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Measure the Foot: How to Know What Product is Worth Developing



ANTTI LATVA-KOIVISTO

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RELEX & Assortment Management

Case Study on Product-Market Fit

X RELEX was **losing competitive bids**

“We didn't want to just **pour money into building a product in an area where no one had succeeded before.**”

—Tommi Ylinen, Chief Product Officer

X All competitors had built **shelfware**

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What RELEX Achieved Despite the Challenge



3–4-person team, 18 months



5 enterprise customers in the first year



Pipeline on target to 20 globally in year 2



IDC rated the first release a “Leader” in 2025

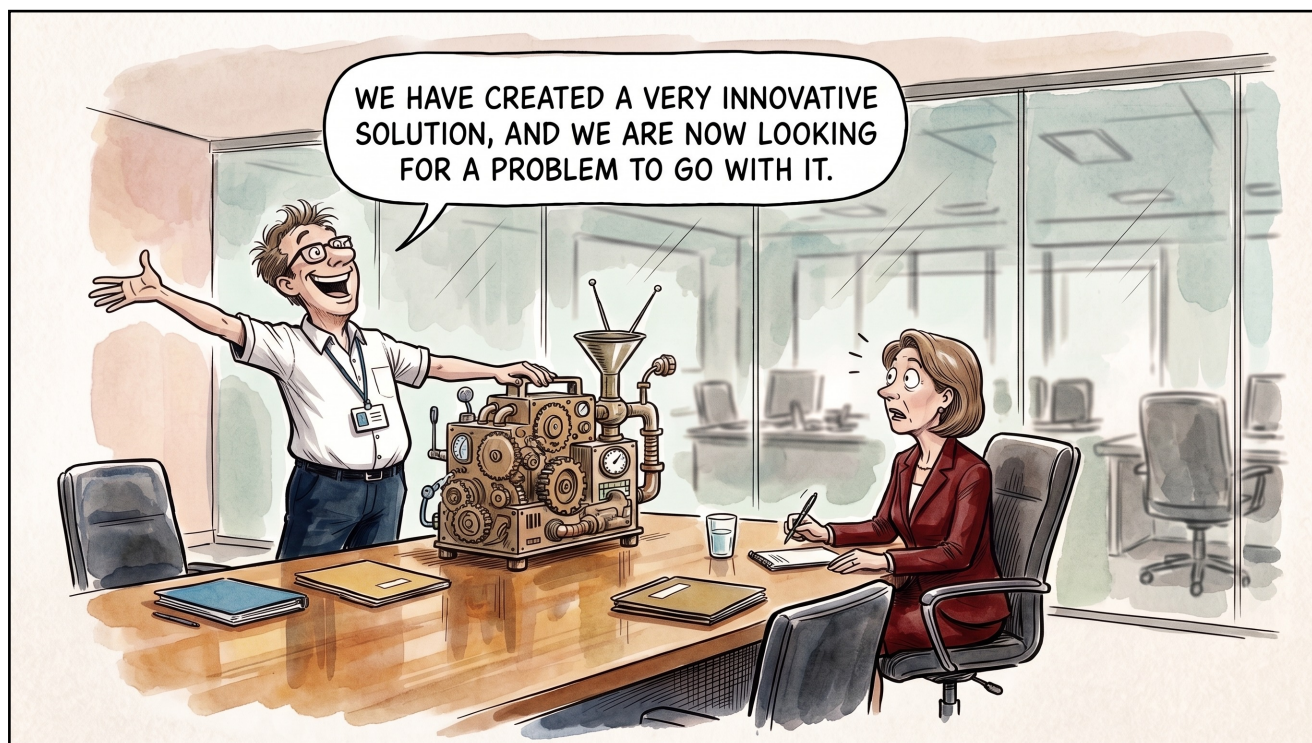


Customers able to eliminate Excel workflows

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**Most products never reach
Product-Market Fit.**



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Three Examples From the RELEX Case

Example 1: DPP Calculation for Assortment Drop Decisions

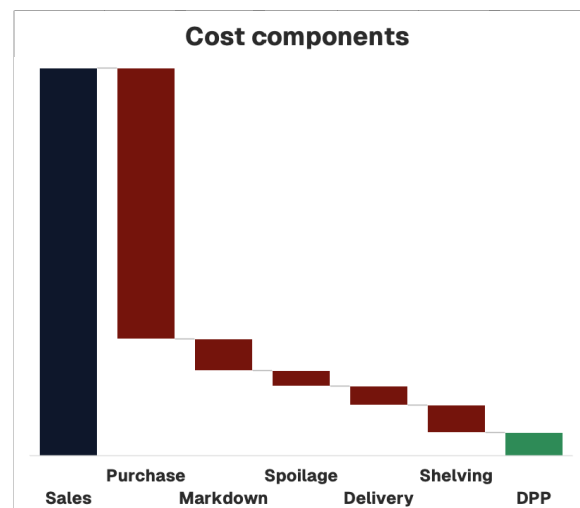
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Direct Product Profitability

DPP = Sales price
– Purchase price
– Markdowns
– Spoilage
– Delivery cost
– Shelving cost

Idea: DPP would help

- identify unprofitable products
- and drop them from the assortment



The Situation: A Category Review



Decisions:

- Add products
- Keep or **drop** old products



Criteria:

- Sales
- Gross margin
- Shopper satisfaction



Delist targets:

- Products with low DPP



Investigation:

- The cause of poor profitability?

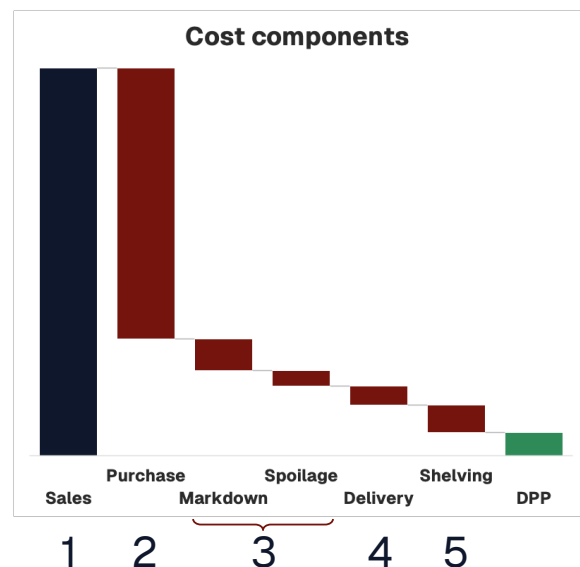
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Many Potential Causes

1. Sales price too low?
2. Purchase price too high?
3. Markdowns or spoilage too high? Why?
4. Deliveries too frequent?
5. Shelving too laborious?

!! Are there substitutes?

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Example 1: Good Solution

- One DPP number does not fit his situation
- Help analyse the category as a whole
- For right decision, help **find out** and **fix the root causes** of poor profitability

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Example 2: Buyers and space planners

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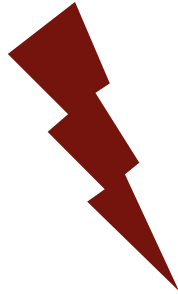
Buyer vs. Space Planner: A Conflict



Buyer

Assortment, contracts with
suppliers & pricing

Decides to expand the
assortment



Space Planner

Plans the shelf space in stores

3 weeks later: "Not enough
space on the shelves"

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Buyer vs. Space Planner: Incentives



Buyer

- Measured by:
Sales & Gross Profits
- Incentive:
More assortment = More sales

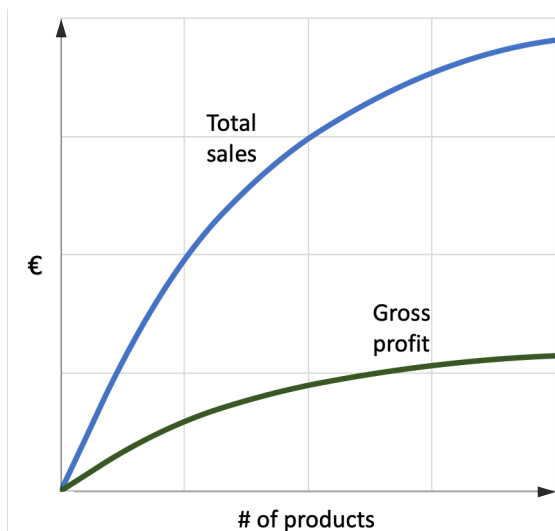


Space Planner

- Measured by: Operational
efficiency (delivery & shelving)
- Incentive:
Less assortment = Less costs

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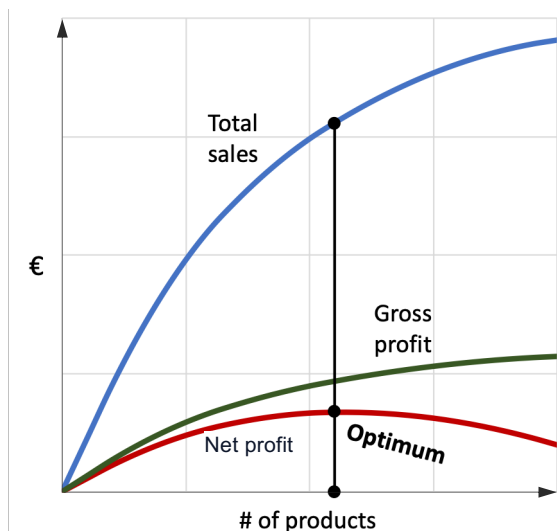
More Products → More Sales & Gross Profit



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$$\begin{aligned} &\text{Sales} \\ &\quad - \text{Purchase costs} \\ &= \text{Gross profit} \end{aligned}$$

More Products → Lower Net Profit



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$$\begin{aligned} &\text{Sales} \\ &\quad - \text{Purchase costs} \\ &= \text{Gross profit} \\ &\quad - \text{Sum of markdowns} \\ &\quad - \text{Sum of spoilage} \\ &\quad - \text{Total delivery costs} \\ &\quad - \text{Total shelving costs} \\ &= \text{Net profit of category} \end{aligned}$$

Example 2: Good Solution

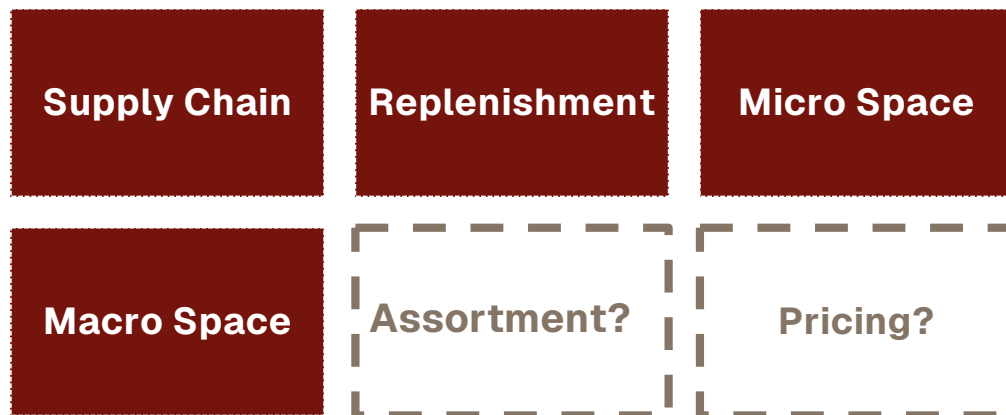
- Give assortment managers visibility to the downstream impact of his decisions
- Help optimise **total profitability** by estimating **category-level sales and costs** as a function of assortment scope (instead of DPP)
- Result: Eliminate feedback loop with the space planner

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Example 3: Assortment Management as Separate Module?

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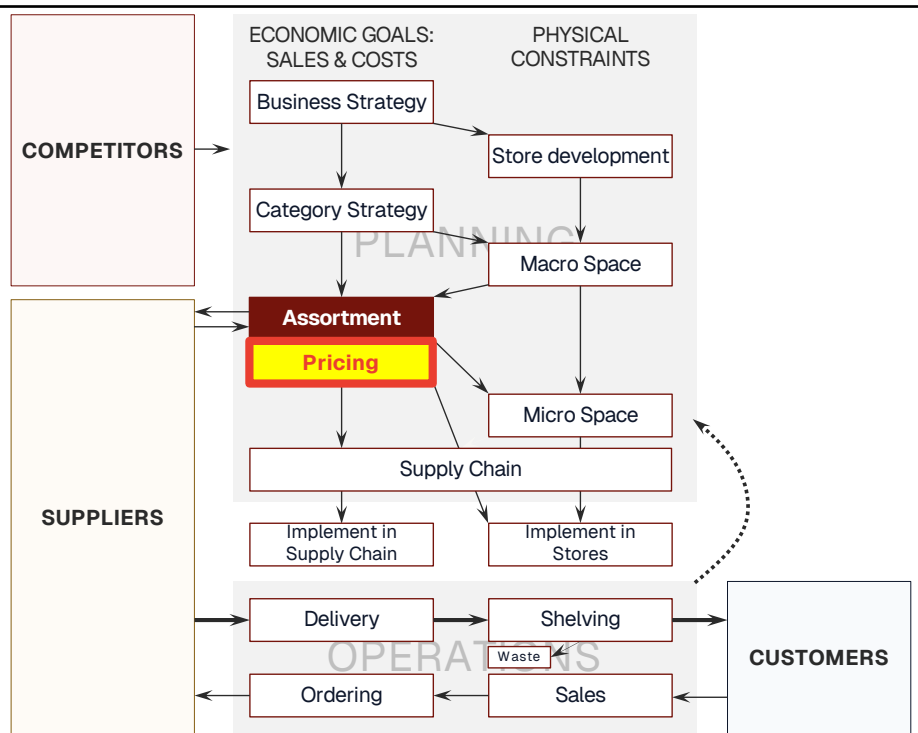
Retail Planning Software Modules



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Retail Processes

- All retail processes and data come together in assortment
- Everything affects assortment
- Assortment affects everything



Example 3: Output of Discovery

- ✓ Complete problem space
- ✓ Dependencies
- ✓ Common vs. customer-specific problems

⇒ Foundation for the right solution

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**What is a
“customer problem” to
which a product is a
“solution”?**

The Goal

Work out what a good solution must be like, before building it.

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Good Solution?

Requires only the **actions genuinely necessary** to reach the **best available result**.

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Find out actions that must
necessarily be done **somehow** by
the customer.

- Regardless of software and other tools they use today.
- Regardless of their specific processes, roles and hand-offs.
- Regardless of whether done by a human or a computer today.

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What is **necessary**?

It depends...

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What is **necessary**?

It depends... exactly on:

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What customers are trying to get done...

Motive, desired **end-results**, and **criteria** for
what they value in the end-results

...within the constraints of the reality beyond their control.

Dependencies and causalities

Necessary domain concepts

Information flow

– Where information is created &
needed (by human/computer)

Triggers

• What happens to which a
customer must react

Circumstances

Physical constraints

“Customer Problem”

to which software tools and processes are a “solution”

What customers are trying to get done...

Motive, desired **end-results**, and **criteria** for
what they value in the end-results

...within the constraints of the reality beyond their control.

Dependencies and causalities

Necessary domain concepts

Information flow

- Where information is created & needed (by human/computer)

Triggers

- What happens to which a customer must react

Circumstances

Physical constraints

The Backlog Test

- **The test:**

Describe the **concrete situation** where the feature should be useful. Who is doing what, why, in what circumstances, judged by what criteria.

- **While you write it:**

Cross out anything that refers to **solutions**:

- tools & how they are used
- processes, roles or hand-offs of a particular organisation

Keep only what reality imposes.



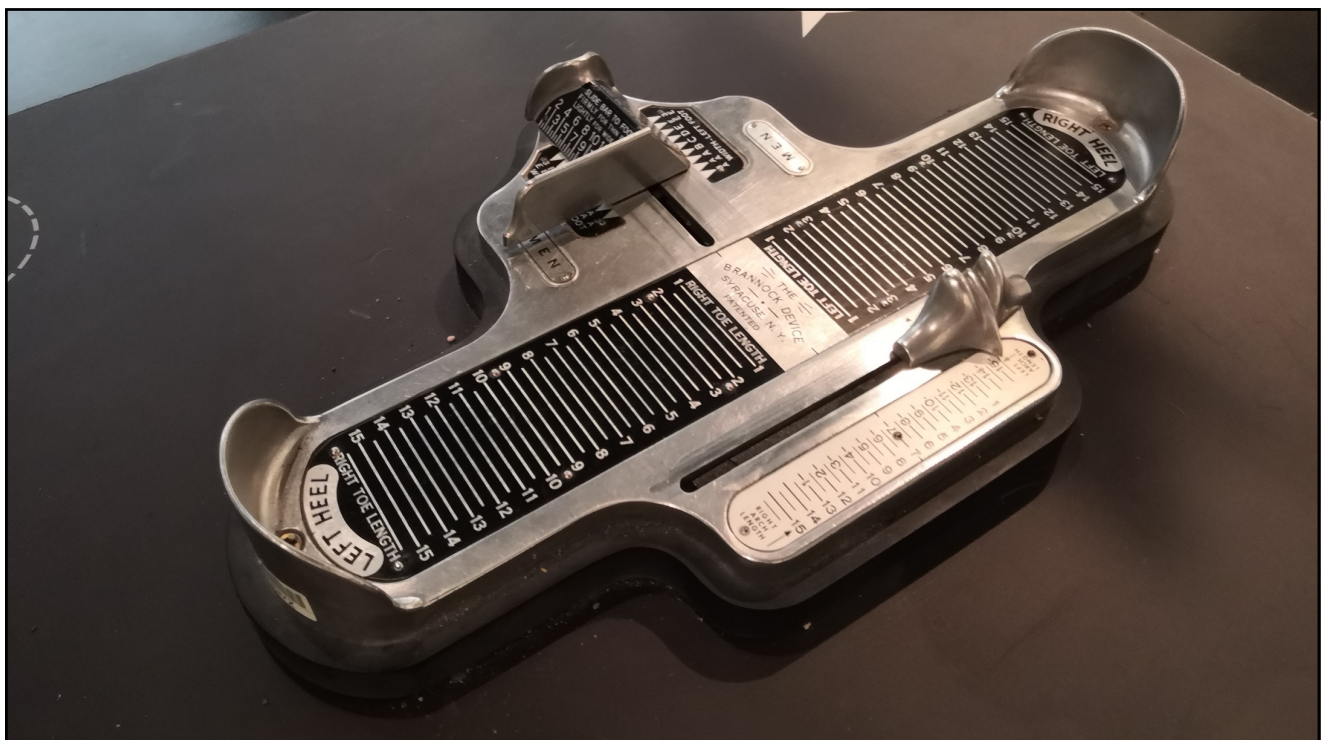
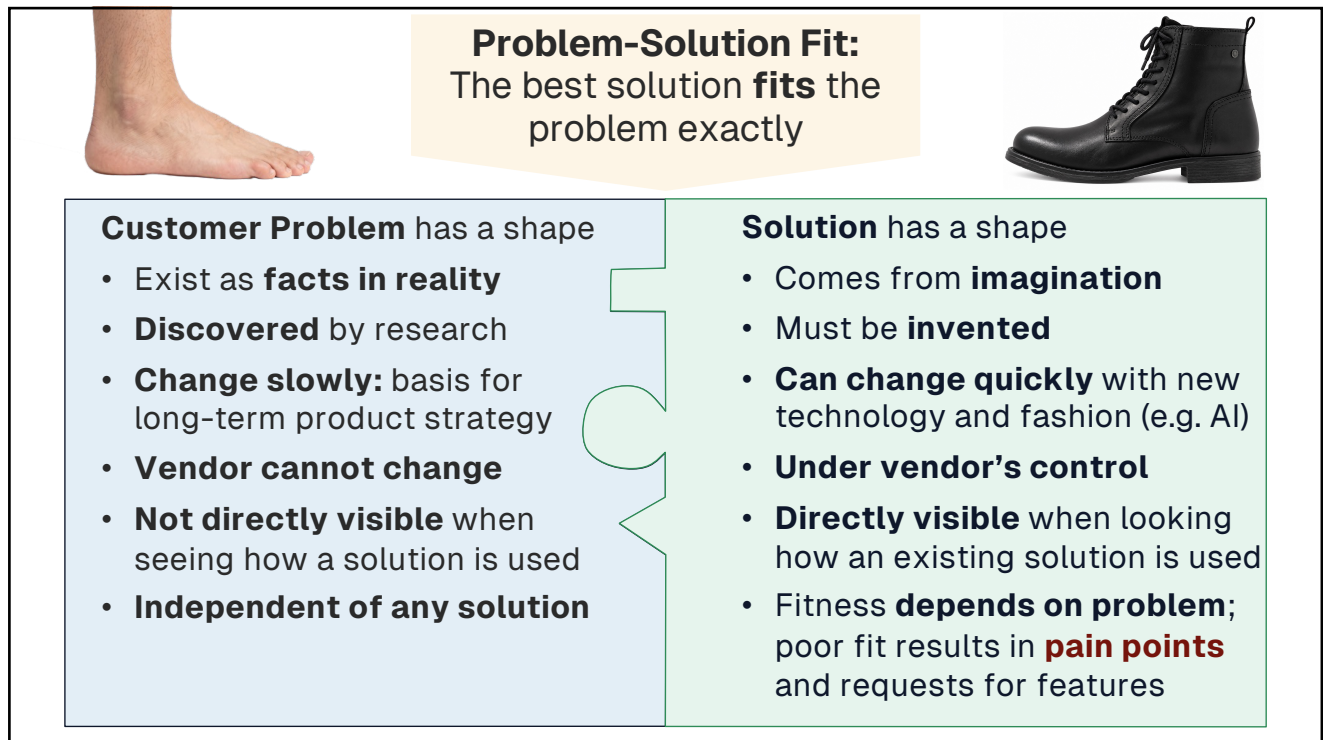
Customer Problem = Foot

- Exist as **facts in reality**
- **Discovered** by measurement
- **Change slowly**: basis for long-term vendor strategy
- **Vendor cannot change**
- **Not directly visible** when seeing how a shoe is used
- **Independent of any shoe**



Solution = Shoe

- Comes from **imagination**
- Must be **invented**
- **Can change quickly** with new technology and fashion
- **Under vendor's control**
- **Directly visible** when looking how an existing solution is used
- Fitness **depends on the foot**; poor fit results in **blisters** and requests for plasters



Method to Measure a Solution

If you know the situation, you can measure any solution against it.

Count the actions the solution requires
the customer to take to achieve an
optimal result **in that situation.**

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Required Number of Actions

- Don't need users
- Don't need to build the product

Number of actions a solution requires
in a concrete situation
= Measurement of **Problem-Solution Fit**

Comparing Solutions

- If we can measure Problem-Solution Fit, we can **compare alternative solutions**
- Enables recognising the **best available fit**
- Optimal solution is often **smaller and simpler** than existing solutions

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“The insights and results from Antti’s product discovery **helped us find the right approach.**”

—Tommi Ylinen, Chief Product officer

“Antti’s systematic discovery [...] was **a real cornerstone of our progress** in the area.”

—Sam Welton, VP of Product

RELEX: Product-Market Fit on the First Release



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HS 9.4.2026:

”Tekoäly on todella hyvä tekemään koodia. Vaikein asia ei enää ole koodin kirjoittaminen, vaan ratkaistavan ongelman löytäminen ja sen ymmärtäminen paremmin kuin asiakas yksin pystyy.”

“The hard part is no longer writing code but **finding the problem to solve** and **understanding it better than the customer alone can.**”

—Mikko Kärkkäinen, CEO of RELEX

1. Customer problems are **concrete situations: solution-independent facts** you can go discover.
2. You can **measure solutions** against those facts before building...
3. ...which lets you **reason about the right solution.**



Measure the foot first!



Newsletter on product discovery:
deductivediscovery.com

Slides:

