

THE SIX STAGES OF DIGITAL TRANSFORMATION MATURITY



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Custom research by Altimeter Group on behalf of Cognizant



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Introduction

Investing in technology isn't the same as digital transformation. Pretty much every company is putting money into new tools, platforms, and services. Doing so is a matter of becoming tech-enabled, which doesn't mean companies are actually changing to compete in a digital economy. With digital transformation, however, technology is driven by purpose, and that purpose is meant to reshape business.

Of the companies I've studied over the years, I've learned that digital transformation isn't an outcome or an end-goal; it's a complex but enriching journey. So far, none would suggest they have reached the end of the digital transformation process. In fact, many would state they're beginning or are in the process of an enduring enterprise-wide pilgrimage. At a time when everything is changing, the end state keeps evolving. What's important is to find and build ways to be relevant now. This means changing everything from the inside out to become more nimble and resilient for our current and future worlds. What I've seen is that those who are bold enough to make change, realize great benefits.

Let's be clear. Digital transformation is big and costly. It can and will cover everything from effectively engaging customers and employees, forming new teams to collaborate, forcing process improvements and innovation, optimizing business models and inspiring new infrastructures, et al. When organized into approachable steps, digital transformation offers a tangible strategy for understanding and incorporating change. In the process, businesses break ground while making significant progress along the way, changing from a state of "business as usual" to a culture of innovation.

Digital Transformation

The realignment of, or new investment in, technology, business models, and processes to more effectively compete in an ever-changing digital economy.

Introduction (continued)

After spending time with countless businesses undergoing this process of adaptation, I've learned that change happens in a series of identifiable stages. By categorizing the commonalities found within these stages, a pattern emerges as the baseline of a digital journey. Outlining the key attributes of each stage also helps companies chart their course toward desired waypoints, which is often unique to each organization. At the same time, understanding the steps businesses take throughout their journeys also helps executives benchmark their progress against those who have already undergone change.

This framework provides a digital maturity chart. Its purpose is both prescriptive and aspirational. It helps companies take an objective look at their own current state progress before trying to move forward (or even recognizing the need to do so).

To illustrate the complexity along the way, we've included five digital transformation case studies to illustrate efforts of companies from different industries, highlighting their challenges, successes, and where they failed.

Our goal is to create not just a sense of urgency, but also a usable roadmap to steer you on an informed and tested path toward change and the many benefits that unfold in the process.

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THE NEED FOR DIGITAL TRANSFORMATION

Most businesses try to adopt new technology as soon as it becomes available in the market. However, if it were a matter of implementing and roadmapping the right technology, architecture, and services for your business, change would be much easier to manage. And, truth be told, anyone could then transform successfully. Instead, technology has impacted not only markets, but also customer and employee behaviors, expectations, and the overall digital journey. Your transformation plan must align with market changes using new technology that serves as an enabler to compete at scale in the new (and evolving) world.

Digital transformation's purpose (and the work associated with it) isn't isolated to any one group or area of business; it's enterprise-wide. It's meant to align with and guide how employees want to work, how customers want to shop, the products and services you develop, and the innovation that affects everything in between. What was once confined to IT and the work of the CIO is now distributed across the enterprise. At the same time, department-centric efforts lack the vision, leadership, or collaborative infrastructure to support a holistic approach. This work will change that.

What does that look like?



Technology teams.



R&D is building communities to explore crowd engagement to fix problems and ascertain new possibilities for innovation.



Sales teams are investing in technology applications that facilitate customer identification, engagement, and management.



The supply chain is ripe for innovation, and digital transformation blows the doors wide open for optimization and complete disruption.



Marketing is driving investments in technology and resources to chase and lure the new digital customer.



Customer service is deploying new software platforms to improve the customer experience (CX) through support and CRM initiatives.



HR is investing in new systems for employee prospecting and engagement.

Digital transformation is taking place everywhere whether or not it's appreciated or recognized. The point we must understand, however, is that it is happening asynchronously throughout the organization. And, it's often happening without an experienced conductor. This is akin to trying to build a futuristic city without a master plan, understanding who will live and work there, and why they'd want to (what's in it for them). Beautiful buildings and homes might be constructed in isolation, but there would be no unified infrastructure to support community, commerce, and the harmonious functioning of a population because architects might have missed its spirit, behavior, expectations, and aspirations.

AN OPTIMIST'S PERSPECTIVE ON DIGITAL DARWINISM

I inherently believe that Digital Darwinism is a good thing. Yes, society is evolving. Yes, customer and employee behavior is changing. Yes, companies are indeed at risk of losing relevance if they don't compete for the future today. But think about it. Change, as hard as it is, can be a good thing. It inspires improvements in the way companies work and create and deliver value to employees and customers. Those companies that invest in digital transformation are by default investing in modernization, process, system improvements, and, in most cases, innovation. The results are measured in effectiveness, efficiency, longevity, and relevance, which add up to a roster of significant competitive advantages that make companies thrive in the face of Digital Darwinism.

What's even better is that any business can do so right now. It's not just for the incumbents or marketing leaders. It's a level playing field, and everyone can, and should, try to be better.

Leadership doesn't always have to come from the top. Leadership can come from anywhere. What most excites me in an era of Digital Darwinism is the opportunity for new leaders to rise and new ideas to be hatched. Anything and everything is truly possible now. All it takes is a vision to see something differently, passion to bring that vision to life, and creativity to find new possibilities and solutions.

Digital Darwinism gives way to innovations that define not only the next steps for transformation and your organization's path to digital maturity, but also new philosophies, models, and processes that pave the way for a new genre of business.

Digital Darwinism

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DIGITAL TRANSFORMATION STARTS WITH A SHIFT IN PERSPECTIVE

According to MIT/Sloan research¹, 63% of executives revealed that the pace of technology change in their organization was too slow. In the same report, the most frequently cited obstacle to digital transformation was “a lack of urgency.”

Change is difficult to implement in any organization. More so, once change is underway, it can be painfully sluggish and slow. But in an era of Digital Darwinism where businesses must “adapt or die,” ignoring change is not an option. Clearly we have work to do. It starts by making the case, ringing the alarm bells, and creating a sense of urgency that puts threats and opportunities front and center.

The pace of technology isn't slowing. In fact, it's only accelerating. And its impact on customer and employee behavior (and expectations) is happening faster than most companies can react to.

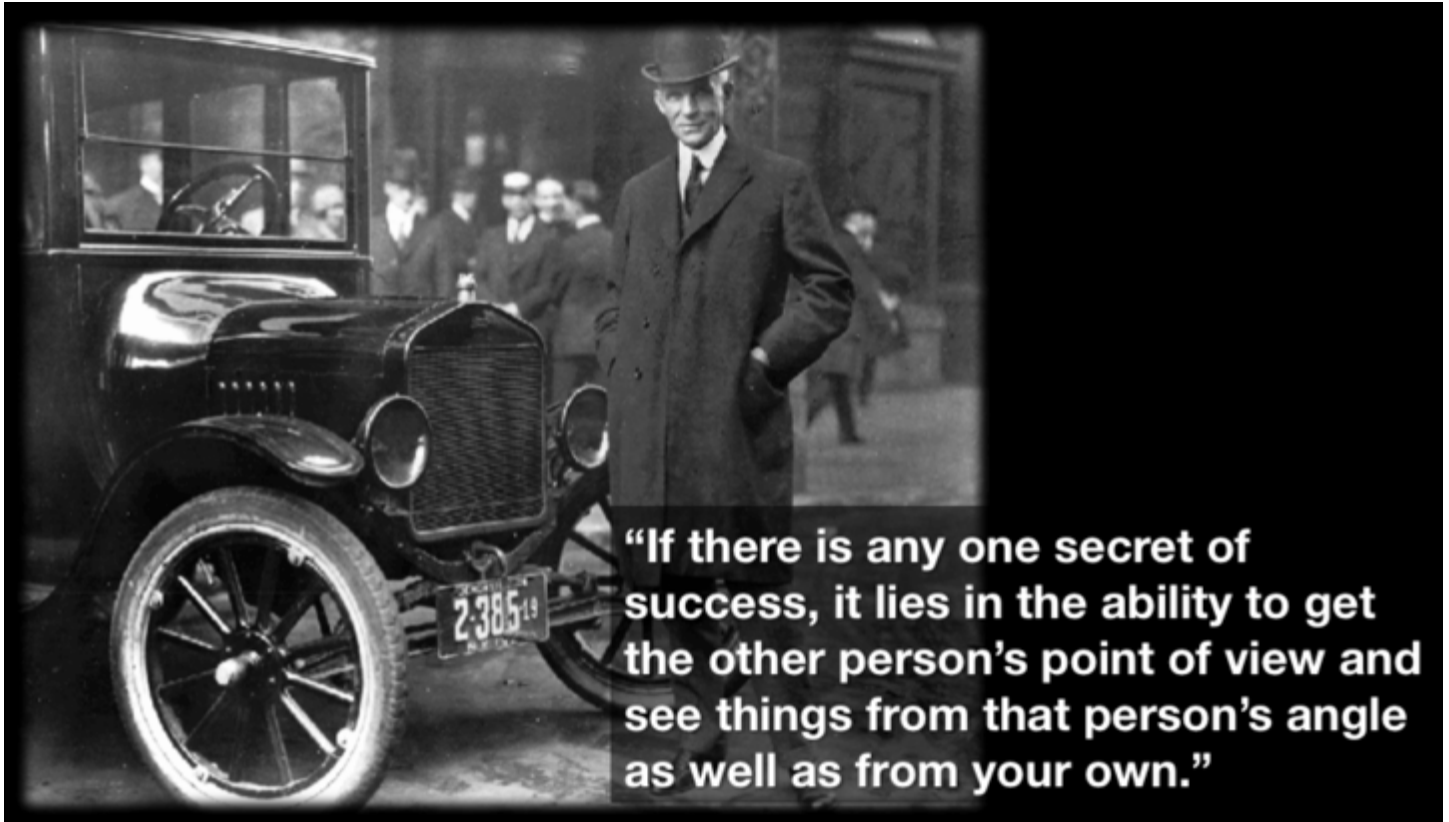
Sometimes simply comparing societal standards to our current models for business is both startling and enlightening. Think for a moment about the smartphones and tablets we use today. There was a time when those devices were not considered in the company's technology roadmap. At some point, the pervasiveness of these new devices and their inherent capabilities and benefits became impossible to ignore. They not only charted the course forward, they also started to introduce important changes in behavior. People were “always on” and learning how to do things that were new, but more effective and natural. The new screens required gesture-based interaction. Apps and networks were reinvented in the process, and everything was suddenly intuitive and elegant. In short, technology and how people used it became more advanced outside the workplace. Said another way, coming to work was like stepping back in time.

This is important because nowadays people make tech work for them in their day-to-day life, their way. They swipe, pinch, zoom, and essentially hack everything to work for them. Like water flowing over rocks eventually carves out a new surface, customers define their own buying journey and employees work the way they want versus the way they are expected.

63%

of executives revealed that the pace of technology change in their organization was too slow.

PUTTING PEOPLE FRONT AND CENTER OF DIGITAL



Digital transformation is decades old, and yet young at the same time. Either way, it makes many executives not well-versed in technology uncomfortable — after all, it is an evolution or a modernization of what we’ve always done and shifting it toward something new and unfamiliar. And, digital transformation is bigger than any one role, group, or line of business. This is fantastic news. It means your belief in change is your path to something more important than what you’re working on today.

In many cases, the roadmap on which you’re operating represents yesterday’s vision of tomorrow. It’s dated. And, even though you’re committed to budgets and performance plans, it still doesn’t change the fact that you have a fiduciary and genuine obligation to do what’s right by connected employees and customers. They expect something more relevant, personal, and real.

I often hear, and maybe you do too, that customer or employee centricity shouldn’t necessarily focus directly on people but instead an amalgamation of our assumptions of who they are, what makes them tick, and what they want or need.

There’s a famous Henry Ford quote oft shared as testament to these false notions: “If I had asked people what they wanted, they would have said ‘faster horses.’”

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-Henry Ford

The presumption is that people only know what they know or don't know what they don't know. How could we possibly transform our product or business around them? It's true. It would have been an exceptional case for a customer to say that they wanted a horseless carriage or even an automobile. But in a way, they did. Through their routines, challenges, and aspirations, Henry Ford saw that the opportunity for innovation and transformation was rooted in transportation efficiency and scale. Et voila! A horseless carriage was born, and automobiles followed soon thereafter.

What's true for customers and employees is true for you and your partners as well. You only know what you know as well. In the absence of information, understanding how digital customers and employees have changed and continue to do so is at the heart of digital transformation. And the most mature companies investing in digital transformation start with people and then define a roadmap where strategy, technology, and processes are informed by digital insights. Imagine this. The impact that the automobile had in transportation is much like the effect innovation and change will have on business operations.

Oh, and by the way, turns out that no one can prove that Henry Ford actually said those celebrated words. But it is what he did say that drives the point home about digital transformation and the importance of perspective. In Dale Carnegie's classic, *How to Win Friends and Influence People*, Ford offered these words of advice: “If there is any one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as from your own.”

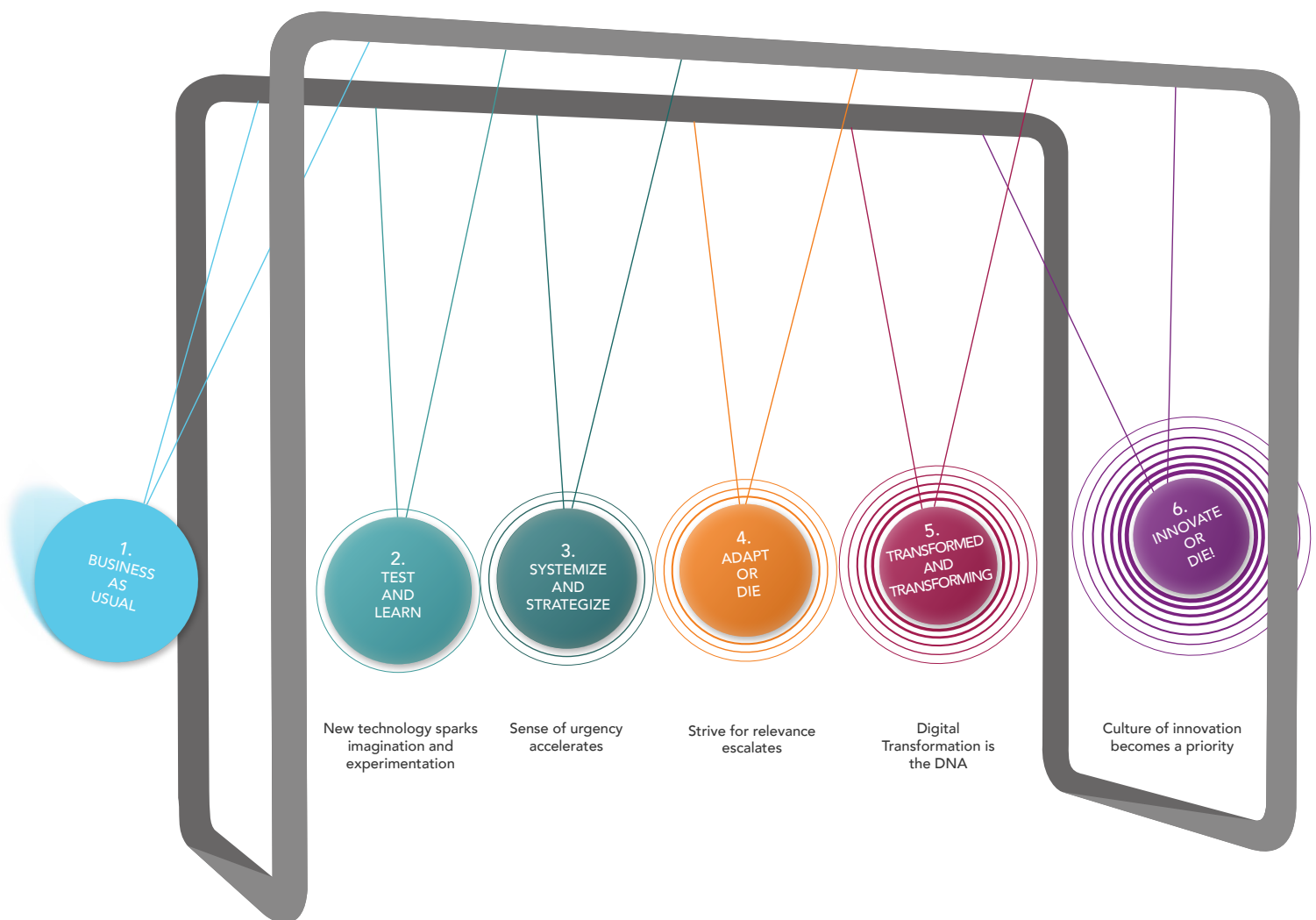
Digital transformation requires you to see things you must invest in based on a view of tomorrow that is informed by how customer and employee behavior will change or adapt.

THE 6 LEVELS OF DIGITAL TRANSFORMATION MATURITY

Every business faces Digital Darwinism. Some companies are far along the digital transformation process, while others have yet to begin a formal transformation strategy. Either way, every business tracks itself according to key stages that help communicate waypoints and direction. Identifying what those stages are and what defines them is the purpose behind a new research-based maturity model, "The 6 Levels of Digital Transformation Maturity." It organizes the key moments and milestones along the path of digital transformation to offer visibility and guidance to those change agents leading the way.

Through my research, I've identified six key stages many organizations go through in their digital transformation. Let's take a walk through each level and their defining attributes at a high level.

6 Levels of Digital Transformation Maturity



1. BUSINESS AS USUAL

Here, businesses do just as the category says, which is to operate as normal. Businesses ignore or are unaware of the risks and opportunities of Digital Darwinism and continue their course as planned.

A lack of urgency exists and, thus, any need to change is largely rebuffed. “We’re profitable today! Why should we change?” is the common refrain. Additionally, the culture of the organization is mostly risk-averse, with investments and ideas that operate within established confines and generally discouragement of anything or anyone that suggests otherwise. Sound familiar? This type of thinking validates business as usual and, thus, the organization operates as it always has.

While digital is not ignored, it is not used as a formal directive within a digital transformation approach. Organizations are still following technology-first roadmaps and processes that are years old. As such, technology is a mechanism for optimization, scale, and efficiency in operations, but little else.

Other attributes that define businesses in this phase demonstrate a lack of understanding or infrastructure around digital. There is no mastery of what digital is and no formal understanding of its impact on customers, employees, and markets. As such, a vision for what’s possible and a plan to work toward it are absent. Training, strategies, metrics, and workflow initiatives around digital are, for the most part, ad hoc.

Additionally, the overall CX is still managed by individual departments (silos), with fragmented processes and systems that do not connect the dots in sales, CRM, support, or marketing. This is caused by a lack of “one” customer view across the organization.

Marketing is still campaign-based across multiple social, digital, and traditional channels with little or no collaboration across different disciplines. Most of the time, strategies are rooted in conventional practices without taking into account new platforms and networks and how to leverage them differently.

Data exists in separate caches for every channel, without any opportunity for cross- or omni-channel engagement throughout the customer lifecycle.

2. TEST AND LEARN

Companies are starting to get it in this phase, usually because someone in some department recognizes that things aren’t working as is. Or they see other businesses doing things differently.

As such, digital, mobile, social, and all disruptive tech introduces new opportunities to test and learn internally and externally. Change agents take action, which isn’t necessarily organized or centralized. This creates internal buzz and concern around change and amplifies the opportunity for chaos as rogue experiments occur in isolation without cross-functional collaboration.

But champions are the believers, and they serve as the sparks for driving digital transformation. Previous failures or lackluster investments help agents of change discover that early pilots and experiments in emergent channels enable them not only to learn, but offer proof points for success. These early efforts can also serve as internal best practices and case studies for what’s possible.

Groups largely still work in silos but become increasingly efficient at experimentation and tracking results

Groups largely still work in silos but become increasingly efficient at experimentation and tracking results. Companies in this stage are still at the cusp of understanding how to invest in new programs that track against classical metrics and KPIs versus how to rethink possibilities and outcomes and how they can change measurement standards.

Companies explore how to better understand the connected customer journey and start to invest in research or workshops that get executives and strategists out of their comfort zones. Customer journey mapping and even employee journey mapping unveil possibilities for next steps. For example, post workshops, investments in social, mobile, digital, and content strategies are experimented within respective groups where we start to see early forms of cross-team sharing and collaboration between them.

Now, the company, though still operating in silos, expands into new spaces led by individual groups or loosely defined “circles” to explore new possibilities for internal and external programs. Additionally these initial teams explore how to work outside their coverage areas to make greater impacts while also making the case for more support and resources.

Customer data for each channel still exists in silos; however, focus begins on acquiring customer data through listening. This listening capability also informs much of the content strategy, with efforts to create more real-time relevant content rather than relying solely on campaigns created by outside agencies.

As these efforts continue in isolation, for the most part, groups become increasingly efficient at experimentation, moving them toward a formalized approach. This experimentation extends to trying out new technology platforms and channels, including social and mobile.



3. SYSTEMIZE AND STRATEGIZE

Digital transformation starts to trigger strategic investments in people, processes, and technology. The organization is getting smarter, with its change agents seeing the bigger picture and starting to work formally toward it. We start to see IT and marketing form a working or formal alliance to expedite investments and a supporting infrastructure for transformation.

The Test and Learn stage offered tastes of new possibilities. At this point, companies are investing in ways to learn more about where and how to make more formalized investments for greater impact. Programs become more intentional, and we also start to see the early stages of uniformity taking shape. Executive education is key in this stage to earn support for formal programs.

Digital literacy now becomes a primary focus to help stakeholders become masters of these new domains (digital, mobile, social) and how to operate within them. Among transformation and each technology circle, innovation becomes an official focal point to identify new opportunities and potential disruption outside of the organization.

Teams seek to more formally optimize efforts and resources. To do so, an executive sponsor for digital transformation is sought after and a case is made to earn official support. This introduces leverage, structure, and overall executive attention. As such, the sponsor and change agents invest in formal working groups (aka

The organization is getting smarter, with its change agents seeing the bigger picture and starting to work formally toward it.

taskforces) to test and learn through organized, cross-functional pilot programs usually focused on the digital customer experience (DCX). The team also explores technology investments and partnerships to scale pilots and possibilities.

Improving the DCX becomes a driver for transformation since it is tied to business goals and outcomes. Here, companies get traction through notable, but still largely disparate, pilot programs strewn across multiple functions. Led by change agents, pilots still tend to focus largely on DCX and marketing. Usually, a deeper customer-journey-mapping exercise is conducted to reveal additional opportunities and priorities for transformation. As the journey is studied, data is analyzed and new consumer behavior and preferences feed into redesigning the DCX. Asking, “What would my digital customer do, and how is it different than those who are more traditional?” helps focus priority areas and efforts.

Understanding the digital customer also plays a significant part in expanding this work to include programs, people, and processes to support new efforts.

Sales and support initiatives start to find their way into the mix. As change agents either operate in silos themselves or are “matrixed” into helping other departments with their pilots, the lack of formal unity becomes a real pain point as change agents push forward and solving for it becomes tenable.

Metrics overall start to mature across every program to scrutinize and optimize investments. Data too becomes fundamental to informing everything from understanding connected customer journeys, preferences, behaviors, personal interests, and context to using customer-facing technology to optimize the experience.

New expertise in these areas becomes a mandate, with new roles and responsibilities joining existing departments or becoming part of the digital transformation team to improve research, recommendations, and progress.

At the same time, content and overall marketing strategies start to shift from multi-channel broadcast campaigns to targeted/real-time engagement (personalized) opportunities that also unite efforts and facilitate cross-functional collaboration in each network/channel.



4. ADAPT OR DIE

If a flag were raised over HQ, it would read, “Adapt or Die!” There’s notable momentum at this point, and change is something that the entire organization is starting to recognize and appreciate.

Businesses in this stage are becoming resilient. Efforts in digital transformation become intentional with short- and long-term goals/outcomes supported by investments in infrastructure. In fact, efforts are now more ambitious and organized formally, moving beyond prioritized-but-focused pilots to official pilots that span every category affecting the DCX and beyond. These include sales, service/support, and marketing, of course, but also start to expand into HR, product development, manufacturing, etc. Additionally, categories are formed under each, where common resources are shared across once-disparate departments, including:

- Data
- CRM
- Content
- Education and Training
- Governance

Change agents are no longer outliers (does this mean that they are very common?). They now get a seat at the table with authority and accountability to drive transformational strategy. At the same time, the working group expands its footprint and focus to formally modify processes and models necessary to support scale and further transformation.

Digital and mobile initiatives are no longer the victims of traditional strategy “bolt-on” campaigns. Instead, strategies start with digital, mobile, and social and then inform traditional approaches.

The DCX is still a priority driver for change. With learnings and insights bringing teams and executives together, new roles and models are established to further lead transformation in priority areas, such as mobile and other key touchpoints of the DCX. This gives way to formalizing the digital (employee) experience to make strategic investments in catering to connected employees, how they work, and how to help them find success.

Investments in people, processes, and technology are formalized to optimize existing or new touchpoints in the digital customer journey. Efforts shift the traditional sales/marketing/commerce funnel focus to a more dynamic model that adapts with changes in technology and behavior.

Content is optimized for each channel, and there are coordinated and automated efforts between paid, owned, and earned media.

Experts explore mass personalization and contextual programming to provide more effective engagement strategies across every touchpoint and channel.

Digital literacy is a mandate across all groups working on CX, as well as executives. New technical skillsets are also brought in to enhance capabilities in data, analytics, content, mobile, R&D, service, support, and loyalty. A focus on innovation also matures, leading to a next-gen matrixed approach to solve for innovation opportunities, starting with tours of innovation hotspots, such as Silicon Valley.

New data investments help monitor performance and news areas of opportunity. Tools and data systems are integrated to create a single view of the customer across every interaction point.

Because data becomes more prominent in this stage, privacy and security become paramount within the organization. Consumer privacy cannot be violated in any way that loses trust. This is true for personal details related to not only commerce, but also in how businesses use consumer data. Additionally, corporate intellectual property is more important than ever before. “Sonygate” was a painful call to businesses everywhere to invest in critical safeguards. This introduces the need for someone to lead security and risk mitigation while continuing to push new initiatives forward. This emergent role manages how the company utilizes personal information sourced from customers and employees, while also protecting the company’s new media assets.

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5. TRANSFORMED AND TRANSFORMING

Digital transformation is now in the company's DNA, and it becomes constant. Along the way, these efforts have reshaped the enterprise, creating new models and operating standards affecting people, process, and technology by function and line of business at both the local and enterprise-wide level. The organization is operating in a more unified manner with digital transformation efforts led/managed by a governing body.

Every function and business unit of the company is managing aspects of digital transformation locally and also enterprise-wide. IT and other key functions invest in dynamic architecture and sophisticated/mature technology to optimize the change process and empower new models to collaborate and adapt. This is done according to a renewed or cutting-edge vision and mission for this new stage.

Leadership transcends this movement into the establishment of a new agenda around culture, purpose, and the future.

As other groups realize the impact of digital transformation, efforts are then expanded to transform the lifeline of the business, including employee engagement, productization, ERP, etc.

New working models, roles, and resources are developed and employed to optimize and scale transformation. We start to see new "Officer" titles emerge, such as Chief Digital, Chief Security, Chief Experience, etc. These evolve over time, but their initial focus is important.

New products and services are developed as a result of transformation.

DCX is still the leading driver for ongoing change. But now, everyone operates against a single view of the connected customer and employee. As such, digital and mobile experiences are defined and optimized.

Change agents become new leaders of the digital and physical CX.

Marketing strategies shift beyond campaigns with an emphasis of investments made in ongoing, day-to-day programs, resources, platforms, metrics, and data.

Content is optimized for each channel and rooted in context to personalize engagement across devices based on their state and intent within the journey.

A harmonious journey map with intent and attribution is created for each touchpoint. Innovation in strategy, execution, and measurement continues to push innovation forward in every facet that touches and supports everything around the customer and employee ecosystems.

The level of investment that went into understanding the DCX is also prioritized and formalized for the employee experience. This work eventually leads to new policies, operations, and technology that affect work, performance, and HR. HR is evolved to modernize the incumbent workforce, recruit new talent, and eliminate the uninspired.

Digital literacy is now a way of business.

Learning is continuous.

Decision-making is optimized and focused on immediate and next-gen results.

Every part of the organization is responsible for the CX and also innovation.

Leadership
transcends this
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6. INNOVATE OR DIE

A culture of innovation becomes prevalent. Now, new models, roles, and investments shift toward innovation to accelerate transformation and identify new, unconventional opportunities for growth.

The workgroup(s) once dedicated to transformation and technology shift focus toward innovation and disruption. They quickly evolve into the next “iterative” effort or the next stage in transformation to understand how to identify innovation and disruption outside of the organization. Innovation centers or teams are officially formed to recruit new talent, identify new technology and investment/acquisition opportunities, and learn where to focus transformation efforts over the short/long term.

The organization is supported by a flatter management and decisioning model rather than a traditional hierarchy. Ideation and knowledge acquisition are part of everyone’s everyday job. Executives and the teams/departments and individuals they manage are not only empowered to ideate; they are a measured part of performance at every level. This means that ideas are sourced, sorted, prioritized, and explored as part of the day-to-day management infrastructure. Employees are expected to contribute to progress, and managers are measured by their ability to identify and triage bona fide opportunities. Time is often allocated in the normal work schedule to allot for learning or ideating. Additionally, higher education is offered to instill new expertise and keep employees in line with the needs of an evolving digital organization.

To understand how innovation affects business and how to apply lessons internally, leadership embarks on guided tours of technology hotspots, such as Silicon Valley. In these cases, executives meet with companies leading the way for innovation, such as Twitter, Tesla, Facebook, and Ideo, among others, to get a firsthand view of how and why they operate differently.

In more advanced instances, innovation centers or teams are officially formed within the organization or moved to an innovation hub or hubs around the country/world. The objectives for these groups vary and often include:

- Recruiting new talent
- Identifying new technologies for internal piloting
- Investing in or acquiring startups
- Surfacing new opportunities for products and service development

Furthermore, many innovative companies are seeking to actively become contributors or members of these communities to further spotlight innovation to the community at large, as well as to the greater organization. This is done, for example, by hosting hackathons, startup showcases, and conference-like programming to help entrepreneurs and business leaders learn from industry experts and thought leaders.

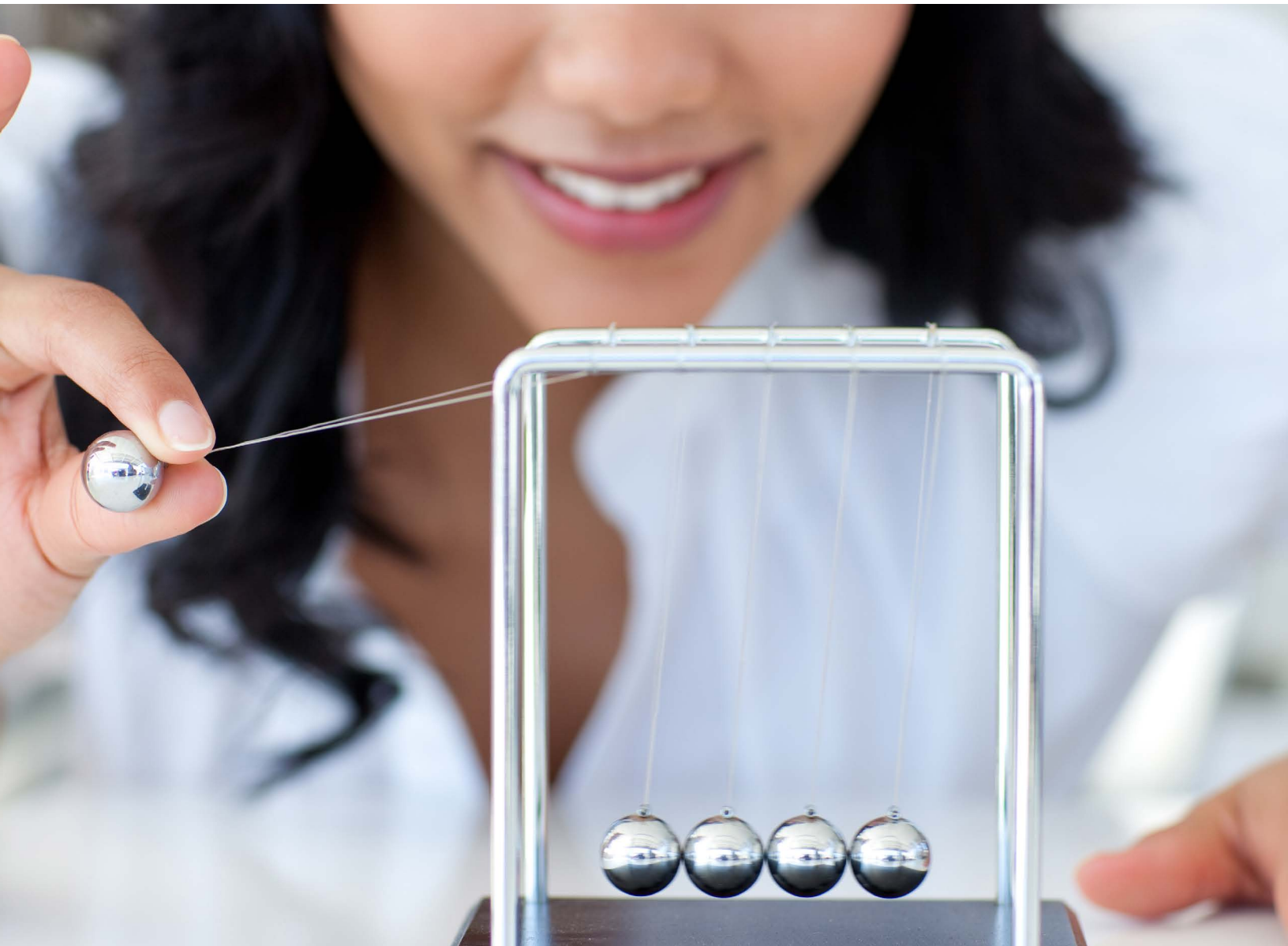
Shifting toward innovation unlocks an entire different maturity model. Lessons learned here are applied in real time to improve internal and external operations, as well as market strategies in specific cases. As time passes and experience develops, insights are examined for greater impact across the organization.

A culture of innovation becomes prevalent. Now, new models, roles, and investments shift towards innovation to accelerate transformation and identify new, unconventional opportunities for growth.

THE MATURATION OF DIGITAL TRANSFORMATION IS CONSTANT

This was just a cursory overview of the important stages a business faces as it digitally transforms. Even though each stage is representative of noteworthy chapters in digital transformation, they are not absolute nor meant to convey a linear path, nor is any phase isolated unto itself. I have learned time and time again that organizations can and do occupy more than one stage at any one time.

Digital's impact across the enterprise is vast. And transformation is only partly defined by technology. Its ultimate success is defined by the reworking of several key business functions, processes, and models, with the state of each contributing to the evolution of digital maturity. This includes governance, education and training, CX, employee engagement, data, marketing/content strategy, digital integration, and innovation. Combined, in any size and shape, investments in any or all of these fronts equate to digital transformation. Its extent and impact define placement on the maturity map, which demonstrates progress, orientation, and direction. As long as you're not stuck on the left side of the maturity steps, your organization should be on its way to competing for the future rather than capitulating to Digital Darwinism.



CASE STUDY 1: CBRE INVESTS INTERNALLY FIRST, EXTERNALLY SECOND

CBRE

LEVEL OF DIGITAL MATURITY

CBRE is at the early stages of digital transformation maturity. The world's largest commercial real estate services firm serves owners, investors, and occupiers alike. Its efforts on internal modernization and big data place CBRE mostly in the "Test and Learn" phase. The company is however, investing in data's application to customer engagement and product innovation, which also start to move it closer to the "Systemize and Strategize" phase.



THE CHALLENGE:

To date, most of CBRE's digital transformation efforts have focused on making its internal organization "digital first."

"Our single biggest DT effort is not focused on digital but around our own workplaces," says Elie Finegold, Senior Vice President, Global Innovation and Business Intelligence. "We found that until we went through the process of cleaning out the old, we couldn't bring in the new."

Another challenge for CBRE is to implement a unified strategy across all its lines of business. Currently, many different aspects of CBRE's digital channels are being handled by different departments, which makes it harder to implement a strategy across the board. While many of the top-down digital initiatives originate from IT or innovation groups, some are also inspired by business lines themselves. In the absence of an official owner of digital transformation, however, the CMO and CIO are committed to leading these efforts together.

CBRE believes that a big part of digital transformation is about improving the ability to advise clients and do it at scale without losing touch with them. "That's a challenge," exclaims Finegold. "We have traditionally been a high-touch business, and improving the customer experience will mean delivering information, in a timely way, with less overhead use of customers' time than we had before."

"We found that until we went through the process of cleaning out the old, we couldn't bring in the new."

- Elie Finegold, Senior Vice President, Global Innovation and Business Intelligence

THE APPROACH

The set of investments CBRE is making is in organizing all its market-facing data. The company's product is mainly services. As Finegold explains, this means its product can only be complemented or improved by smart people who are enabled by vast, yet distilled data. "It's about getting all the information that other people don't know into forms that is acceptable and accessible around the rest of the company," she says.

CBRE is also investing in developing products that allow its employees to present data for their customers in ways that are new and innovative. This means building applications that are customer facing but still held by its people. Innovation will affect everything from systems that help translate client portfolios into analysis and insights for more value-added presentation and advisory.

Data is part of the solution. But so is process and collaboration. Customer information must be shared in order to improve services locally and enterprise-wide. As a way of enhancing the DCX, CBRE invested in business infrastructures that unite its brokerage professionals and the organization as a whole.

"There are certain pieces of information that can be very valuable to the company, but brokers can be reluctant to share it unless they know it can be leveraged to help the business," Finegold explains.

To combat this, CBRE developed an application that helps take real estate data on an iPad and presents it in a way that is beautiful and customer intuitive. It helped create more deliverables for customers, and they were immediately delighted by the experience.

The influx of information, in turn, led to a ramp up in the company's data management capabilities since it now had to manage more data in ways that it hadn't before. "There was more pressure to quickly filter the data, process it, and get it back to the app," Finegold shares. "That, in turn, led us to start developing tools to advance data distribution."

The company started with the end in mind and then built the data and value chain backwards rather than first building a technology system that may or may not meet the needs of corporate, brokerages, or customers.

"It's about getting all the information that other people don't know into forms that is acceptable and accessible around the rest of the company"

- Elie Finegold, Senior Vice President, Global Innovation and Business Intelligence

CASE STUDY 2: BANK OF THE WEST FOCUSES ON ALL POINTS OF INTERACTION WITH THE CUSTOMER

LEVEL OF DIGITAL MATURITY

Bank of The West's digital transformation efforts fall mostly in the "Systemize and Strategize" part of the maturity spectrum. There has been a clear initiative taken to drive digital transformation across the organization, manifesting mostly in making its customer-facing experiences (website, mobile, tablet, and in-branch) more contemporary and convenient for the customer.



THE CHALLENGE:

"The way we look at digital transformation is really through the lens of the customers, enabling customers to interact in the channel of their choice," says Andrew Diggdon, VP of Customer Experience, Digital Channels at Bank of The West. "We have to respond to behavioral trends in digital, delivering the right kinds of experiences that our customers demand."

While the bank currently has a large enterprise data warehouse to store customer transaction data from all channels, it is still challenging to put that data to use in real-time situations. "The enterprise data warehouse is a good place to recognize behaviors, but real-time actions taken on incoming data are more challenging to execute," says Diggdon. "We've been working on real-time lead generation that allows our branch representatives to be informed of opportunities to help customers driven from our CRM capabilities."

Although Diggdon says the bank has made much progress in its digital transformation across the bank, it is still working on integrating the efforts between marketing and its new digital capabilities. "The challenges are not only in terms of technology integration — it's complex to integrate multiple channels into our CRM so that we can deliver leads and offers to our bankers and to our digital channels," says Diggdon. "There's the question of how you use the capability once you have it, how do you create the right offers — the marketing aspect is something we continue to work on. We have been successful in prioritizing higher-quality leads and making it easier to do multi-channel appointment scheduling."

"The way we look at digital transformation is really through the lens of the customers, enabling customers to interact in the channel of their choice"

- Andrew Diggdon, VP of Customer Experience, Digital Channels

THE APPROACH

In the last four years, Bank of The West has taken formal steps to embrace digital transformation, expanding its digital channels team from 10 to 60 people and adding development and technology teams to support it. While there is no central, or single, “digital transformation leader,” each department within the Bank drives its own digital transformation initiatives, with objectives for efficiency, simplicity, and cost lowering.

The bank’s content strategy follows a similarly autonomous approach, where each product team creates content around its own product, utilizing support from the CX team on how to best present it. This content consists mostly of product details, pricing, and other attributes that would be relevant to either a current or potential customer. The bank’s social team creates content that mostly serves the brand-building function, collaborating with different lines of business to educate and provide interest-generating material for the general public.

Previously, the bank outsourced almost all of its CX elements to outside agencies. Since then, it has built out its own user experience design capabilities, as well as a research arm to test and deliver optimal experiences. A major part of that has been re-platforming the technologies that support its customer touchpoints. This included overhauling its content management system to create a much more contemporary and user-friendly bankofthewest.com, as well as the introduction of mobile and tablet experiences. “The changes have been not just in terms of major platforms, but also in building out the capabilities of the teams and methods that are being utilized,” says Diggdon.

Branch representatives, as well as senior executives, are continuously educated on the bank’s new digital capabilities and products so they can clearly communicate the benefits to customers. In addition, Bank of The West has a market intelligence unit that has dedicated research relationships to inform product managers. It also utilizes voice of customer “listening posts,” both in its branches and its digital channels, to measure satisfaction and get feedback from customers directly.

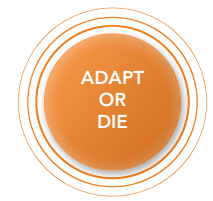
“The changes have been not just in terms of major platforms, but also in building out the capabilities of the teams and methods that are being utilized”

- Andrew Diggdon, VP of Customer Experience, Digital Channels

CASE STUDY 3: TACO BELL'S DIGITAL TRANSFORMATION STARTS WITH SOCIAL

LEVEL OF DIGITAL MATURITY

With its heavy focus on building out each digital channel in a gradual roll-out, Taco Bell's maturity falls somewhere between the "Systemize and Strategize" and "Adapt or Die" stages of the maturity model. It recognizes the need for a unified strategy and is continuously searching for new ways to improve the customer experience, despite lacking a central team or executive to formally drive digital transformation.



THE CHALLENGE:

Taco Bell's approach has been to achieve a high level of maturity in each individual digital channel before uniting them all in a single platform. "It needs to be a consistent consumer engagement platform, so melding all of those pieces is on the horizon," says Cory Priggs, Senior Director, Global Consumer Technology Experience at Taco Bell. "But you have to get all the separate pieces up and running first; if you try to do it all together, you're set up to fail."

The motivation behind creating a unified back-end system is to provide a unified front-end experience. "Consistency is what our customers are looking for. If they go to TacoBell.com or the mobile app, they should be able to place an order," says Priggs. "They are going to expect loyalties, offers, and other individual experiences tailored to them, but initially we have to go broad. Eventually, the more localized and personalized we can get the better."

This level of personalization means matching the right creative, text, and commerce offers to the right person, i.e., not displaying a picture of a big beefy burrito on the website when the customer's preferences are vegetarian.

The challenge in achieving this level of dynamic personalization is unifying customer data into a single accessible source. However, this presents somewhat of a chicken-and-egg problem for the company, says Priggs.

"When you get access to data you didn't have before (like mobile or social), are you going to first get a CRM or get in by setting up silos and then worry about aggregating data in one place later?" Priggs asks. "Unfortunately, the data strategy will come after we set up the channels. Currently, they reside in pockets (call center, mobile app, social listening), but development is happening in parallel."

THE APPROACH

The catalyst for Taco Bell's digital transformation efforts has been its social media presence. Taco Bell is one of the best-loved brands on Twitter², regularly interacting with individual customers and frequently posting endearing, humorous content. Now that it has built up a sizeable following and brand image, the fast-food chain is tentatively beginning to introduce elements of commerce to its social channels, as well as building out its capabilities across mobile and web.

"The digital marketing team has done a great job in creating a voice on social, where you have to be present, have something to say, and get customers talking back to you," says Priggs. "We do a lot of social listening as well, we have a fishbowl setup with big screens that are constantly listening to customer sentiment across all channels."

Following its social media success, Taco Bell recently launched its mobile app in October of last year. The app allows users to customize and put in their food orders ahead of time and pick them up in-store at their convenience. Priggs says the goal is to extend this capability to the website as well so that the same customer can be recognized across all channels, allowing for more personalization and customization.

Priggs says the most crucial aspect of any transformation is people and processes rather than the technology. "You need to be constantly reevaluating people and processes along the way," he said. "You have to constantly shift roles and responsibilities to evolve; that's where you need structure to get you where you need to go."

"We do a lot of social listening... we have a fishbowl setup with big screens that are constantly listening to customer sentiment across all channels."

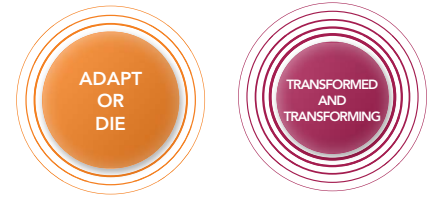
- Cory Priggs, Senior Director,
Global Consumer Technology
Experience

CASE STUDY 4: AURORA HEALTH CARE RELIES ON DIGITAL EXPERIENCE TEAM TO DRIVE TRANSFORMATION

LEVEL OF DIGITAL MATURITY

Aurora Health Care is a healthcare provider serving communities throughout Eastern Wisconsin and Northern Illinois. Services include an array of healthcare resources and access points, such as primary and specialty care at its hospitals, pharmacies, labs, and home care.

Aurora's level of digital maturity lies between the "Adapt or Die" and "Transformed and Transforming" level. This can be attributed to its unified CRM system, which houses customer data from multiple sources, its commitment to creating high-quality digital experiences for customers, and the presence of an independent team to drive digital transformation throughout the organization. This team is focused on improving the experience across all customer touchpoints and delivering high-value solutions that engage consumers and internal stakeholders. The digital experience team works independently on systems of engagement but also in partnership with operations and IT on larger integrated solutions.



THE CHALLENGE:

In a highly competitive industry, Aurora seeks to distinguish itself by providing its patients high-quality digital experiences on whatever device or channel they choose to be on.

"We want to be able to deliver on all aspects of the customer's needs, regardless of device; we're striving for complete integration in the end," says Jerry Janis, Senior Vice President of Strategic Planning at Aurora Health Care. "For example, using a device such as an Apple Watch, our healthcare provider would be able to monitor a patient's workouts, especially after they had undergone some sort of treatment. Additionally, recovering from an orthopedic surgery, the patient could report asynchronously through an app or schedule video conferencing to demonstrate improvement in range of motion instead of coming into the office for an appointment."

"We want to be able to deliver on all aspects of the customer's needs, regardless of device; we're striving for complete integration in the end"

- Jerry Janis, Senior Vice President of Strategic Planning

Innovation is an area that also demands investment for Aurora. “The idea of innovation as a component of our culture is taking hold in small pockets but is not a part of the corporate culture,” says Jamey Shiels, Aurora’s Head of Digital and Social Business Strategy. “It is definitely encouraged, and processes are emerging with concepts like an innovation lab and innovation team being created. The evolution of these models or process will be helpful in recognizing and formalizing our approach to innovation.”

Another major challenge for Aurora is supporting much of this transformation with the right type of personnel. Identifying individuals with the skills and experience with technology has been difficult, with positions for technical architects and digital marketing analysts remaining open for extended periods.

THE APPROACH

To deliver on optimal CXs, Aurora has invested in a major effort to establish a CRM system to aggregate key data around the consumer. This data will be used to deliver a personal communications solution that is rendered both online and offline.

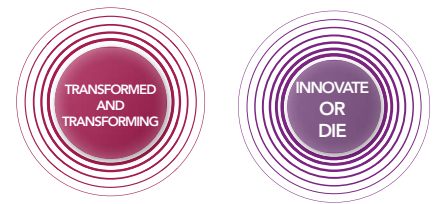
Another big area of investment is in identifying platforms and building a technology stack to support all systems of engagement. The initial push is focused on technology platforms for digital experience and customer relationship management. The long-term roadmap will integrate existing systems to improve the overall tracking and data aggregation to develop a complete view of the consumer.

CASE STUDY 5: SEPHORA BUILDS ON ITS DIGITAL TRANSFORMATION WITH AN INNOVATION LAB

LEVEL OF DIGITAL MATURITY

Cosmetic specialty retailer Sephora is a great example of a company that is far along the digital transformation maturity spectrum. It has received widespread praise for its attention to CX, both in-store and on digital channels, as well as its knack for consistently being an early adopter of new technology. Sephora was one of the first beauty retailers to launch an online store and was also early to mobile. In a recent report by L2 on the Best Mobile Experiences of 2014, Sephora's "Sephora To Go" mobile app was recognized as a "best-in-class example of cross-platform loyalty club implementation which also incorporates omnichannel strategy."⁴

But what really places Sephora in the "Innovate or Die" level of the maturity model is its commitment to continuous innovation and its high level of preparedness for compelling disruptive technologies that might influence its customers and their experience with the brand.



THE CHALLENGE:

In order to maintain its already high standard for technological advancement, it is imperative for Sephora to continuously innovate, staying one step ahead of where the market is going.

"When we think about ourselves, we think about constantly innovating and staying ahead of the curve," says Bridget Dolan, VP, Sephora Innovation Lab. "The mission is to make sure we are listening to our clients' needs, our internal employees and the ideas they have, and keeping a finger on the pulse of trends, all the while competing with ourselves to make sure we're always innovating."

"When we think about ourselves, we think about constantly innovating and staying ahead of the curve"

- Bridget Dolan, VP

THE APPROACH

To continuously adapt to new technology and consumer behavior, the brand invested in The Sephora Innovation Lab, an independent team of Sephora strategists dedicated to improving and advancing every aspect of the customer experience. The team's lab "office" is located in a warehouse that serves as, among other purposes, a workspace model for Sephora stores, where they are free to try out new ideas with fixtures, lighting, and other creative elements. The goal is to give the team a brainstorming space that is in the same space as a store, allowing them to test their CX ideas as soon as they come up with them.

The space also serves as an area to meet new technology vendors and test their solutions before implementing them on a wide scale.

"We've been testing beacons and augmented realities for customers stepping into the store, but technology also can't be in a vacuum; it has to be integrated with the entire experience, and you have to test it that way," says Dolan. "At Sephora, it's never going to be just on a phone or a tablet; it's going to be the whole store."

"Technology can't be in a vacuum.. at Sephora,
it's never going to be just on a phone or tablet;
it's going to be the whole store."

- Bridget Dolan, VP

YOUR NEXT STEPS TOWARD DIGITAL MATURITY

Digital transformation is indeed a journey, and with every journey comes the steps that move you along your way. Use Altimeter Group's "6 Levels of Digital Transformation Maturity" as your guide to move forward, and even thrive, in an era of Digital Darwinism — and more so, build a business that's future-proof.

To help you on your way, we assembled a series of actions that provide a blueprint for implementing a Digital Transformation Plan.

1. **Benchmark your company's place within Altimeter's digital maturity framework.**

- a. Document the attributes you feel you've accomplished or that are currently underway.
- b. Assess the depth to which each has been accomplished thus far to ensure your business is on par with leading companies passing through each phase.

2. **Develop a list of areas in digital transformation that require attention at enterprise and departmental levels to move you to the next ideal phase.**

- a. Compile a list or notate areas up to your current state that have not yet been addressed.
- b. Talk to stakeholders in each group about priority opportunities and challenges.
- c. Conduct audits, where necessary, to surface information or needs not readily available.

3. **Place all initiatives according to priority on a 1-to-3-year roadmap/timeline.**

- a. Review findings with stakeholders to organize and prioritize opportunities.
- b. Outline next steps and needs for each.
- c. Identify parties and resources needed.
- d. Assign responsibilities for involved stakeholders.

4.

Assign a digital transformation leader.

- a. This role will require leadership support, focus, and empowerment.
- b. Early steps that need to be taken by this leader include:
 - i. Postpone or sunset digital initiatives misaligned with the plan.
 - ii. Define accountability for addressing the plan, remove roadblocks, communicate to the broader team the digital imperative, and hold the team accountable for investment.
 - iii. Report progress, successes, and challenges to executives.

5.

Break out of silos! A digital transformation team is formed to:

- a. Ensure all key functions and stakeholders are presented.
 - i. Lines of Business
 - ii. CX
 - iii. IT
 - iv. HR
 - v. Legal
 - vi. Finance
- b. Serve as a rapid decisioning team to triage opportunities, select existing digital experiences to simplify or sunset, and track progress.
- c. Lead initiatives that locate and fix gaps in customer and employee experience to meet near-term business objectives.
- d. Maintain a cadence for working against the pipeline, report updates, and make quicker decisions.

6.

Don't lose momentum.

- a. If you aren't moving forward, you're not moving in the right direction.
- b. Once you have momentum, prevent it from slowing; otherwise, it may stall.
- c. Remember, Digital Darwinism favors those companies that at least try.

ENDNOTES

¹ 2013 Digital Transformation Global Executive Study and Research Project, *MIT Sloan Management Review*

² <http://www.mic.com/articles/73129/5-ways-taco-bell-is-killing-it-with-social-media>
<https://enplug.com/blog/5-lessons-best-brands-social-media-2015>

³ <https://openforum.hbs.org/challenge/understand-digital-transformation-of-business/why-digital/sephora-s-integration-of-the-digital-and-physical-world>

⁴ <http://www.l2inc.com/research/best-in-mobile-2014>

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Brian Solis (@briansolis) is an award-winning author, prominent blogger, and keynote speaker. Solis works with enterprise organizations and technology vendors to research the state and direction of markets, competitors, and customer behavior. Through the use of proven frameworks and best practices, Solis analyzes trends, opportunities, capabilities, and areas for improvement to align new media initiatives with business priorities.

About Altimeter Group

Altimeter is a research and consulting firm that helps companies understand and act on technology disruption. We give business leaders the insight and confidence to help their companies thrive in the face of disruption. In addition to publishing research, Altimeter Group analysts speak and provide strategy consulting on trends in leadership, digital transformation, social business, data disruption and content marketing strategy.

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