

Customer champion, efficiency enabler

The age of the digitally connected CIO

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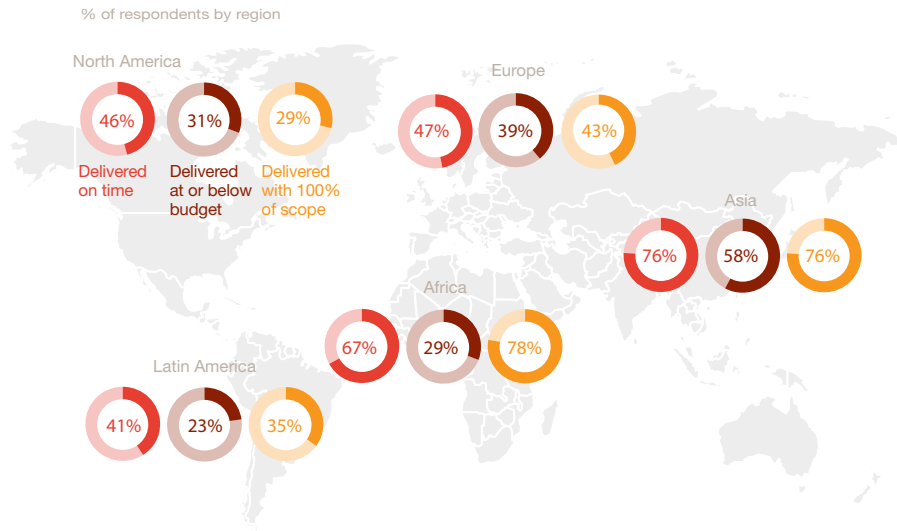
In an analytics-driven world, the CIO can emerge as the customer's champion on the one hand, and an enterprise efficiency enabler on the other.

Asian businesses have a strong CIO-CEO relationship but the CIO's role needs to be redefined around digital.

According to PwC's 6th Digital IQ survey,¹ 76% of IT projects in Asia are delivered on time, as compared to only 41% in Latin America and 46% in North America (Figure 1). With more projects on budget and on time than their counterparts in other regions, Asia-Pacific CIOs have a great opportunity to upgrade from the role of IT manager to focus on a broader area considering how digital technologies will help drive revenue growth and control costs in the future. In theory, they may be

well-placed: according to our survey, Asia has the strongest CIO-CEO relationship, with 89% of respondents referring to this relationship as very or quite strong, as compared to 69% globally. But there are threats to the CIO as well. Many enterprises are also recognising the role of digital by introducing new C-suite positions, such as Chief Digital Officer or chief data officer, and overall we find that many businesses are seeing more of their technology budgets moving away from CIOs and into the business.

Companies in Asia and Africa were more likely to use agile processes than their regional counterparts, possibly contributing to more success in delivering IT projects.



Q. On average, how often did strategic IT initiatives fall within each of the following delivery categories in the last 12 months?

Figure 1

While the CIO is valued, he or she can be less empowered than other business unit leaders who hold project budgets and are accountable for revenue (CMOs and CFOs) or cost (COOs and CFOs). While today's CIO has an opportunity to become both the customer's champion as well as enable the C-suite, there is a need to re-establish his or her role as central to the business by articulating the value that can be created through digital. For instance, a leading university in Australia implemented a digital marketing strategy in order to improve customer acquisition by establishing an on-going relationship with its students, leading to an increase in commencing student numbers and an increase in its brand awareness and consideration. CIOs must focus on three important themes to move ahead:

- Becoming the customer's champion by driving agendas around customer centricity, segmentation, personalisation and experience
- Connecting stronger linkages between business and technology
- Becoming the company's visionary for digital and translating digital themes into a company strategy

Championing the customer

Data is underutilised: while the amount of customer information being gathered by retailers doubles every two years,² only a fraction of this data is ever used.

Providing a superior customer experience is more of a priority than ever before, as competition intensifies across industries with new forms of market entry and new channels to customer opening up. According to research by Watermark Consulting, 10-year investment returns from publicly-traded customer experience leaders are 43%, whereas customer experience laggards generated negative returns.³

A seamless customer experience is critical not just for revenue growth, but also for winning over customer loyalty and reducing churn, both driving profitability and long-term revenue stability. In the connected world, the customer's behaviour, experience and alternative buying habits can be understood far more deeply than before due to social media

and analytics, which when coupled with the immediacy of mobile can be harnessed better to learn much more about customer behaviour. For instance, a leading two-wheeler manufacturer is transforming itself into being more customer-centric using social-media based listening and engagement tools. The intelligence fed to the brand as well as the marketing team by the technology team is allowing marketers to respond effectively to competition, to monitor and measure customer service standards and consumer experience and to collect real-time product feedback.

CIOs and CMOs can do more to collaborate around the customer's needs, harnessing IT and communications technology to do so.

Around the Asia-Pacific, digitally-connected CIOs have an opportunity to do more to help CMOs store, manage, filter as well as mine customer data in order to create intelligence that will further enhance customer experience. In different parts of the world some firms are already reorienting themselves by embracing technology to co-create new value for customers and increase operational agility (*Figure 2*).⁴ For instance, Amazon uses agile data analysis and algorithms to provide its online customers with a targeted and contextually relevant buying experience, driving up the sales ratio from surfing. In this way, Amazon succeeds in co-creation with its customers such as insights-driven adaptive marketing, yielded from the data and analytics capability of its online platform.⁵



Figure 2

Even though a strong CIO-CMO partnership is important to success, according to our survey, only 51% of businesses report a strong relationship between CIO and CMO.¹ In fact, the CIO-CMO relationship is one of the weakest of all in the C-suite. One of the practical ways in which the relationship between the CIO and CMO can be strengthened is to put digital technology at the centre of innovation around the customer.

Business-IT alignment

Enterprises now generate deep insights on employee activity, appliance performance, stock levels and asset status, through data collected via sensors and other digital technologies.

Besides customers, in today’s enterprise the employees, suppliers, appliances, stock and assets can also generate insight for company operations on a more detailed and real-time basis than before, through intelligently connected sensors and devices. As with customer data, this is then analysed with feeds also added from social media, all filtered through powerful,

cloud-supported analytics. Actionable insights generated through implementation of advanced analytics on this data can aid in improving all aspects of the supply chain, financial processes and strategic planning enabling better flexibility, more accurate forecasting, faster response times and enhanced workplace safety and compliance. For instance, an energy and utilities company in Australia, implemented an enterprise mobility strategy in order to realise greater productivity. The digital solution was cloud-hosted, and allowed the business to perform real-time transactions with bespoke systems, and efficiently collected safety and logistics information from new and existing sites for the company. It enabled the firm to solve business inefficiencies through application solutions and was spearheaded by the company’s CIO.

Avenues such as the business model, customer engagement, employee engagement and technology, infrastructure and security are all potentially impacted by this, meaning that the digitally-connected CIO can play an enabler role across the business (Figure 3).⁶

		Drivers of change			
		Social	Mobile	Analytics	Cloud
Business alignment	Business models	What opportunities does the digital landscape create for your business?			
	Customer engagement	How do you engage with customers across all channels?			
	Employee & network engagement	How do you facilitate knowledge sharing and collaborate within your extended organisation?			
	Technology, infrastructure & security	What technology model will underpin enhanced business agility, performance, security and efficiency?			

Figure 3

Macy's, an American department store, uses RFID tags in its Bloomingdales outlet in New York to control inventory and improve operational efficiency through reducing the incidence of goods that are out of stock. RFID is used to quickly and efficiently count stock at an item level, maintaining better than 97% accuracy. Reducing the frequency of merchandise going out of stock has resulted in enhanced customer experience for Bloomingdales, leading to better sales.⁵ Similarly, Carphone Warehouse (CPW) in the UK deployed an enterprise mobility solution for all of its sales representatives, empowering them to monitor their own performance through a variety of dashboards. CPW also provided sales staff with more interactive ways to link with customers, helping motivate employees, achieve more profitable revenue and drive better customer retention.⁵

By harnessing digital solutions to serve the business, the digitally-connected CIO can empower COOs and CFOs by introducing more effective enterprise performance management.

The realisation of the above types of impacts requires a robust, integrated technology platform that is able to bring together diverse digital technologies such as social media, analytics, cloud and mobility. This is where the CIO becomes the customer and enterprise champion, since it is her team that can help identify the digital interventions required and then ensure that solutions are implemented effectively into the company's existing systems. While CMOs and CFOs drive different elements of the business measured by different metrics, both have a common and emerging need to partner with the CIO and harness the power of digital to drive better results. The digitally connected CIO has the opportunity to be as relevant tomorrow to NPS as it can be to EBITDA, and at better managing business risks and regulatory compliance.





We can expect that as Asian CIOs enable businesses to do more in the future to harness information technology along with digital solutions, they will also be focussing on using communications technology to capture specific business benefits and outcomes:

- Tailor customer offers to enable more personalised service and improved customer loyalty, using real-time customised video content, and personalised real-time offers in store.
- Leverage the power of connecting with customers through multiple devices including tablets, handsets and laptops, and integrating this connectivity with real-time, in-store and on-premises activity.
- Collect data from dispersed assets and people, real time, to drive operational performance, track operational initiatives and forecast future operational challenges and impacts.
- Integrate strategy and business planning to operational performance through better enterprise reporting and management dashboards, accessible over multiple devices and across different connections.
- Identify supply and production bottlenecks ahead of time, especially across complex manufacturing, logistics and extraction industry value chains.
- Provide integrated views of information spanning customer service measurement, competitor analysis and social sentiment analysis across competition to enable better marketing and branding decisions.
- Communicate and protect the brand better through using social streams and listening through Twitter, Facebook, Pinterest and Instagram.
- Manage data collection, storage and backup virtually through cloud solutions to provide secure, reliable and continued access to information at lower cost.

Digital visionary

Asian CIOs have a great opportunity to act on digital, given the lead that Asian businesses have in managing IT, and the prominence of the Asian CEO in being a champion for digital.

The CIO can be at the centre of a unifying agenda that puts customers at the centre of technology decisions, while providing a shared enterprise vision to drive better business performance. To do so, CIOs must become more involved in crafting the business strategy by becoming the evangelist for digital solutions in the business, the customer's champion through driving better insights and personalisation, and the driver of new thinking with other members of the C-suite on how a digital operating model can foster better performance. *(Read **Shop Till You Drop**, a PwC paper commissioned by Orange*

Business Services, on how digital solutions are enabling brick and mortar retailers in China to provide an enhanced customer experience, turning adversity into opportunity.)

By harnessing digital solutions to serve the business, the digitally connected CIO can empower CMOs, COOs and CFOs. CIOs can emerge as the customer champion and efficiency enabler by driving agendas around customer centricity, segmentation, personalisation and experience, by connecting stronger linkages between business and technology and by becoming the company's visionary for digital and translating digital themes into company strategy.



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Contacts

Singapore

Maheshwar Venkataraman

Email: maheshwar.venkataraman@sg.pwc.com

Phone: +65 9830 5063

India

Shashank Tripathi

Email: shashank.tripathi@in.pwc.com

Phone: +91 9819678900

Neeraj Katariya

Email: neeraj.katariya@in.pwc.com

Phone: +91 9910024512

Diwakar Gupta

Email: diwakar.gupta@in.pwc.com

Phone: +91 9810902746

Neetika Choudhary

Email: Neetika.choudhary@in.pwc.com

Phone: +91 9873934684

www.pwc.sg

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