The Age of the Customer-Centric CIO
In today’s Digital Age, companies that listen to their customers, are adept at solving those customers’ pain points, and deliver relevant and immersive experiences have the advantage. With customer-centricity rising to the top of the CEO agenda, the CIO is well positioned to lead the charge.

How can CIOs do this? By leveraging enterprise technology to create a 360-degree customer view that serves as the springboard for new products and services while increasing loyalty and engagement. CIOs who embrace this kind of customer mandate are shifting away from the narrow view of their tech leader role and instead balancing legacy IT responsibilities with a strategist-centered charter that uses technology to advance enterprise business objectives.
According to “2019 State of the CIO” research, 55% of CIOs are spending more time learning about customer needs as a way to foster the creation of revenue-generating initiatives. At the same time, a quarter of the CIOs responding to the survey are prioritizing improvements to customer experience as one of their primary business objectives.

CIOs are also doubling down on customer-centricity by engaging directly with external constituents, including customers, boards of directors, and partners. This firsthand accounting of all experiences with digital-based products and services will help them better understand the pain points and requirements. Customer-savvy CIOs are following up by transforming their internal IT organization to reflect this mind-set, emphasizing the importance of walking in the customers’ shoes, prioritizing nontechnical skill sets, and putting practices in place to foster greater synergy between IT and the business.

Customer-centric CIOs are also actively deploying state-of-the-art technologies such as artificial intelligence (AI) and advanced analytics. These innovations enable a deeper dive into critical insights that can help unleash new products and revenue streams and create more-productive interactions. These technologies also enable new levels of proactive and preventive service designed to keep customers content and engaged over a longer lifecycle.
Customer-Centricity: Today’s Business Mandate

Leading businesses have long operated under the premise that the customer is always right, but being customer-focused is not the same as thinking like a customer. Customer-focused organizations ask customers what they want and deliver based on a gathered set of requirements. Customer-centric organizations immerse themselves in the customer experience and synthesize data from multiple touchpoints to better understand wants and motivations, in turn creating solutions that customers don’t always know they need. These same companies know exactly who their key customers are, so they can cultivate a relationship that increases customer lifetime value. CIOs who can deliver the infrastructure and initiatives that enrich and support that lifetime relationship will drive competitive advantage for their organization while also securing a spot on the C-suite leadership team.

Why is customer-centricity so important today? The easy answer is that companies simply perform better when they put customer needs and experience at the epicenter of their business agenda. Take growth, for example. A Forrester study found that customer experience (CX) leaders outperformed their counterparts in revenue growth. Those companies with a customer-centric charter enjoyed a 17% compound average revenue growth rate (CAGR), compared to only 3% for those shops that were slower to steer toward a CX focus.

Customer experience has also become a hallmark of competitive advantage. Salesforce’s fifth annual “State of Marketing” report revealed that 68% of marketing leaders say their company increasingly competes on the basis of customer experience. Companies considered best-in-class, voice-of-the-customer (VOC) enterprises—about 20% of the total respondents to an Aberdeen study based on performance—enjoy an almost 10x greater year-over-year increase in annual company revenue than companies that are not as far along the curve in pursuit of CX best practices.

Increased profitability is another laudable benchmark for companies that are realigning processes, products, and services around the customer and the overall customer experience. According to research conducted in partnership between Aberdeen Group and SAP, companies with best-in-class CX management practices achieve year-over-year

The Value of Customer-Centricity

- **CX leaders grow revenue faster than CX laggards.** Leaders see a 17% compound average revenue growth rate, compared to only 3% of slower-moving CX counterparts.

- **Best-in-class, voice-of-the-customer enterprises—20% of the respondents, based on performance—enjoy an almost 10x greater year-over-year increase in annual company revenue than others.**

Source: Forrester
customer profit margin improvement on the order of 527% higher than their peers. These companies also knock it out of the park when it comes to revenue performance: The survey indicated that they achieve a 359% boost in revenue growth compared to those that aren’t pursuing a similar customer-centric journey.

What’s driving the strategic shift toward customer-centricity? Many times it’s the customers themselves. Today’s consumers are far more knowledgeable and discerning, with higher expectations for what they want and how it’s delivered than ever before. Consumerization of technology has also raised the bar as consumers, used to the seamless experiences offered by Apple and Amazon in their daily lives, expect the same frictionless engagement for all their goods and services without regard to cost.

Challenges Lie Ahead

The stakes surrounding delivery of a robust and well-received customer experience couldn’t be any higher: By 2020 half of digital transformation initiatives will fail, due to the lack of an end-to-end customer experience operating system, according to IDC.

Although enterprises clearly have customer-centricity in their sights, a multitude of issues is preventing them from achieving a holistic customer view that can help drive business strategy.

Customer-Centricity: CIO To-Do List

- Embrace a technology platform that unifies customer touchpoints and breaks down data silos to create a 360-degree customer view.
- Cultivate strong business alignment by increasing collaboration with lines of business.
- Create a culture of innovation.
- Emphasize customer-centric, forward-looking strategy when hiring for key positions.
- Embrace advanced analytics and emerging technologies such as AI and machine learning as part of the customer-centric technology road map.
- Educate the business on how cutting-edge technologies such as IoT, data analytics, and AI-driven automation can help the enterprise deliver on its customer-centric goals.
One of the biggest obstacles is the current sprawl of siloed IT systems at most organizations. Companies, either by design or due to merger-and-acquisition activity, typically have collections of standalone systems and disparate information sources that limit visibility and keep the different functions and departments operating in their own bubbles. The result is myriad customer relationship management (CRM) systems and databases that cater to the specific needs of one department—Customer Service, for example, or Sales—without providing a holistic picture of the customer that can serve the greater enterprise.

The rise of shadow IT is another major hurdle impeding the elusive 360-degree customer view. There are also cost and performance pressures that keep companies from embarking on the transformation of legacy systems and infrastructure—the old “if it ain’t broke, don’t fix it” mentality, which holds a lot of companies back from a major systems overhaul.

Limited IT resources, coupled with the pressure to uphold traditional IT and operational responsibilities, have curtailed CIOs’ ability to focus on innovation and customer-centric digital transformation. That was the case for The Port Authority of New York and New Jersey—the organization responsible for all the major transportation infrastructure in the metropolitan New York area, including bridges, tunnels, and two major airports—according to Robert Galvin, the entity’s chief technology officer.

“The impediment in our momentum toward becoming customer-centric was our traditional business objectives,” Galvin says. “For the past 95 years, our focus has been on infrastructure, construction, and operational excellence—our folks prided themselves on their ability to clear runways in a snowstorm or to remove a stalled vehicle from a bridge or tunnel to keep the region moving. It’s taken people some time to figure out what a focus on the end customer really means.”

**CIO’s Customer-Centric To-Do List**

Like Galvin, it appears, CIOs have their work cut out for them to steer the ship toward customer-centricity. One of the most important moves will be to embrace a technology platform capable of unifying customer touchpoints and breaking down information...
silos. Such a platform needs to support a unified customer view, so that the various business stakeholders, whether they are field service engineers or marketing specialists, can access information and data-driven insights that are pertinent to their role and day-to-day responsibilities. The platform should also provide analytics, dashboards, and automation tools to help ease IT support and streamline manageability.

As CIOs evaluate the foundational technology platform, they should keep emerging technologies such as advanced analytics and AI/machine learning capabilities front and center. CIOs are well positioned to serve as the advocate for such cutting-edge technologies, educating their business counterparts and making the case to them on how capabilities such as the Internet of Things (IoT), data analytics, and IT-driven automation can help organizations deliver on their customer-focused goals.

In addition to championing the technology transformation, CIOs also need to play an active role in building or changing culture. Organizations that are most successful at a customer-centric agenda embrace much higher levels of business/IT alignment and place an emphasis on collaboration. Similarly, IT shops that are organized around a culture of innovation are far better equipped to understand customer pain points and immersion into the overall experience, unlike those that remain wedded to the traditional IT focus on technology deployment.

Automotive Resources International, a division of Holman Enterprises, uses several tactics to keep its eye on customer needs and desires. These tools include a 360 Degree Customer View platform, a dedicated customer information systems (CIS) team, and a customer advisory board.

“Even if someone is managing our storage, we have them work with the CIS folks so they understand the work they are doing and how to ultimately support our customers,” says Steve Haindl, executive vice president of technology and innovation at Automotive Resources International. “It’s ingrained in our culture.”
CHAPTER 1
Say Goodbye to Silos

In most organizations, it’s not uncommon to have multiple systems managing customer-related data, whether they include a mix of CRM systems purchased by independent departments or a collection of legacy, homegrown databases that still manage to do the trick. Decades of this kind of departmental software procurement have produced gigabytes, if not terabytes, of data that is strewn across disparate systems with little to no visibility between them.

Without a unified view of the customer, organizations can’t deliver the kinds of seamless experiences and personalized interactions that customers expect today. Whether it’s for a retail purchase from Amazon or a corporate office supply order, today’s buyers expect vendors to have a complete history of past transactions, preferences, and service interactions at their fingertips so the vendors can serve up product recommendations, proactively initiate replenishment orders, or schedule preventive maintenance service. If an interaction takes too long or has incomplete information, customers will get easily frustrated and move on to the competition. Salesforce Connected Customer Research 2018 found that 57% of customers stop buying from a company because they found a competitor offering a better experience and that for 70% of the respondents, contextualized engagement based on earlier interactions is extremely important to winning their business.
To put an end to existing silos, CIOs need to make the case for a single platform that spans Sales, Service, and Marketing and that can integrate and centralize all customer-related data. IT organizations have historically used point-to-point connections to sync up individual applications, but the approach is fragmented, costly, and inefficient. Although many firms have ramped up use of APIs to scale integrations, that strategy also has its share of headaches, most notably a skills gap of experienced talent. Among the respondents to the Salesforce Connected Customer Research 2018, 89% said integration challenges were hindering digital transformation.

For many organizations, it’s impractical to scuttle any existing technology already in place and start over. But there are options for working across those systems—for example, organizations can deploy AI and analytics that work across multiple solutions, versus separate business intelligence systems for Sales, Accounting, Production, and so on. In fact, many organizations have found that it’s getting easier to tie systems together through integration technology to provide a more holistic view of the customer.

Robert Galvin, chief technology officer at The Port Authority of New York and New Jersey, says that for years the agency was stymied by a mix of manual processes and disconnected systems that served the individual entities but weren’t integrated. Now, with a single platform used for high-level case management across the divisions, the port authority can track correspondence with key constituents while making sure questions and problems get resolved in a timely fashion. Going forward, the agency plans to integrate its social media interactions as part of that single customer platform.

“The other day, a customer commented that the staff working in LaGuardia Airport’s Terminal B was not well trained, and that complaint got the attention of the executive director,” Galvin says. “[Social media] is a megaphone for customers.”

Although a single-platform approach helps organizations get closer to the customer, it also takes some of the management burden off IT. One common platform is easier to maintain and integrate as needs change, enabling greater innovation. In addition, it’s far easier to secure and maintain one core platform, as accountability rests with a single vendor. There is also less of a requirement to maintain a staff with multiple IT system skill sets.

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Analytics in the Spotlight

Data and business analytics is the No. 1 technology initiative for IT leader participants.

64% of the CIO respondents have expanded their role to take on new responsibilities in this area.

SOURCE: “2019 State of the CIO” survey

CHAPTER 2
Customer Analytics Is the New Enterprise Currency

Immersion in the customer experience demands lots of moving parts, perhaps none as important as advanced analytics. Once organizations have foundational technology in place to achieve the unified customer view, the question is what they can do with it. That’s where advanced analytics come into play, functioning as the secret sauce that enables companies to gather intelligent and actionable insights into customer behavior and requirements that just weren’t possible with a traditional siloed approach.
Analytics can help personalize the customer journey, delivering the most-relevant information or product offerings to a customer, which engenders greater loyalty and drives longer-lasting relationships. Sales leaders can tap analytics to make product recommendations, including cross-sell suggestions. Service organizations can proactively schedule maintenance visits for customers, based on insights gleaned from their service and usage patterns, the latter now possible thanks to IoT-connected products. Research from Capterra shows that nearly half of the CRM users polled (47%) found their CRM to have a significant impact on customer retention as well as on customer satisfaction.

CIOs are well aware of the upside to analytics. Data and business analytics was the No. 1 technology initiative for IT leader participants in the “2019 State of the CIO” survey, cited by 30% of the participating CIOs, whereas enterprise applications such as CRM are a top priority for 26% of the respondents. The area is such a hotbed of activity that it’s impacting the CIO role: Among the CIO respondents to the “2019 State of the CIO” survey, 64% said their role is expanding to take on new responsibilities in data analytics and 32% are branching out with oversight of customer service.

It’s up to CIOs to champion data-driven analytics and personalization as a key pillar of a customer-centric business strategy. CIOs should take the lead on developing strategies that track every data point contributing to the user experience. They should couple that treasure trove with real end user behavioral data and simulated data to drive predictive insights and prevent potential problems before they impact customers.

Hologic, a global life sciences company, has taken the first step on its customer-centric journey by creating a single view of the customer that spans its different offerings, including diagnostic, surgical, and imaging systems. Now it’s moving forward with analytics to better understand its different customer segments and to target sales programs accordingly, says Dave Rudzinsky, corporate vice president and CIO. “Now we’re at a point where we are selling products based on knowing and understanding what [customers] have and what might be helpful,” he explains. “Having this customer intelligence lets us do more with leads and marketing.”

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CHAPTER 3
Make Way for Technology to Improve CX

Many of today’s most widely anticipated technologies—AI, machine learning, and chatbots, among others—have the greatest potential to transform customer experience and launch organizations down the path to customer-centricity.

For example, AI and machine learning are central to turning the data deluge collected from myriad systems and customer touchpoints into actionable insights and personalized recommendations that will strengthen relationships and deliver competitive advantage. AI and machine learning are central to uncovering patterns that reveal customer behavior, including predicting what they might do next. With an AI-empowered unified customer view, Sales can predict what opportunities are most likely to close and get recommendations on how to finalize those deals. Customer Service can use the intelligence to resolve issues before they happen, and Marketing can create predictive customer journeys and custom experiences that will transform customer interactions. IDC predicts that by 2019, 40% of digital transformation initiatives will be supported by some sort of cognitive computing or AI effort.

Chatbots, in particular, have a lot of potential to shake up traditional customer interactions. Fast becoming a regular feature on leading websites, chatbots can be used to gather information and provide answers to customers in a relatively fast and straightforward manner, which elevates customer service. Among the “2019 State of the CIO” respondents, 19% are actively investing in customer experience technologies such as chatbots and mobile apps.

There is good reason for all the interest: Juniper Research predicts that chatbot conversations will be responsible for cost savings of over $8 billion per year by 2022, up from $20 million in 2017. Servion predicts that AI will power 95% of all customer interactions by 2025 and will do so so effectively that customers will not be able to “spot the bot” any longer. Looking out into the not-so-distant future is Gartner, which predicts that 85% of customer relationships will take place without human interaction by 2020.
CHAPTER 4
Reorienting IT’s Customer View from Internal to External

Historically, most IT organizations have taken an internal definition of who their “customer” is—focusing on employees, not outside clients. The traditional IT charter was to meet the day-to-day support needs of the employee base while advocating for new technology innovations and handling the rollout and maintenance of enterprise systems.

Digitization has flipped that long-standing customer view on its head. Today, much of a company’s product line or service offerings is centered around technology, which means that IT organizations, led by CIOs, need to engage fully with outside constituents to understand their business needs. The turnaround requires new thinking about IT organizational structure and culture as well as redefining what constitutes important skill sets. Domain expertise in technical areas such as AI, analytics, security,
software-defined storage, and the cloud are certainly critical to the modern IT organization, but so are softer skills in areas such as project management, business analysis, and communications.

To nurture this new mind-set, CIOs need to make significant cultural and organizational changes. Already CIOs are spending more time with external customers, getting to know their business and pain points. The “2018 State of the CIO” research found that 71% of CIOs are meeting with customers frequently and that is expected to increase.

Getting closer to customers is also a CEO mandate—28% of the CEOs who participated in the “2019 State of the CIO” research expect their IT exec leaders to collaborate with their business counterparts on major customer initiatives. In addition, strategic CIOs are spending more time on customer-centric activities—19% are currently developing new go-to-market strategies and technologies, and 16% are devoting time to studying market trends and customer needs to identify commercial opportunities, the 2019 research found.

Hologic, a global life sciences company, has implemented a foundational platform that creates a holistic customer view, and now it’s working hard to make organizational and cultural changes that promote that customer-centric mentality to IT employees, says Dave Rudzinsky, the company’s corporate vice president and CIO.

As part of that effort, there is regular training for IT, not just on new technologies but also on Hologic’s products, giving staffers a hands-on view of the solutions work. The IT team is also encouraged to work side by side with customer groups, so they can understand how they engage as well as how it aligns with Hologic’s business goals and strategy. “We make it a point for all people to understand our vision to create superior outcomes for our customers, their patients, and our business partners by leveraging technology solutions,” Rudzinsky explains. “Just because you might be working on a back-end system doesn’t mean you don’t have impact. We don’t want them writing code for some solution and not understand why. We want staffers to understand how the solutions helps the customer and the patient.”

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Balancing Digital Innovation and Operational Excellence

Digital transformation and the customer-centric agenda present a unique opportunity for CIOs to command a strategic leadership role. However, there are also significant obstacles along the way, not the least of which is juggling the competing demands for innovation and operational excellence. As CIOs immerse themselves in the customer mind-set and attempt to translate revelations into innovative products and services, they also need to ensure that the day-to-day operational IT needs of the organization are being met.

This delicate balancing act means that CIOs need to look beyond the allure of platforms touting AI, machine learning, and other state-of-the-art capabilities to carefully consider the basics, including advanced security protections, ease of access, integration capabilities, and manageability. The right technology foundation will meld a unified customer view with automation technologies that ease the IT management and support burden, freeing CIOs and their IT organizations to focus on value-added innovation.

The Business/Operations Balance

91% of the CIO respondents to the survey said their role is becoming more digital- and innovation-focused.

80% admitted that they continued to struggle with the trade-off between business innovation and operational excellence.

SOURCE: “2019 State of the CIO”
Having a unified platform that addresses both ends of the spectrum is key to the CIO balancing act. Whereas 91% of the CIO respondents to the “2019 State of the CIO” survey said their role is becoming more digital- and innovation-focused, 80% admitted that they continued to struggle with the trade-off between business innovation and operational excellence.

“The need for CIOs to understand the business goes back 20 years or more, to when the CIO was responsible for mainframes and the back-office shop, although now the focus is on the front end,” notes Steve Haindl, executive vice president of technology and innovation at Automotive Resources International, a division of Holman Enterprises. “Today business and IT leaders need to be ‘bizknowledgists,’ meaning they have the right combination of business and technology skills.”

The Bottom Line

As companies shift digital transformation efforts into high gear, the product-centric strategies that defined traditional business are giving way to a new era of fulfilling customer needs and nurturing long-standing, high-value relationships.

Key to the paradigm shift is enabling a unified customer view that transcends all areas of the business. Having such a 360-degree picture that encompasses customer transactions and interactions enables all areas of the business to garner intelligent insights; these can be used to drive personalized experiences, create efficiencies, and proactively problem-solve well before the customer even recognizes there’s an issue.

CIOs are in a unique position to help their organization navigate the changes. By championing new technologies, coalescing around a unified customer platform, and recalibrating IT organizations, CIOs can steer organizations to a more competitive future and be the chief architects for customer-centric success.

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