Digital transformation is changing customer experience and IT must lead the way

MODERN NETWORKS ARE CONNECTING THE DOTS IN THE CUSTOMER JOURNEY

FOR MANY COMPANIES, customer experience is at the heart of digital transformation (DX) efforts aimed at gaining competitive advantage and achieving growth. That puts IT on the spot to deliver on expectations from various (business) functions and business leaders. Although this can sometimes lead to tension, it also creates an immense opportunity for IT to be a strategic partner and leader.

Customer experience (CX) has overtaken process efficiencies and automation as the top digital priority, according to IDG's second annual digital business survey. And customer experience technology is a high priority across industries from retail to agriculture to manufacturing.

For many, CX is inextricably woven with digital transformation strategies aimed at driving innovation and competitive advantage. For example, a recent Wall Street Journal article cites Marriott launching in-app airport shuttle tracking so customers know how long they have to wait for a ride to their hotel, and Hilton allowing guests to select rooms from within its app map. Next up for each: Shuttle tracking is on Hilton's list of future projects, and online room selection is on Marriott's.

As CX becomes central to DX strategies, the onus is on IT to become more strategically engaged in areas that traditionally have been the purview of front-office functions, such as customer service, marketing, operations, and product development. Although business and functional leaders may agree with IT on the goal, there may be misalignment on priorities, resources, and the best way forward.

C-Suite and operations ramping up the pressure

Many departments across businesses have a stake in improving customer experience, from sales to service to product development and marketing, and all the way to the top. To better understand the efforts to improve customer experience and the approaches being taken, IDG, in partnership with Comcast Business, surveyed 50 IT decision-makers at companies ranging from small to very large in July 2019.

Most of those surveyed (76%) indicate they are feeling pressure from multiple sources in the organization to deliver digital customer experiences. Operations and the office of the CEO are the leading drivers, according to 46% and 42% of respondents, respectively. Marketing and research & development follow closely, both at 35%; sales comes in at 29%.

IT can't afford to take a back seat in this area. A Harvey Nash/KPMG CIO survey recently revealed that, for more than half of surveyed CIOs, the most important business issue that boards want IT to work on is enhancing the customer experience. That means IT has an opportunity to take a leadership role and claim its rightful seat at the CX/DX strategy table by working side by side with the traditional front-office functions to define strategies, remove barriers, and help lead successful transformations.

IDG Communications, Inc.

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IT leaders must step up to the challenge

CX leadership should be a natural role for IT decision-makers, given that they have spent past years steering the consumerization of IT in their organizations. Many are dealing with employee experience issues that go hand in hand with CX efforts. A significant number of respondents, however, indicate friction or lack of alignment between IT and executive management teams on investment priorities for digital CX technology.

Challenges that IT faces as it strives to partner with executive management and business unit leaders include:

- **EDUCATING AND STEERING BUSINESS LEADERS —** "They refuse to spend the time to educate themselves or be educated on all the new tech that exists and what advantages they can provide," says one survey participant. Another says executive management has "an 'if-you-build-it-they-will-come' attitude, which means that explaining how and why customer engagement and retention is necessary is sometimes less than fruitful."

- **ENSURING SECURITY —** Improved security ranks equally with improving customer service as the top objectives driving CX improvements, each cited by 76% of survey respondents. "Security is the largest friction point," says one participant. "As endpoint devices are deployed, there is a greater risk of security issues." With multiple digital customer touchpoints, not only does the perimeter of the business increase, the need to safeguard customers' trust and the privacy of their data is paramount.

- **BUILDING THE BUSINESS CASE —** IT must be able to communicate the possibilities as well as the capabilities that a CX initiative can enable and the reasons the investment is worth prioritizing. "The executive management is not fully in tune with what IT is capable of and tends to short our funding more than we would prefer," remarks an IT decision-maker. Another explains, "We struggle to communicate the importance of investment in emerging IT technologies. We require more financial investment and attention than other departments want to provide."

Best practices for IT leaders

Friction sometimes can develop when there is pressure to use technology to solve a problem without fully determining the objectives, says John Guillaume. As vice president, product management and design, for Comcast Business, he heads a team responsible for creating product experiences across Comcast Business.

"Technology can be a means to solving a problem, but rather than jumping to something like artificial intelligence, for example, let's make sure we know what we're trying to achieve," says Guillaume. "There may be other levers to pull, such as speed, or scale, but it all depends on what the business objective is."

IT leaders who communicate the benefits and key performance indicators (KPIs) of CX initiatives rather than focus on the underlying technologies can better educate business leaders on the value of various CX initiatives. And it's up to IT to gather requirements from across the organization and define and prioritize how to achieve business goals through CX.

Front-office functions traditionally have owned their particular customer touchpoints, often resulting in silos of customer information that cannot be leveraged across the entire organization. IT is best positioned to bridge the gap; typically, this requires modernization of networking infrastructure to make that happen and ensure full exploitation of the data.
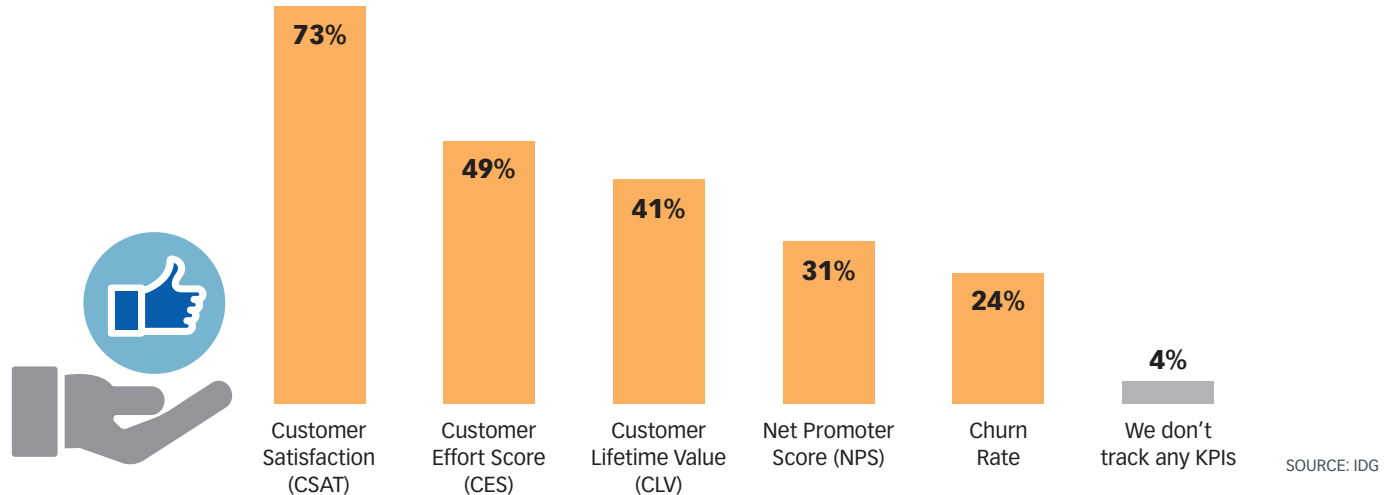
IT decision-makers must be alert to what is driving the CX demands coming from departments across the organization. To make enlightened decisions, IT leaders must engage with leaders of other functional areas to fully understand what they want to achieve and why. IT also must have a full understanding of compliance and security risks that can result from expanding customer engagement.

Expectations may vary between sales and marketing and research & development. IT must be able to balance them with what can be realistically achieved in a manner that best meets business objectives, all while educating business unit leaders on the possibilities and needed resources.

Steps that IT leaders can take to evaluate existing capabilities and future requirements include:

- Setting up build-or-buy scenarios for the supporting technologies and solutions needed to achieve CX goals

- Quantifying the benefits to be gained, working with finance to correlate CX KPIs and investment measures

Top KPIs for Measuring Customer Experience

73%
49%
41%
31%
24%
4%

Customer Satisfaction (CSAT) — Customer Effort Score (CES) — Customer Lifetime Value (CLV) — Net Promoter Score (NPS) — Churn Rate — We don't track any KPIs

SOURCE: IDG

■ Building the business case and return on investment (ROI) to justify budget recommendations, as well as detailing the liabilities and missed opportunities in customer loyalty and competitiveness of not making the needed investments

Guillaume offers some recommendations on approaches that can help win over business leaders. He advises, "First step: Don't ask for permission!" He urges IT decision-makers to move forward with small experiments that can develop solutions to small problems and prove their cases.

"Don't take too long," he adds, advising that these initial projects be undertaken within two to six months. By moving ahead proactively, IT leaders will be armed with solid data when members of senior leadership teams want to discuss the possibilities of applying new technologies and tools, such as artificial intelligence (AI).

Actual results will provide IT leaders with evidence that can convince business leaders that the efforts are worthwhile. Likewise, it can prevent business leaders from initiating costly projects in areas where IT has already determined that expected outcomes cannot be achieved.

IT can help build the business case by tying projects to KPIs that business leaders and front-office functions are traditionally more familiar with. According to the survey, many are already making that transition: Customer satisfaction (CSAT) scores are the leading KPI by far, used by 73% of respondents (see chart above).

A solid economic case can be made for CX, says Forrester: "The ROI on even small increases in [Forrester's] CX Index score continues to be significant. For a big-box retailer, a one-point improvement can lead to an extra $244 million in incremental revenue, while a decrease in CX Index score can slash revenue and profit just as dramatically."
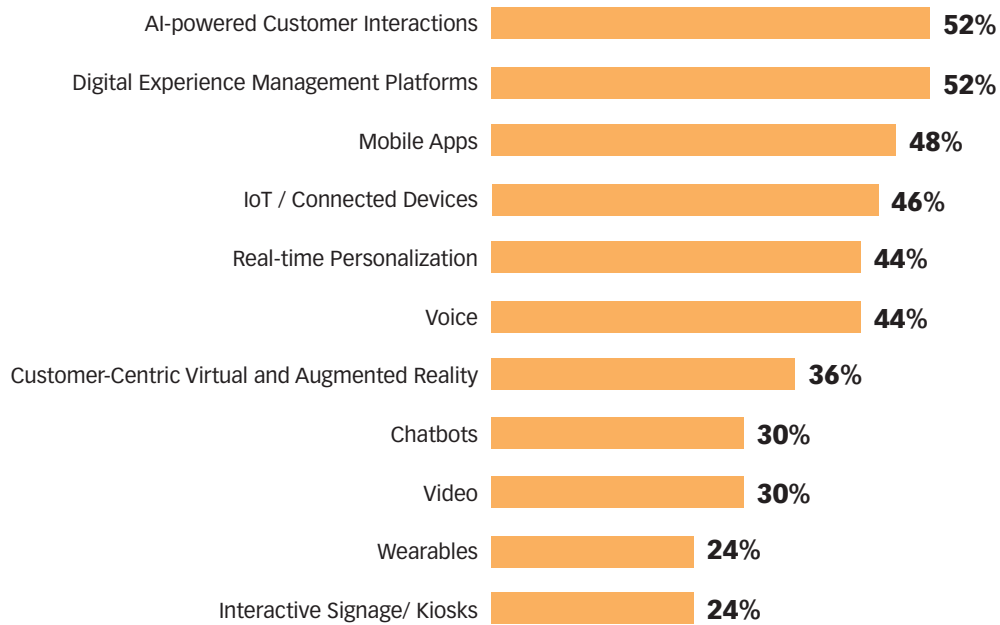
Deploying customer-facing technologies

More than half of those surveyed by IDG say they are using digital experience management platforms to improve customer experience. Gartner calls this market category "still evolving and relatively immature" and aims to, in IDC's words, "enable organizations to plan, create, source, curate, manage, deliver, and measure the content that drives relevant, personalized, and engaging digital experiences — whether via the web, mobile apps, social channels, or connected devices."

AI-powered improvements in customer transactions and interactions ranked evenly in use with digital experience management platforms. "AI is top of mind for all kinds of organizations to give customers a better experience by understanding their behaviors better and being able to predict needs, such as caching streaming video in advance to deliver it more efficiently," says Comcast's Guillaume.

As an example, he says:

"If we can see what's going on in a customer network and can predict that in 28 days it may run slow based on bandwidth consumption or the likely number of users, we can share those insights with users and administrators and put them in a better position to prevent adverse circumstances."

Top Customer-facing Technologies Enabled

Technology	Percentage
AI-powered Customer Interactions	52%
Digital Experience Management Platforms	52%
Mobile Apps	48%
IoT / Connected Devices	46%
Real-time Personalization	44%
Voice	44%
Customer-Centric Virtual and Augmented Reality	36%
Chatbots	30%
Video	30%
Wearables	24%
Interactive Signage/ Kiosks	24%

Companies are taking a multipronged technology approach to improving CX.

SOURCE: IDG

Survey respondents are using a multitude of customer-facing technologies in the effort to improve CX, ranging from chatbots to mobile apps to wearables (see chart above). On average, respondents are employing more than four of those technologies in their organizations.

At the same time, consulting and advisory services firm KPMG points out that many organizations are dealing with "'tech debt' — under-investment in the legacy infrastructure that comes back around to bite them." The result, according to KPMG, "typically leads to an inadequate and outdated infrastructure that can't support new customer solutions and can't meet the needs of a customer-centric agenda."

Almost half of those in the IDG survey indicate that more reliable networks are a key objective for improving customer experiences. Data center-centric wide-area networks (WANs) often aren't up to the task of meeting business objectives and customer expectations. "Increasing demand for cloud connectivity and access to rich multimedia applications, coupled with the emphasis on high availability, requires a new and more flexible architectural approach to WAN connectivity," says IDC.

Taking a seat at the CX table

As organizations build transformation strategies around enhancing customer experiences, the ability to connect to customers, gather data and insights, and deliver new applications is essential. For IT leaders to gain their seat at the CX strategy table, they need to work cross-functionally to overcome common challenges. These efforts include educating and leading business leaders, minimizing risks by addressing security at the much extended perimeter of the network, and helping to build the business case by using CX KPIs.

Managing the flows of data and being able to respond dynamically to changes in customer needs and in the marketplace have never been more critical, especially as more processing moves out to the edge of the network.

To learn how Comcast Business' network and advanced solutions can power innovative customer experiences for your business, go to **ComcastBusiness.com/Enterprise**.