

Scaling product market fit

Putting customer value at the heart of product strategy

Applying the Product Value Creation Plan:

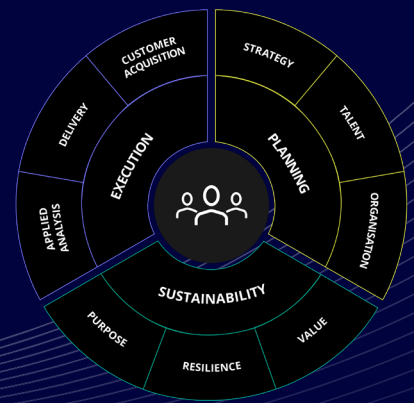
- Customer value mapper
- Customer value explorer
- Value assumption builder
- VCP tracker

www.frogcapital.com/scale-up-methodology



In partnership
with RightToLeft

Introduction



Focusing on customer value

As a business leader, you understand the importance of staying ahead of the curve and adapting to evolving market and customer requirements. However, when it comes to scaling up your product, doing “more of the same” just won’t cut it.

Expanding into adjacent markets or internationalising by using the cookie-cutter approach is not enough to ensure growth. Even staying in your core market runs the risk of actually standing still and not remaining competitive.

That is why it is essential to make informed decisions about how to make sure your product evolves. Determining the choices on what to add, what to renew, what to withdraw; and for who, where and when may be daunting, but applying something called the Product Value Creation Plan (VCP) provides a clear approach as a framework for bringing clarity, efficiency and accountability to your product process.

The Product Value Creation Plan (VCP) was developed by friend of the Frog team, Dave Martin at RightToLeft, to support continuous learning and development of customer value. It focuses on guiding teams to prioritise value and overcome the product momentum gap for Scale-Up companies. It provides a framework for product teams to comprehend how customers perceive value and how it can be incorporated into product development for a particular market.

By adhering to the plan, product teams can adapt to changing environments, and successfully address customer problems.



About the author
Andrew Betteley
Frog Operating Partner

Andrew Betteley has been an Operating Partner at Frog since 2021, before which he worked in a variety of technology leadership roles defining and guiding technology strategy, development and execution for companies experiencing very rapid growth.

At Frog, he brings a rare blend of technical expertise, strategic insight and leadership to work very closely across the portfolio supporting the technology and leadership teams on the challenges of sustainable scale.

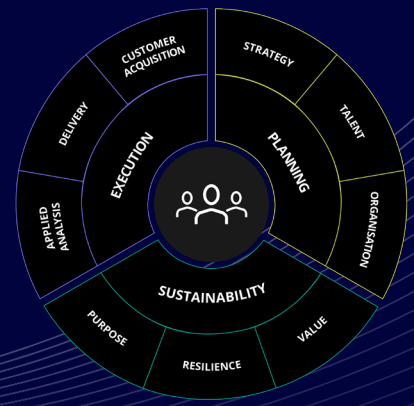


About the author
Dave Martin
RightToLeft

Dave Martin is an unstoppable force in the world of product development and management. With over 20 years’ industry expertise and solid understanding of what it takes to thrive in today’s changing landscapes, Dave started his own business RightToLeft to help companies navigate the complexities of product development.

He is the go-to consultant for companies scaling their products. A good friend to Frog, he has worked across many of our portfolio companies.

Product Value Creation Plan



The Product VCP is a concept that ties together product strategy, business objectives and roadmap with a focus on customer value. It enables you to execute the strategy by answering ambiguous questions and refocusing on customers. The VCP is not a replacement for the product strategy but an articulation of it, providing measurable goals for teams to work towards. The VCP is made up of four parts:

- 1 Customer Value Mapper**
This enables teams to align customer value with business goals
- 2 Customer Value Explorer**
Helping teams' understanding of users' behaviours that creates value for your customer
- 3 Value Assumption Builder**
Helps leaders articulate how a product impacts value and creates better user habits
- 4 VCP Tracker**
For teams to monitor value indicators tracking your product's impact on important customer behaviours



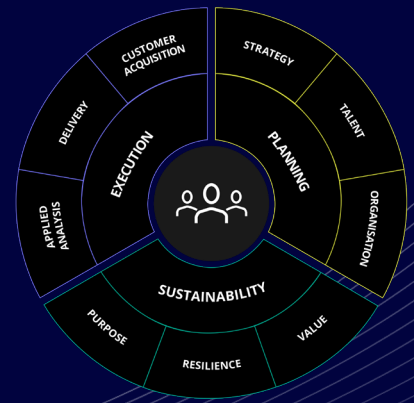
Case Study European Healthtech B2B SaaS company

In the next pages of this toolkit, we have included the 4 tools and created an example of a purpose-driven European Healthtech B2B SaaS company who are about to enter into the US market.

Despite the similarities between the US and Europe, the markets are very different, so the company needs to be sure that their product proposition matches the customer requirements and expectations in the US.

This case study is just a way of showing how you can use the tools yourself, which we hope you will - then tell us how you get on.

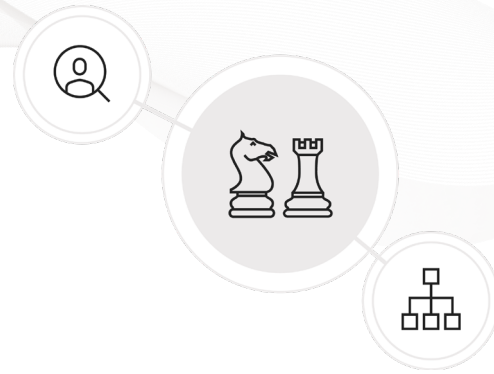
01 Customer Value Mapper



The goal of the Customer Value Mapper is to align the business objectives with the value that customers must receive.

Using the template shown above, concisely detail the business objectives (e.g. retention, ARR growth etc), capture the customer values together with a justification for why that value matters.

By then drawing lines between the business objectives, the customer value and the justification you will quickly illustrate where your product strategy is most (and least) aligned to your business objectives.



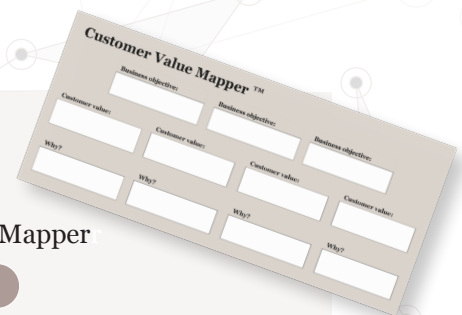
Mapping customer value is crucial to understanding the perceived value that can be provided through product. This exercise encourages product teams to prioritise the customer's needs.

This leads to the question of why customer confidence is necessary for achieving this objective. It is important to define these seemingly obvious but assumed statements to prevent misunderstanding.



Download a working template of the Customer Value Mapper

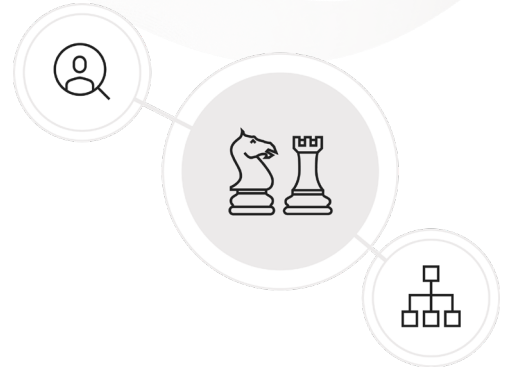
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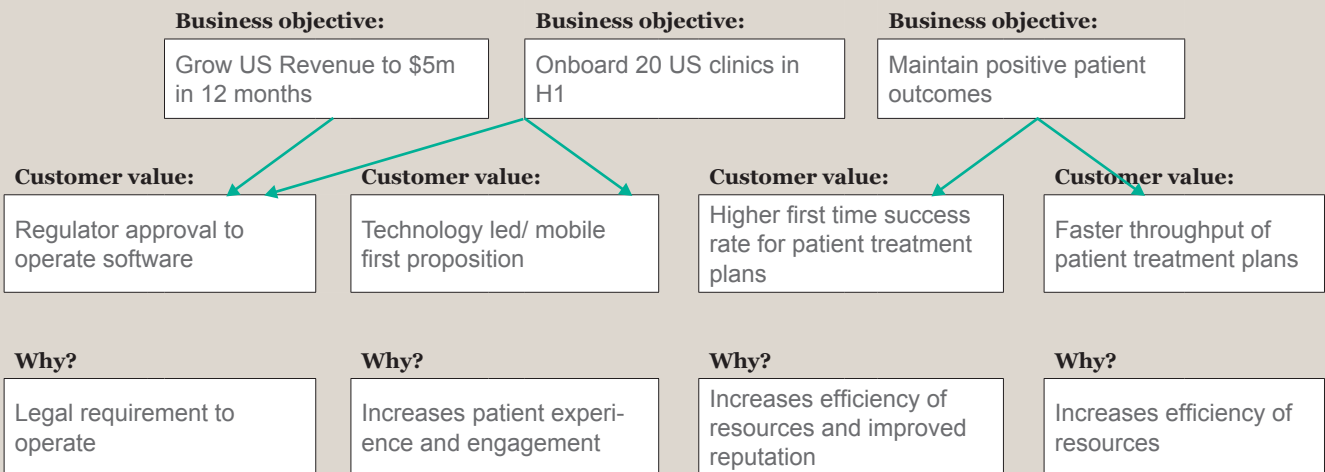


Case Study Three business objectives

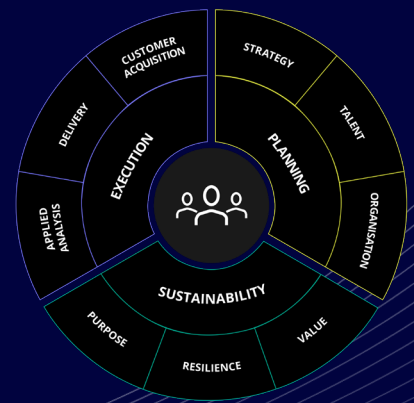
Three business objectives are defined below, the first two are somewhat predictable for a scale-up but in this example this purpose led company very clearly sets patient outcomes at the heart of its own objectives. Mapping these objectives to the separately derived customer value list immediately highlights where alignment exists between customer requirements, expectations and the business objectives.



Customer Value Mapper™



Customer Value Explorer



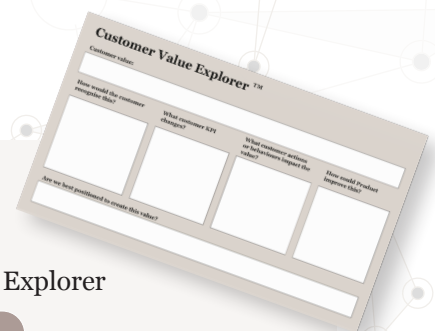
To create long-term customer value it is crucial to comprehend customer behaviour and factors that influence habit formation. If you plan to alter customer behaviour positively, it is necessary to consider developing products that create positive actions affecting their habits. Changes in behaviour, coupled with product experiences can provide long-term customer value.



The template overleaf should be applied to all customer values previously identified in the Customer Value Mapper. By challenging how customers would recognise the delivered value, a measure of that value, how their behaviours (outcomes) change and how your product could deliver this, you very quickly answer whether you are best positioned to create that value.

Download a working template of the Customer Value Explorer

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Case Study

Faster throughput / Higher first time success rate

Through the eyes of the customer, the Customer Value Explorer walks through from recognizing value, measuring it (KPIs) to then understanding what customer interactions or behaviours are required to change as a value driver. In these two examples we define the performance indicators that measure how patient throughput and patient success rates together with what customer behaviours are required to improve them. Here you can see that technology is used for improving process efficiency (scheduling and matching) yet the measurements of those changes can be seen much further downstream for example in customer nps or healthcare professional utilization.

Customer Value Explorer™

Customer value:

Faster throughput of patient treatment plans

How would the customer recognise this?

Increased flow of patients
Waiting times lowered
Increased monthly revenue

What customer KPI changes?

Time to payment reduced
Healthcare professional utilization increases
Number of patient treatments per week increase

What customer actions or behaviours impact the value?

Efficient scheduling of patient treatments
Best matching of patient and healthcare professionals

How could Product improve this?

Intelligent scheduling
Healthcare professional selection based on patient preferences

Are we best positioned to create this value?



Customer Value Explorer™

Customer value:

Higher first time success rate for patient treatment plans

How would the customer recognise this?

Shorter treatment plans
Customer satisfaction improved

What customer KPI changes?

Average treatment plan time reduced
Increased customer NPS
Time to payment reduced

What customer actions or behaviours impact the value?

Best matching of patient and healthcare professional
Early identification for patient interventions

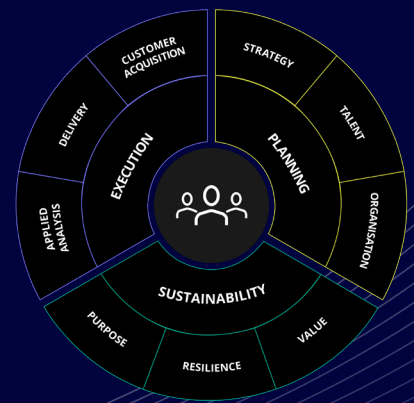
How could Product improve this?

Healthcare professional selection based on patient preferences
Mobile notifications enabling closed loop treatment plans

Are we best positioned to create this value?



Value Assumption Builder



Having now understood the actions that influence customer behaviours, we can now look at how our product could improve those actions.

The Value Assumption Builder has three components:

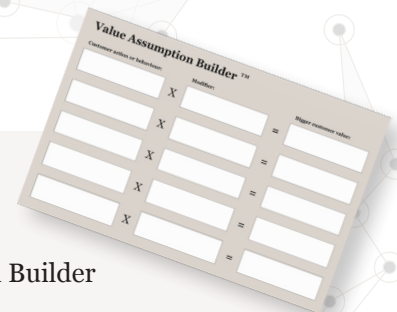
- 1) Customer behaviour:** What the customer wants to do – Note this is not from a feature point of view, but from the perspective of outcome. In other words, what does that behaviour look like and how will the customer benefit from it
- 2) Modifier:** How the product might improve that behaviour (these can be binary statements, or measurable metrics)
- 3) Value:** What the value for the customer is (from the Customer Value Explorer)



Make a list of all the user behaviours that were identified in the Customer Value Explorer and that interest you. For each user behaviour, clearly define how it can be modified to increase customer value using the template provided, with one line for each combination of behaviour and modifier.

Once the list has been socialised and refined, the next step is to consolidate it, by merging related items and rewording to create higher-level value assumptions.

Finally, with a shorter list, prioritise down to a maximum of five items. If five feels too difficult, further consolidation can be done to create an even higher-level.



Download a working template of the Value Assumption Builder

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Case Study

Tracking Customer Actions Multiplied By Modifiers

In this example the modifiers show both frontend and backend product features that realistically link to customer actions and justifiably create greater customer value.

There is now clear line of sight through product features, customer outcomes, customer value and business objectives



Value Assumption Builder TM

Customer action or behaviour:

Efficient scheduling of patient treatments

X

Modifier:

Linking clinic and patient schedules before offering appointments

=

Bigger customer value:

Efficient scheduling -> Faster patient flow

Best matching of patient and healthcare professionals

X

Scoring patient preferences, health requirements, need for treatment and HCP expertise

=

Better patient outcomes, first time treatment success and patient experience

Early identification for patient interventions

X

Mobile app interactions, notifications and active scoring to enable HCP interventions

=

Efficient scheduling outcomes, improved patient experience

Use your own examples

X

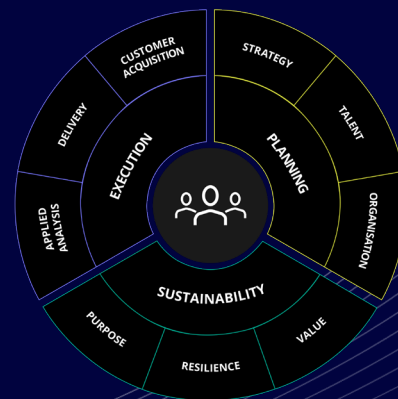
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Use your own examples

X

=

04 VCP Tracker



As products evolve and mature the Product Value Creation Tracker is a tool that helps you track their performance, showing the trends of the value indicators that make up the Product VCP.

This can be used to get an early feel for a new software release, prioritise supporting work and identify what other efforts, for example in sales and marketing, can focus on improving the performance metrics.

Similarly, the same process can be used to identify how products or product features can be sunset or 'end of life'.

Download a working template of the Product Value Creation Tracker

[DOWNLOAD](#)



Nick Gregory,
Clue Software, Chief
Marketing & Product Officer

“Ultimately, human buying behaviour is both predictable and consistent, despite it often seeming otherwise. It is essential, therefore, your digital buyer journey tracks and measures potential customers at every stage of the journey — and you review and adjust the journey regularly. This is a basic principle of digital marketing.”



Case Study Tracking Value Indicators

Measuring value assumptions should be in the form of leading indicators, so that course corrections can be taken if necessary. Choosing value indicators that enable rapid reaction gives you the ability to iterate product development and deliver high value innovation. Value assumptions will change throughout the lifetime of a product or a product feature and embedding the tracker into routine product management will not only enable you to get new productions introductions right quickly, but also to identify the longevity, relevance and lifespan of product and product features.

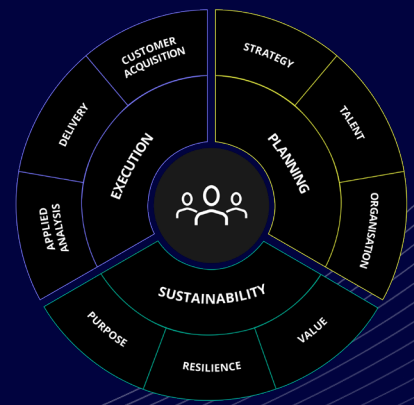
Product Value Creation Tracker TM

Date updated:

Value Indicator:	Current performance:	Target:	Last 4 week data:	Trend:
Number of rejected first time appointments	25%	< 15%	15%	
Healthcare professional forward unscheduled capacity	20%	< 30%	20%	
Patient interaction in app bounce rate	30%	< 50%	30%	
Patient / Healthcare professional matching score	0.85	> 0.9	0.78	

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Conclusion



Focusing on customer value

In today's world, understanding your customers' needs is essential to developing game changing products and services. It is not enough to create something great and then stop; you need to ensure that your product continues to evolve and meet the changing needs of your customers or markets.

At Frog, we believe that putting customer value at the heart of product is key to driving product management and development with greater purpose and focus. Without focus, executing this strategy is anything but easy. The Product VCP turns theory and ambition into practice by creating transparency through objectives, strategy, roadmap, customer behaviours and adoption; all underpinned by identifying true customer value.

Frog are focused on backing European Software companies and helping them to scale with investment and practical support. We have a team of Operating Partners who work directly with the companies we invest in to tackle the inevitable challenges, like product management, that this stage of building a successful business presents. This toolkit is part of a wider library of content including articles, podcasts, toolkits and workshops/ events.

We hope you use this toolkit and would love to hear your feedback. To discuss this or other related topics, please email andrew.betteley@frogcapital.com



Joe Harmon,
Evotix, Chief
Product Officer

Customers license software as a tool to get their jobs done. And customers measure the value of the 'tool' by how well it helps them achieve their desired outcomes. At Evotix we use the VCP to ensure customers realize ever-increasing value by helping them get their jobs done more efficiently and realize more effective outcomes. The VCP enables Evotix to align customer value delivery to product strategy to product vision.

Visit our website for
more Scale-Up Insights





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