

2024 VALUE STREAM MANAGEMENT TRENDS

A Global Survey of Executives and IT Leaders

January
2024



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Introduction

This paper reviews the worldwide perspective of Value Stream Management (VSM) and its alignment with addressing 2024 business, organizational, and customer value challenges. The report covers current VSM adoption levels, which metrics are being used to measure and track customer value, which teams are actively participating in value stream initiatives, and solutions being used to facilitate VSM. This global research project surveyed executives and IT leaders as well as conducted in-depth executive interviews.

The research investigated the adoption of value streams, whether value stream management (VSM) delivers key benefits sought, and quantified actual benefits received from those with VSM initiatives and shipping products. The research also focused on the current business environment and key market trends, captured key business concerns and strategic focuses for 2024, and compared key findings to 2023 survey results to build year-over-year trends.

Executive Summary

A new trifecta for business objectives is emerging for 2024. The standard triad of business objectives in past years has been to cut costs, increase sales, and grow profits. However, in 2024, increasing customer value is replacing the objective to increase sales. This philosophical change indicates that companies believe delivering customer value drives long term profits over larger initial sales. This is reflected in the 96% who reported they have started a VSM (Value Stream Management) initiative. Companies anticipate having multiple products shipping with a VSM process in 2024.

However, there are many challenges to overcome, led by the need to increase efficiency, collect data, and measure customer value. While 99% reported they are measuring customer value, only 5% were measuring all key metrics, meaning most have an incomplete or biased interpretation of customer value. This research also highlights that too few teams are involved in their VSM initiative, as many just have 3 teams though most enterprises typically involve 5 or more teams to approve, design, build, ship, and support a product. A particularly concerning challenge was a growing disconnect between the business and software development, leading to increasing frustrations.

A significant contributor to these challenges seems to be poor and inadequate solutions such as in-house and open source tools, Excel spreadsheets, or repurposed commercial tools, but this research shows these are rarely integrated. These disconnected tools resulted in 80% stating they don't have good visibility across their value streams. Half of the participants don't have centralized product lifecycle data, and this lack of easily accessible data left most companies only capturing a few of the VSM benefits available from the information they already have. This lack of information flow likely contributes to team frustrations and lack of alignment. Improved digital transformation is a byproduct of VSM and its solutions which create alignment, seamless workflow, eliminate silos, and real-time insights. More team participation, improved measuring of customer value, and a proper solution are the first places to start driving more value out of VSM as well as improving all three metrics of the new business trifecta.

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Key Findings

- Value Stream Directly Aligned with Top Business Objectives in 2024
 - The new business trifecta – reduce operating expenses, increase customer value, grow profit margins
 - 96% have already received benefits from VSM initiatives
 - Most companies expect to have multiple products leveraging VSM in 2024
- Companies Top VSM Challenges are Measuring Customer Value, and Including All Teams along the Value Stream
 - Measuring customer value moves to a top-3 challenge for 2024
 - 99% now measuring customer value, but only 5% are measuring all six key metrics
 - Too few teams are involved in value streams limiting efficiency and continuing silos
- Ad hoc solution deficiencies Inhibit VSM Effectiveness and Limit Business Benefits
 - 80% share they don't have good visibility across their value streams
 - Half of companies don't have a solution to centralize product lifecycle data
 - Companies failing to leverage VSM data, thereby limiting business benefits
 - VSM drives alignment to improve digital transformation effectiveness

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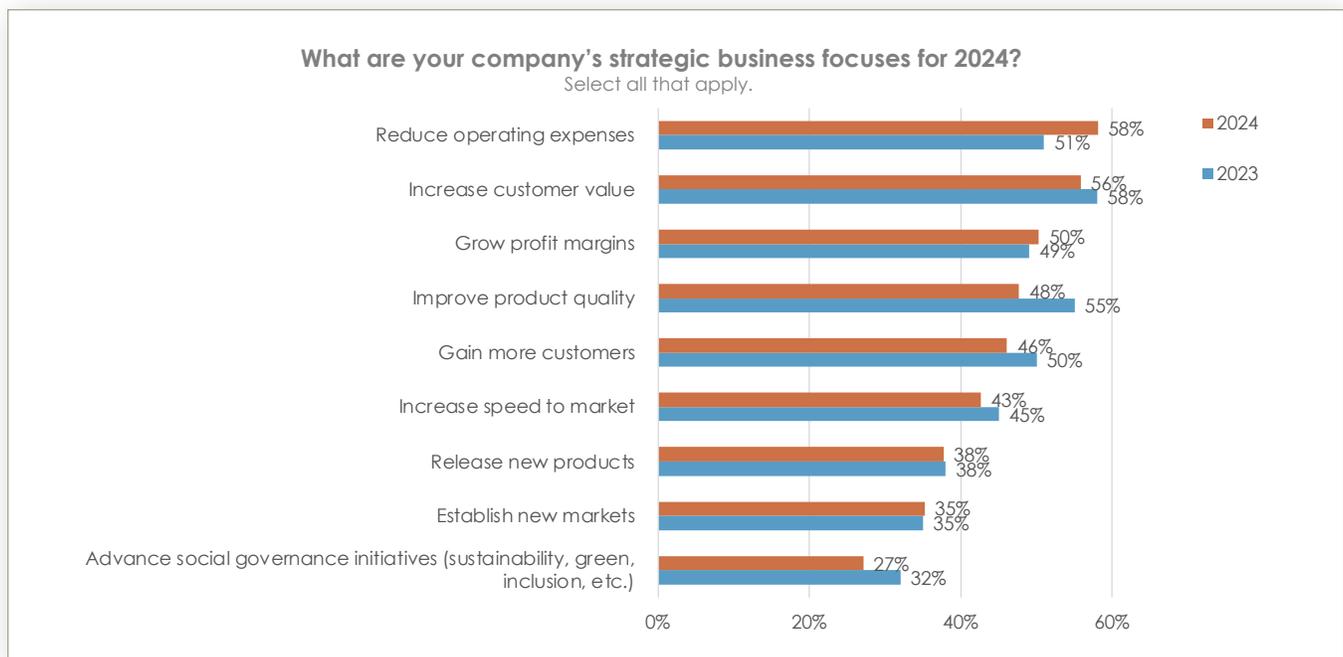


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Detailed Findings

The New Business Trifecta

Most businesses at this point have found equilibrium with the changes the pandemic imposed, and many companies are now focusing on optimizing the new normal for global business. That transition appears to be changing the traditional business trifecta, which has long been to reduce costs, increase sales, and grow profits. This research shows that improving customer value has moved into the second spot (56%), displacing sales growth and just two percentage points behind the top answer, reducing expenses (58%). Those interviewed stated that internal focus is most definitely returning to the customer, and that a happy customer delivers more revenue to the company. Over the last few years, customers have shown they are willing to change brands for better products and customer service. Several participants noted the old marketing saying that acquiring a new customer is significantly more expensive than retaining an existing one.



"Companies have been failing in the eyes of the customer, many drivers and issues stemming from the pandemic. We are aware of our own customer shortcomings and have a very clear focus on maximizing customer value. It's why value streams are so important now."
– VP, Financial Services Company



"Satisfied customers buy more from you and tell colleagues and peers which builds your brand positively. The customer is always king; we just may have lost our focus for a while."
– CMO, Technology Company

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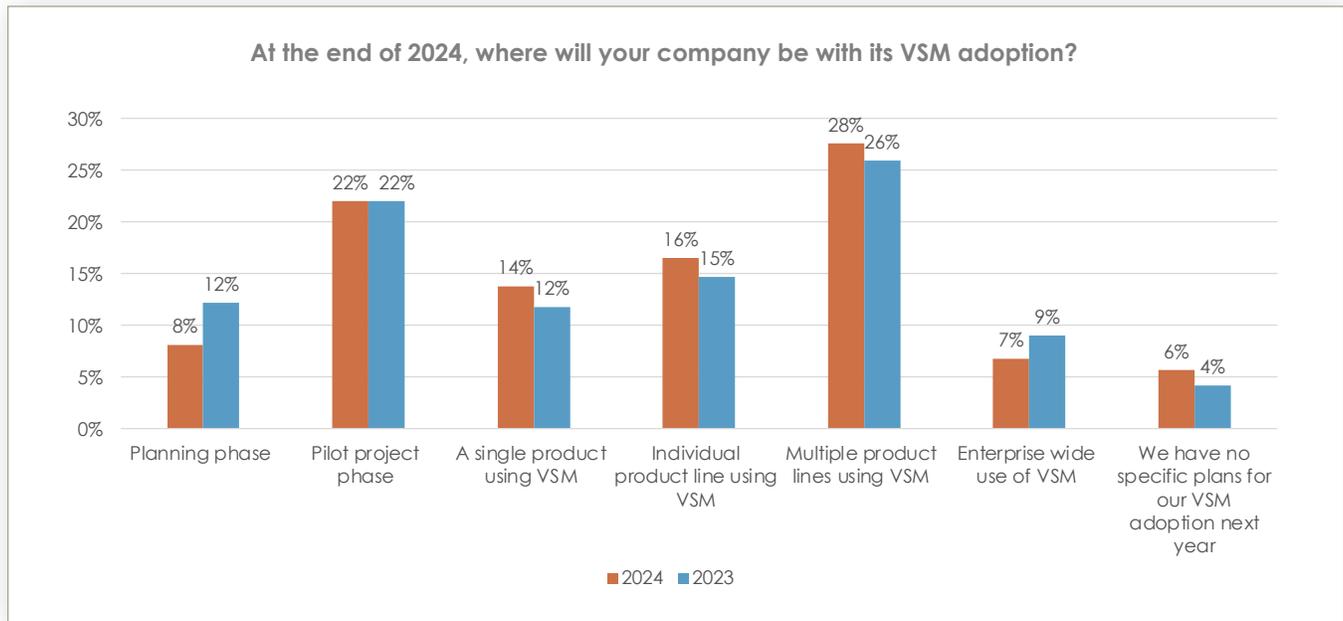


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Most Companies Expect to have Multiple Products Using VSM in 2024

One initiative synonymous with customer value is VSM. The research indicates that the largest number of companies (28%) will have multiple products teams using VSM by the end of 2024. The year-over-year data shows a steady improvement of overall use of VSM from 2023 to 2024. There are fewer companies in the planning phases, as many have moved into the pilot project and are increasing the use of VSM for single products and product lines. However, many organizations may be running into challenges in broadening their VSM initiative enterprise wide.

The Broadcom VSM Maturity Model was designed to help companies evaluate, improve and advance their VSM implementations. For more information, there is a companion paper and an [online maturity assessment](#).



"We are rolling out VSM more broadly now. However, adding new teams and products is adding different challenges than we experienced in our pilot project. We are learning and improving but is taking a little more time and effort than we have hoped."

– Sr. VP, Manufacturing Company



"Many were just tired of the 'more with less' initiatives and pure tech focus changes from IT. So VSM is moving out more broadly and is being received well internally because of the focus on the customer which everyone can appreciate and participate in."

– CIO, Financial Institution

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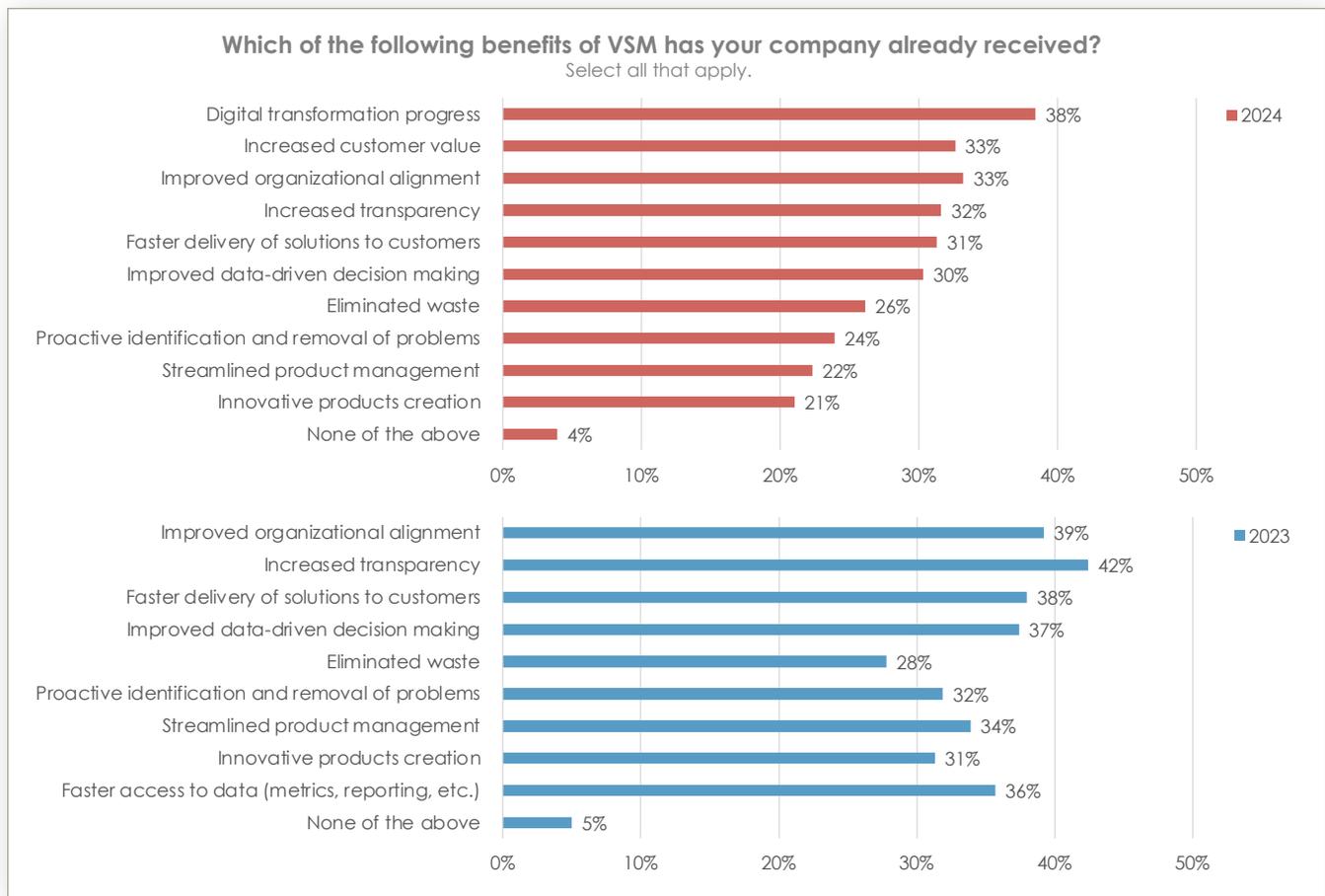


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VSM Delivering Numerous Business Benefits

While many companies are in the early stages of VSM adoption, the research sought to quantify where companies were already receiving business benefits. Survey participants overwhelmingly (96%) confirmed they have already received benefits from VSM, and the range of benefits was diverse. The chart below illustrates a few key changes from year to year as two new answer options were added for the 2024 survey. As such, the first of the new answers takes the top spot at 38% which is that VSM is accelerating their digital transformation initiative. Those interviewed report one of the cornerstones of VSM is driving efficiency with improvement process, communication, data and more, and improved efficiency is a primary objective of digital transformation.

The other new answer, “increased customer value,” ties for 2nd place at 33% and reveals that VSM is delivering on exactly what it is supposed to. Also tied for second (33%), “improved organizational alignment” is helping to drive that increased efficiency. Rounding out the top 5 is increased transparency (32%) and faster solution delivery (31%).



“VSM has a lot of objectives but the key focus is increasing customer value. But in pursuit of delivering more value to customers we found other direct business benefits. I wish we started VSM sooner.”
– VP IT, Healthcare Provider

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“Our VSM initiative is delivering a lot benefits, more efficiency, more value to customer, better visibility of our process and a product’s progress. Our employees feel more connected to the end product, which is the customer and not just a cog in a machine doing a task.”
– CIO, Financial Institution

Top Business Challenges in 2024 Correlated to VSM Strengths

The research then looked to the future to understand what business challenges companies anticipate in 2024. Topping the list are inefficient processes (49%) which if addressed drives profits, reduce loss, and often increases speed to market. Three items were tied for second place at 40%: collecting data, measuring customer value, and having siloed teams. Interviews reveal that data is wanted for data driven decision making and business optimization which would drive efficiency and organization alignment. All four of these challenges are intimately linked with VSM’s objectives.



“I would say 2024 for us is about getting better at what we do, being more efficient and aligned. But it is also getting better at collecting and making data usable.”
– GM, Retail Company



“The pandemic is largely behind us but there are signs of a slowing economy down the road. We need to keep focus on the customer but become more lean and smarter.”
– CMO, Technology Company

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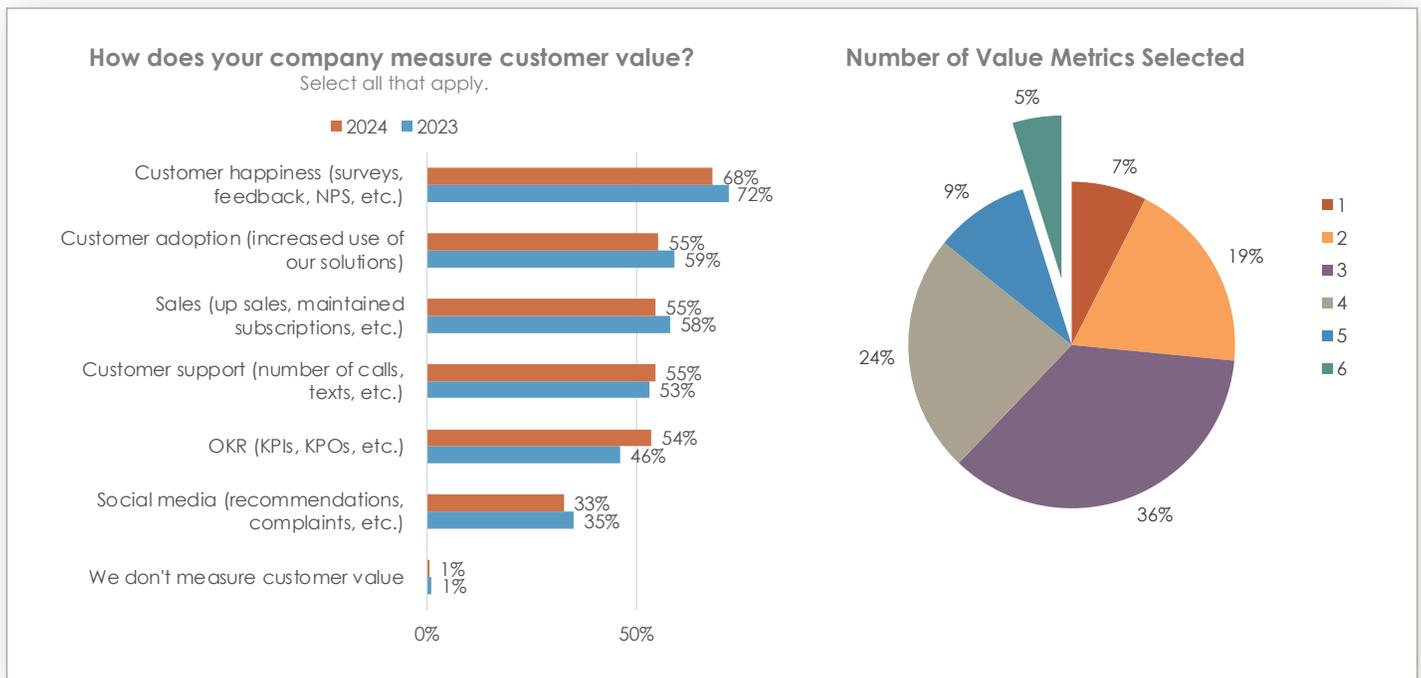


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Trying to Build a 360 Degree View of Customer Value

Given the key 2024 challenge of measuring customer value, participants were asked how they currently measure the value that customers receive from their products or services. The survey's answer options utilize Broadcom's maturity model by including the six key metrics needed to build a 360 degree view of customer value. These metrics are represented in the chart below. The results are led by understanding customer happiness (68%) via asking the customer directly, with surveys or other feedback options. Second is adoption (55%) which many companies should track to see if their solution is used consistently or increasing in use. Third is sales also at 55%, as unhappy customers don't upgrade or continue with subscriptions, maintenance, or purchasing new solutions. Also at 55% is customer support as they are often directly interacting with customers, documenting specific challenges, and capturing direct customer feedback. Soliciting the support representatives' perceptions is also critical. In the fifth spot, just one percent point lower at 54%, is OKR, KPI, KPOs directly focused on unique product and services satisfaction indicators. And lastly is social media (33%). The power of social media is significant and what is shared can become prolific and alter the perception of your company brand and its products.

The charts below represent a good effort in that 99% are measuring some customer value but ultimately disappointing as barely over half are measuring any one of them. The chart to the right indicates how many of the answers on the left were selected by each participant. The big takeaway is only 5% of all companies are using all 6 metrics of customer value, and just 9% are tracking 5 of the indicators. That is just 14% of companies that have a comprehensive idea of what value the customer is actually receiving and how they feel about it. The rest (86%) are likely making decisions on too little data and biased perceptions.



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"We have realized we were tracking only the things our company cared about like sales, adoption, and some key metrics. We are really missing what the customer is actually saying in support channels, and in forums. We have to be honest that we just don't have a really good understanding of the value they [customers] feel they are receiving."

- Director, Technology Company



"The fact is what a customer thinks, is the truth. Good sales or low support volume can be misleading. Not all [customers] take surveys, give direct feedback, or may already be looking for an alternative to your solution. You have to expend the effort to leverage every channel a customer may use, which could be indirect, to really understand the customer value they are receiving. It's not easy. You have to sift through a lot of data and try to make it usable."

- Sr. VP, Manufacturing Company

Two Few Teams Involved In VSM

The research also sought to understand which teams were actively participating in value streams. Similar to the preceding section, the findings are good news and bad news. The good news for VSM is the most crucial teams are involved, which is product management and software development, both at 48%, and DevOps in third with 44%. But those top 3 teams in the chart below are less than 50% and they should be closer to 90% for most companies. After those 3 answers there is a steep drop-off, with only 37% having a corporate strategy team involved in value streams, which is concerning. In fact, in analyzing the data it reveals that a majority of companies only have 3 teams involved, and only 14% of companies have more than 5 teams. This lack of team involvement is likely impeding efficiency and is sustaining a siloed team environment, both of which were cited earlier in the report as top business challenges for 2024. Team involvement across the value stream and enterprise is critical for growing VSM value and maturity, and this data indicated just too few teams are involved in VSM today. The lack of team involvement also manifests the lack of visibility and alignment around the value stream.

At your company, which teams are currently actively involved in building and managing value streams?

Select all that apply.



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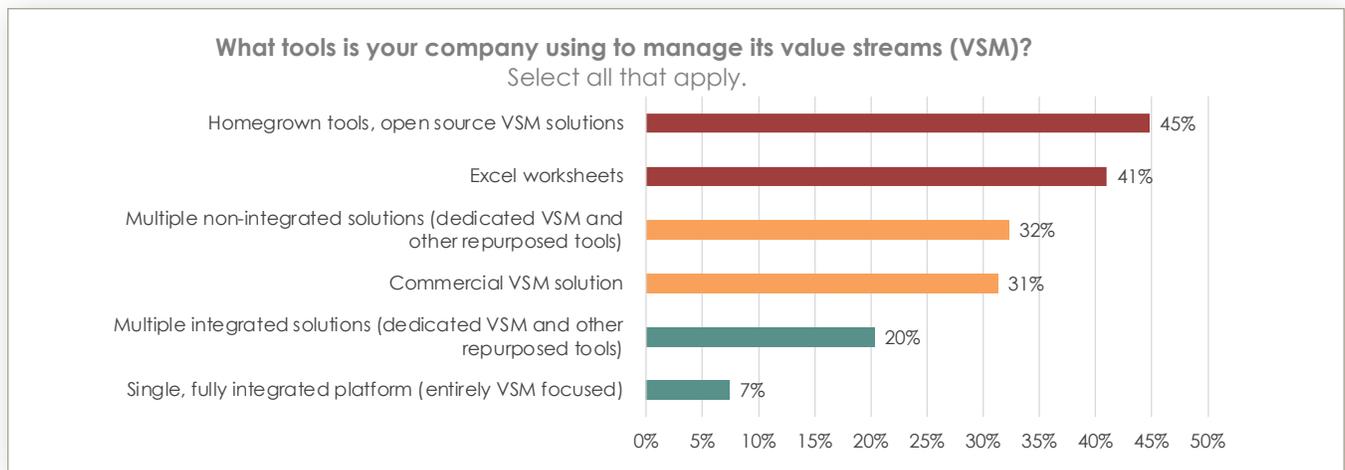
"In the pilot it is just product management and development. Now we are trying to grow it, because while those two organizations are critical, they are a small part of the value stream and smaller than the number of people who actually interact with the customer."
– VP IT, Healthcare Provider



"Right now, we need to involve product strategy [team], so the products are aligning from that perspective. But we desperately need the feedback loop to represent the customer, that is sales, support, marketing."
– Sr. Director, Consumer Manufacturing

Ad Hoc Approach to VSM Solutions

With challenges from truly understanding customer value to establishing broad team involvement, the research then looked at which solutions are being used to support VSM initiatives. Leading all types is homegrown and open source tools (45%) which can be good and bad. Good in that some are customized to a company's exact business and processes, bad in that they can be unsupported and often only used by one team, which generally limits data sharing. Perhaps one of the most alarming findings is that Excel spreadsheets (41%) is the second most used tool, which is often a point solution that is static and manually updated. At 32% are numerous non-integrated tools which limit data sharing and promote more siloed operations. Only 31% are using a dedicated VSM commercial solution. At the bottom are multiple integrated solutions (20%), and single integrated platform (7%). Thus, most companies are using a variety of non-integrated tools and solutions to try to manage their value streams but likely inhibiting information flow.



"After 3 years, we finally bit the bullet and purchased a [VSM] solution and integrated it. It highlighted that we spent more time trying to keep everyone on the same page with a bunch repurposed tools than it took to deploy a real VSM solution with better process visibility. If I had it to do again, I'd get a real solution at the beginning."
– GM, Retail Company

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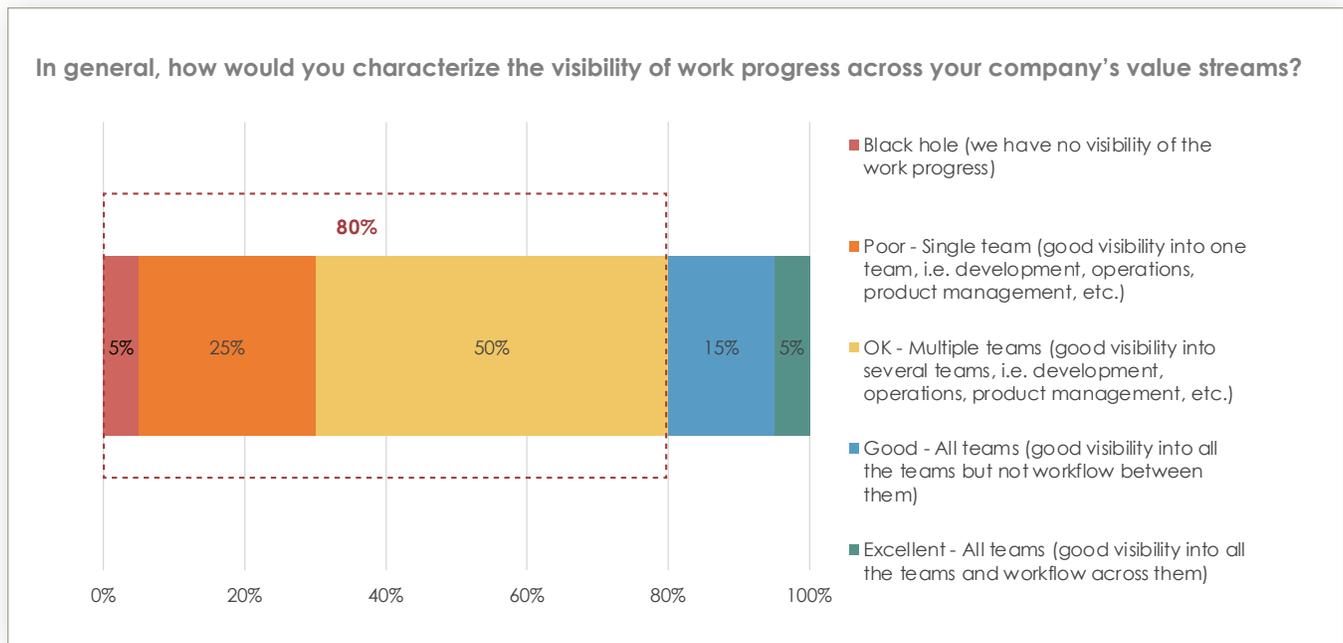
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Companies Lack End-To-End VSM Visibility

To determine if companies' tools were really inhibiting VSM, the research directly asked about their visibility across value streams. Only 20% stated they have good or excellent visibility across the value stream. Thus 80% have mediocre or poor visibility. Those interviewed stated visibility is key to delivering a quality product efficiently. A couple of interesting comments indicated that visibility is critical to ensure their product or service is secure and compliant. Thus, the ad hoc solution approach is not providing the visibility needed and creating risk.



"Process and productive visibility affect time and quality to market, and ensures sales, marketing and customer support are ready when it is released."

– Sr. Director, Consumer Manufacturing



"I can tell you limited visibility is an efficiency kill. Someone has to manually ensure that each step has been completed correctly. Has Legal signed off, will it be compliant, is marketing ready, has sales been trained, is the Ops team ready, etc. It sounds obvious but having everyone along a value stream on the same page is critical otherwise it's hundreds of emails and cc chains."

– CIO, Financial Institution

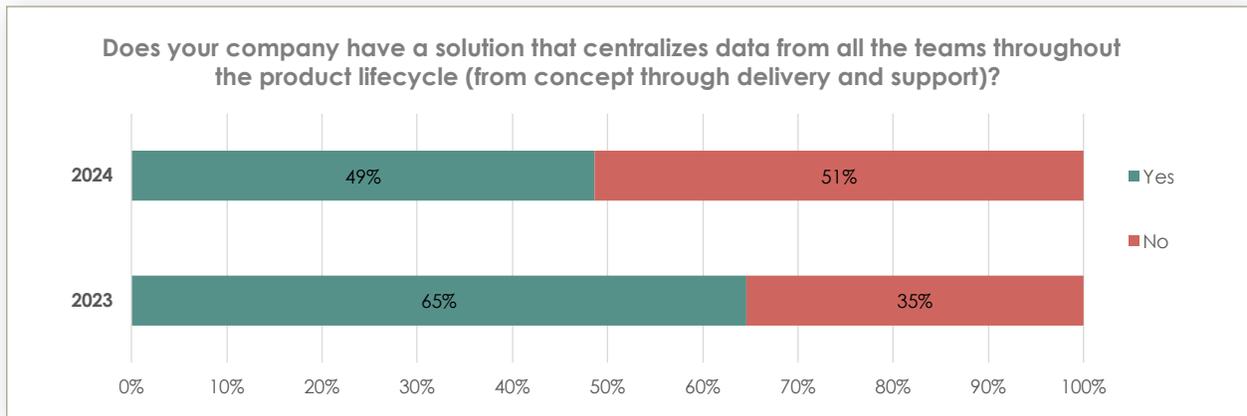
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Next, participants were asked if they possess a solution that centralizes the information from across the value stream and product lifecycle. As the chart below reveals, in 2023 65% said they did, but in 2024 it dropped to 49%. During the interviews we asked why that might be. In summary most participants indicated they “didn’t know what they didn’t know” at the time. As more teams and more solutions are being brought in to support the VSM it is becoming clearer that integrated solutions for sharing data and connecting and involving teams are critical.



“We know our VSM process is different than others. We have to measure different aspects of customer value than others I know of and include a lot of atypical groups. For example, all our value streams must include legal and compliance.” – VP IT, Healthcare Provider

ValueOps™ by Broadcom

ValueOps™ by Broadcom is the industry's most complete Value Stream Management (VSM) solution. Combining robust business planning, agile delivery management, and value stream integration in one solution, ValueOps uniquely accelerates transformation by improving visibility, alignment, and efficiency at every stage of value creation.

With ValueOps, the seamless convergence of Clarity™, Rally®, ValueOps ConnectALL®, and ValueOps Insights in one solution empowers leaders at every level to plan, fund, manage, track, and optimize their work efforts using a common data model and value orientation. With the widest range of VSM features in the category, ValueOps has capabilities and insights to meet the needs of everyone in a value stream – effortlessly synchronizing them to align strategy, investments, people, and work across the enterprise.

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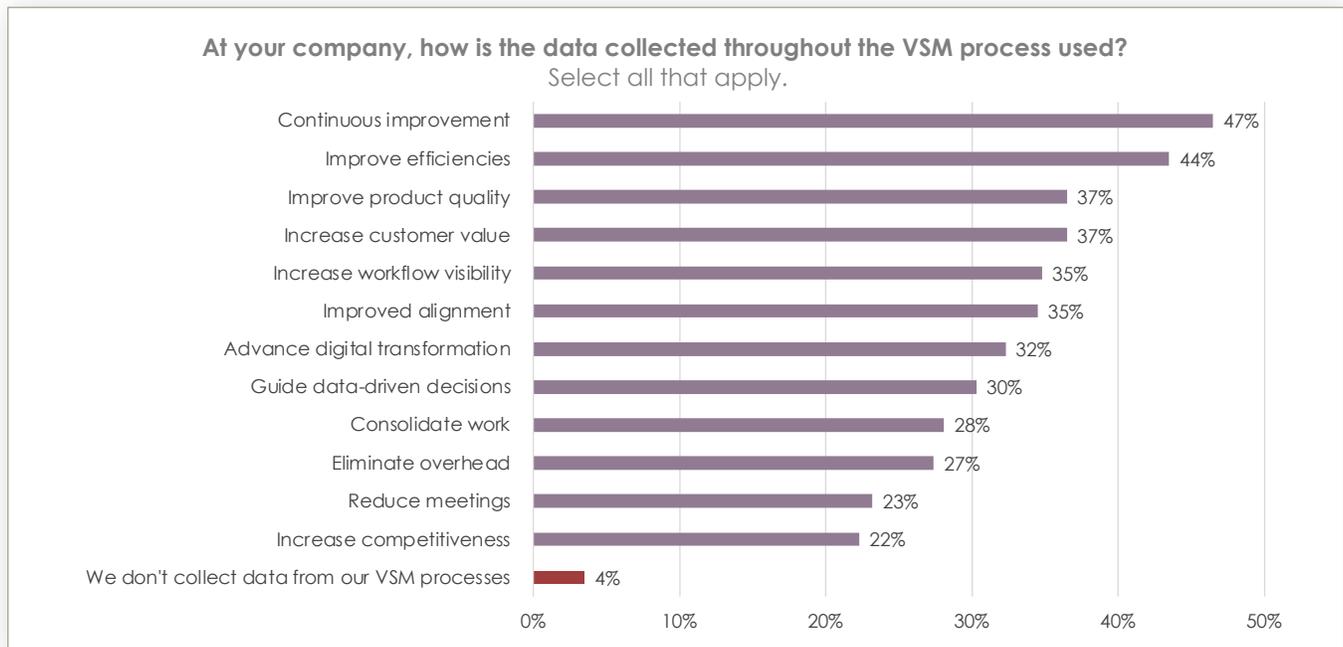


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Failure to Leverage Available VSM Data Limits Business Benefits

The visibility into the data collected throughout a value stream at a high level can indicate how the company is operating and how happy customers are with the products and services received. Yet when participants were asked how they use the data VSM produces, none of the answers were selected by even half of the respondents. One hypothesis was that there were so many different ways to use the data that there wouldn't be strong correlations across different companies, geographies, and industries. However, asking participants during the interviews why they thought VSM data wasn't utilized effectively, their responses distilled down to two answers: lack of quality VSM solutions and immaturity. The first response reinforced the concern about an ad hoc approach to VSM tools, with the data not being collected and not flowing between teams. That lack of easily accessible data means teams either don't know the information exists or it takes too much work to get it, which reveals the immaturity of most companies' VSM initiatives.

The power of VSM data to drive direct business benefits cannot be underestimated. Just the top five answers of continuous improvement (47%), improved efficiencies (44%), improved product quality (37%), increased customer value (37%), and increased workflow visibility are very strategic to nearly every organization. In fact, most of the rest of the answers provide key opportunities for most businesses.



"Our data is a bit siloed, and most don't really understand how valuable it can be to another team or the executive staff. We need a tool that matches each value stream and collects data and more importantly shares it. VSM isn't just about you doing your job better. It's about everybody doing a better job at delivering more value to the customer. To know that and improve it at every level we need the information."

– CMO, Technology Company

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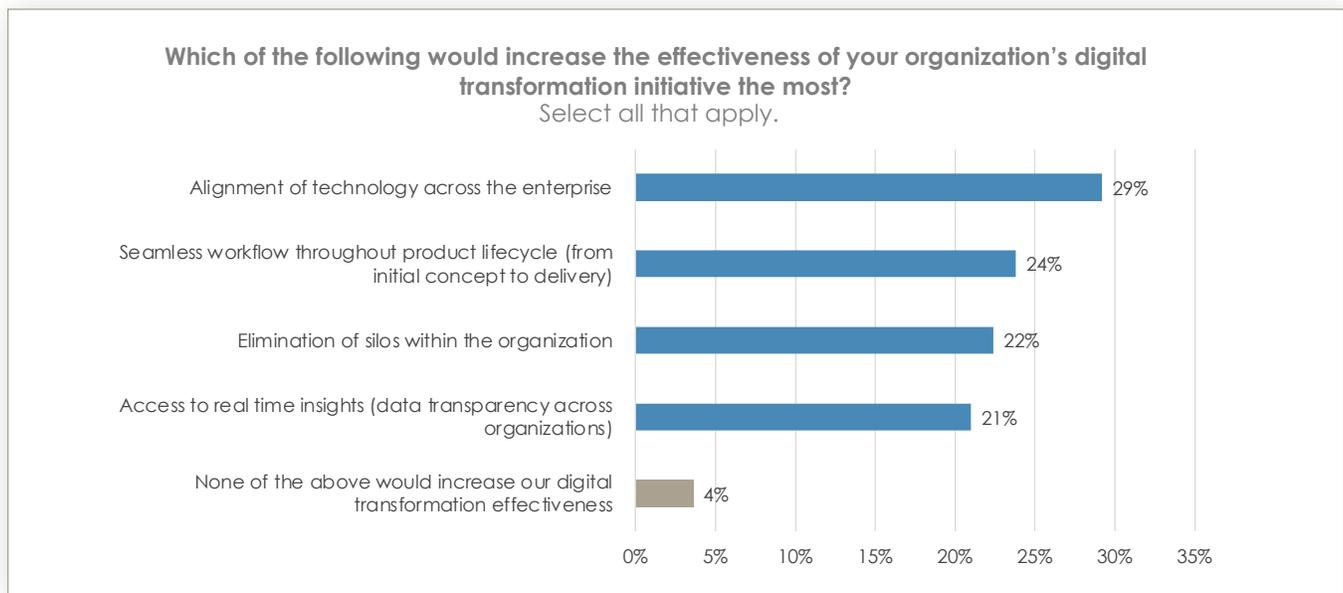


"We just have one VSM solution, and that took some work, so we took a lot of short cuts to get the process up and running. We realized we need go back and put the right infrastructure in there to keep the process working and efficient and collect and share information. We just didn't realize what we didn't know at the time."

– Director, Technology Company

VSM a Fit for Nearly All Companies

Earlier in the report the top benefit of VSM was advancing a company's digital transformation initiative. Given digital transformation has been pursued by most companies for longer than VSM, participants were asked what would improve their digital transformation objectives most. The top answer was alignment of technology, which reinforces the lack of a consistent solution across value streams. The second answer was seamless workflow throughout the product lifecycle, which is a prime tenet of VSM, as is eliminating silos which took the third position. The fourth response is access to real time insights and data, which as discussed above is a challenge for VSM as well. Thus, adopting VSM and the right solution actually addresses the key roadblocks to digital transformation but adds the critical focus on delivering more value to the customer.



"Not obvious when we started, but VSM is linked to DT [digital transformation]. Where DT was about digitalization and efficiency, VSM moves it to focusing not internally but externally to the customers."

– GM, Retail Company



"Interestingly in pursuing value streams we are finding answers and solutions to some of the ongoing challenges in digital transformation."

Sr. VP, Manufacturing Company



Conclusion

The research finds that VSM continues to gain momentum delivering numerous business benefits, such as increased efficiency, increased customer value, and cost reduction. The adoption of VSM is also correlated with change in the business trifecta, which is now to reduce costs, increase customer value, and grow profits. Interestingly, the findings in this report and from those interviewed reveal that the increased focus on VSM and the customer is actually removing some of the key challenges that have inhibited companies' digital transformation initiatives. VSM is directly positioned to help companies mitigate some of their biggest business challenges in 2024. However, the progression and maturity of their VSM initiative has not been as swift as many had hoped.

One of the major contributing factors is companies are not comprehensively measuring customer value. They often look at from an inside out set of metrics like sales, renewals, lack of support calls, or just the surveys they send out. This view tends to lack an outside in perspective of what customers are actually saying and doing. Lack of knowing how customers value your products distorts companies' views and contributes to flawed strategy.

Another roadblock leading to slower adoption and VSM maturity was lack of broad team involvement. In general, the research just showed a few teams involved in a value stream. For most companies there are close to 10 teams involved with product concept to actual market delivery and support. Thus, companies need to get more teams involved, removing silos, and growing efficiency. More teams will also bring in more information about the customer, increasing the understanding of the value a product delivers.

Many companies have started their VSM journey with ad hoc and repurposed tools which are now inhibiting their VSM initiative by slowing the flow of data across the teams in the value stream. This lack of visibility and easily accessible data is limiting the use of insights to drive direct business benefits such as continuous improvement, increased efficiency, increased customer value, reduced costs, improved product quality, data driven decisions and more. This research finds that if companies are looking to address critical business challenges in 2024, move their VSM initiative to the next phase, and push digital transformation across the finished line, they might have the right philosophies and initiatives already underway. However, for companies that need a better understanding of their customer and the value their products deliver, they must get more teams involved in the VSM initiative and acquire the proper VSM solutions that flow data across teams along the value stream and up to the executive team.

Survey Methodology

Executives as well as IT and business leaders at enterprise companies representing all industries were invited to participate in a survey on their company's digital transformation initiative covering objectives, challenges, and solutions. Selected questions were compared to questions asked in the previous year to create year over year trends. Eight executives from the survey were invited to participate in in-depth interviews to discuss their survey answers and provide deeper insights into the findings.

A total of **511 qualified participants** completed the survey. All participants had direct responsibilities for digital transformation at their company. Participants were from five continents representing a global viewpoint. The survey was administered electronically, and participants were offered a token compensation for their participation as were those who agreed to an in-depth interview.

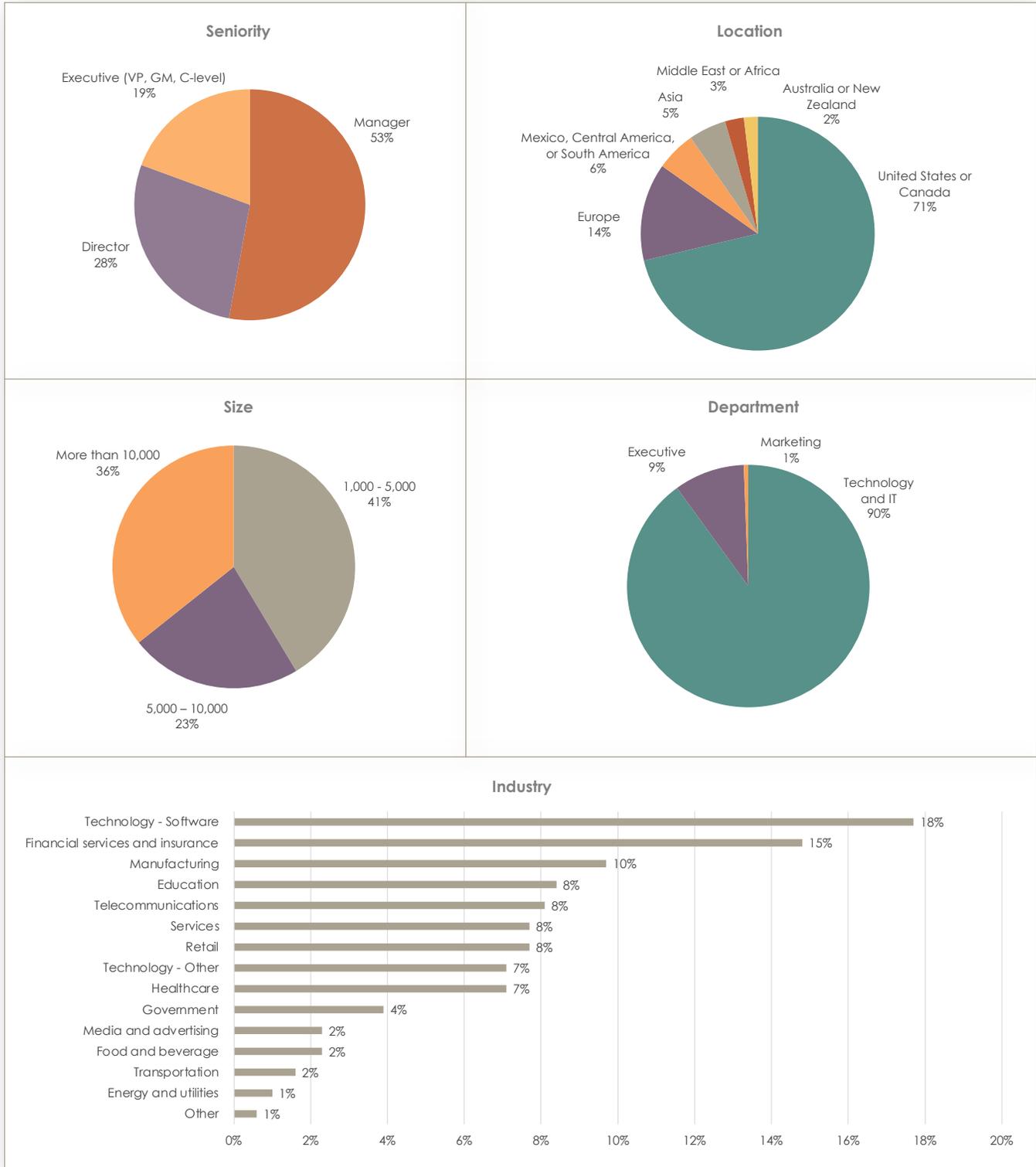
Participant quotes were lightly edited for grammar, readability, and context.

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