Gaining a Competitive Edge in the Digital Era
How to Master Agility and Data to Create a Value-Add Customer Experience
Executive Summary

In the digital era, offering a superior product or service no longer guarantees your business market leadership. Competition in all industries has never been higher, and this change is rooted in the growing power that customers wield. Cloud and other digital technologies have eliminated traditional boundaries, such as immediate location, giving customers more choices than ever and, as a result, more power than ever.

Against this backdrop, staying competitive in the digital market requires your business to quickly predict, react and scale to ever-changing customer expectations. This shift in focus, which places the customer at the forefront of everything, has profoundly influenced how businesses operate.

One of the most important actions your organization can take to underpin this shift in focus is to ensure it has the appropriate technology in place. This technology should help foster greater intelligence and agility, thereby allowing your organization to stay on top of customer expectations and respond to changes at pace. Those businesses that have already evolved their IT organizations by creating an integrated technology environment built around cloud systems that make sense of data and harness agility are already reaping the benefits when it comes to meeting and exceeding customer demands.

This paper will explore the need to transform into a digital, customer-centric organization in more detail, including why intelligence and agility need to fuel this transformation and how making these changes can help organizations remain competitive and even increase market share.
The Customer Is In Control

Although the digital era has ushered in some significant changes to how businesses operate, there’s still plenty that remains the same. As Peter F. Drucker, the father of business consulting, once said, “the purpose of business is to create and keep a customer,” and that mantra will never change.

While the need to create and keep customers will always be essential to business success, what’s required to achieve that goal has changed (and will no doubt continue to change). In today’s world, one of the most important factors that contributes to customer satisfaction is the quality of the customer experience. In turn, one of the best ways to create a quality customer experience is to personalize that experience based on individual customer preferences. According to the Accenture Technology Vision 2015 report, “Digital Business: Stretch Your Boundaries,” 81% of executives rank creating a personalized customer experience among the top three priorities for their organization, with 39% of executives ranking it as their top priority.\(^2\)

That said, personalizing the customer experience is easier said than done. Achieving this goal requires your business to have a complete, 360-degree view of its customers and to understand both their current and future needs. Despite the fact that this is no easy task, customers now expect to have these customized interactions with businesses at every touchpoint along the buyer’s journey. Taken together, this means that businesses must now seamlessly engage with customers across a variety of channels and determine how to make those engagements as meaningful as possible. This last part – making engagements meaningful – requires tapping into relevant customer data across in person and digital (including online, social, mobile and even Internet of Things (IoT)) channels in order to fully understand customer preferences and desires.

Fulfilling these goals requires advanced capabilities around both intelligence (in order to gather the necessary insight) and agility (in order to respond to this insight at pace).

Intelligence is Key

As enterprises continue to place customers at the center of every decision, they must become smarter in order to stay attuned to customers’ needs and preferences. Fortunately, all of this information is available through the big data collected across almost every interaction in which we participate today, it’s simply a matter of knowing how to tap into this data to make it meaningful for your business.

Take Metropolitan Life Insurance (MetLife) as an example. The insurance firm recently created the MetLife Wall, a customer service application portal that places all customer information into a single record to provide agents with a 360-degree view of customers on one screen to help them more quickly and easily serve customers. By bringing together data from more than 70 legacy systems, the portal cuts across all lines of business to show every interaction each customer has had with MetLife, from the call center and in-person interactions with agents to claims and policy updates. The portal also complements an enterprise-wide rollout of Salesforce, both of which are powered by the goal of eventually getting to just two screens: Salesforce for sales and service transactions and the MetLife Wall as the interface for customer records across the company’s many business systems.\(^3\)

The key to MetLife’s success in this case is the integration of information across all of these systems. That type of integration, along with simplified access to the resulting data, is among the most important pieces of increasing intelligence. Based on that intelligence, users can then make informed, real-time predictions about customer needs.

Agility Matters

As important as it is to increase intelligence, this insight means nothing if your business can’t harness it to make changes in a timely fashion. Therefore, agility becomes equally as important as intelligence to success in the digital age. Specifically, businesses need to be able to adapt as quickly as possible to both changing customer requirements and innovations in technology.

From the IT perspective more specifically, “agility provides IT organizations with the opportunity to be more flexible and enables them to scale fast enough to keep up with business needs to create a truly responsive environment.”\(^4\)

According to independent analyst Forrester Research, Inc., agility is the primary benefit of cloud technology. Forrester reports: “The need to adapt and change direction quickly is a core principle of a digital business. While agility can be inherent in business applications, the underlying infrastructure must be just as flexible. Cloud computing services can enhance your business agility by helping you optimize your business processes, internal skills and organizational structure — and can help your business quickly respond to changes in the market itself.”\(^5\)

Given the importance of this agility to success in the digital age and its attainability in the cloud, it’s no surprise that 66% of enterprises rank agility as their top driver for cloud adoption.\(^6\)

Furthermore, as Forrester indicates, when harnessed properly, agility lays the foundation for a culture of innovation, which is exactly what your business needs to keep up with the rapidly changing trends and expectations of the digital era.

How To Address The Enterprise Environment

If thriving in the digital era requires increased intelligence and agility, how can your business achieve those goals? It starts with having a proper understanding of your enterprise technology landscape and a sound strategy to govern the systems that bring your business to life.

The Stacks Approach

Traditionally, IT organizations have viewed their enterprise technology in a single stack. However, due to the growing number of platforms and applications available in the cloud, it’s time to shift to a multi-stack approach.
This stacks approach includes several layers that are designed to help determine which platforms and associated applications are the best fit for your organization, and, ultimately, it should help inform your business’ cloud strategy.

The first layer looks at the competency domains required to run a business, including customer engagement, performance management, administrative management, request servicing and any core competencies that are specific to each industry and/or business.

Each of these competency domains can then be automated through the appropriate platform, which is typically CRM for customer engagement, workplace productivity for performance management, ERP for administrative management, service management for request servicing and industry-specific or homegrown solutions for core competencies. Organizations typically add several integrated applications on top of each of these platforms, which creates a vertical, stack-like image. Additionally, underpinning this entire model is a data, integration and analytics layer, which often serves as a bridge between each of the stacks.

We can visually represent this model as follows:

![Diagram 1](image)

Let’s dive into the stacks approach beyond this high level outline with an example. For instance, you might automate your customer engagement with a CRM platform, which includes integrated applications for sales force automation, customer service, marketing and Configure, Price, Quote (CPQ) capabilities, therefore creating a CRM stack.

All of this then begs the question: How do you know which applications belong on which stack and which applications are best suited for your organization? The answer is to engage in an exercise known as stack rationalization.

Stack Rationalization

Stack rationalization is designed to help you determine which systems make sense to bring to the cloud, which new technology to introduce and on which to stack to place any given application. By making these determinations, stack rationalization should help you answer two critical questions that will inform your organization’s cloud strategy:

1. Which of your applications are cloud-ready?
2. Is each application on the appropriate stack?

In order to answer these questions, you need to evaluate your platforms and associated applications in light of ecosystem development, ease of system and data integration, quality of the internal user experience and the impact on the external customer experience. Doing so should help you identify which applications are right for your organization (and the appropriate stack on which those applications should live) in order to further goals like increased intelligence and agility.

Continual Assessment

Stack rationalization is not a “one and done” activity. Due to constant changes in both customer expectations and available technology, it’s essential to evaluate your stacks on a regular basis.

By regularly evaluating your enterprise technology and engaging in stack rationalization to ensure that both your organization’s applications and application architecture are best suited to meet its needs, you can create an environment of constant innovation. In turn, this regular innovation should help your organization maintain a high level of agility and keep pace with evolving customer expectations as well as any market changes.

How To Improve Customer-Centricity With The Stacks Approach

When all is said and done, well-managed and regularly visited enterprise technology stacks will help improve customer-centricity by allowing for a true digital transformation across all of the areas that impact this goal, most notably intelligence and agility.

As described above, underpinning the entire stacks model is a “data, integration and analytics” layer, which bridges the gap between each of the stacks. In other words, this integrates data that previously resided in siloed applications in order to improve both accessibility and intelligence.

Breaking down these silos also makes it possible to truly harness the power of big data and make it something meaningful. While big data may have a reputation as a buzzword, it’s actually much more than that and has had a profound impact on how businesses today operate. In fact, according to a recent report from Teradata, 21% of senior data and IT decision makers consider big data analytics the single most important way for their organizations to gain a competitive advantage, while an additional 38% rank it as a “top five issue” that gets significant time and attention from leadership.7

Harness the Power of Data

Properly integrating and analyzing data through the use of analytics solutions presents new opportunities to increase intelligence and put that intelligence into action.

However, given the influx of data, hence the term big data, this hasn’t always been easy. Recent data from Accenture supports this notion, finding that 55% of organizations consider managing their data either very or extremely challenging.8

And the challenge isn’t just managing data (which requires a robust plan focused on flexibility and integration that can scale
long term), it's also making that data meaningful and actionable for everyday business users. However, independent research firm Gartner, Inc. foresees this challenge easing in the future, as it shares that "the rise of data discovery, access to multistructured data, data preparation tools and smart capabilities will further democratize access to analytics and stress the need for governance." Gartner also predicts that, "by 2017, most business users and analysts in organizations will have access to self-service tools to prepare data for analysis."  

As this technology becomes more available going forward, the key will be developing a proper use and integration strategy that allows frontline business users to turn that big data into actionable business insight. In turn, this intelligence should help users better understand customer needs and, therefore, empower them to make informed decisions that improve the customer experience.

Foster a Positive Customer Experience

Once your organization and, more specifically, frontline business users can properly make sense of and analyze the big data you collect, the key is to use that insight not only to deliver regular innovation, but also to make the decisions that power those changes more informed. For instance, you should use that intelligence to make product and/or service decisions that more closely align with user preferences and to provide more unique customer interactions. Taken together, all of these improvements should foster an optimized customer experience.

But does placing your customers at the center of all of your business’ intelligence, process and other technology goals pay off in the long run? In short, yes. Data from Accenture supports this notion, finding that 60% of organizations report positive results from their investments in personalization technologies. Of course realizing the return on these investments requires the proper foundation and governance (i.e. a well-managed and agile enterprise architecture as well as control over data to power the system).

Once again, agility plays a key role here. As InformationWeek puts it, “Customer experience improvements are happening online and offline, with data being collected from smartphones, mobile apps, POS systems, and e-commerce sites. With the ability to collect and analyze more data, and more types of data, than ever before, businesses are in an unprecedented position to quantify what works, what doesn't work, and why. And, the ones that are the most agile are adjusting their business strategies as necessary to increase or maintain market share. When executed well, customer experience improvements can help boost customer loyalty and revenue growth. On the other hand, if a company chooses to disregard what the data is indicating, it may well lose customers and deals to a more agile, data-savvy competitor.”

Avis Budget is one such business that has proven the validity of this model. The vehicle rental service provider recently introduced an integrated, customer-centric strategy aimed to increase market share. As part of this strategy, Avis Budget values and segments customers based on data from a variety of channels, including purchase history and social media, in order to offer tiered incentives with the goal of improving customer loyalty. Since implementing this approach, the organization reports hundreds of millions of dollars in additional revenue.

Meanwhile, Royal Bank of Scotland (RBS) has also recognized the value that an agile, customer-centric data strategy can provide. After seeing a 200% increase in mobile and online banking, RBS invested £1 billion in improving digital services. Specifically, RBS aims to make online banking more intuitive by providing customers with more personalized content and plans to increase investments in internal systems in order to create a more comprehensive view of customer interactions across the entire organization.

Avis Budget and RBS are just two examples of many organizations that are investing in the digital customer experience to improve intelligence and agility in an effort to better respond to customer demands, especially those for personalization. And, as Avis Budget’s experience demonstrates, organizations that are making these investments are seeing positive returns, most notably in terms of increased market share and customer loyalty (and, therefore, revenue).

Conclusion

In the digital age in which we now live, it’s no longer the quality of your product or service that sets your business apart. While those factors still matter, they no longer wield the power that they once did. Instead, it’s the quality of your customer experience that now separates the leaders from the pack.

Not only do customers have more choices than ever before (and those choices often tend to be similar in terms of product and service quality), but it’s also easier than ever for new entrants to disrupt longstanding markets. As a result, the competition to please customers has never been higher.

As a result of this dynamic, customers are now in control, and they know it, demanding more and more from the organizations with which they do business. Today, these demands are most often centered on personalized engagements that add value based on customers’ specific needs at each stage in the buyer’s journey. Those businesses that can meet these demands will be well-positioned for success, increasing both customer loyalty and market share.

But how can your organization stay in tune with customer demands and understand each customer well enough to personalize engagements across a growing number of channels? The key is taking advantage of modern, cloud technology to increase both intelligence and agility so that you can respond to these changes at pace. In order to achieve that goal, your business needs a well-governed and integrated enterprise architecture that emphasizes customer-centricity above all else and uses that objective to drive meaningful insight from enormous amounts of customer data.

While this approach might sound like a tall order, as organizations like MetLife, Avis Budget and RBS demonstrate, it is most certainly attainable; it’s simply a matter of setting the relevant strategy and goals as well as properly maintaining and taking advantage of the technology that underpins those initiatives.
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Diagram 1
Resources

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