



Digital Transformation Drives Customer Engagement

Enterprises must overcome data management issues to successfully execute digital business strategies that meet customer expectations.


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Deloitte.

CIO
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A digital enterprise uses technology and data as a competitive advantage in its internal and external business and customer operations. Digital transformation reflects an enterprise's drive for agility and innovation, fueling new revenue sources while catering to the needs of evolving customer bases.

To understand the challenges faced by businesses in the midst of a digital shift, Informatica and Deloitte* joined with IDG Research Services to survey leaders at EMEA companies on data transformation initiatives; specifically focusing on key drivers and obstacles, disruptive factors and customer expectations, as well as investments in big data and cloud. A majority of the C-level, management and

IT professional respondents perceive their business to be a digital enterprise or aspire to become one. However, key findings of the survey suggests that many respondents are struggling with data management issues. Nearly half cite multiple technology platforms as a barrier to success, and a significant number report fragmented customer information due to silos of customer data stored across the organisation.

The digital enterprise

Digital enterprises are characterised by agility (responsiveness to changing market conditions), flexibility, scalability and delivery of a seamless and consistent customer experience across channels. Those that fall too far behind may never recover.

Based on the findings, it's clear that enterprise leaders already recognise that they must digitally transform to avoid losing customers to more-engaging competitors. A substantial majority of those surveyed consider their organisation to be digital enterprises today. Even among those that have yet to turn the corner, half have already implemented digital business initiatives or view such initiatives as central to their corporate strategy, and most of the remainder are in the process of discussing their digital strategy.

Three critical characteristics of a digital enterprise that centre on better serving customers stand out:

- Agility and responsiveness to changing market conditions
- Ability to deliver a seamless and consistent customer experience across channels
- Strategic management of data in online, e-commerce and omnichannel engagements

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Even though chief marketing officers (CMOs) are typically identified with customer experience initiatives, only 1 percent of the survey participants named CMOs as playing a primary role. Among the respondents, 41 percent cited the chief information officer (CIO) and other top-titled IT executives to be the owners of digital strategy, data management and vision. Only 13 percent identified chief digital officers and 6 percent chief data officers as primary owners. In 19 percent of the participants' enterprises, the chief executive officer (CEO) carries the responsibility.



When it comes to perceptions of progress made in their transformation journey, there are some stark variances between the IT and business groups. Those in IT management positions, for example, are more likely than their business peers to cite successful digital partnerships as a key differentiator in achieving their transformation goals. Similarly, the IT management respondents were more likely to report that their organisation is a digital enterprise than those on the business side. This raises the concern that the differing viewpoints between IT and business may make it difficult for chief executives to gauge their company's actual progress. It also illustrates that the disconnect between IT and the business continues to persist, although just 28 percent of those surveyed identified that as an issue.

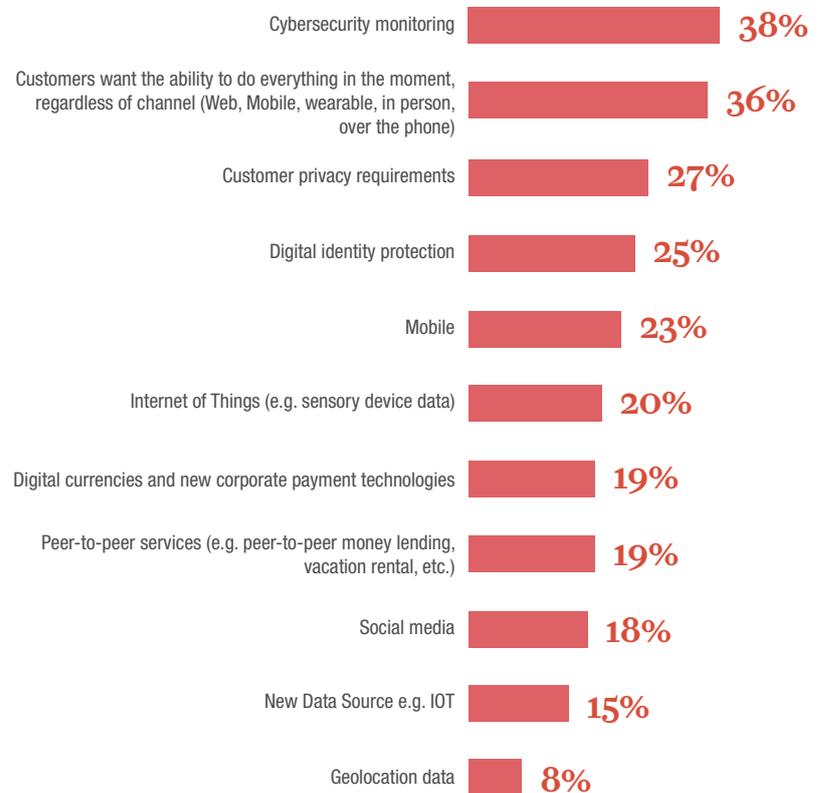
Anatomy of the digital customer

For many, digital transformation moves in concert with the customer journey, and, for the most part, enterprises are racing to catch up to the rapid digital changes that affect those customers: millennials who use multiple devices and channels to engage with companies and expect to have a unified experience.

Not surprisingly, cybersecurity is the top disruptor that respondents expect will influence their digital strategy in the coming year. But close behind is the expectation that both consumer and business customers want to conduct business “in the moment,” whether they are using mobile, social, web or more traditional channels of engagement. Customers seeking to do business with those that

Cybersecurity concerns and the need for a 24x7, omni channel approach to servicing customers are the biggest digital disruptors expected to impact organisations over the next year.

Digital Disruptors to have the biggest impact over the next 12 months



Internet of Things and geolocation data are more likely to be identified as digital disruptors among those in IT management positions while digital identity protection is more likely to be a disruptor according to business management.

can rapidly respond to their changing needs, behaviours and expectations will leave behind enterprises that don't transform in response to this reality.

Customer expectations for a seamless omnichannel experience are high on the list of transformation considerations among those surveyed. This stipulates engagement across multiple channels without any degradation of the experience. International Data Corp. recently predicted that over the next three to five years, a majority of business-to-business and four-

fifths of business-to-consumer enterprises will have to overhaul their “digital front doors” to support 1,000 to 10,000 times as many customers and customer touchpoints than they do today¹. Forrester Research also says that contextual, personalized experiences are key to winning customer mind-share and share of wallet².

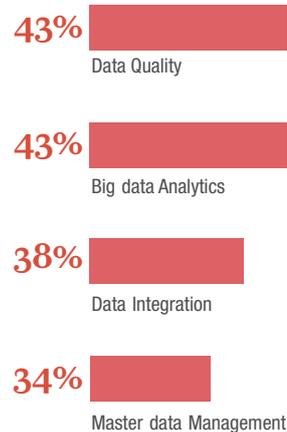
Top customer expectations that influence enterprise digital transformation efforts today include dramatically reduced response times and immediate real-time access



Digital Transformation Enablers

Data management and analytics technologies are playing a big role in digital transformation, with 86 percent of the survey respondents planning to make investments over the next year.

Key areas include:



In the survey, 84 percent indicated that big data, next-generation analytics does or may play a role in their digital enterprise strategies.

Top expected benefits include:



to products and services. Customers also expect the active management of their data and preferences as well as a seamless omnichannel experience so they can readily engage with companies, whether the interaction is via mobile, the web, social media or face-to-face communication.

Because of this omnichannel environment, personalization and a 360-degree view of the customer are essential. Among the survey respondents, 72 percent indicated that they believe achieving a 360-degree customer view requires insights into products purchased, preferences, behaviours and customer relationships. And almost three-quarters said that this is either critical or very important to differentiating the organisation and their customers' digital expectations. Although half of the respondents believe that their organisation is on a par with other industry participants in its ability to achieve that 360-degree customer view, only 18 percent see themselves as being ahead of their peers.

There is a clear divergence in how enterprises in different industries are approaching their customer engagement goals. Almost half of the respondents in financial services said that delivering a seamless, consistent and integrated customer experience across channels is the top differentiator of digital business, but just 28 percent recognise effective customer analytics as a key differentiator. By comparison, in manufacturing, the customer experience across channels is recognised as

a key differentiator by 50 percent, but 64 percent rely on customer analytics.

Those in financial services place greater emphasis on digital products and services as a business differentiator. In health and medical care, 52 percent consider agility and responsiveness to changing markets a top differentiator, compared to 85 percent in the technology-driven telecom sector.

Recognising barriers

Business and IT executives agree that having multiple technology platforms in place is the top-ranked barrier impeding progress toward their transformation goals. Today's enterprises deal with varied structured data and unstructured content, as well as both internal and external sources of data, such as the web and social media. Enterprises have typically tried to meet their business goals with an application-centric approach, often relying on rigid transactional systems such as enterprise resource planning (ERP) software. This "legacy applications first" approach makes it difficult to access, manage and utilise data freely and inhibits progress toward the goals of a data-centric digital enterprise.

Fragmented business-critical data pertaining to customers, products, suppliers, channel partners and assets can create inconsistencies and duplication within business applications, because these applications are not built to enforce data quality. The ability to analyse, understand and leverage relationships between the people, places and things that are

most important to businesses' goals hinges on a strong data governance foundation.

Data is essential to achieving an accurate view of the customer. Therefore, it is no surprise that one-third of the survey respondents stressed the critical need to overcome the challenges of data silos and varied formats for storing customer data as part of their transformation.

Strategies for success

Recognising the need to achieve a complete, 360-degree view of the customer is one thing, but adapting existing systems to do so is quite another. Data related to a customer typically resides in a variety of internal business systems or may be externally obtained data stored on-premises or in the cloud and hosted on third-party systems. This requires a strategic platform approach or systems integration effort to create a clean, consistent and connected view of business-critical data.

Digital enterprises need data of the highest quality, accuracy and consistency for many analytical and operational use cases, so it is essential to move away from varied systems, reconciling those different formats and inconsistencies.

Master data management (MDM) is a methodology and competency that identifies the most-critical information within an organisation and creates a trusted, single source of truth to power business processes.

MDM, combined with data integration, data quality and business process management (BPM) capabilities, can accelerate the digital transformation effort in a big way. A fully capable MDM solution delivers:

- A single view of relevant data—creating a single, authoritative view of business-critical data from disparate, duplicate and conflicting information
- A 360-degree view of critical relationships—incorporating business rules that identify and provide relationship insights across the data

- A complete view of all interactions—integrating the transactions and interactions that have occurred with a product, customer, counterparty or other master data for a complete view of that relationship

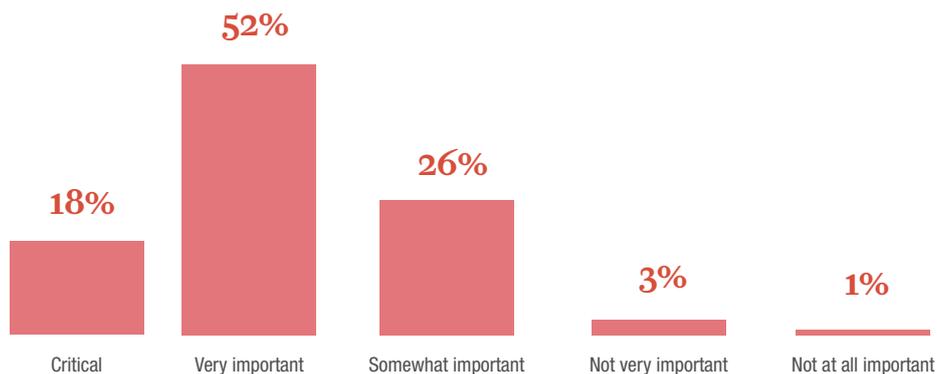
A large majority of the respondents plan to make investments in one or more data management and analytics technologies over the next year (see related article: "Digital Transformation Enablers"). Data quality is particularly critical as those organisations implement next-generation analytics, which 84 percent of those surveyed said "will" or "may" play a role in their digital enterprise strategy.

Hallmark of the digital enterprise – essential guidance

Delivering a seamless, consistent and integrated customer experience is the hallmark of a digital enterprise. MDM enables enterprises to create a single source of truth, to ensure confident decision-making and power successful digital transformation.

Seven in ten respondents think that a complete customer view is highly important (critical/very important) to differentiating the organisation and their customers' digital expectations.

Importance of a complete customer view to differentiate your organisation and your customers' digital expectations



Identifying the most-critical information within an organisation and ensuring that this information flows rapidly and smoothly to all business divisions are vital to the agile enterprise.

Organisations should ensure that they have a 360-degree

view of the customer, and full visibility into customer engagement, regardless of where and how those customers are interacting with the company. The approach to data management must comprise several technology solutions, including data integration, data

quality, MDM and business process management.

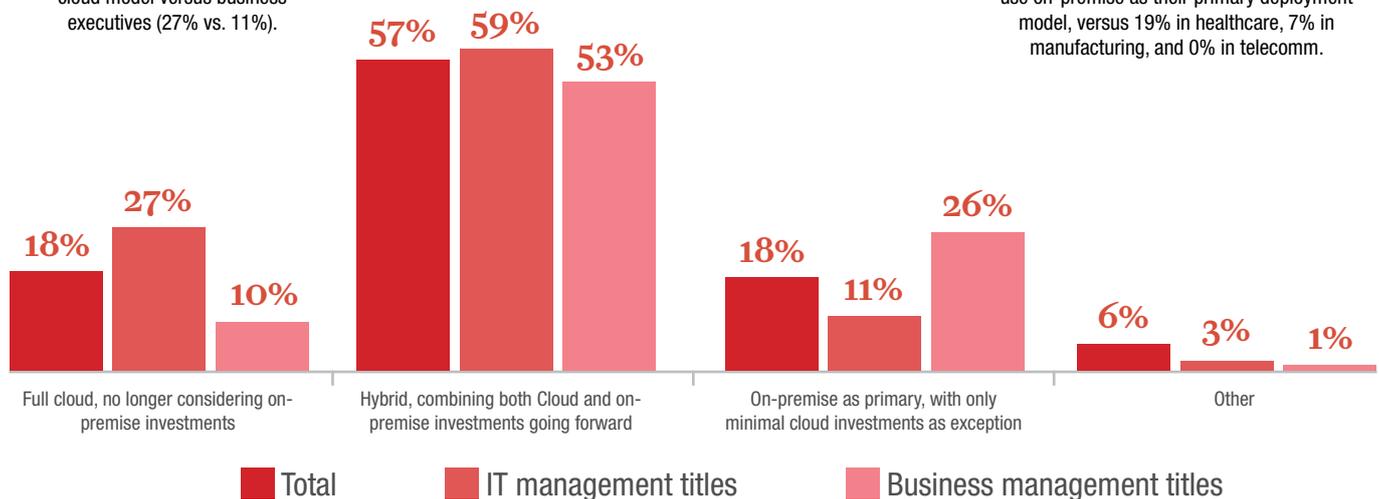
In the end, a well-planned, integrated strategy is essential to steering digital transformation in alignment with the customer journey and driving customer engagement.

Most organisations plan to take a hybrid approach to cloud deployment over the next 12-24 months, with just 18% reporting they will use on-premise as their primary deployment model.

Adoption of cloud in your digital enterprise strategy over the next 12-24 months

IT executives more often report a likelihood of moving to a full cloud model versus business executives (27% vs. 11%).

One fifth (20%) of those in the finance vertical anticipate their organisations will use on-premise as their primary deployment model, versus 19% in healthcare, 7% in manufacturing, and 0% in telecom.



About the research

To understand the challenges faced by businesses in the midst of a digital shift, Deloitte and Informatica joined with IDG Research Services to survey leaders at EMEA companies regarding their data transformation initiatives, specifically focusing on key drivers and obstacles, disruptive factors, customer expectations as well as investments in big data and cloud. More than 130 executives at

companies with 1,000 or more employees participated, with 60 percent representing businesses with 10,000 or more workers. The respondent base was split almost evenly between leaders in business roles and those in IT or data management. The respondents represented a broad range of industries, including financial services and health-related segments as well as telecom, manufacturing and consumer goods.

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¹“IDC Predicts the Emergence of ‘the DX Economy’ in a Critical Period of Widespread Digital Transformation and Massive Scale Up of 3rd Platform Technologies in Every Industry,” 4 November 2015, International Data Corp. <https://www.idc.com/getdoc.jsp?containerId=prUS40552015>

²Johnson, Carrie, “Forrester’s top 10 predictions for business in 2016 — and what they mean for tech,” 2 November 2015. Computerworld. <http://www.cio.com/article/3000395/leadership-management/forresters-top-10-predictions-for-business-in-2016-and-what-they-mean-for-tech.html>

* In this publication references to Deloitte are references to one or more of DTTL member firms.