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How to capitalise on your digital infrastructure

Introduction

As the business world changes at speed, dictated by connected customers and empowered buyers, growth and success will look very different. Outdated, short-term strategies that focus on simply driving operational efficiencies will struggle. To succeed, companies must focus on improving how they engage with customers, business partners and employees to drive speed, innovation and resilience.

Digital infrastructure is the hardware and software that helps companies shape their digital strategies. It enables the processes that drive the continuous interactions with people, customers, partners and employees. The benefit to this can be measured in terms of customer satisfaction, revenue growth and employee retention. But how can business and technology leaders drive the adoption, implementation and value from their digital infrastructure?

In this paper, we highlight some of the key take aways from a recent Fireside Chat with guest speaker Pascal Matzke, VP and Research Director at Forrester Research. The discussion covered the key drivers for investing in digital infrastructure and how companies can best drive value from the investment. During the conversation, Pascal explained how digital infrastructure is crucial to supporting businesses in their transformation towards becoming truly digital:

"Digital infrastructures enable firms to shift away from just driving efficiencies around linear transactions towards improving the effectiveness of their continuous interactions with people, their customers, business partners and employees. As a result, they directly help drive business value, as measured by customer satisfaction, employee retention or time to market."

How to get started

Move from linear transactions to continuous interactions

In today's ecosystem-driven world, the old linear value chains, with their rigid boundaries, fixed contracts and clear lines of ownership have collapsed and been replaced with loosely coupled, dynamically determined ecosystems.

For example, manufacturing leaders exploit industry collaboration and adaptive business processes to profitably deal with rising customer expectations and supply disruption. As a result, companies need to refocus their manufacturing and supply chain operations away from processes that optimise efficiencies around the linear transactions of production and warehousing. Instead, they need to move towards managing the effectiveness of continuous interactions around product variety, operational resilience and environmental sustainability.

Take car manufacturers as an example: Drivers demand not only an enjoyable driving experience in a car, but want it to be totally integrated with other personal transport experiences (i.e. public transport, ride sharing), and ensure that it is delivered in an eco-friendly way. With the shift towards electric vehicles, the entire supply chain extends into new areas of technology, whilst the manufacturers' supplier ecosystem also expands into the digital operators of alternative transport modes. Managing car production, supply chain operations and car usage in an eco-friendly way further requires the deep integration with external systems for manufacturing collaboration, logistics operations and traffic management. The underlying customer value proposition finally shifts from owning a car towards using the best mode of transport in the right moment.

In this context, digital infrastructure serves as the vital glue that connects, monitors and measures the value of all digital interactions as well as the movement of physical objects along this new value chain, creating and sustaining a totally new mobility experience.

Set the right metrics for success

To create and sustain a new customer value proposition requires business leaders to redesign every product and business process to focus on what customers' value, not just what they need. Successful companies digitise the end-to-end customer engagement and then constantly improve this to better deliver the outcomes customers value.

For example, to view every aspect of their business from their customer's perspective, businesses turn to both quantitative and qualitative insights like ethnographic research, journey mapping and analytics. They then build minimum viable products (MVP) to test and rapidly improve experiences rather than dutifully perfecting every detail at the design stage. This approach accelerates innovation and helps reduce the cost of failure. And they optimise outcomes by continuously measuring and testing based on digital insights.

Here, digital infrastructure helps to set and monitor new internal success metrics that need to move away from inside-out driven efficiency metrics (i.e. cost reduction) towards outside-in driven effectiveness metrics (i.e. NPS increase).

Build internal alignment

Using a customer perspective cuts across silos and drives internal commitment. The old command-and-control siloed functional model, with its long decision cycles, has been replaced with a 'clustered' model where cross-functional teams focus on a customer segment or outcome. Successful businesses work with all stakeholders and use frameworks such as objectives and key results (OKRs) to align all parties. They use value streams to identify which platforms, products and services to prioritise. They will also improve financial awareness to balance delivery costs with business benefits as part of agile budgeting. They will create a new set of practices beyond agile software delivery that combine customer journey mapping, lean portfolio management and integrated value stream management.

The digital infrastructure here assists decision makers in the collaborative management and continuous execution of these new value streams to identify which platforms, products and services to prioritise.

Build and scale the ‘lighthouse’ use case

To build trust into the new operating model, tech leaders should start by building a smaller lighthouse use case and document the way they manage success. As an example, successful leaders start by identifying an internal business partner they can quickly align with around a use case. For example, many have recently found HR leadership colleagues receptive to driving better employee experiences and effectiveness around customer service operations. Many of these processes can be automated using modern AI tools. These technologies let companies scale expertise and interactions infinitely, separating growth from labour or facilities costs, while also delivering a better customer experience. By focusing on an initial single use case and measuring the outcome from both an internal and external perspective, this will establish a foundation for elevating and scaling the new operating model.

It is important not to undersell the value that digital infrastructure contributes to these lighthouse use cases. It enables and secures the underlying operations, ensures the flow and exchange of critical data, and helps to scale the operations across the wider ecosystem. Any cost benefit analysis should look at digital infrastructure investments in the context of the desired business outcomes, such as better employee retention, customer satisfaction or time to market, rather than a simple total cost of ownership analysis.

Manage service provider partnerships

To drive sustainable value from these new ways of doing business requires a different approach to managing the vendor relationship. Leading organisations are shifting from a focus on efficiency, measured in cost and service-level agreements (SLAs), to measures of effectiveness, such as bonuses based on achieving specific KPIs. Moving to an incentive-based model encourages creativity and customer-centric behaviors, rather than a purely transactional relationship that involves managing change orders. Many companies are also moving away from RFP exercises and pitches, replacing them with collaborative design sessions and discovery sprints instead. These not only help vendors differentiate themselves against the competition but also allow both sides to assess the opportunity and potential for a relationship.

Getting the most from strategic partnerships requires a fundamental mind-shift change that requires both sides to be able to realise value in the longer term. Because everybody demonstrably commits to the relationship through shared risk, rewards, investment and accountability, the relationship needs to create opportunities for all parties.

Conclusion

Most networks today were designed with simple connectivity objectives, not as business differentiators. However, leaders in the industry see digital infrastructure, their underlying network technologies, architectures, and processes, as real opportunities to drive business value, increase revenue, create exceptional customer experiences, and make employees productive quickly. This transition requires that teams harness digital assets and build an ecosystem to continually improve customer outcomes and simultaneously increase operational agility.

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