

Differentiate and deliver: why Seamless Organizations will own the future

“Silo-based legacy systems do not support innovation or respond to customer demands”

What do your customers want? A **secure, consistent and intuitive** experience across the channel of their choice. For service providers, success therefore requires a **new organizational vision**.

Today, powerful technologies are creating unprecedented capacity for empowerment, entrepreneurship and innovation. In fact, the combination of broadband connectivity, data availability, access to rich media-capable devices, improved analytics, low-cost chipsets and powerful, more secure cloud platforms is driving wide-scale transformation in organizations and entire industries.

Tom Goodwin of Havas Media sums up the disruptive impacts of these new capabilities by highlighting that Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate [1].

Consequently, business leaders are relying heavily on their CIOs to leverage new technologies for the benefit of their organizations. Naturally, this applies to service providers too. But in addition to massive market disruptions, CIOs of service providers also face additional internal challenges.

The silo-based legacy systems and organizational structures typical of many service providers do not support innovation or respond to customer demands in an effective way. At the same time, a wide range of internal stakeholders looking to innovate, delight customers and operate efficiently add fur-

ther pressure on the CIO to provide enabling platforms.

For service providers, succeeding in a highly connected society therefore requires a new vision for the organization – and a new operational culture that is defined by agility.

ONLY THE AGILE SURVIVE

Transformative IT can create agility for service providers in four key areas: serving the customer, delivering services, managing networks and most importantly, organizing the business. Agility in these areas enables service providers to deliver the service experience that customers demand.

We define this experience as Seamless. A Seamless Service Experience is one that is secure, consistent and intuitive to the user regardless of:

- ▶ the channel utilized
- ▶ the source of the connection
- ▶ the service or application.

As technology rapidly becomes embedded in both business processes and consumers' lives, consistently delivering this level of experience is now essential for a service provider to maintain its competitive advantage.

A Seamless Service Experience includes (but is not limited to) Seamless Connectivity – a secure, al-





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“IT investment and technology management alone cannot create a Seamless Organization”

ways-on connection that just works. And the whole experience is made possible only through a Seamless Organization that minimizes – and ultimately eliminates – silos.

The Seamless Organization is a customer-centric, insight-driven entity that differentiates itself through consistently superior customer engagement. It is created by bold, optimistic leaders who use IT to push the company into working as a single, efficient organism, with everyone moving collaboratively toward the same goal at the same time. These leaders possess a stubborn adherence to a customer-centric vision, along with the optimistic courage – and competence – to take the steps necessary to achieve it.

A customer-centric vision means that the experience is adapted to the customer’s preferences. It is consistent and transparent regardless of device, service or channel. This omni-channel strategy drives investments and processes that accurately identify customers and personalize every engagement according to context. The experience should be consistent, even if a service is provided by a third party, meaning that service bundles can be derived from various partners’ offerings to meet customer demands in a more responsive fashion.

In order to do that, the business must create one version of the truth, in terms of subscriber and inventory information. This requires investments in real-time analytics, so as to identify and analyze decisions within a relevant time frame; in real-time capabilities for processing (quoting, ordering, provisioning, charging and policy) so actions can be executed in a responsive manner; and in automated platforms for rapid knowledge sharing, collaboration and decision making within the Seamless Organization.

WHAT WENT WRONG?

Of course, customer-centricity and IT investment

are not new concepts for most service providers.

But for many service providers, consistently poor Net Promoter Scores, declining average revenue per user (ARPU) and increasing customer defections belie their claims of customer-centricity. Worse, some service providers who have made significant IT investments have failed to deliver corresponding improvements in customer satisfaction or return on investment.

Was this because the technologies did not perform as expected? Or did circumstances change significantly after the investments were made?

In both cases, the answer is yes.

First of all, the circumstances certainly changed. The competitive situation and customer situation are in perpetual motion, as evidenced by the disruptions described earlier. Without organizational agility, it is extremely challenging to keep pace with these market changes – much less to get ahead of them.

Meanwhile, performance did not meet expectations – despite the fact that the solutions were deployed correctly and functionality was available as planned – because the people and processes involved were not adapted to realize the full value of these powerful technologies. Often, service providers were using only a small percentage of their potential capabilities.

MINDSET OVER MATTER

The conclusion is that corporate mindsets and organizational structures are significant obstacles that must be overcome before service providers can realize the full value potential of powerful solutions and become truly Seamless Organizations.

This phenomenon is not new – but it is becoming more significant. In the

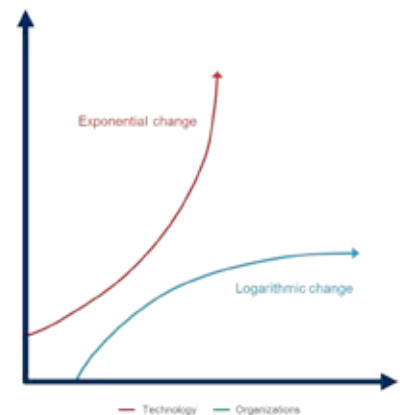


Figure 1: Seamless Organizations embrace change.

2011 book *Race Against the Machine*, Erik Brynjolfsson and Andrew McAfee argue that we are in the early throes of “The Great Restructuring” – a period where technologies are racing ahead but many skills and organizations are lagging behind – with serious implications [2].

Scott Brinker has put forth a related concept, Marcet’s Law, which states that technology changes exponentially, but organizations change logarithmically [3]. The resulting gap only grows over time and becomes harder to overcome. Continuous strategic planning relating to which technologies to adopt – and understanding their implications – is vital to success.

As a result, successful companies will develop deep competencies in technology management, which will enable them to understand when, how and in what order to deploy new technology, and to adapt the organization appropriately.

They will transform intra- and inter-organizational silos into a Seamless Organization – not only through technology, but through cross-functional, collaborative teams that share knowledge quickly and efficiently, thereby driving rapid decision-making. This Seamless Organization will effectively leverage stakeholders both inside and outside the organization to simplify processes and drive innovation that improves the customer experience.

TRANSFORMATIVE LEADERSHIP

However, IT investment and technology management alone cannot create a Seamless Organization. One critical factor remains.

We are living through a technological revolution that can be compared to the industrial revolution in terms of impact and reach. Iconic leaders converted the inventions of the industrial revolution to real value; likewise, iconic leaders will be needed to effectively convert the inventions of the technological revolution to real value for their employees, their companies and society at large.

Successful leaders during historical inflection points have an external orientation and an optimistic perspective, and as a result they focus on opportunities, rather than risks. They concentrate on the overall good of the business, rather than solely on their own departmental budget or targets, and strategically plan for the skill-sets and technological shifts required in advance of when they are needed. They also understand that vision, inspiration and speed are critical, even – or especially – when well-trodden paths are absent.

Seamless Organizations are no exception to this requirement. They too need bold, optimistic leaders who use transformative IT to bolster and push their companies into working as a single, efficient organism, with everyone moving collaboratively toward the same goal at the same time.

The leader of a Seamless Organization will create a shared transformative vision that engages all employees and partners. This leader will ensure

those employees and partners are connected for collaboration, and will drive the creation of platforms that scale new and more efficient ways of working and enable virtuous cycles of innovation. These leaders possess a stubborn adherence to their vision, along with the courage and competence to take the steps necessary to achieve it.

Even if the Great Restructuring is still in its initial stages, we already have examples for guidance. Just as John D. Rockefeller, Andrew Carnegie, Cornelius



Figure 2: The interaction of culture, motivation and inspiration with capabilities, competencies and processes.

Vanderbilt and others converted the innovations of the industrial revolution into value, Steve Jobs, Jeff Bezos, Bill Gates and others have achieved something similar in today’s revolution.

These leaders have all presented a transformative vision – a singular focus behind every decision and investment. They were unrelenting and unapologetic about driving their organizations to achieve that vision. Despite today’s culture of sharing and co-creating, Jobs, Bezos and Gates did not crowd-source their vision – because it would not have been effective. They understood that a transformative purpose is required to rally an organization and to overcome the obstacles of inertia, doubt and self-preservation.

Of course, once the vision was firmly established and the hearts of employees won, they then engaged the minds of those employees to collaborate and determine the best ways to achieve that vision.

LEADERS AND LAGGARDS

Our argument is therefore that a rich combination of a high-performing culture comprising inspired, motivated employees working toward a unifying vision and supported by appropriate systems and processes produces the leaders within an industry. Figure 2 provides a summary of this view.

Large organizations that combine culture, motivation and inspiration – in other words, leadership – with capabilities, competencies and processes fall into the “Leaders” category. Companies that have leadership but have not yet made the necessary in-

“Successful leaders focus on opportunities, rather than risks”

vestments fall into the “Candidates” category.

On the other hand, firms that have made significant investments in powerful solutions but underutilize them and are perhaps unaware of their potential are “Laggards” that have wasted their shareholders’ money. These are typically large corporations that have so far not developed the ability to reinvent themselves when market conditions dictate.

Lastly, there are companies that are “Lost” because they had neither the capabilities nor the leadership to be successful. The stereotypical examples from this category include the now-infamous failures of Sun Microsystems and Kodak.

A VIRTUOUS CYCLE

“If you make customers unhappy in the physical world, they might each tell six friends. If you make customers unhappy on the internet, they can each tell 6,000 friends” – Jeff Bezos.

Today’s omni-channel reality exacerbates the need for leaders with the vision and competence to create a Seamless Organization.

Leaders must frame a customer-centric challenge that drives their organization to design the customer experience from the outside-in. The leaders should begin by identifying the steps of the customer experiences before working backwards into the company’s internal processes and systems to identify inefficiencies and customer inconveniences. Next, they need to prioritize and sustain investments that eliminate those inefficiencies and inconveniences. Finally, the leaders must mobilize everyone in the organization and empower them to take decisions that help realize the customer-centric vision.

As market evolution never stops, neither does the need to continually evaluate technology, organizations and processes. Operational improvements will lead to further innovation, which leads to the need for further operational improvement, creating a virtuous cycle between innovation and industrialization.

While the omni-channel engagement model adds complexity, it also provides an opportunity for differentiation. Service providers that truly master omni-channel management can lead their market because this type of management lies at the heart of a high-quality customer experience – which is the only

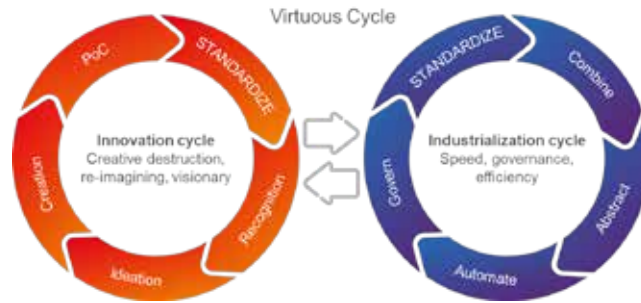


Figure 3: The virtuous cycle of innovation and industrialization.

remaining point of differentiation for today’s service providers.

But what comes first? Does a Seamless Organization drive effective omni-channel management and a differentiated customer experience? Or does effective omni-channel management forge a Seamless Organization? Our view is that one can only exist with the other.

CONCLUSION

The only way for service providers to realize the benefits of a Seamless Organization is through a strong leader who communicates a clear customer-centric, omni-channel vision that thoroughly engages an enthusiastic workforce supported by robust technologies.

As things inevitably change, the organization will need to reevaluate its technology, structure and processes on a continuous basis to maintain an agile Seamless Organization that delivers a differentiated, omni-channel customer experience and realizes the full value inherent in today’s digital transformation.

After all, imagine if a service provider could consistently identify a customer across all channels, services and network connections; if engagement context followed the customer to enable meaningful interactions; and if service bundles could be derived from various partners’ offerings to serve the customer seamlessly, consistently and transparently. Would this service provider have mastered omni-channel management? It would appear so. Would it have transformed into a Seamless Organization? This seems to be a prerequisite. And would it consistently deliver differentiated customer experiences that earn it above-average returns? We think so.



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