



The Customer Experience Role in Best-Run Midsize Companies:

Embedding Intelligence to Drive CX

The Intelligent Enterprise Meets Customer Experience

The digital economy has placed opportunity at the feet of all midmarket companies. Mass digitization and unprecedented access to technology allows these organizations to leverage the same tools and processes as larger enterprises to **become digital businesses.**



Customer experience professionals are at the forefront of this evolution, as the go-to-market strategies of their organizations are chartered with delivering a differentiated customer experience at the point of customer contact.

Not all digital businesses are created equal. Digital enablement lays the groundwork for midmarket companies to move to the next level and **become “intelligent enterprises.”** The intelligent enterprise is one in which organizations use intellectual capital, convert data into insights, achieve internal operational communication excellence, and engage more effectively with customers.

Midsized Companies Grouped Based on Key Performance Outcomes

To achieve this personalized level of customer experience, best-run small and midsize companies leverage the digital transformation process and its technology advancements to move their organizations beyond fixing old problems to setting the stage for the next generation of their customer-handling environment.

IDC conducted a survey of 1,957 midsize companies (with 100-1,000 employees) worldwide to identify key factors associated with business success and progress toward becoming a best-run, digitally engaged company. The respondents were categorized into four groups based on their performance: **laggards**, **survivors**, **strivers**, and **best-run**. (For more details, please refer to the overview report: "Becoming a Best-Run Midsize Company.")



Best-Run Companies Focus on the Customer



Brand switching is easier than ever. Understanding customers' needs — and exceeding their expectations — are becoming table stakes for businesses to compete. CX leaders within midsize firms, such as customer experience officers, customer service managers, and marketers face continuing challenges in **shifting their business processes to focus on the customer journey and to processes that empower employees** to deliver amazing customer experiences.

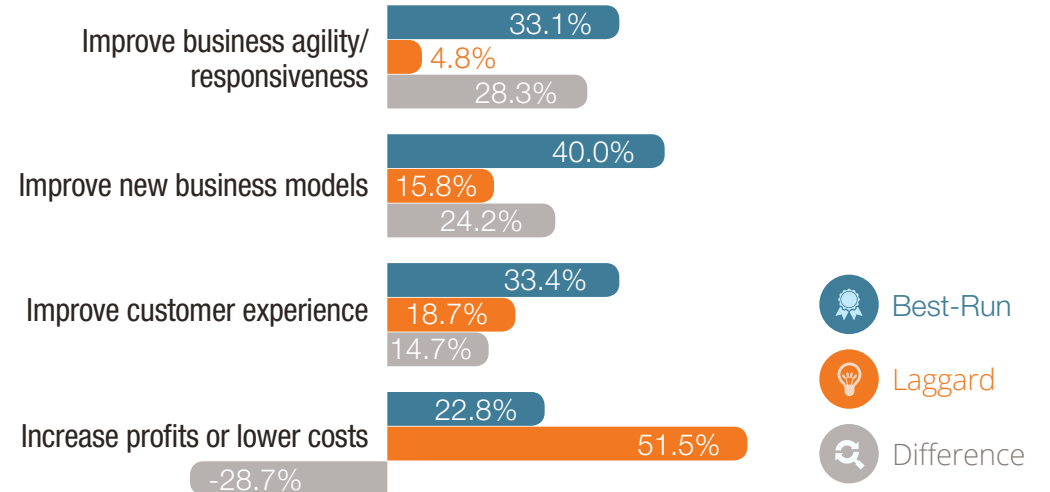


There is a new dividing line: Best-run companies that lead with customer experience and laggards that don't. To compete, companies need to evolve from being account-centric and product-centric **to customer-centric and employee-centric.**



The best-run companies in our survey are focused on practices that will provide long-run, strategic value to their business, including **identifying and attracting new customers.**

36% of best-run companies prioritize **“identifying and attracting new customers”** vs **24%** of laggards.



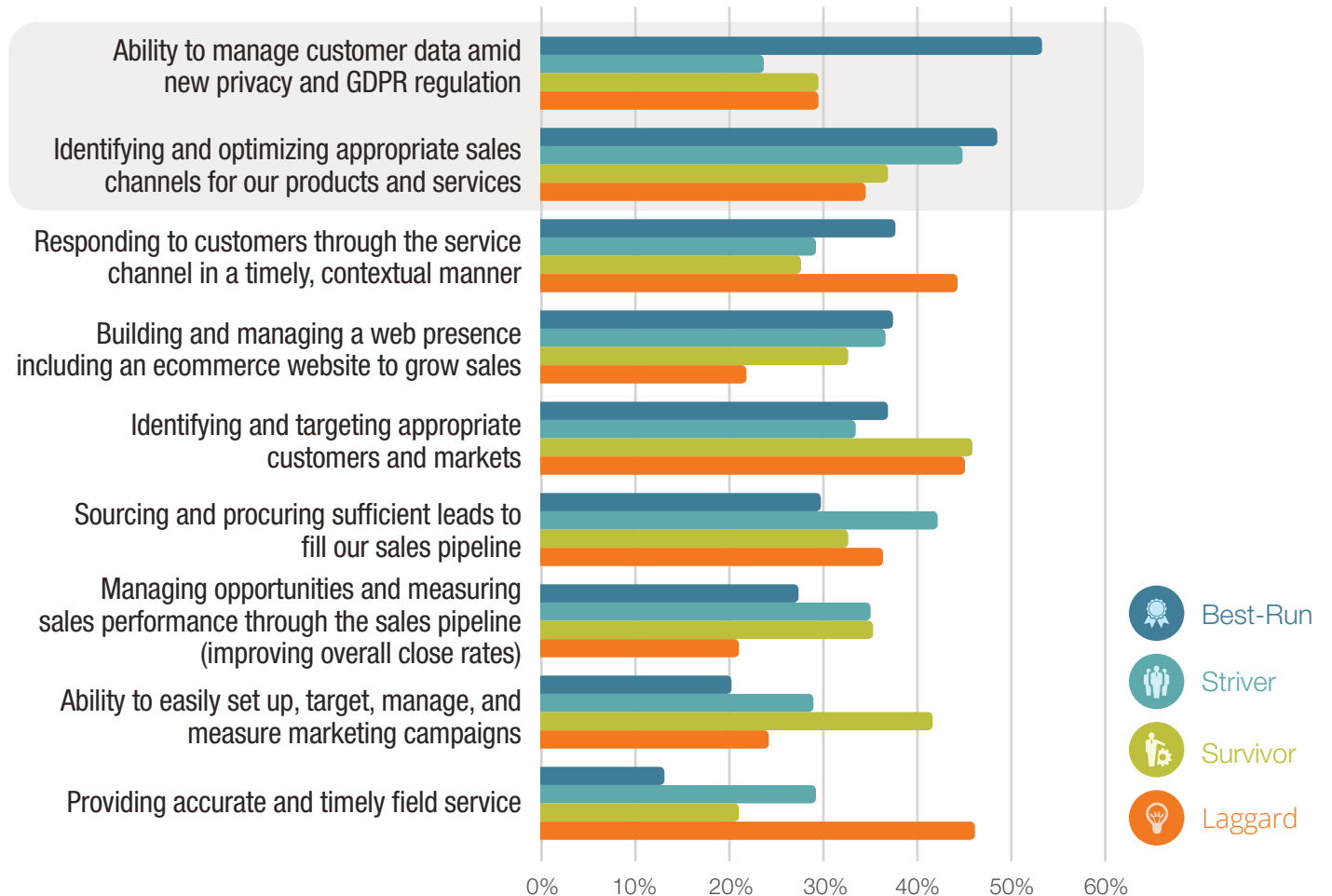
Companies Face a Range of CX Challenges



Looking more specifically at CX challenges, it's clear that best-run companies have mastered many areas of CX but struggle with managing customer data and optimizing sales channels, particularly in the wake of GDPR.



Laggards are more focused on operational areas and "block and tackle" functions, such as field service.

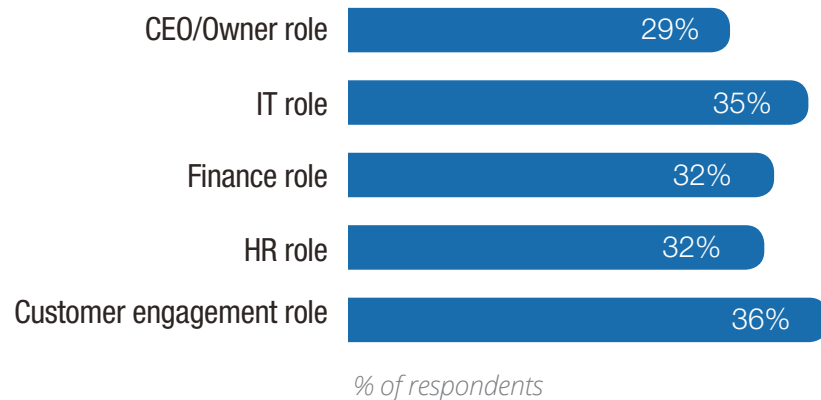


CX Drives Digital Transformation

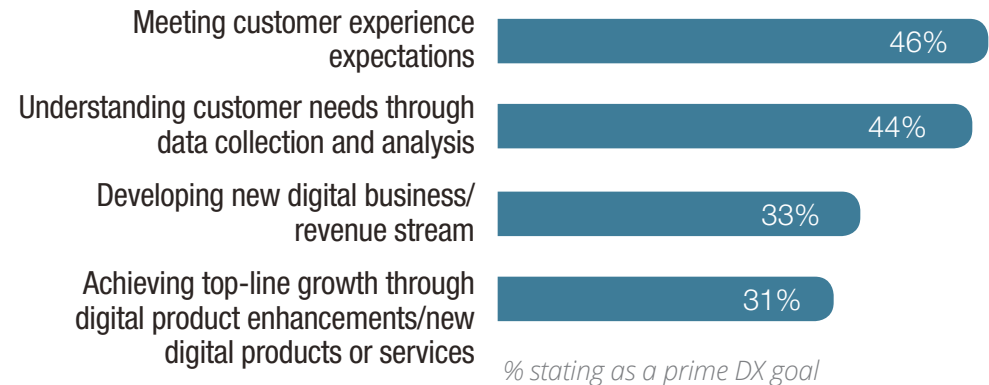
Perhaps because of the customer's importance and a wide range of challenges, customer experience professionals are more likely than those in any other roles to **see themselves as setting strategic direction**.

This focus on customer experience is a prime goal of digital transformation (DX) initiatives. A previous IDC study showed a clear link between digital proficiency and the organization's ability to respond to these demands.

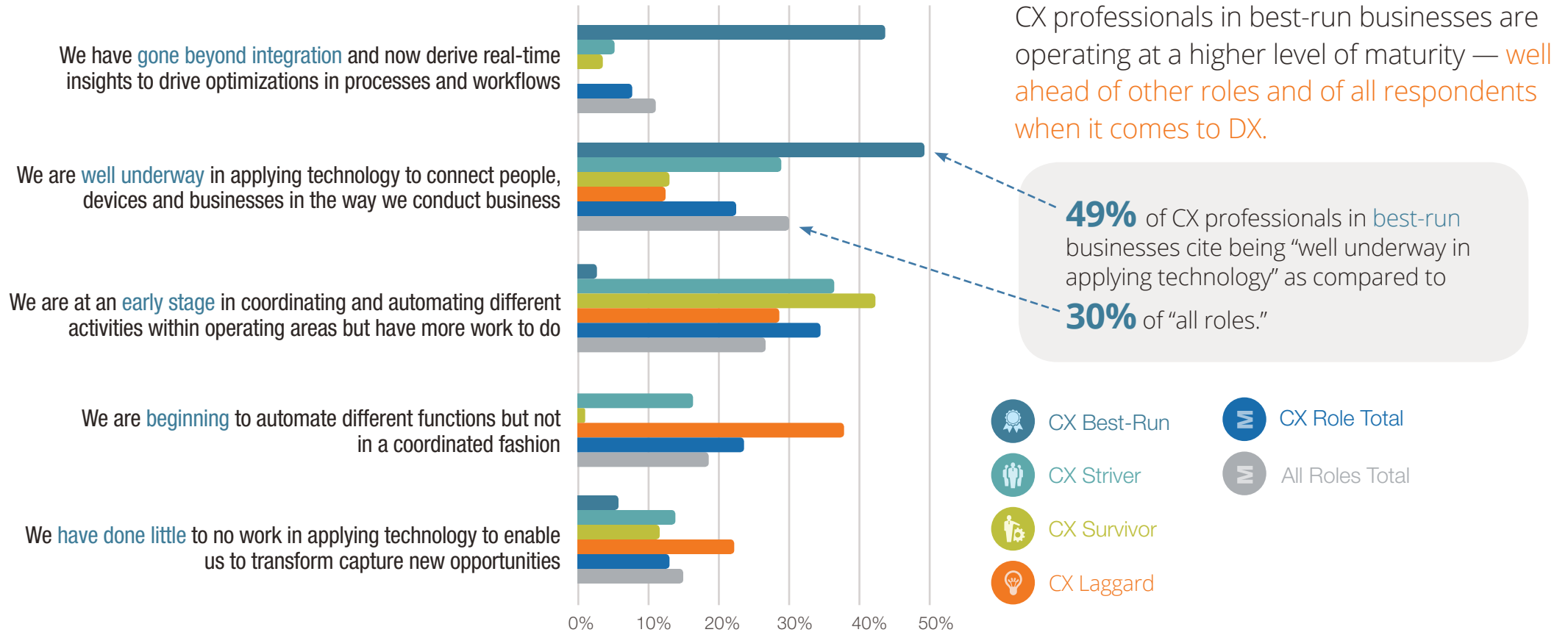
Set Appropriate Strategic Direction



Four of the top size responses regarding business priorities were directly related to customer-centered DX initiatives:



CX Professionals in Best-Run Businesses Are Further Down the Path to Digital Transformation



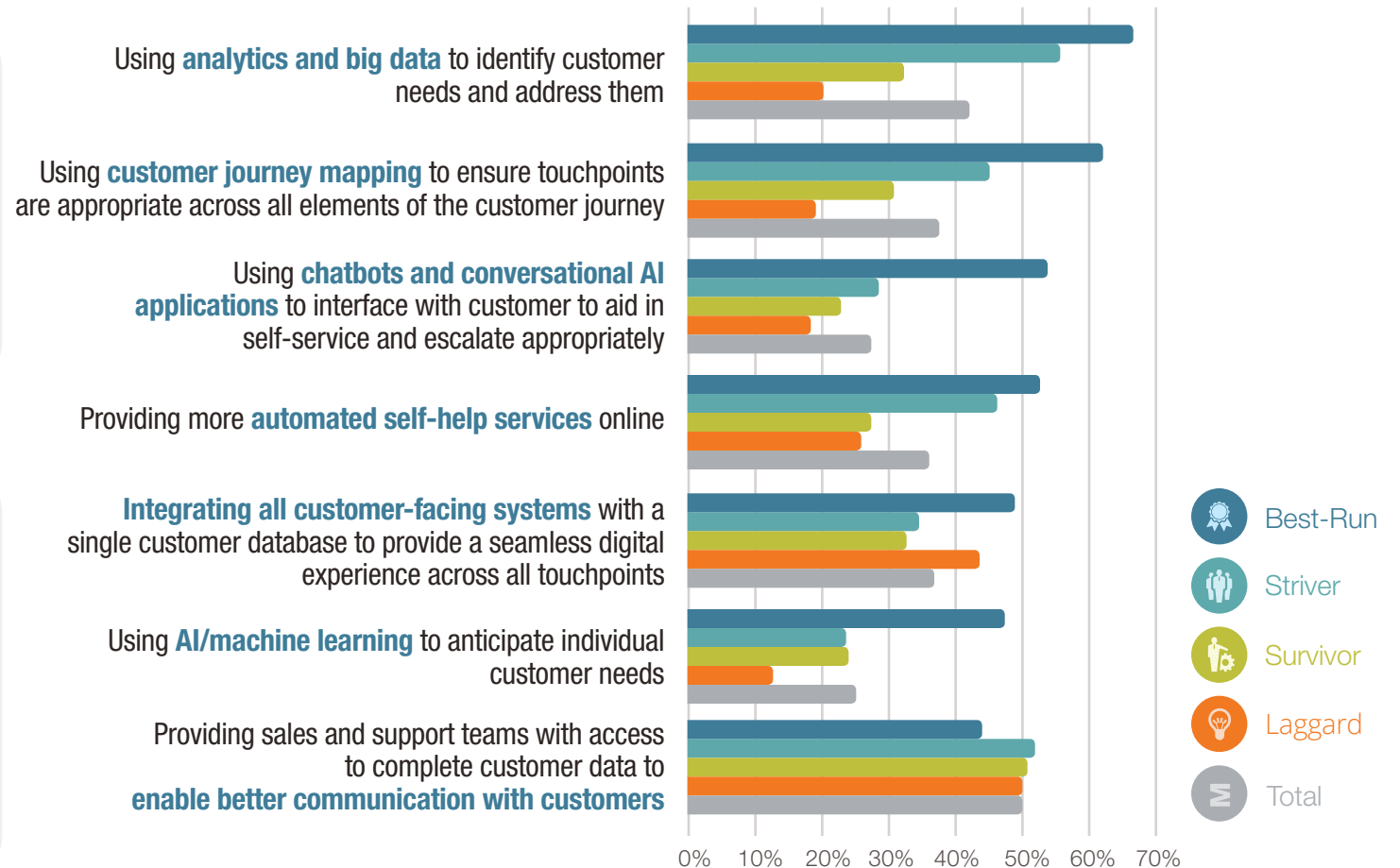
...And Lead in Leveraging Intelligent Technologies



Customer experience roles in best-run companies are much more likely to have adopted or plan to adopt a wide range of intelligent technologies to provide a differentiated customer experience.



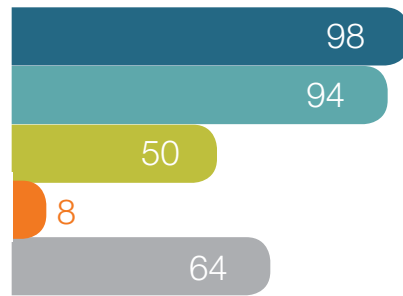
Across the board, modern technologies — advanced predictive analytics, Big Data, cognitive/AI/ machine learning, AR/VR, chat bots and cloud services — are actively in place within best-run businesses, and less so in laggards.



They Are Focused on Data and Embedded Intelligence

CX Roles in Best-Run Business Have Mastered the Customer Journey

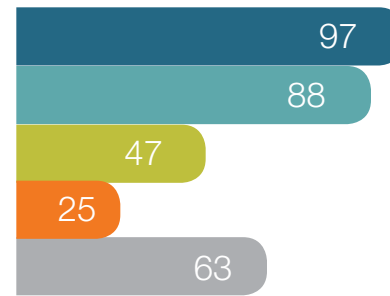
Top 2 box (%)



Customer experience professionals in best-run businesses rate their systems' and technology's ability to support the full customer journey — **providing a consistent, seamless, user-friendly end-to-end customer experience** — in the top 2 box at **98%**, as compared to laggards at **8%**.

CX Roles in Best-Run Business Created an Integrated View of the Customer

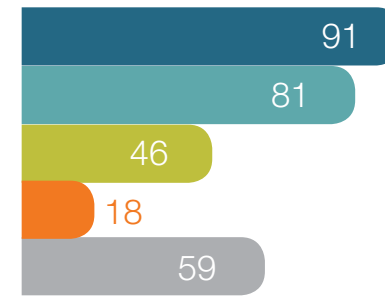
Top 2 box (%)



Customer experience professionals in best-run businesses have confidence in their knowledge of their customer data — regardless of touchpoint — **brought together into a single customer view**.

CX Roles in Best-Run Business Have Fully Linked Business Flows

Top 2 box (%)



Best-run businesses have **a broader view of their customer's progress**.

Internal insight is essential to **delivering a consistent experience**. By creating the ability to view the customer across the organization's systems — **from CRM front-end systems to order management** — silos of functional processes are aligned to ensure complete customer handling.



Innovation Is a Key Focus

Innovation lies at the heart of differentiation. Technological advancements have always been central to the innovation of customer-facing processes — and every technological advancement has found a home in enhancing the customer experience.



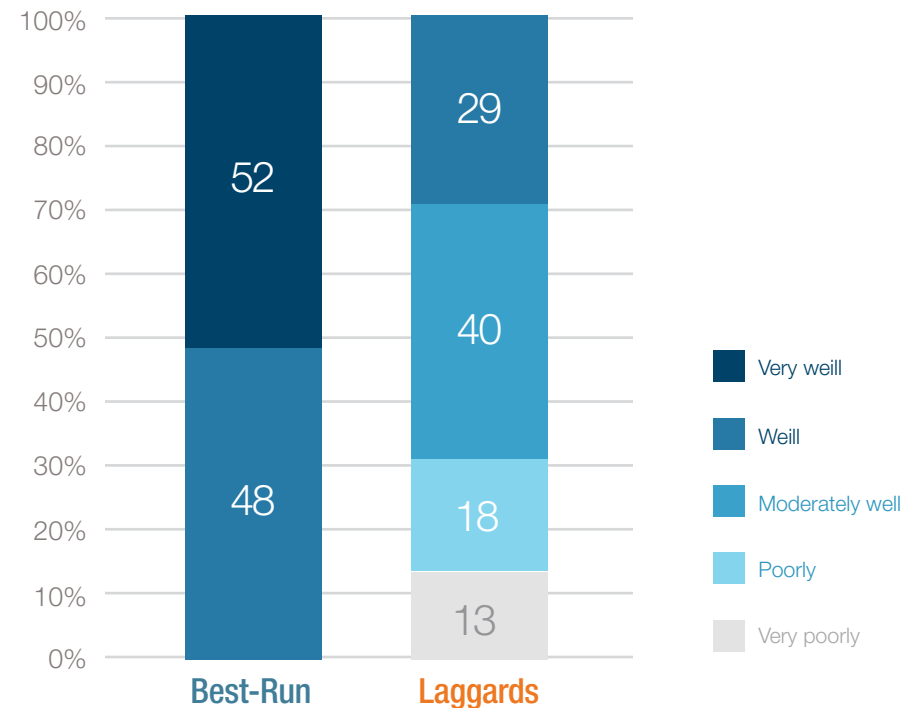
100% of those in customer engagement roles in best-run companies say they are “good” or “very good” at using innovation to meet organizational strategy and objectives (compared to 29% of laggards).



100% also characterize their IT/application infrastructure’s ability to deliver support for business innovation as “good” or “very good.”

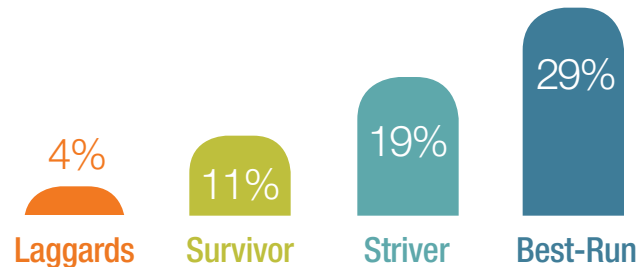
A combination of innovative practices that provide for an innovation cycle and include the customer serves as a linchpin to success.

Using Innovation to Meet Organizational Strategy and Objectives



Is It Working? Tangible Benefits Within Intelligent Enterprises: CX Proof Points

Best-run companies have had the greatest improvement in customer satisfaction:



Customer Satisfaction Improvement



In the last two years

70% of CX professionals in best-run organizations report an increase in revenue sales/bookings.

54% of CX professionals in best-run organizations report an average percentage revenue or sales/bookings increase between 1% and 20%.

74% of CX professionals in best-run organizations report an average profit increase.

Challenges to the Vision: Setting Strategy and Responding to Customers



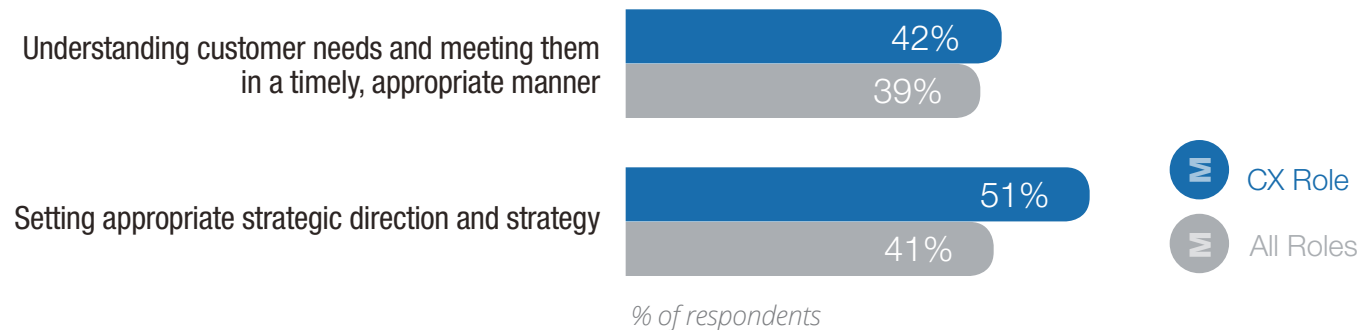
Despite the recognition that being a digital business is equated with meeting customer experience expectations, organizations are **challenged to understand their customers** and, therefore, **they struggle to serve them**.



Organizations have **fundamental challenges of setting an appropriate strategic direction** and understanding and meeting customer needs.



This is reinforced by those in CX roles whose “front-line” positions enable them to see disconnects.



Essential Guidance

Customer experience leaders are responsible for creating connected experiences and contextualized engagements. In a best-run company, this is evidenced by how well that organization not only collects and manages the information about its customers but also in how well it is able to bring together a cohesive experience across the customer journey. Becoming a best-run company requires investment in developing insights around people, technologies and processes. IDC recommends customer experience professionals in midsize companies focus on the following:



Build a single view of your customer. Becoming a best-run intelligent enterprise with leading customer-experience handling means attention to detail in customer information. Collecting accurate customer data from all sources to inform analytics, prioritization and insights is a foundational element.



Move to the next level with your data. Focus on embedded intelligence and proactive engagement. Big data is useful only when insights are derived which lead to suggestions of actions to deliver a better customer experience. With the right insights and intelligence, CX leaders can provide seamless handoffs and contextualized engagement based on earlier interactions to provide the right offer, at the right time, in the right channel, to the right customer.



Invest in flexible and open technology to extend and connect. Innovative technologies such as AI/ML and IoT will form the basis of digital transformation platforms of the future. They will facilitate continuous delivery of new industry and business services as your business grows.



Align customer experience priorities and function with broader DX initiatives: CX leaders understand the customer and the DX processes. They need a place at the table with DX leaders to guide their technical prioritization.

Being “best-run” is not a destination, but a journey. By transforming your business to align with customer expectations, you deliver personalized customer experiences based on trust — and earn customers for life.

Methodology

Findings for this InfoBrief are based upon a September 2018 IDC study of business and IT leaders in midsize companies around the world.

For this study, IDC surveyed 1,957 executives with decision-making or recommending authority for IT solutions and services. Respondents were located in 13 countries across North America, Europe, and Asia/Pacific and spanned a broad mix of industries.

For each respondent, IDC collected business key performance indicators (KPIs) including revenue growth, profitability, customer satisfaction, and employee productivity. IDC analyzed the correlations between these business success metrics and respondents' IT policies and behaviors to determine best practices for IT digital transformation, which provided the basis for determining the four intelligent enterprise maturity categories.



Sponsor Statement

As a market leader in enterprise application software, SAP helps companies of all sizes and industries run better. From back office to boardroom, warehouse to storefront, desktop to mobile device – SAP empowers people and organizations to work together more efficiently and use business insight more effectively to stay ahead of the competition.

SAP applications and services enable more than 250,000 small and midsize companies to operate profitably, adapt continuously, and grow sustainably. SAP provides pre-integrated software components with embedded intelligence, enabling companies to stay lean, automate, optimize, and become best-run businesses. Our solutions are designed to deliver value right away and to scale for future growth.

The customer experience CRM technology suite, SAP C/4HANA unlocks a world of digital innovation, customer value, and growth that builds trusted relationships between brands and customers. Built on the foundation of the intelligent enterprise and powered by an open and extensible platform, SAP C/4HANA empowers businesses of all sizes to manage the complete customer experience by putting a consent-driven, single customer view at the center of the business. It brings together customer data management, machine learning, and microservices to power real-time, intelligent customer engagements across sales, customer service, marketing, and commerce. SAP solutions help you take complexity out of running your business, so you can focus on growing your company. No matter where your business takes you, SAP is an innovative, trusted provider partner you'll never outgrow.

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