

Build Exceptional Customer Experiences With IT Agility

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Executive Summary

It is clear that exceptional customer experiences are becoming a key differentiator in how organizations win, serve, and retain customers. Along every step of the customer life cycle — from customer acquisition to customer support — digital plays a significant role in shaping how customers engage with brands and retailers. With the proliferation of smartphones, tablets, and other mobile devices, these experiences now occur in more locations and more often. Focusing on the digital customer experience is critical for success, and both technology and marketing leaders believe that delivering superior customer experiences is a priority for their teams and organizations.

However, substantial barriers exist, preventing organizations from delivering a best-in-class digital experience to their customers. Business and technology management leaders state that budget constraints, staffing, and lack of agility stymie their ability to develop and deploy the digital experiences that their customers seek.

Customers are not willing to wait years for organizations to solve these problems. Therefore, organizations must significantly shift the way they do business today, to a model that encourages collaboration between technology and marketing leaders, as well as reinvest its technology management resources to focus on creating compelling experiences rather than maintaining applications and technology infrastructure. IT groups should invest in these new areas to increase agility and be a gateway, not barrier, to marketing successes. Without the increased focus on customer experience projects, businesses risk being eclipsed by more nimble, and customer-obsessed, organizations.

In April 2014, CenturyLink commissioned Forrester Consulting to evaluate the challenges associated with providing a best-in-class digital customer experience. To explore this topic, Forrester developed a hypothesis that tested the assertion that by leveraging a service provider that can manage the entire infrastructure and operations of the digital transformation, businesses can infuse agility in and focus resources on creating customer-centric applications and experiences while alleviating time-consuming and complex development and operations functions.

Through an online survey of 168 marketing and eBusiness professionals and IT professionals in the US and UK, Forrester discovered that nearly a third of marketing and

technology management leaders believe that their IT function is a barrier to achieving business success. In addition, 60% of technology management leaders think they spend too much time maintaining legacy systems, leaving little time to deliver customer-facing projects.

KEY FINDINGS

Forrester's study yielded three findings:

- › **Digital customer experience is mission-critical for organizations.** As consumers expect businesses to provide consistent and unparalleled service and engagement across all touchpoints, organizations must adopt new technologies that enable this higher level of engagement. In order to achieve success, businesses need to shift and become more agile and customer-obsessed. Rather than focusing their efforts on maintaining legacy applications, businesses must double down by focusing technology management and business leaders on creating compelling digital customer experiences that match these expectations.
- › **IT and marketing face many hurdles when delivering digital experiences.** There is no more powerful duo within business today than the partnership between IT and marketing teams. Although these two teams are aligned in understanding business and customer needs, gaps still exist. IT is still considered a barrier to success by many, and IT is still spending valuable time maintaining complex back-office systems rather than developing and deploying digital customer experience projects.
- › **IT groups should invest in new areas to increase agility and be a gateway, not barrier, to marketing successes.** IT leaders must pivot from solely managing infrastructure and maintaining applications to a more strategic role that helps fulfill the company's digital customer experience vision. This means they must embrace the digital customer experience as being mission-critical to the needs of the business; they must invest in platforms that enable this experience; they must leverage hosting solutions, when appropriate, to help shift the maintenance burden to trusted partners; and they must augment technical resources in emerging customer-centric areas like data and mobile application development. These actions allow the technology team to become more agile and to better partner with business leads to focus on running a customer-obsessed organization.

Providing A Digital Customer Experience Is Critical For Businesses

Technology management and marketing professionals both agree that digital customer experience is an important or mission-critical priority for their organization, as indicated by 85% of our survey respondents. Firms prioritize the digital customer experience for many reasons: to acquire new customers (63%), improve customer retention (52%), increase purchase rate and frequency (49%), improve customer loyalty and brand recognition (44%), and appeal to rising customer expectations (35%) (see Figure 1).

FIGURE 1

New Customer Acquisition And Retention Are The Top Drivers For Investing In Digital Customer Experience Improvements

“Why is your organization investing in improving your digital customer experience?”
(Select top three)



Base: 168 IT and marketing/eCommerce decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

But why digital customer experience? And why now?

› **Digital touchpoints create deeper customer engagement.** Customers no longer are limited to storefronts or call centers when interacting with your organization. An expanding digital ecosystem of websites, mobile apps, and social communities enable timely, relevant, and convenient interactions that fit nicely into the lives of today’s consumers and set ever-increasing expectations for how a business must engage with its customers. Even in-store experiences have become digital, facilitating greater engagement from customers

through the use of innovative interactive technology such as beacons.¹

› **Mobile makes digital pervasive.** Your customers are increasingly becoming mobile — Forrester data places the number of smartphone and tablet users at over a billion in the coming years.² That’s 1 billion of your customers and potential customers seeking to interact with your firm with the expectation that you will serve their needs and desires simply, directly, and immediately across channels.

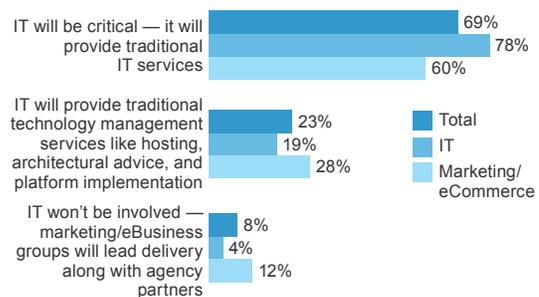
Delivering these omnichannel, digitally enabled customer experiences is not easy due to legacy systems, lack of integration between customer-facing applications, and overburdened IT staff that just can’t keep up with ever-changing customer expectations. But IT needs to find a way to catch up, since it will be critical to delivering these experiences: 69% of respondents agreed that IT will play a critical role in delivering digital customer experiences (see Figure 2). Creating a digital customer experience will require unprecedented collaboration between technology management and marketing professionals. Consider something as simple as a website redesign; while this used to focus on a relatively straightforward replatform and site design, now firms must consider issues that bridge IT and marketing, including mobile strategy, responsive design, contextual engagement, omnichannel data management, and rich media management, among others.

Due to these complexities, IT groups must reinvest themselves in order to support the digital customer

FIGURE 2

IT Will Play A Critical Role In The Delivery Of Digital Customer Experience Initiatives

“What do you think IT’s role in delivering digital customer experience initiatives will be in the future?”
(next one to three years)



Base: 168 IT and marketing/eCommerce decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

experience. Why? Because digital customer experience initiatives are not the same as web projects and are certainly not the same as managing back-office applications. Providing an optimal digital customer experience requires that IT have the following attributes:

- › **Greater agility.** Customer demands are constantly changing, requiring firms to constantly deliver engaging and useful experiences across channels. IT groups must be able respond to these customer demands with greater flexibility and time-to-market.
- › **Deeper focus on customer-facing applications.** Traditional IT groups often focus predominantly on back-office applications. While these continue to remain important, marketers demand tools that help them directly publish digital experiences across channels. IT groups must keep up with marketing demand for these front-office applications.
- › **New skill sets.** Traditional IT groups have often staffed to support traditional areas around architecture, infrastructure, and security, particularly for back-office and internal systems. While this continues to remain a concern, IT organizations must do more to augment staff to support customer-facing systems. This will include (often emerging) areas like customer data management, custom web development, and mobile application development.

IT And Marketing Face Many Hurdles When Delivering Digital Experiences

IT groups have started to shift to match marketing demands by delivering projects better aligned with customer experience needs and with greater agility. On many metrics, marketing and IT groups both reported that IT was keeping up with business needs. For example, 66% believed that IT understands business demands and requirements, 62% felt like IT was effective at executing and delivering customer experience projects, and 58% felt IT collaborated with the business on innovation and business strategy (see Figure 3). Given these results, the well-documented rift between IT and marketing seems to be starting to heal.

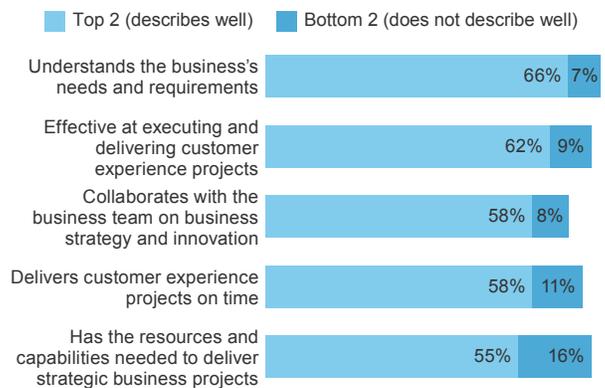
However, despite these individual successes, marketing and IT still struggle to work together on digital customer experience initiatives, because:

- › **Marketing still sees IT as a barrier to success.** Despite individual successes on certain metrics, marketing still

sees IT as a barrier to success. While only 21% of IT professionals agreed IT was a barrier to success, 39% of marketing professionals agreed that IT was a barrier to success (see Figure 4). The “IT gatekeeper” idea is still alive and well but is making business slower and less able to meet the needs of customers.

FIGURE 3
IT Understands Business Requirements

“To what extent do the following statements describe your IT organization’s processes and capabilities?”
(1 = does not describe at all, 5 = describes completely)
(All respondents)

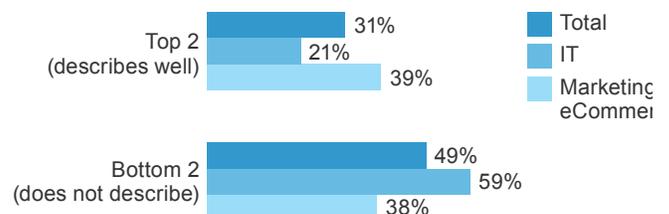


Base: 168 IT and marketing/eCommerce decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

FIGURE 4
Nearly One-Third View IT As A Barrier To Success

“To what extent does the following statement describe your IT organization’s processes and capabilities? ‘IT is a barrier to achieving business success.’”
(1 = does not describe at all, 5 = describes completely)



Base: 168 IT and marketing/eCommerce decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

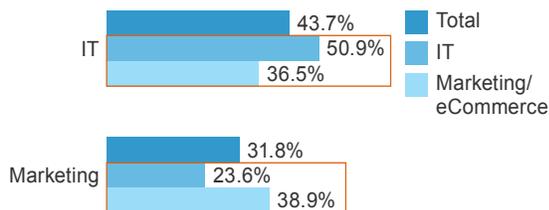
› **Marketing and IT both think they're the head honcho.**

Despite marketing and IT seemingly starting to get along, they both disagree on ownership of digital experience technology: Marketers believe that marketing owns final decision-making power, while IT believes that IT owns decision-making (see Figure 5).

- › **Efficiency is favored over agility.** It's impossible to predict what new technology or business model will change customer expectations. Customers are in control and can in a few clicks find an alternate organization to do business with. Agility is needed to navigate these dynamic changes; however, 36% of organizations surveyed still favor efficiency over agility.

FIGURE 5
Budget Ownership Is Not Clearly Defined

“What portion of the digital customer experience IT budget do these groups own?”
(Mean)



Base: 168 IT and marketing/eCommerce decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

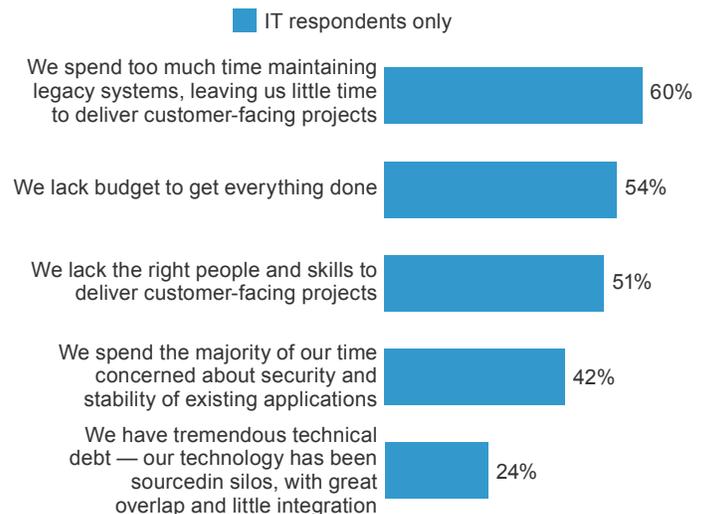
Outside of the IT-marketing collaboration, IT groups have specifically faced great technical hurdles when it comes to delivering digitally enabled customer experiences due to:

- › **Complex IT systems.** IT pros struggle to manage a complex technical ecosystem — on average, IT pros rated their technology environment to be a 7.7 on a scale of 10. IT is struggling with these technical challenges in part due to overly complex and outdated legacy systems: 60% cited this as a key challenge when delivering digital experience projects (see Figure 6). This leaves little time to keep up with ever-rising customer expectations, and IT is struggling to manage these competing priorities: How can you maintain these legacy systems while at the same time implementing modern customer engagement tools?
- › **Budget.** Budget concerns also remain a top concern among IT professionals: 54% cited this as a top challenge

when delivering digital customer experience projects. Many of these budget concerns come from mounting interest in modernizing both back-office applications and front-office applications, leading to conflicting IT priorities.

FIGURE 6
IT Is Burdened By Legacy Systems

“When it comes to delivering digital customer experience projects, what are the top challenges?”
(Select top three)



Base: 85 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

IT Groups Must Become A Gateway To Marketing Successes

Marketing clearly can't deliver digital customer experiences alone. They need IT to help supply skills around platform implementation, front-end development, and data science so that marketers can focus on marketing, rather than technical, concerns. In order to support this, IT must undergo an organizational transformation in order to keep up with marketing demands. This will require IT to invest in new areas in order to increase agility and be a gateway, not a barrier, to marketing successes. This means IT groups need to:

- › **Make digital customer experience a top priority.** While marketing and IT both saw digital experience as important, only 31% of IT professionals viewed it as

mission-critical to the business (versus 55% of marketing professionals). IT organizations, typically bogged down in back-office and business application concerns, must begin to shift strategic focus (and resources) toward digital customer experience initiatives. This will require a whole new vision and strategy within IT, one that is separate from the current back-office application focused thinking. This new strategy must prioritize agility and customer centricity among all else.

› **Implement modern customer-facing applications to elevate and measure customer engagement.**

Enterprise architects must lead the way in defining reference architectures for customer-facing applications. This isn't an easy task, as technology solutions must support commerce, content, campaign, and product-driven experiences.

IT groups should start by charting technologies that help manage customer experiences (e.g., digital asset management, customer relationship management); deliver experiences to customers (e.g., custom mobile applications, eCommerce platforms, web content management, campaign management); and measure customer interactions with these experiences (e.g., analytics, testing, and optimization). This won't be easy: Currently, no vendor sells a comprehensive, all-in-one digital experience platform (despite what you may have heard). Instead, IT groups must significantly invest in updating legacy customer-facing applications and integrate these applications to empower marketers to create, deliver, and measure a single impactful customer experience without IT in critical publishing paths.³

- › **Use outsourcing help when necessary to take the burden off IT groups.** Increasing use of customer engagement tools is varied, spanning everything from CRM to eCommerce to web content management (see Figure 7). For many organizations, sourcing modern customer engagement tools along with maintaining back-office applications can create challenges. Many organizations solve this by strategically using partner help: 80% of IT respondents said they outsourced some or all of their technology investments.

When appropriate, strategically using partners — such as cloud and managed service providers, agencies, IT consultancies, and systems integrators — can alleviate burden from IT groups. For example, cloud-hosted infrastructures can be one way to alleviate traditional burdens off of IT groups. And many organizations take

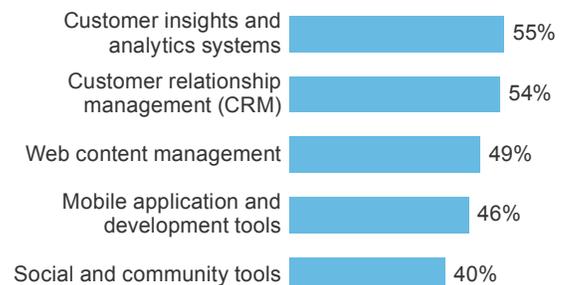
this a step further: 43% of IT respondents said they were using cloud and managed services partners for cloud infrastructure and application management. These organizations have pivoted away from IT groups managing applications, which can potentially be useful for those overburdened organizations that need to free up internal resources for customer-facing work. These organizations can see potential benefits of refocusing IT groups away from application management, and free their engineers up to focus on business-critical transformation projects.

These third-party partners can also help provide expertise and guidance on digital experience delivery best practices. Agencies, for example, are often well-versed in user experience and front-end development needs. Systems integrators are typically knowledgeable on integration concerns, particularly between various modern customer engagement tools. Cloud and managed services vendors are often well-versed in areas like performance, availability, and security requirements.

FIGURE 7

Business Are Investing In A Variety Of Tools To Improve The Digital Customer Experience

“To achieve your goals to deliver an improved digital customer experience, what are your technology investment priorities for the coming year?”



Base: 168 IT and marketing/eCommerce decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

*Note: only top five responses shown

› **Employ alternative delivery models to provide greater agility and free up resources for other key initiatives.**

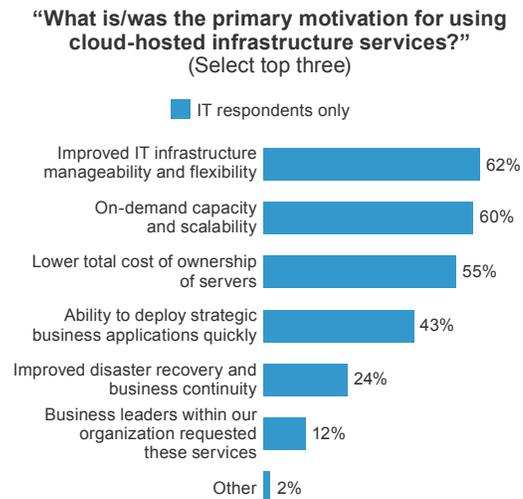
Ninety-two percent of surveyed IT decision-makers were interested in and/or had plans to adopt cloud infrastructure for digital customer experience problems. This high adoption rate was due to many potential benefits, such as (see Figure 8):

- **Flexibility and business responsiveness.** Cloud's primary role should be to ramp up your organization's business responsiveness via customer-facing applications. This ability to better respond to customer demands via quicker delivery of applications is a key motivating factor for organizations looking at cloud services: 43% of IT respondents said a key benefit to cloud infrastructure is the ability to deliver strategic business applications quickly. This number should be even higher, as IT groups must prioritize business responsiveness and agility above traditional concerns.
- **Total cost of ownership.** Total cost of ownership was also a strong motivating factor. Cost can certainly be a motivating factor for cloud services — 55% of IT pros claimed this was the case. For firms struggling with shrinking budgets and conflicting budgetary priorities, cloud-based infrastructure is certainly attractive. However, be wary of making budget the No.1 motivation in moving to the cloud. First, cost may (or may not) be cheaper. It depends on the characteristics of the workloads you deploy and how well you control the total costs in your own data center and with a potential provider.⁴ Furthermore, the real benefits of moving customer engagement applications to the cloud will come from flexibility and agility. Your business peers care first and foremost about agility and the ability to quickly respond to customers, so while potential savings may be an added benefit, the true benefit should be increased agility.

Some concerns still remain over alternative delivery models, particularly around security. Seventy-three percent of IT respondents cited security as a reason that has currently or in the past prevented them from alternative delivery models. To eliminate these concerns and to better understand how a cloud hosting vendor can bolster security, ask questions like: How can the vendor protect and segregate data? How can the vendor perform business continuity and disaster recovery? How does the vendor protect its network? What is the organization

FIGURE 8

Cloud-Hosted Infrastructure Provides Businesses With Increased Flexibility And Scalability



Base: 58 IT decision-makers who have implemented cloud services or are planning to in the next couple years

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, June 2014

responsible for and what is the vendor responsible for? Can the vendor's solution improve security above and beyond what your organization can offer? By addressing these questions with your hosting provider, organizations can better quantify the security capabilities and make an informed decision.⁵

- › **Invest in new roles to promote deeper collaboration between IT and marketing.** Staffing for digital customer experience can be difficult: 51% of IT pros said they lack the right people and skills to deliver digital customer experience initiatives. These projects will require new and deeper investment in skills like enterprise architects, front-end development, mobile development, user experience, data science, business analysts, and application managers. Freeing up resources from traditional IT domains, like infrastructure and application management, may allow some organizations to free up budget to hire new roles and skills in these high-demand areas. That's not to say that infrastructure and application management professionals are going away, just that many organizations may need to balance their traditional IT staff with these new roles in order to augment newer, faster-moving areas like mobile and front-end development and data science.

Key Recommendations

Despite increasing investment in digital customer experiences, organizations struggle to maximize those investments. Inefficient organizational structures, lack of collaboration, and a culture of emphasizing efficiency over agility means businesses cannot quickly respond to changing customer needs and expectations. In fact, only 20% of organizations stated they have the right amount of agility to deliver digital customer experiences. The solution lies in a significant shift that must occur within business today, one that encourages collaboration between technology and marketing leaders, as well as reinvests its IT resources to focus on creating digital experience projects rather than maintaining applications and technology infrastructure. Organizations wishing to improve the digital customer experience must:

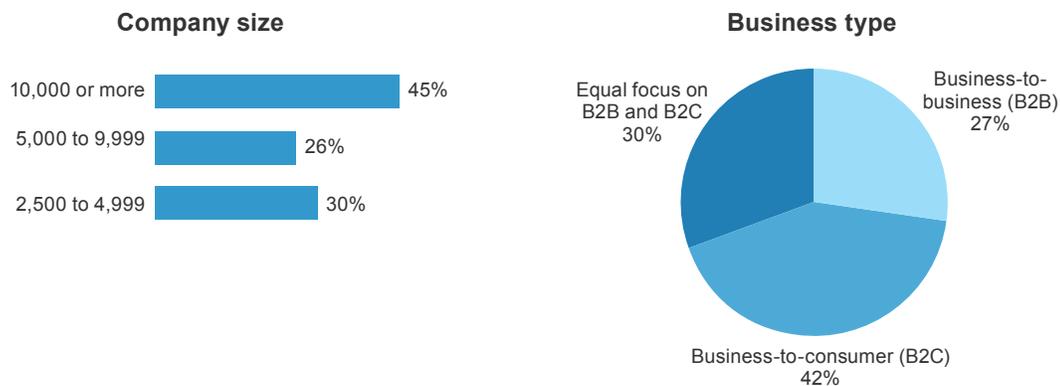
- › **Infuse agility into the organization.** Consumer expectations are rapidly shifting, and today's consumer demands seamless digital engagement in both physical and digital worlds. The rapid pace of mobile adoption coupled with new engagement technologies means that businesses must learn to be more agile to meet these changing demands. Those organizations that fail to infuse agility into their organizations risk being on the sidelines as competitors enter the market with more robust and nimble offerings. Businesses should consider how their teams are organized and incented, and make adjustments that focus on customer needs and reward agility over efficiency.
- › **Invest in modern engagement technology.** A series of core applications are needed to create digital customer experiences, and these applications need to be integrated to create a single impactful experience for an individual customer. It is not enough just to have a modern eCommerce application. Organizations need to manage and integrate commerce, content, campaign, customer, analytics, and product systems; this is a complex task that becomes even more complex when considering the rapidly evolving needs of digitally enabled customers and the proliferation of digital touchpoints. IT professionals need to create platforms that enable constant improvement of the customer experience and ongoing innovation by business owners.
- › **Leverage alternate deployment models in the cloud.** At the core of digital transformation is the ability for organizations to focus on customer needs rather than the needs of the organization. As customers increasingly seek out digital experiences and engagement, both marketing and IT leaders must leverage agile hosted solutions that remove technologists from the burden of maintaining applications and move them to the forefront of creating applications that drive digital experiences. This pivot from maintenance to creation is absolutely critical to digital business transformation, and organizations must actively seek out new deployment models, when appropriate, to free teams of engineers to drive the digital business transformation.
- › **Leverage your partner network to help deliver customer experiences.** It takes a village to support delivery of digital customer experiences. A recent Forrester survey found only 6% of survey respondents went at digital experience delivery work alone, without the help of partners. Firms use a variety of third-party partners to help augment existing capabilities, take on commoditized work, and provide guidance on digital experience delivery best practices. These include a diverse set of partners like cloud and managed services firms, agencies, and systems integrators. Services firms can add value to a diverse set of disciplines like hosting, application management, user experience, front-end development, application development, platform implementation, and systems integration. IT groups should assess which areas are commoditized and/or areas in which they are overburdened and seek help from these services firms to alleviate IT's workload. Doing so will help IT organizations focus greater attention on pressing business needs, promoting greater agility and business responsiveness, both of which are key requirements in delivering best-in-class digital customer experiences. Moreover, these partners are often experienced in their respective areas and can provide guidance and best practices on delivery of customer experiences.

Appendix A: Methodology

In this study, Forrester conducted a global online survey of 168 IT and marketing/eBusiness decision-makers from enterprise organizations to evaluate their digital customer experience and infrastructure environments. Survey participants included primarily those in director, VP, or C-level roles with direct influence over customer-facing applications. Respondents were offered a small incentive as a thank you for time spent on the survey. The survey began in May 2014 and was completed in June 2014.

Appendix B: Survey Demographics

FIGURE 9
Company Size And Business Type

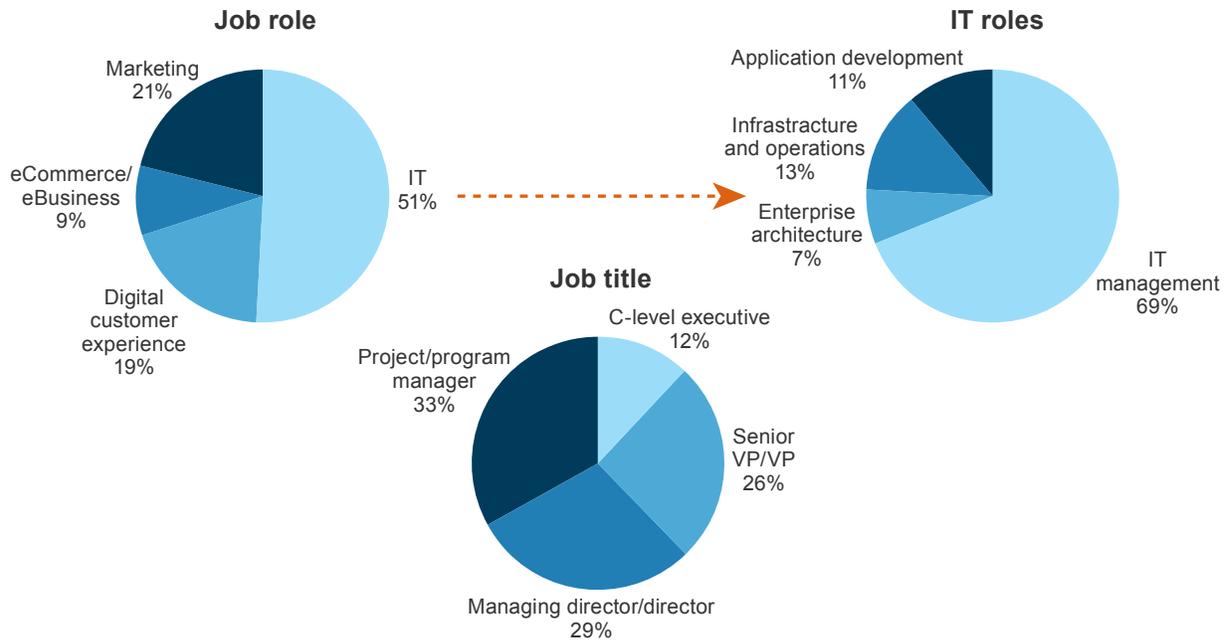


Base: 168 IT and marketing/eCommerce decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, May 2014

*Note: Responses have been rounded

FIGURE 10
Respondent Role And Job Title



Base: 168 IT and marketing/eCommerce decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of CenturyLink, May 2014

Appendix C: Endnotes

¹ Beacons refer to location technology that is powered by Bluetooth low energy (BLE), and retailers are beginning to dip their toe into the beacon waters by deploying pilots to drive engagement. Source: "The Emergence Of Beacons In Retail," Forrester Research, Inc., March 12, 2014.

² Source: "Forrester Research World Smartphone Adoption Forecast, 2012 To 2017 (Global)," Forrester Research, Inc., February 11, 2013 and "Forrester Research World Tablet Adoption Forecast, 2013 To 2018 (Global)," Forrester Research, Inc., March 18, 2014.

³ Source: "The Forrester Wave™: Digital Experience Delivery Platforms, Q3 2014," Forrester Research, Inc., July 22, 2014

⁴ Source: "Understand The True Cost Of Cloud Services," Forrester Research, Inc., June 20, 2012.

⁵ Source: "An S&R Pro's Guide To Security To, In, And From The Cloud," Forrester Research, Inc., December 31, 2013.