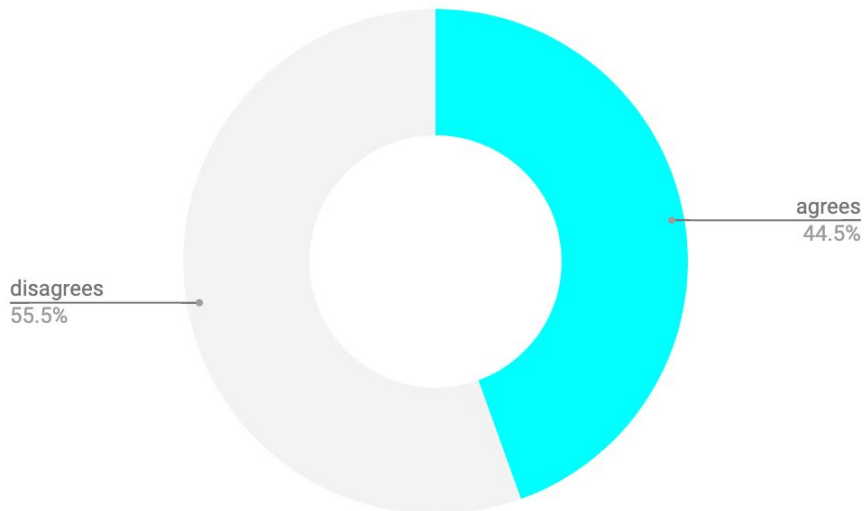
## With Product Ops



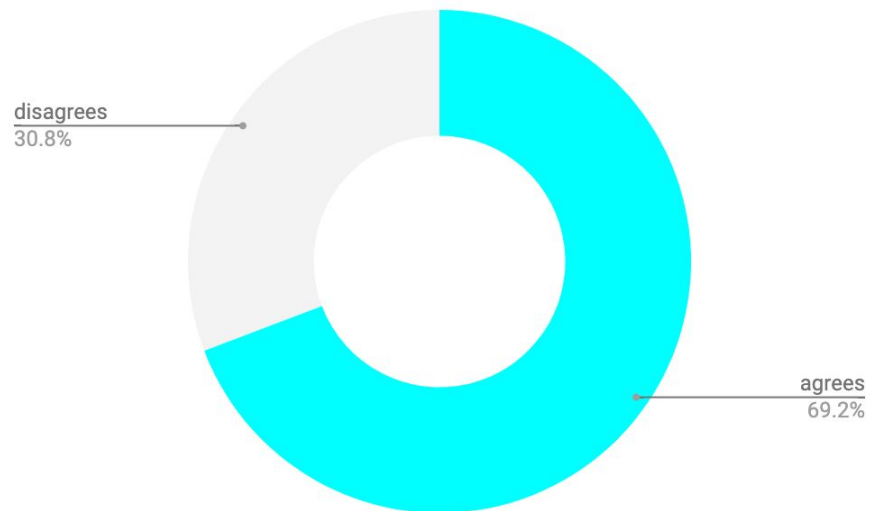


# Is your team successfully collecting customer feedback and distributing it to stakeholders?

## Without Product Ops

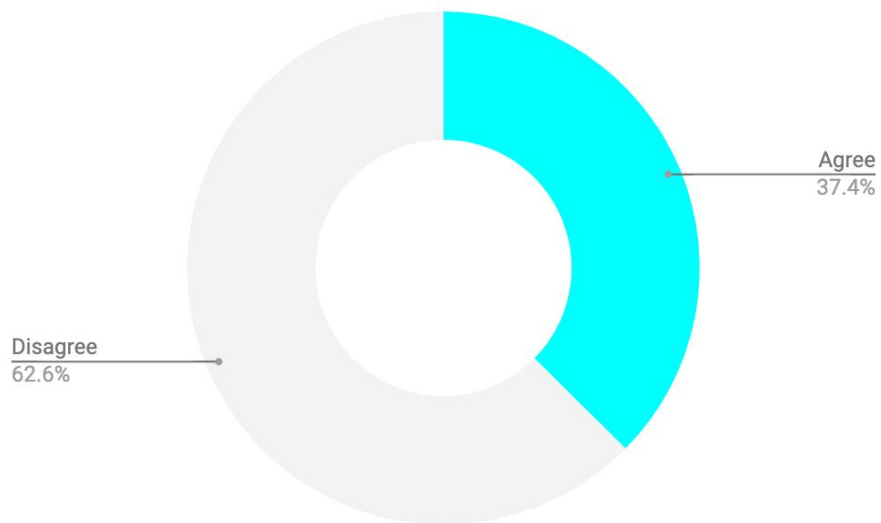


## With Product Ops

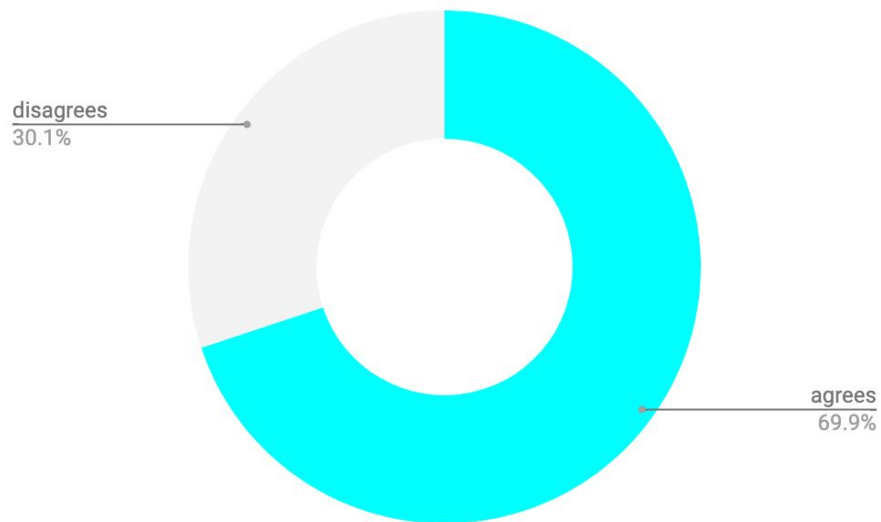


*There is clear communication and collaboration between your R&D organization and the go-to-market function (sales, marketing, customer success).*

### Without Product Ops

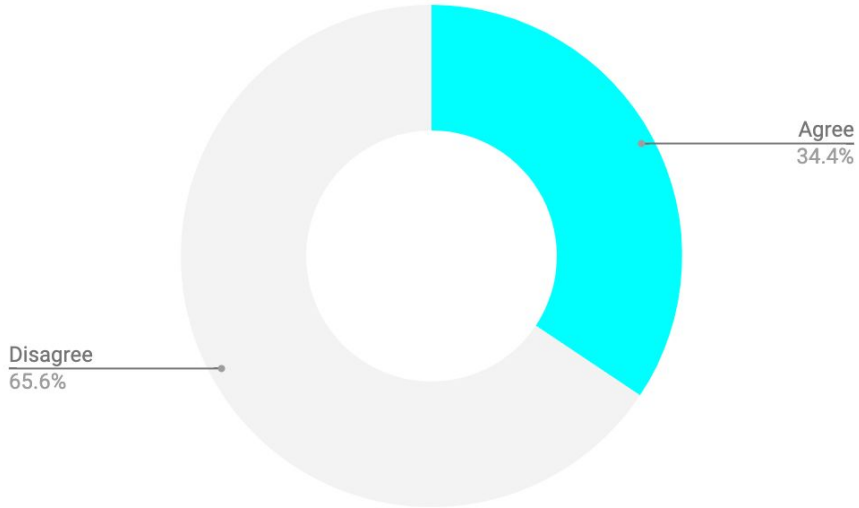


### With Product Ops

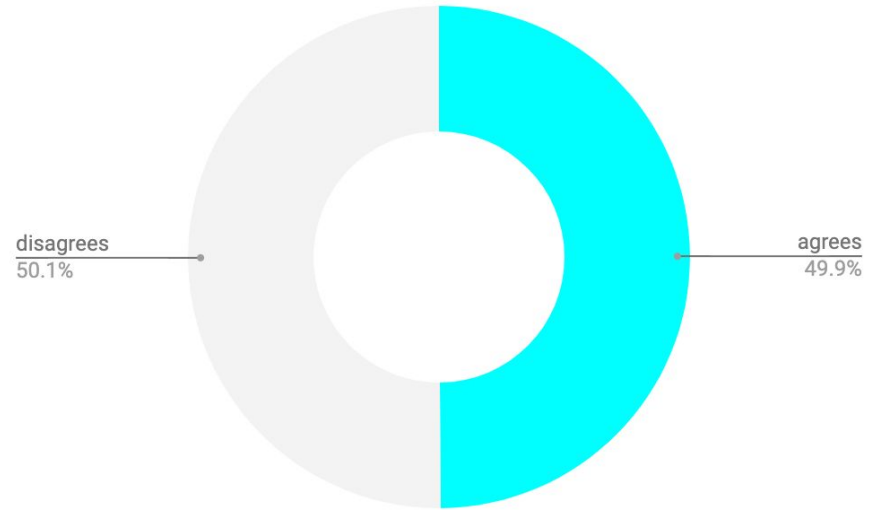


*All departments are clear on the product roadmap at any given point in time.*

### Without Product Ops

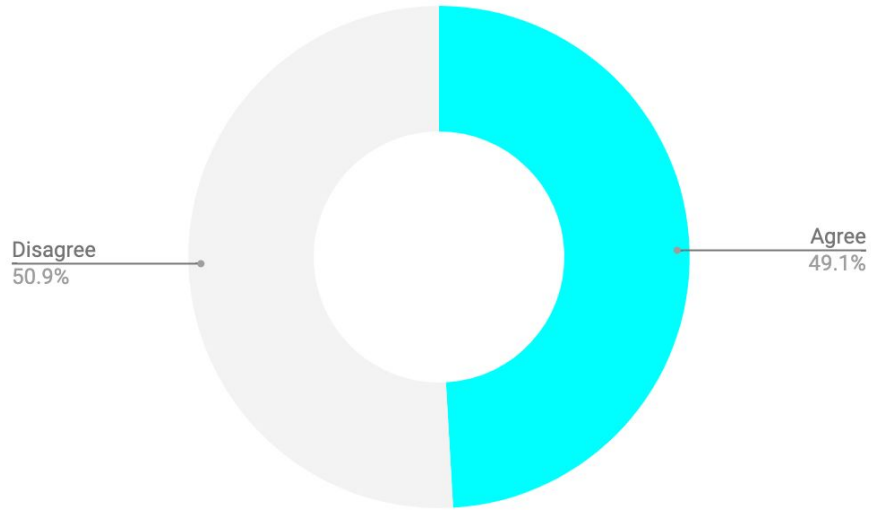


### With Product Ops

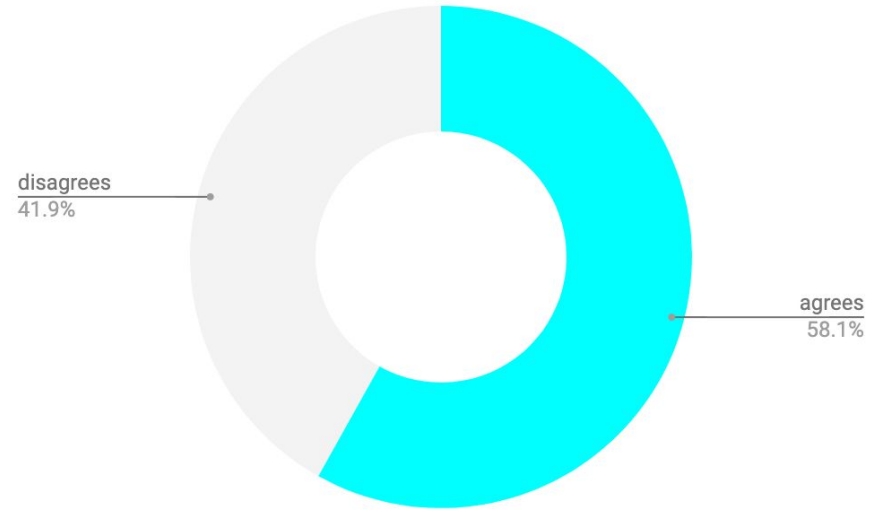


*Product health data reaches leadership and informs business decision-making.*

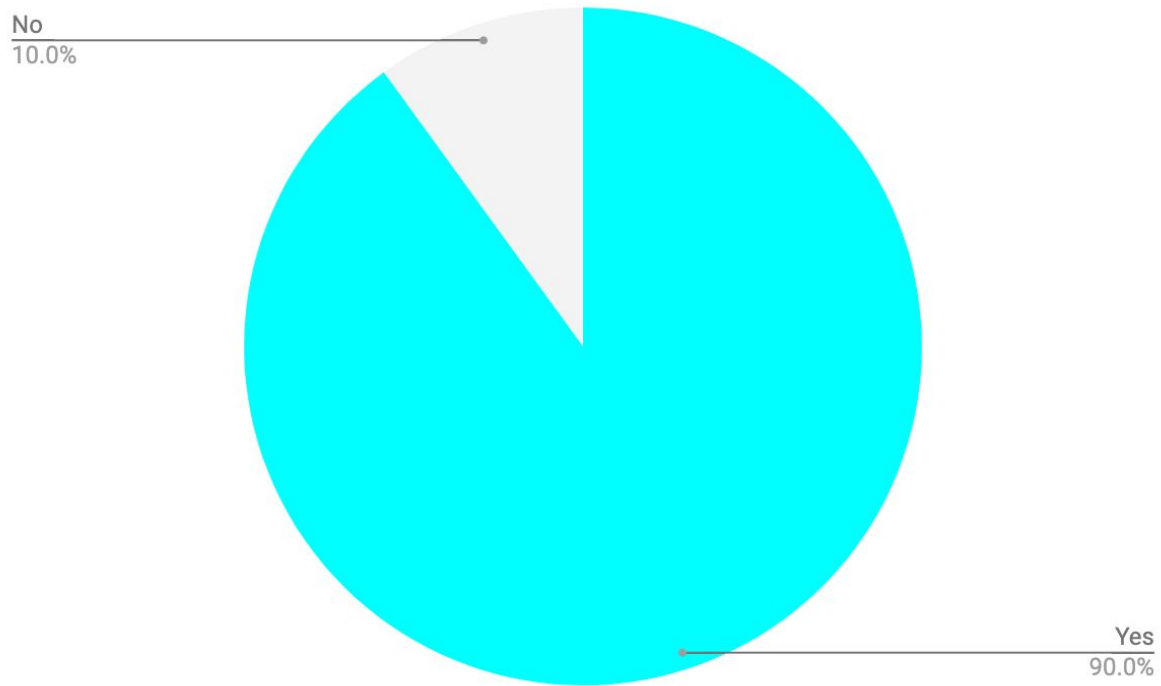
Without Product Ops



With Product Ops



*Do you think your company needs product ops?*



# Getting started

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# Put the product experience at the center of your organization

*Do you have:*

More than one product team?

Multiple offerings?

Rapid growth & expansion?

Lack of process, need for scale?

# Qualities to look for in your product ops team

Analytical/Data-Oriented

Comfortable with Systems

Collaborative

Great Communicators

Entrepreneurial

Strong Business Acumen

Product-oriented

Leadership Ability



# TEAR SHEET

**Summary:** Product Ops puts the structures and processes in place to allow your business to achieve meaningful value and ROI through your product

## **Key Product Ops Functions:**

- Tools
- Data
- Experimentation
- Strategy
- Trusted Advisor

## **Getting Started with Product Ops:**

- Align with your team on structure and focus
- Draft a role description (Pendo has an example on our blog)



**LEA  
SHERIDAN**

**LinkedIn:**

<https://www.linkedin.com/in/leasheridan/>



[www.pendo.io](http://www.pendo.io)

[rgoldman@pendo.io](mailto:rgoldman@pendo.io)