

Hacking Value Delivery: The CIO and the Age of the Customer

How Technology Leaders Can Change Perceptions, Drive Strategy, and Create Value for Any Organization



It's been said that we're in the "age of the customer," and you wouldn't be faulted wondering if that actually means anything. Is it a phrase analysts invented to scare up business? Is it a shiny new name for something that's been happening consistently for decades?

Maybe both – but if you're questioning the importance of this shift, do this experiment: Ask your CIO or IT lead whether their role and day-to-day has changed materially in the last 5 years, and how.

If we had to guess, based on what we've seen in the industry and in repeated studies and reports, the IT leader will say that he or she now fills more days meeting demands in the customer experience realm, while spending less time managing internal IT and line of business applications (thanks to automation and cloud services).

That alone should indicate that a new age is here: when the single largest line item on the corporate budget is naturally migrating towards customers and their needs, you know who's jumped in the driver's seat. It's your customers.

If nothing else, the age of the customer marks the incursion of IT into the customer-facing lines of business, and has changed how technology is integrated in the value chain for businesses of all kinds.

At Yottaa we're helping to enable this shift: IT leaders at our customer organizations become proven revenue generators by improving the end user experience of their apps with Yottaa's solution. We're glad to help in the mission of improving customer experience – and in helping those embattled IT leaders prove they're more than the head of the helpdesk.

We hope you enjoy this eBook, and hope it helps your organization to embrace the age of the customer!

- Ari Weil, VP of Product Marketing



The New-Breed Technology Leader

It's not all doom and gloom, though. In fact, CIOs and IT leaders now have a huge opportunity to capitalize on the "Age of the Customer" and its associated trends. With greater responsibility for creating customer experiences and a new generation of technologies available, CIOs can parlay their current challenges into a big win for their teams and their businesses by delivering value.

That phrase may seem obvious or even limp, but when it comes to technology leaders, the idea of "value delivery" is an important distinction. They have traditionally been stuck in an unenviable position: they are practically set up for failure. As a partner with Ernst and Young's IT advisory practice put it,

"If your IT systems are fine in the morning then this is just okay, because it's what users are expecting. But anything that deviates from that is terrible. So it's a negative scale that effectively goes from really, really bad to just okay."

To add a positive side to the scale is a big deal.





While IT has always been at the center of cost-savings and efficiency initiatives that can help to make businesses more profitable, they don't typically get a seat at the table for discussions on business strategy and revenue generation. But that will change. In short, **CIOs now have an opportunity drive value through top-line growth** as well as bottom line savings. They will accomplish this by spearheading the strategy and execution for customer experience innovations that affect the entire business.

This paper seeks to tease out some steps CIOs and their management teams can take to foster and enable this process. We will cover how leaders can set the table for technology to deliver value; how they can articulate that value with the right people in the right manner; and how organizations can manage the continuous delivery of value over time.

1

Being Proactive and Strategic About Serving the Customer

When it comes to digital transformation, few managers can point to a single person that has a strong handle on strategy. One survey found that the CEO and CMO are most frequently looked to for setting digital strategy, but it's the rare organization that has a strong consensus in the matter.

More troubling is the fact that just 15% of managers are confident that their organization has the right people in place to execute a digital transformation, and even fewer are confident that they have the right processes in place. These findings stand in direct contrast to the stated goals shared by so many organizations to improve customer experience cross-channel. The mismatch between goals and the ability to execute is a big problem.

Enter the new-breed CIO role. This person is well equipped with an understanding of technology and its applications for the business, and ought to be the go-to executive for steering the business toward its customer facing digital channels. And yet a poll of budget priorities for 2015 showed clearly the main objectives for IT were improving efficiency and increasing productivity – that is to say, still the bottom-line drivers traditionally tied to IT.

Suffice it to say that for CIOs, old-school perceptions persist, and the process of changing this paradigm starts with developing a well-defined strategy.

Leaving the Comfort Zone

CIOs are by definition the best equipped in their organizations to evaluate and implement new technologies that can serve the customer experience. They are likely already thought leaders in the current generation of cloud-based tools. And yet in only 5% of organizations is IT “heavily involved” in setting strategy for customer experience.

Joining that 5% is the first step for a CIO to drive value, which may mean leaving his or her comfort zone of IT management. CIOs must “become something of a visionary” in order to succeed in driving value, argues an IT advisor at Ernst and Young.

But becoming a visionary is not a mere switch to be flipped. The CIO is not likely to have direct experience in business strategy. Relatively few have MBAs or other business degrees, and most have risen directly from an IT management role. While most CEOs spend many years honing business strategy skills before ascending to that role, CIOs often reach the C-suite based on managerial excellence and technological proficiency. High-minded concepts like leadership and vision are not always prerequisite.



To get up to speed quickly, CIOs should apply a systematic approach – something they ought to be familiar with as an IT manager – to orient their thinking toward the customer. As Forrester Research notes in its “Blueprint for Strategy” for CIOs, that reorientation starts with measurement and assessment. The CIO should develop “a full view of the ecosystem, including competitors, partners and regulatory constraints” and “map painful customer journeys, including parts of the ecosystem [the CIO doesn’t] control.” That may include activities as disparate as ethnographic research and heavy data analysis.

Perhaps mapping out holistic customer journeys doesn’t sound like the remit of a typical CIO. But ultimately the CIO will be held responsible for the repercussions of a mediocre customer experience: his or her teams are likely goaled on customer satisfaction and engagement. It makes sense that the person responsible for the end results ought to play a large role in the strategy that will lead to those results.



From a Silo No Strategy Doth Come

In mapping the customer journey, tech leaders must work with other departments to access the information they need. Customer service, marketing, and sales in particular have many of the answers and insights the CIO needs to formulate strategy.

Technology leaders should seek to set up a structured process around discussing customer experience that includes key stakeholders from the above departments – a CX task force of sorts. That this group is IT-led will help to initiate a change in the perception of IT, planting seeds long before the discussions actually bear fruit. And since the leaders of the group are also the ones who will carry out the development, the group will be inherently action-oriented. In other words: no more theoretical blather that's later shot down by IT; instead, the group will generate ideas that come pre-packaged with approval from IT, since they are the ones driving the conversation.



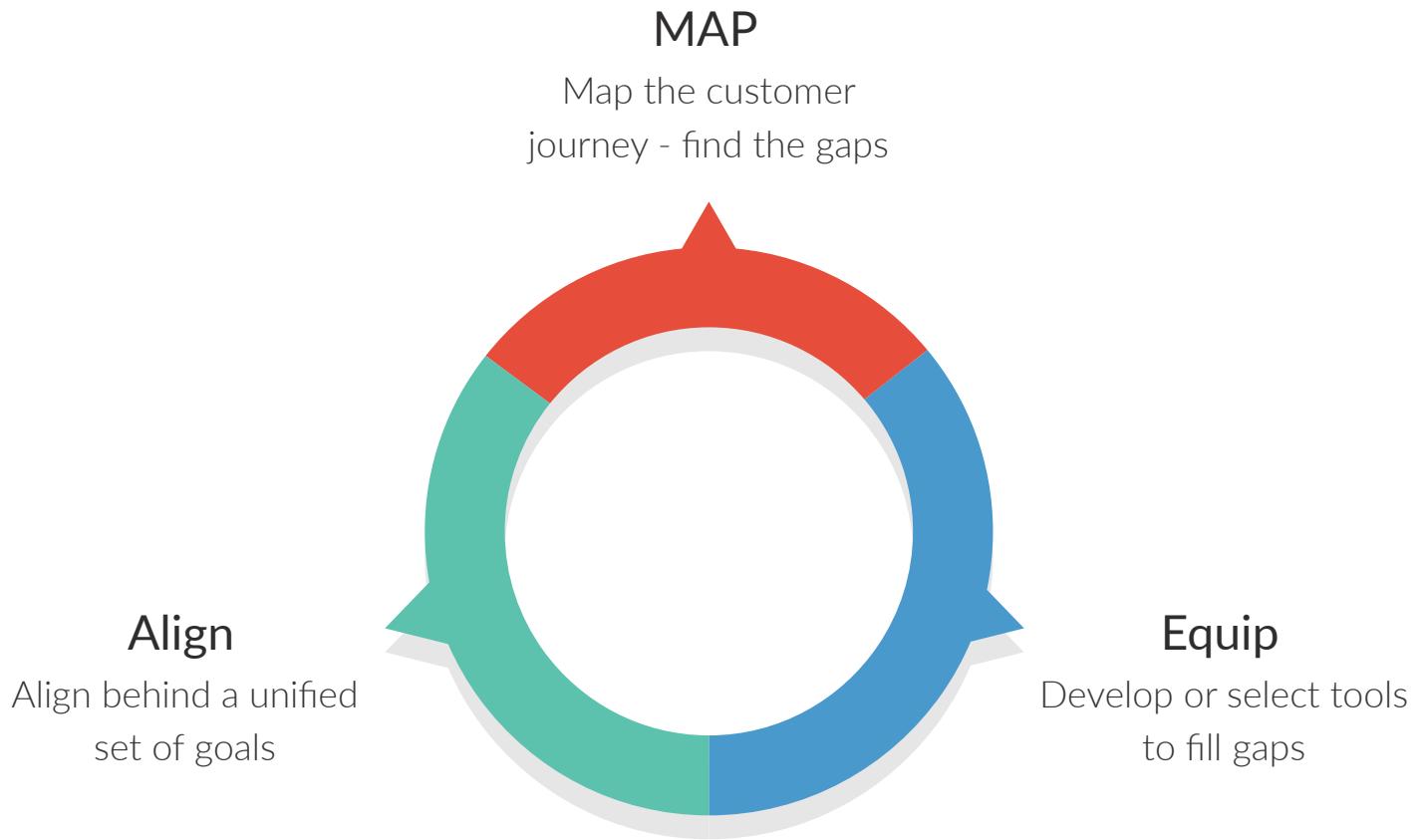


Naturally, the CIO won't be the only IT leader in these discussions. In particular, application leaders are in "a unique position to help as they can be considered 'neutral observers' between business stakeholders with different, and sometimes conflicting, priorities," as Gartner reports. The CIO should encourage AppDev leaders and others within the IT department to align with customer experience goals. This should be a natural progression for AppDev leaders because they are already goaled on metrics like customer satisfaction. Goals like those are increasingly analogous to the top-line goals the line-of-business groups are held to, such as revenue and lifetime customer value. Completing the progression by forging real connections between these often disparate groups will be one of the first steps to collaborative planning.

Beware, though: within the IT group, as well as among the other stakeholders recruited to drive strategy, it will be necessary to earmark time or personnel to the customer initiative.

Talking is easier than doing. A Forrester Research analyst put it this way: "It's no longer sufficient to say that you are simply 'customer-centric' or 'customer-focused.' The only successful strategy in the age of the customer is to become customer-obsessed."

The IT-led Customer Experience Strategy



Tie it Up with a Bow

So far, we have the CIO stepping out of his or her box, taking initiative to map the customer's journey and working cross-department to gather information and ideas in a structured fashion. What's left is to bring all the information together into a coherent strategy and plan of action. Ultimately, this will have to come from the leader him or herself, but seeking answers to a few questions can be a guide in the right direction:

- **What contextual information about customers do we have?**

- Is it enough to drive sophisticated experiences based on context?
- If not, how can we collect more information?

- **Where are there gaps in our customer journey?**

- What do the users really enjoy and engage with?
- Where are there drop-offs in engagement or abandonment?
- What kinds of information or experiences would fill those gaps and drive users toward conversion?

- **What tools do we need to create and deliver experiences?**

- Can we build what we need in house?
- What are the best of breed tools available to accomplish what we can't in house?

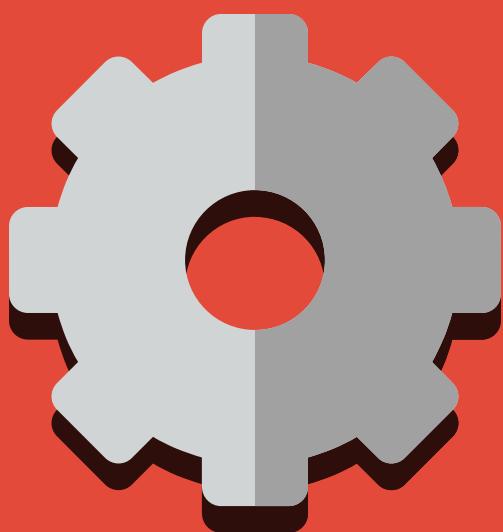
- **How do we define success?**

- How will our customer experience be different when these projects are completed?
- What metrics will we use as benchmarks?
- How will an improved customer experience affect the success of sales, marketing, customer support, and top/bottom line?



A well-honed customer experience strategy will include the answers to these questions and more. Crucially, it will forge a bridge between IT and business technology by addressing both end goals and the tools needed to get there. This won't be an immediate change. Changing priorities and KPIs can be contentious. But if the CIO makes an effective case for customer strategy writ large (see next chapter) it should be clear that it's the best way forward. Customer satisfaction and top-line metrics like revenue are already highly related – it no longer makes sense to develop separate strategies for serving the customer.

The next step is putting it into action, which will require skills that may be rusty for some CIOs: the oft-hated politicking and soft skills.



2

Articulating the Value of Customer Experience Strategy

Putting together a brilliant strategy is not enough, unfortunately. Especially when a technology leader is stepping out of his or her traditional role and leaving the comfort zone, it is crucial for them to articulate the value of the strategy to the right people. Recall that the rest of the C-suite tends to harbor fairly outdated opinions of the scope of the CIO role, and expect to discuss little other than the budget with him or her.

It should help that the customer experience discussion already includes stakeholders from other departments – the initiative will be known within the organization, and that's an important part of the battle for recognition. But when it comes to the cases where it will have to be brought up in a formal setting, some finesse will be required. Namely, the CIO must learn to present it in terms related to the business.

Yes, the much-maligned business-speak that many tech folks proudly consider themselves above using may have to come into play. But it's not just vocabulary; it's aligning the customer experience focus to the larger business goals. Perhaps the CIO has heard the company goals and value framework voiced over dozens of times, but never fully internalized it. Or worse, the CIO wasn't even in the "real" C-suite meetings, because he or she is a CHINO – a chief in name only – and got only the watered down version of the corporate strategy. (Such a dynamic is not uncommon, according to the EY study).



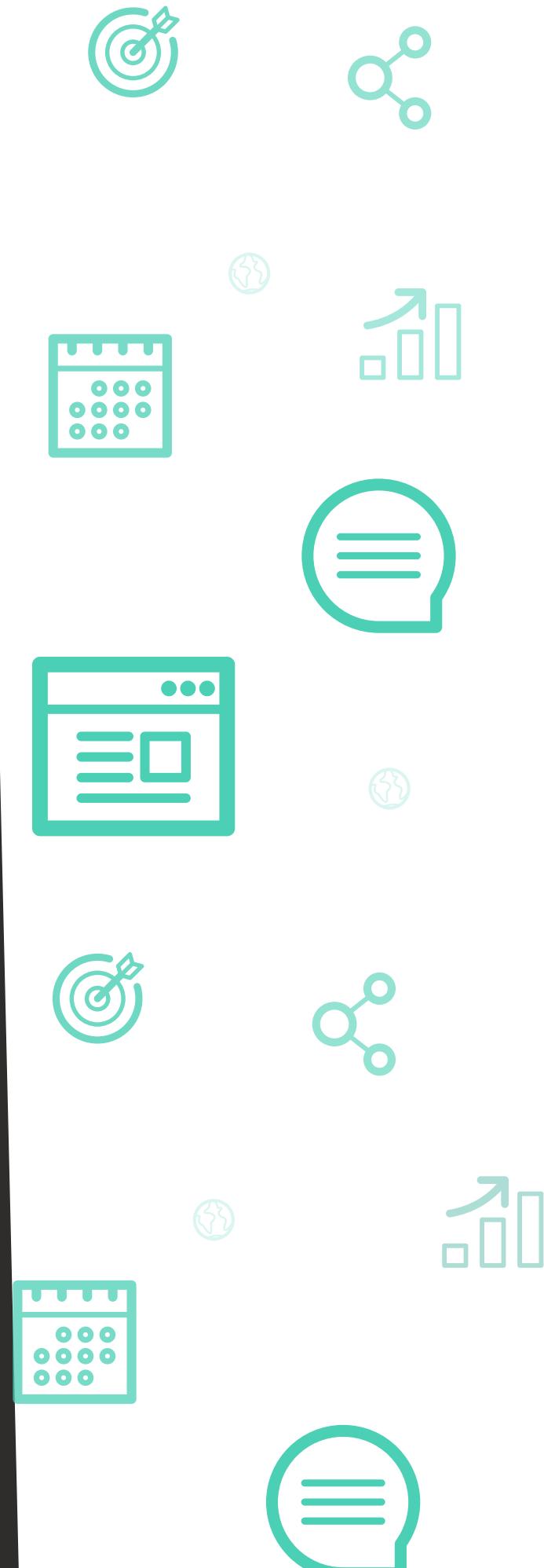
In any case, the CIO should do the necessary homework to be able to speak to the overall business strategy, and to how innovating the digital customer experience will implicate all levels of the value chain. It will help him or her to listen closely to the other stakeholders they've collaborated with in developing the strategy as they go, and take notes on how they perceive the strategy as helping their own objectives.



For example, the customer experience initiative may have the most direct effect on immediate customer engagement, as defined by app downloads, session duration, frequency of search queries, or any number of other metrics depending on the type of business. A seasoned business pro would naturally take such results and postulate the long-term effect increased engagement will have on metrics like repeat purchases, lifetime customer value, and brand awareness. Learning to make these connections and articulate them will gain CIOs the buy-in they need to execute and propagate the CX strategy. CIOs already have the ability to ply analytics and big data to turn these associations into sophisticated predictions – they just have to take up the mantle.

More broadly, the CIO may benefit from an intentioned adjustment to attitude and approach. Granted it means something about the person's ambition, open-mindedness, and flexibility that they are taking up such an initiative in the first place – but there may yet be some lingering tendencies.

CIOs should strive to avoid a defensive stance – one that emphasizes protecting their budget and people from attack like a feudal lord – in favor of a collaborative one. As Forrester wrote in a paper on the Age of the Customer, “The CIO must become the conduit between technology needs and customer needs,” a description that connotes a certain level of openness and flexibility. This kind of outlook will eventually work its way into a more natural articulation of purpose that focuses less on specifics and more on the general benefits across departments. That’s the kind of thing every CEO is receptive to.





3

Look Long Term,
Manage CX Over Time

Once the strategy is developed, properly articulated, and aligned with company goals, there's the small matter of keeping the engine running. This is where the initial enthusiasm for new ideas can too easily revert into more business as usual. The CIO will naturally be the one to ensure that doesn't happen.

One way ensure the continued relevance of customer experience in the organization is to develop a system of governance, similar to what Gartner calls a "unified customer experience index." It should include a bevy of business metrics to be reviewed regularly and enforced in departmental KPIs.

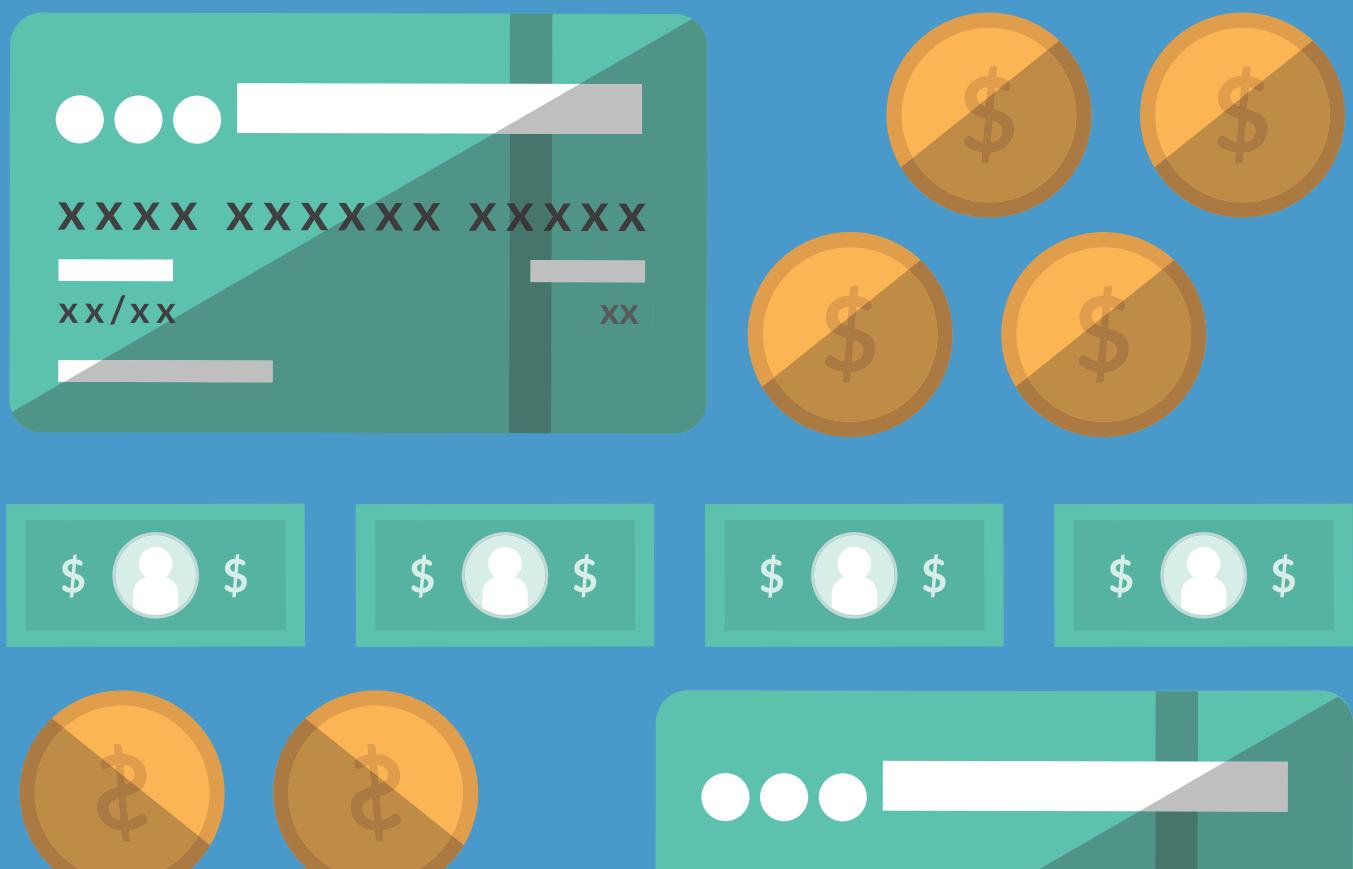
In a similar vein, CIOs could revisit of the customer journey on a scheduled basis – essentially starting the process fresh – to determine ways it can be optimized. Perhaps the first IT-led strategy sessions yielded a brand new application of existing customer data to provide contextualized reminders to customers. That's great, but ask: how can that technology be applied to other streams of data? How can it be delivered faster and more consistently? How can it be made more accurate?

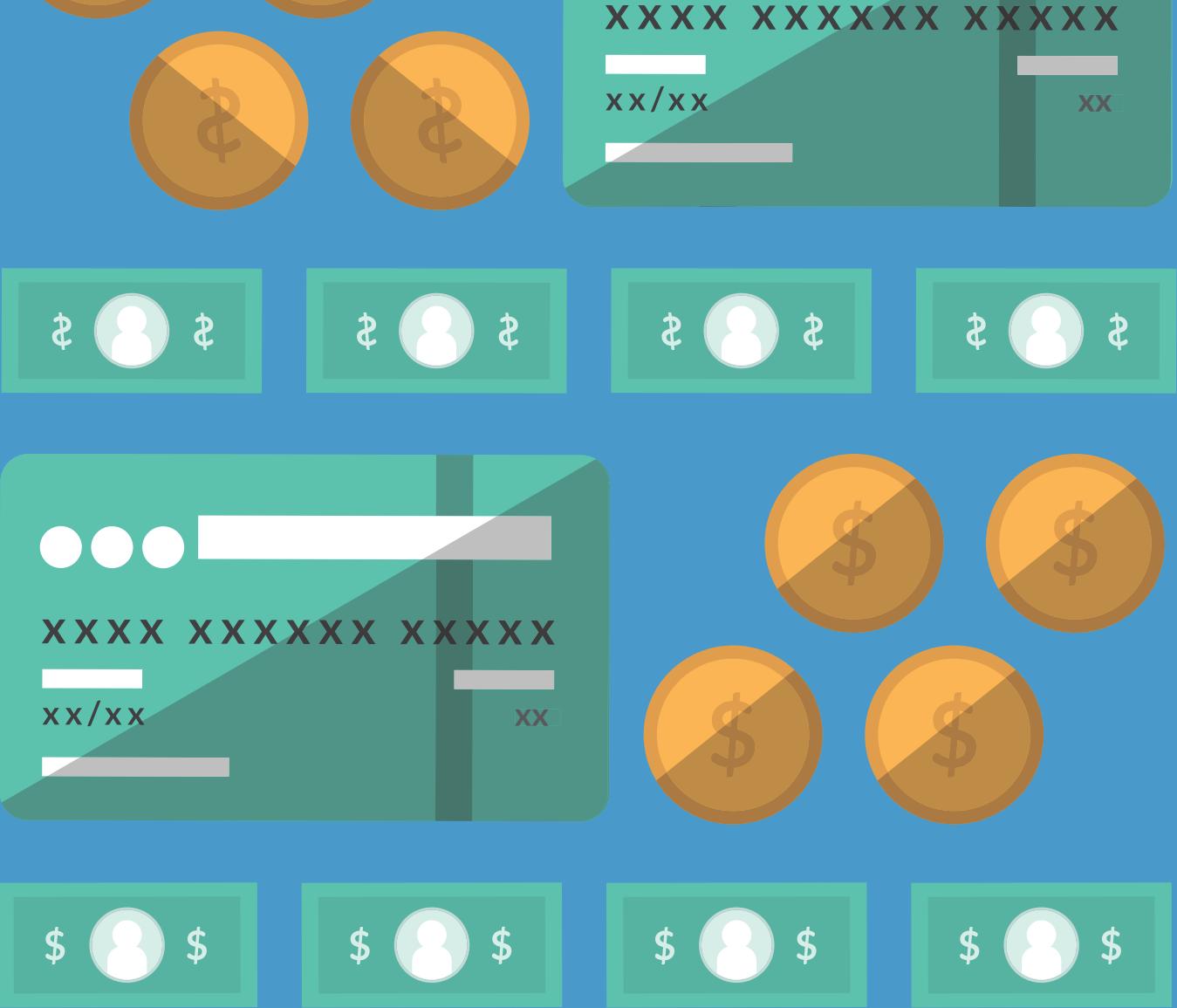
Members of the technology organization will be familiar with the process of ideation, development, iteration, and optimization. Leverage that familiarity with process by bringing customer experience into the fold. Make it a part of the culture.

Budgeting as a “Conduit”

“You’re not customer obsessed until you change how you budget.” – David Cooperstein,
Forrester Research

An important aspect of continuing the customer focus is ensuring budget is secured for the efforts. This may not be a change that can come immediately, but one that's important to plan for in advance. As we've mentioned, a strong theme among enterprises is the shifting of budget for technology away from conventional IT toward groups in the marketing domain. While marketing may continue to grow their share of technology spending, that money needs not to be taken from the pockets of IT. By leading the charge on serving the customer, CIOs can shift the gravitational force back in their direction.





A successful articulation of value, like what's outlined in the previous chapter, should effectively start the process. When it's clear that value is being delivered to the business, dollars will naturally follow. The important thing to keep in mind is that, with business technology and IT aligning around the customer, the budget itself will take on different optics. CIOs should regard the customer experience initiative, however it's funded, not as a battle in the war for a slice of the pie, but as a reflection of how their role is gradually changing. Conceding control or dollars on certain projects or applications today is not contrary to the expansion of the CIO's role as a driver of strategy in the long term. In fact, it may be beneficial. The CIO should come to be seen as a big-idea enabler, not a project manager.

About Yottaa

Yottaa is a SaaS solution to manage, optimize and secure digital experience delivery.

Yottaa accelerates online and mobile performance, maximizes end user engagement, and delivers instant, actionable insights to drive business results via an intelligent, automated cloud platform. Our ContextIntelligence™ platform is purpose-built to deliver the power and flexibility required by IT organizations to exceed SLAs for uptime, performance, scalability and security, paired with patented technologies that accelerate the delivery of innovative features and products to improve online and mobile channel execution.

For more information, please visit www.yottaa.com.

If you'd like to discuss this paper, or meet with one of our experts to help you expand upon this topic, please feel free to send an email to info@yottaa.com, or contact us toll free in the USA at 1-877-767-0154.

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If you'd like to learn more about Yottaa's
solutions please contact us!

LETS TALK



About the Author



Ari Weil, VP of Product Marketing, Yottaa

"I love technology and have always been intrigued and impressed by complex problems being solved elegantly and seemingly effortlessly. Throughout my career it's what has kept me consuming and creating compelling, differentiated technologies - as a developer, DBA, administrator, solutions architect, product manager and marketer. It's also what brought me to Yottaa - the ability to work on an incredibly powerful, novel technology that provides a real, tangible benefit to consumers and businesses alike. Today my focus is on ensuring that people understand the very real tie that binds user experiences and online business performance."

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