Valtech ✳

The Composable Enterprise

The next paradigm for digital-first manufacturers

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The need for radical transformation in manufacturing

Profound changes are reshaping the manufacturing sector. Customers are transitioning from traditional in-person buying behavior to an increasingly digital-first approach, blending physical and virtual touchpoints. Information is now more accessible than ever and competition only a click away. The impact of this evolution is already showing and over the last few years we have seen significantly extended buying cycles, buying committees growing in numbers and added complexity i.e. compliance and security. These changes come hand in hand with an overall reduction of opportunities for manufacturers to directly influence decision-making.

Manufacturers themselves are also evolving their activity — from selling standalone products to providing integrated solutions and services — while grappling with a rapidly changing macroenvironment characterized by global supply chain challenges, heightened

cybersecurity threats and fierce global competition. In short, it has become much more complex to drive and sustain a healthy business for manufacturers.

These shifts, and the following added complexity, necessitate a dual focus on growth and efficiency. Manufacturers must seek new ways to expand revenue streams and strengthen customer relationships, while optimizing their operations to deliver more with less. Those who embrace this dual approach can unlock sustainable competitive advantages, securing both immediate and long-term success.

This whitepaper explores how to rise to this challenge via a growth culture that fosters innovation and adaptability. With a composable approach to technology B2B, organizations can enable a transformative, future-fit operating model.

> " Manufacturers must seek new ways to expand revenue streams and strengthen customer relationships.

The new B2B paradigm

To navigate this added complexity many enterprises are currently adopting a more customer-centric approach. This approach involves simplifying and realigning their organization to respond to this new customer reality and business complexity. This significantly impacts how you approach digital and IT. Digital touch points like a corporate website or a customer portal are no longer islands in an ecosystem — they need to be carefully orchestrated and enriched to provide a connected customer experience. Digital interactions are becoming the primary way of engaging with clients at large and growth in digital sales is forcing management to rethink everything from the product portfolio, over the organizational setup, to the go-to-market model.

Shifting towards customer-centricity is not just a strategy, let alone an option — it's an existential imperative. As manufacturers aim to deliver exceptional customer experiences, they face a complex web of challenges: multi-country operations, diverse brands, legacy IT systems and the dichotomy between initial project sales and aftermarket services. Coupled with customers' increasing expectations for tailored services and hyper-relevant digital insights, manufacturers must rethink their purpose and priorities.

Simplification and realignment are essential not only to address these complexities but also to drive growth and efficiency. By streamlining products, processes and channels, manufacturers can reduce operational redundancies, enabling faster and more cost-effective responses to customer needs. This leaner approach frees up resources to focus on growth opportunities, such as upselling, cross-selling and entering new markets. Exceptional service, powered by actionable insights and real-time updates, becomes the engine of both operational excellence and revenue expansion.

The main challenges a digital-first manufacturer must address

Enhancing customer experiences

Deliver seamless, personalized experiences and value-added services that drive both growth and efficiency.

Ensuring agility with financial predictability

Transition to a product-oriented approach for continuous delivery while maintaining commercial control.

Differentiating and driving growth in a commoditized market

Shift from a product focus to service innovation and ecosystem integration to remain competitive.

Attracting and retaining top digital talent

Build a culture and structure that supports innovation, collaboration and high-impact digital efforts.

Modernizing and scaling digital infrastructure

Simplify and unify IT systems to support global operations, scalability and emerging technologies. Reconfiguring the operating model.

The composable enterprise

The business world is changing. Customers are in control and organizations are under pressure to adapt quickly. The traditional ways of working simply don't support the speed and flexibility required to stay competitive. This is where the composable enterprise comes in — a new approach that redefines how businesses operate, scale and engage with customers in the digital age.

Introducing the composable enterprise

To address these challenges traditional ways of working with digital can't keep up with the speed and flexibility needed to stay competitive. Enter the composable enterprise — a digital-first approach that redefines how manufacturers operate, scale and engage with customers.

At its core, it's about a mindset that helps manufacturers embrace innovation, deliver seamless experiences, and become more agile to meet evolving customer demands.

The key elements of the composable enterprise are outlined to the right. In the next sections, we'll explore how this approach can help manufacturers navigate today's rapidly changing business landscape.

Elements of the composable enterprise:

· A set of defined business capabilities to support the customer journey

· A product-led operating model with product teams driving innovation and outcomes.

· A growth-obsessed culture

· A funding model for growth

· A composable approach to technology

Packaged business capabilities

Gartner defines Packaged Business Capabilities (PBCs) as modular, reusable components that encapsulate specific business functions — like order management, inventory control or customer service. These PBCs are pivotal for organizations undergoing digital transformation, enabling them to break down silos, enhance collaboration and streamline customer journeys.

Why PBCs are essential for digital-first businesses

PBCs play a crucial role in modern organizations by breaking down silos, aligning technology with business strategy and driving digital transformation. Traditionally, departments like sales, marketing and IT operated in isolation, but PBCs integrate functions and workflows, fostering cross-team collaboration and efficiency.

They also ensure that technology investments support business outcomes by enabling a modular, API-driven architecture. As organizations embrace digital-first strategies, PBCs provide the agility to enhance both employee and customer experiences, allowing businesses to quickly adapt to market changes while maintaining seamless operations and engagement.

The product operating model

To build a future-fit model for growth, organizing around a product paradigm — a product operating model — is key. It's a fundamental shift away from an old project dynamic which creates the wrong incentives and doesn't deliver the intended value.

Adopting a product-centric mindset enables organizations to better meet the evolving needs of their customers, drive innovation and achieve long-term success in the digital age. While a project model might work for catching up with competitors, it's not an enduring strategy for success. Simply copying features maintains market position but doesn't foster innovation.

It's vital to adopt a product operating model and prioritize your digital products to stay ahead of competition, while avoiding feature bloating and high costs.

B2B companies need to reconfigure their sales, marketing and digital organization to mirror the change in B2B buying behavior. B2B buyers are 75% through the buying journey before reaching out to vendors. Add to that, on average 6.8 stakeholders are involved in any given buying committee, buying cycles are increasing and 77% of B2B buyers are reporting high purchase difficulty. The product operating model allows the organization to create cross functional teams to address these changes in the customer needs, shift focus to a joint sales/marketing/digital approach and reorganize in teams around different parts of the entire customer journey. Product teams as such should not necessarily be confused with digital products. In a mature product-led operating model product teams can be organized around a specific part of the customer journey e.g. onboarding, conversion or learning.

77% of B2B buyers are reporting high purchase difficulty.

Implications for project-led to product-led

	Project	Product
Mission	"Deliver the agreed-upon scope on time."	"Solve ongoing customer and business problems."
Ownership / Structure	Temporary, siloed project teams	Permanent, cross-functional product teams
Focus	Output-driven	Outcome-driven
Funding model	Fixed budgets tied to specific timelines	Dynamic funding aligned with evolving outcomes
Improvement	Static	Iterative
Succes metrics	Time, scope, cost	Customer satisfaction, retention, impact
Technology	Monolithic	Composable

Reframing how to deliver value

Moving from a traditional project-based structure to a product operating model requires more than just structural change; it calls for a realignment of organizational processes and objectives, alongside a shift in team dynamics and cultural mindset toward growth and composability.

Have you checked these boxes?

☐ A strong growth culture

☐ A fit-for-purpose funding model

☐ A composable approach to technology

In the following sections, we will explore how to achieve each of these must-haves, equipping you with the tools and strategies needed to succeed.

Fostering a growth culture

In a product operating model, the empowerment of teams is central to fostering a growth culture. Unlike traditional models where product design and development may be heavily influenced or controlled by senior executives such as CIOs or steering committees, product teams in this model operate with a high degree of autonomy. This autonomy is essential for enabling agile practices that drive innovation and efficiency.

Product teams are entrusted with end-to-end control over their products. They are responsible for making critical decisions about product design, development and iterative improvements. This approach contrasts sharply with the concept of 'fake Agile,' where frameworks like SAFe might use Scrum principles but still enforce rigid, infrequent release schedules, such as monthly or quarterly. True agility involves frequent, small releases driven by continuous feedback rather than periodic, large-scale updates.

Creating a culture of continuous improvement

The core of a growth-oriented culture is the ability to iterate rapidly based on both quantitative and qualitative feedback. By moving from large, infrequent releases to smaller, incremental updates, teams can respond swiftly to user needs and market changes. This iterative approach not only enhances the product but also minimizes risks associated with larger, less frequent releases.

True agility involves frequent, small releases driven by continuous feedback rather than periodic, large-scale updates.

Outcome-driven roadmaps

Shifting from feature-based to outcome-driven roadmaps is a pivotal change in maximizing return on digital investments. These roadmaps focus on achieving specific business goals and user outcomes rather than merely delivering predefined features. This approach provides product teams with a clear direction while allowing them the flexibility to prioritize tasks that will most effectively drive commercial success.

Prioritization based on impact

Teams can focus on features and improvements that deliver the highest value and align with strategic objectives.

Agility and adaptability

The ability to pivot and adjust priorities based on real-time feedback and performance data.

Reduced risk

Incremental updates help identify and address issues early, reducing the potential for significant failures.

This shift from feature-centric to outcome-centric planning transforms how success is measured. Instead of evaluating progress based on the number of features delivered, the emphasis is on achieving meaningful results and driving value for the business.

How to build a growth-oriented culture

Encourage autonomy

Empower teams to make decisions and take ownership of their products. Provide them with the tools, resources and support they need to operate independently and innovate effectively.

Invest in talent

Attract and retain top digital talent by creating an environment that values innovation, offers opportunities for growth and supports a culture of continuous improvement.

Promote continuous learning

Foster an environment where teams are encouraged to experiment, learn from failures and continuously improve their processes and products.

Leverage data

Utilize data to drive decision-making and prioritize initiatives. Ensure that teams have access to relevant metrics and insights to inform their strategies.

Align goals and metrics

Ensure that the objectives of product teams are aligned with broader business goals. Use outcome-driven metrics to measure success and guide decision-making.

Facilitate collaboration

Promote cross-functional collaboration and communication within teams and across the organization. This helps break down silos and enhances the overall effectiveness of product development efforts.

Funding models for growth

Many leaders find themselves frustrated with the disconnect between the substantial investments made in technology and the actual business outcomes achieved. Common issues such as cost overruns, project delays and a high failure rate (with around 70% of transformation projects falling short) are indicative of systemic problems in how digital initiatives are funded and managed.

Challenges with traditional project-based funding

Traditional project-based funding models typically involve detailed business cases that set out specific deliverables, timelines and budgets. While this approach aims to maintain control and manage expectations, it often falls short in the context of complex digital transformations.

Overpromising and under-delivering

Traditional business cases often promise more than can be realistically achieved, leading to disappointment and loss of trust from stakeholders.

False sense of control

The 'steerco struggle' — where executives present controlled, optimistic views of progress — can mask underlying issues and impede genuine problem-solving.

Lack of flexibility

Project-based funding tends to be rigid, with little room for adapting to changing conditions or new insights.

Adopting a product-based funding model

To overcome these challenges and support sustainable growth, organizations should consider adopting a product-based funding model. This approach aligns with a product operating model and focuses on:

Outcome-driven investments

Instead of funding specific projects, allocate resources based on the expected business outcomes and value delivered. This shift emphasizes continuous value creation and aligns funding with broader strategic goals.

Guilds and capability development

Establish formal or informal 'guilds' — groups focused on developing and supporting specific capabilities within the organization. These guilds help foster expertise and collaboration across product teams, enhancing overall effectiveness.

Cross-functional capabilities

Invest in building capabilities across product teams, including customer experience (CX) design, data and insights, and agile development practices. These capabilities are essential for driving innovation and ensuring the success of digital initiatives.

Best practices for effective funding models

To implement a successful product-based funding model, organizations should consider the following best practices:

Align funding with strategic goals

Ensure that investments are directly linked to achieving strategic business objectives and delivering measurable outcomes.

Foster agile and adaptive practices

Emphasize flexibility and adaptability in funding decisions, allowing teams to pivot based on real-time feedback and changing market conditions.

Promote transparency and accountability

Maintain clear communication with stakeholders about progress, challenges and changes in funding needs. Foster a culture of accountability and continuous improvement.
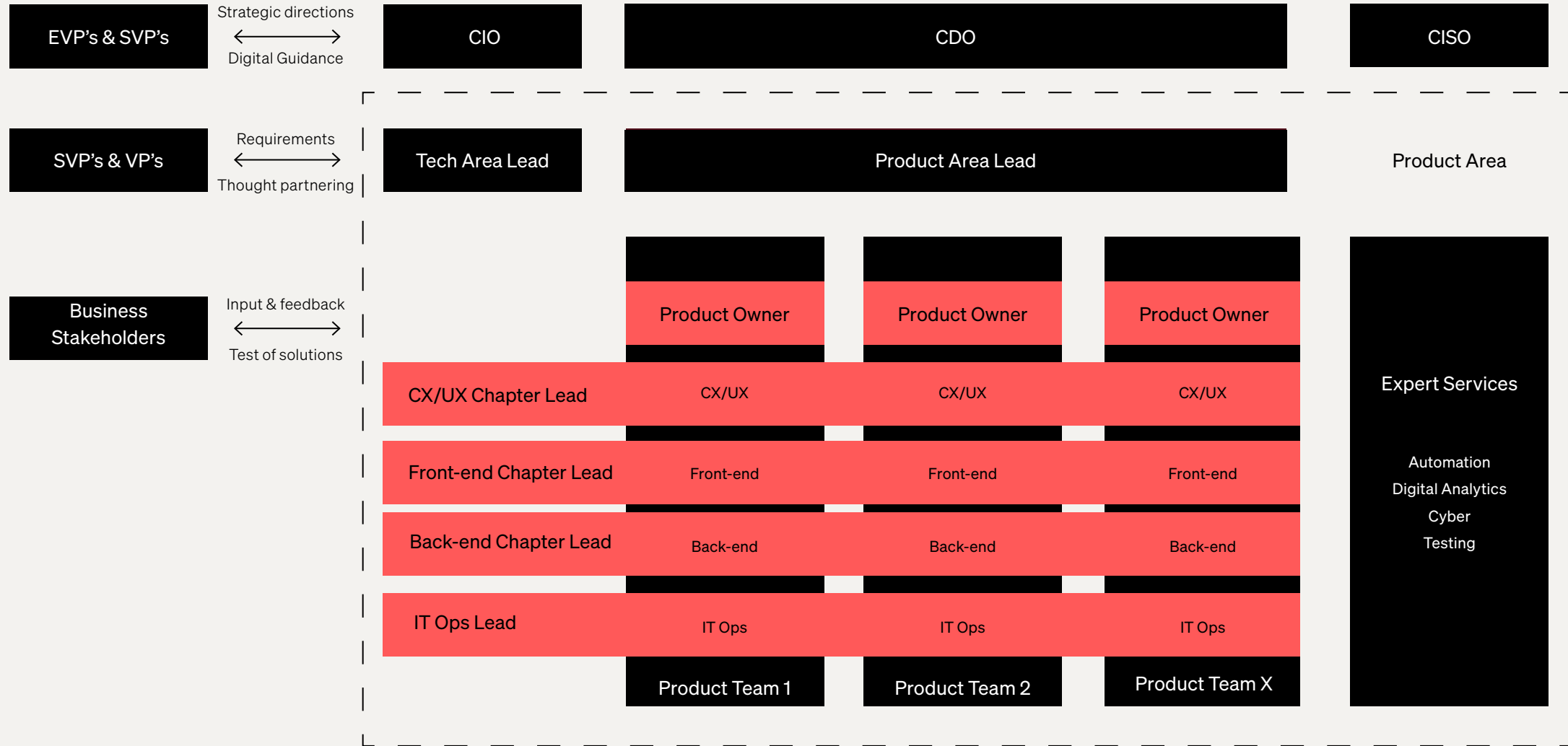
Illustrative example:

Business

Digital Solutions

| EVP's & SVP's | Strategic directions ⟷ Digital Guidance | CIO | CDO | CISO |

| SVP's & VP's | Requirements ⟷ Thought partnering | Tech Area Lead | Product Area Lead | Product Area |

| Business Stakeholders | Input & feedback ⟷ Test of solutions | | | |

CX/UX Chapter Lead		Product Owner	Product Owner	Product Owner	Expert Services
Front-end Chapter Lead		CX/UX	CX/UX	CX/UX	
Back-end Chapter Lead		Front-end	Front-end	Front-end	Automation
IT Ops Lead		Back-end	Back-end	Back-end	Digital Analytics
		IT Ops	IT Ops	IT Ops	Cyber
		Product Team 1	Product Team 2	Product Team X	Testing

A composable approach to technology

In today's B2B landscape, achieving a strong market presence and scalability requires a robust and adaptable digital foundation. Valtech specializes in guiding organizations through a composable approach to technology, underpinned by the MACH principles — incremental, open, autonomous, connected — that future-proof IT infrastructure and enable a product-led growth strategy. By integrating composability and MACH into your technology framework, you can realize the potential of a future-fit, product-led operating model.

A composable strategy involves deconstructing monolithic IT systems into modular, interchangeable components. This modularity facilitates greater agility and rapid adaptation to market demands, which is essential for executing a product-led growth model. By aligning technology with business needs through composable architecture, organizations can innovate and iterate more effectively.

Valtech is a founding member of the MACH Alliance, a group advocating for open technology ecosystems and composability to future-proof technology and enhance digital experiences.

The role of MACH in composability

MACH principles are integral to a composable approach:

· Incremental: By emphasizing continuous delivery and experimentation, an incremental approach prioritizes achieving desired outcomes over simply generating output. This approach enables faster value delivery and rapid learning through smaller and more scalable iterative releases.

· Open: Open, interoperable systems expose all functions, granting the business access to a wider, more scalable range of applications and capabilities.

· Autonomous: Adaptability and flexibility let organizations accommodate both internal and external requirements in real-time.

· Connected: Utilizing APIs, organizations realize significant benefits including enhanced customer experience, automation, efficiency and overall digital effectiveness.

These principles enhance the flexibility and efficiency of composable technology, making it easier to adopt and scale.

Adopting a composable approach to technology is key for organizations aiming to achieve global scale and product-led growth. Valtech empowers businesses to leverage this approach and build a flexible, scalable IT foundation that supports a sustained competitive advantage.

Effective implementation requires thoughtful planning, stakeholder education and strategic decision-making to align technology investments with overarching business goals. Valtech champions a comprehensive approach that includes not only the technical aspects, but also the necessary cultural shifts to embrace a growth mindset and capitalize on the benefits of composability.

A comprehensive approach

Navigating product discovery and training

Implementing composable technology necessitates a shift in product discovery practices, emphasizing iterative development and continuous feedback. Training and education are vital to prepare the business for this transition. Stakeholders must understand the benefits and challenges of composability and be equipped to manage the changes it brings.

Managing transformation pace

Effective management of the transformation process involves setting realistic timelines and communicating progress transparently. Balancing speed with careful planning ensures that both short-term and long-term goals are met.

Creating unique experiences with MACH tech

Leveraging MACH technology enables the development of personalized and differentiated digital experiences. By utilizing microservices and a headless CMS, organizations can deliver tailored content and functionality, enhancing customer engagement and satisfaction.

Cost control and data consistency

Managing costs involves optimizing SaaS licenses and aligning investments with business expectations. Ensuring data consistency and integrity across microservices and cloud environments is crucial for maintaining reliable operations and accurate insights.

Building a composable plan

To realize the full potential of a product-led operating model, start with a clear plan.

Set a North Star: define a clear vision and goals.

· Identify outcomes: determine both short-term and long-term business outcomes.

· Analyze current and desired states: assess the current situation and desired future state.

· Prioritize efforts: focus on key product and capability areas.

· Build a roadmap: develop a detailed plan for transitioning to a composable approach.

· Roll out gradually: implement changes in phases to manage risk and optimize outcomes.

· Scale and execute: expand and execute the plan with ongoing evaluation and adjustment.

# The benefits of headless architecture

Headless architecture provides flexibility by separating the front-end and back-end systems, allowing for greater customization and rapid iteration. This approach supports continuous innovation and responsiveness to market changes.

Build or buy decisions

Deciding whether to build or buy components depends on internal capabilities and specific needs. Assess whether your team can develop and maintain in-house solutions or if purchasing pre-built components is more beneficial.

CI/CD and interoperability

Implementing Continuous Integration and Continuous Deployment (CI/CD) practices streamlines the release process and enhances quality. Additionally, composable systems can coexist with monolithic architectures through APIs and middleware, enabling a phased transition and minimizing disruption.
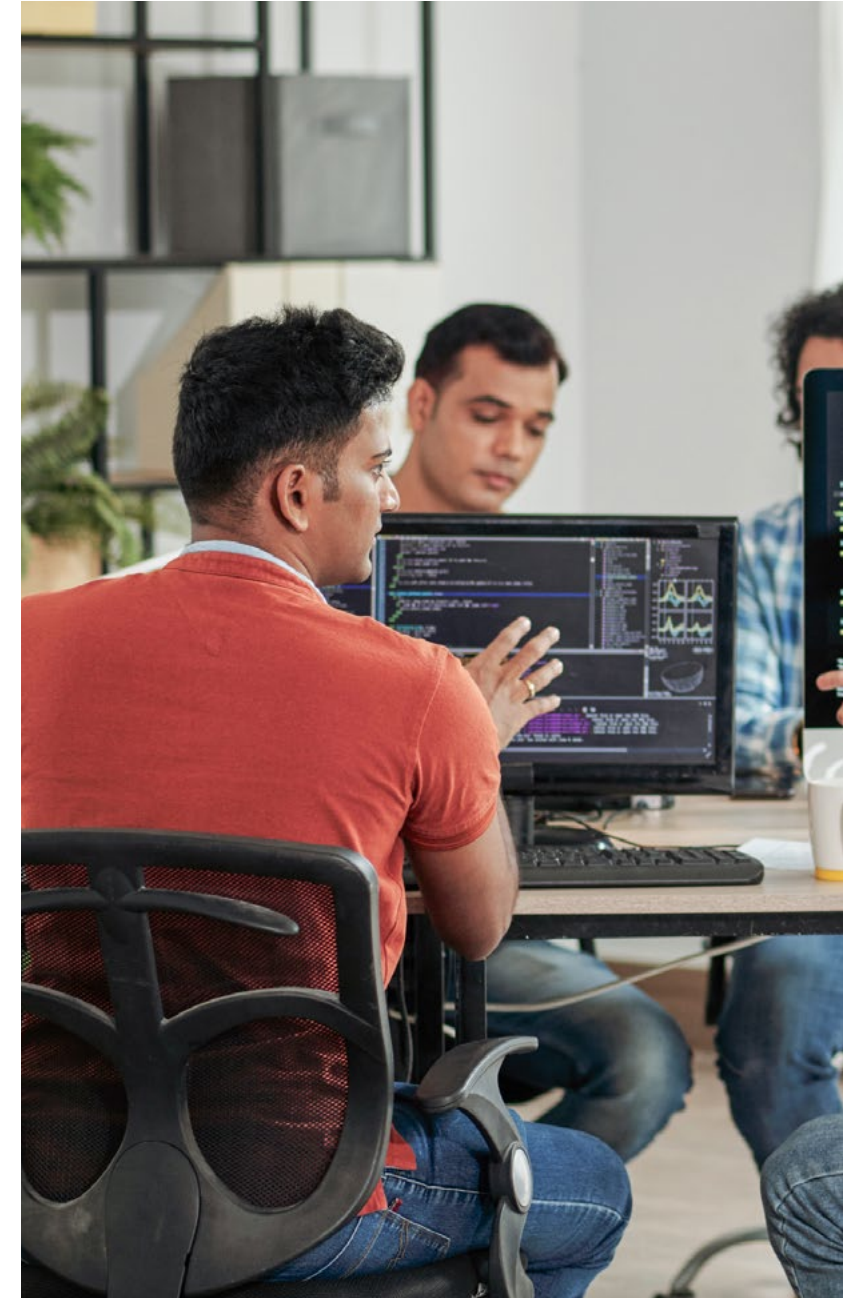
Insourcing vs outsourcing

Organizations today face a critical decision: how to balance internal development with external expertise. Outsourcing provides access to specialized skills and efficiencies but may compromise control and alignment with company culture. Insourcing offers greater control and alignment but can be resource-intensive. The key is finding the right balance. Highly specialized projects, unique platforms and occasional needs may benefit from external expertise, while ongoing, core functions might be better suited for internal development.

Partner selection and implementation

Selecting the right partners is critical for successful implementation. Look for partners with expertise in composable technology and MACH Certification and avoid those with limited experience or generic solutions.

Embrace a multi-vendor ecosystem

A product-led and composable approach necessitates a multi-vendor ecosystem. This strategy involves selecting best-of-breed technologies and managing multiple vendors to achieve the best outcomes. Valtech's expertise in navigating complex vendor environments ensures that you can leverage diverse technologies while maintaining coherent and effective collaboration.

Valtech offers a unique approach to this balance. Our extensive experience with diverse digital platforms and our ability to rapidly adapt and integrate make us an invaluable partner. We understand that internal capabilities must evolve, but we also recognize the immediate benefits of external expertise. Our approach ensures that clients gain both the agility of external partners and the strategic insight needed for long-term success.

Transforming work with external partners

The product operating model changes the role of the external partner i.e. the digital agency. While the partner may still execute isolated projects the product model requires a new delivery model; agencies must transition to a 'collaborative product partner' — working with client leadership to build strategy, grow capabilities, scale operations cost effectively and accelerate outcome.

Organizations that transition towards a product-led operating model experience a need for building new capabilities such as enabling more data-driven decision making, or capabilities around designing and evolving digital products. Together with clients, we find the right balance between immediate commercial acceleration and long-term capability building.

Maturing a single capability like data-driven insights or test-measure-learn doesn't come overnight and requires an understanding of the different levels of maturity. It doesn't stop with setting up a team and starting to work.

We typically build capability plans ranging from short to long-term identifying which competencies are needed in each phase. Depending on the internal competencies of client and the specific team or capability Valtech then take on the role of either:

· Pilot: Innovation state, leveraging expertise of the leading partner

· Co-pilot: Growth state, leveraging collective expertise in balanced partnership

· Passenger: Stable state, delegating work to execution teams

Being clear about the role of the external partner helps set expectations and allows for co-delivery on an operational level e.g. by having a clear RACI model for day-to-day communication.

A redefined collaboration framework

To achieve success, it is crucial to cultivate a culture of partnership and transparency. Our approach includes:

- Cultivating equal partnership: promote a collaborative culture where external partners are fully integrated into internal processes.

- Transparent planning: clearly communicate needs and expectations from the outset.

- Capability roadmapping: develop a roadmap for building capabilities, balancing internal and external resources.

- Agnostic consulting: maintain impartiality in advising on architecture and platform choices.

- Building relationships: foster strong relationships through physical presence and shared strategies.

- Shared goals: establish common KPIs and outcome-based roadmaps.

- Open books: ensure transparency in the agency's operations and approach.

- T-shaped profiles: recruit versatile professionals to meet diverse needs.

- Performance-based models: consider performance-based funding models to align incentives.

- Global talent access: leverage a global talent pool for scalability and expertise.

Accelerate with Valtech

At Valtech, we believe that breakthroughs happen when diverse disciplines, cultures and perspectives intersect. By combining talent across crafts and locations we unlock business value by getting from insight and idea to live experiences quickly. Leadership comes from being able to leap ahead.

The path to digital excellence and competitive advantage is through a dynamic partnership with Valtech. Our approach integrates deep technical expertise with strategic insights, enabling you to leap ahead of the competition. By balancing internal development with external expertise, embracing a composable strategy, and collaborating effectively with us, you can accelerate your digital transformation and build lasting capabilities.

Specializing in Experience Elevation, Commerce Acceleration, Enterprise Transformation, Marketing Creativity & Performance and Data Evolution, we provide both on-site experts and scalable off-/nearshore support to help clients adapt to these changes.

Our mission is to unlock better ways to experience the world.

By helping organizations make strategic choices and optimize their digital operating models — or growth engines — Valtech bridges the gap between high-level strategy and operational reality to accelerate digital transformation.

Our extensive experience and technology accelerators enable clients to advance quickly and efficiently. We provide insights into best practices and offer accelerators for major front-end technologies and composable solutions. Our tools and methodologies are designed to simplify complex projects and speed up the delivery of digital experiences.

Valtech is the experience innovation company.

We exist to change the way people experience the world through advanced digital technologies, data and design.

We do this by bringing together a global network of engineers, designers, analysts and CX professionals with a proven ability to accelerate business growth by transforming clients products, services and systems.

Our global footprint allows us to deliver impact at scale. While our nimble teams bring the agility and adaptability that allow us to create breakthrough innovation and speed-to-market.

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