

DIGITAL TRANSFORMATION AND CUSTOMER EXPERIENCE

How consumer expectations are driving organizational change.



Recently, CDW commissioned a survey with Angus Reid to examine the digital transformation and customer experience evolution that IT professionals are witnessing in the workplace. Knowing that digital transformation and customer experience are core initiatives at any company, it is important to understand just how far along Canadian organizations are in their journeys – and what's on the horizon.

For the purposes of the survey, digital transformation was defined as, "the use and adoption of new and frequently changing technology to solve problems," and customer experience was understood as, "the result of one or more interactions between an organization and a customer over the duration of their relationship."

Digital transformation and customer experience are multifaceted and closely linked. As our world becomes increasingly connected, digital transformation provides an opportunity for the modern consumer to engage with organizations on whatever platform they choose and deliver against their expectations of a seamless customer experience. Implementing in-house digital transformation is key to evolving the customer experience to ensure organizational infrastructure can keep pace with evolving consumer demands. In addition, organizations should consider multi-faceted digital transformation that focuses not solely on technology, but also on improving people and processes. From an internal perspective where employees play the role of the customer, investing in initiatives that replicate the external end-user experience at the workplace (i.e. work-related data-access, services and activities that are just as seamless and intuitive as what we experience in our personal lives) are becoming even more essential. In today's fast-paced landscape, there is little room for laggards.

Both types of initiatives accelerated in most organizations as the COVID-19 pandemic quickly forced employees to work from home. To maintain business continuity and ensure a continued connection to customers, organizations were forced to pivot to immediate solutions and adapt technologies to help navigate near-term uncertainty.

CDW'S KEY FINDINGS

- According to respondents, nearly all organizations value digital transformation and customer experience, however, respondents also noted their organizations face significant barriers when it comes to adoption and improvement of digital transformation and customer experience.
- Recent adoption of both digital transformation and customer experience initiatives were at very similar levels; roughly half (54 percent and 52 percent, respectively) of respondents indicated their organization implemented these initiatives in the

past six months, suggesting that organizations recognize the importance of improving digital transformation processes – even if they are valued comparatively less than customer experience.

- Digital transformation and customer experience bump up against the same common barriers at Canadian organizations, with our respondents indicating that cost (57 percent and 48 percent), perceived project complexity (35 percent and 33 percent) and insufficient organizational structure (35 percent and 29 percent) were the most prominent; interestingly, scale of data was a larger barrier to digital transformation (24 percent of respondents) than customer experience (15 percent).
- Canadian organizations are generally open to the idea of integrating new technologies if they haven't done so already, including artificial intelligence/machine learning (69 percent) and cloud/multi-cloud computing (92 percent).
- More organizations are already using cloud/multi-cloud (58 percent of respondents) than artificial intelligence/machine learning (21 percent).
- Unlocking the full potential of new technologies remains a sticking point with Canadian organizations; roughly half of those surveyed stated that their organization has realized some of the benefits to artificial intelligence/machine learning (49 percent) and cloud/multi-cloud (53 percent), but work remains.
- When looking beyond artificial intelligence/machine learning and cloud/multi-cloud computing, Canadian organizations remain unfamiliar – the vast majority (83 percent) are not using technology other than artificial intelligence/machine learning and cloud/multi-cloud computing to improve their digital transformation or customer experience initiatives.

Rapid advancements in technology have provided a wealth of information at our fingertips. From having a unified shopping experience across apps and web browsers, to immediate, streamlined and secure access to workplace data, customers want to know that the data and information they give to organizations is being used to improve their daily lives – but these expectations require strategic infrastructure and investments.

Given the dynamism of today's customers, it can be challenging for organizations to grow and adapt to this high-touch landscape. Legacy infrastructure systems and optimizing operations can't be remedied overnight and existing issues are only compounded when generational pandemics force long-term remote work. Organizations who embrace emerging technologies and recognize the importance of digital transformation and the customer experience will excel in the future.

WHO'S DRIVING THE CHANGE?

Digital transformation and the improved customer experience are largely being driven by customers themselves, rather than organizations. Since buyers want a seamless interaction across mediums, organizations must have an appreciation for new technologies and their subsequent ability to optimize the customer experience. Fortunately, many Canadian organizations are recognizing these drivers: CDW's survey found that 61 percent of respondents indicated ease of access to services from any device is one of the biggest trends in digital transformation and customer experience. Additionally, 40 percent noted an increased focus on customer experience in a 24/7 world was a key trend driving many investments.

The organizational value of the customer experience is also being acknowledged within organizations as the same survey found that 70 percent of respondents believe their organization highly values customer experience, while only 51 percent of respondents perceived digital transformation with the same importance.

It's important for organizations to realize that without implementing the necessary digital transformation in-house, they will be hard pressed to efficiently evolve their customer experience as the lagging infrastructure could pose a barrier at an inopportune time.

Further, while customer experience initiatives often result in tactile, convenient and visual solutions, digital transformation is more multi-faceted; the strongest and most innovative digital transformation journeys place equal emphasis on people, processes and technology.

HOW ORGANIZATIONS ARE PREPARING FOR THE UNKNOWN

Implementing new technologies doesn't necessarily make companies immune to unforeseen events, but they can certainly mitigate the impact. Prior to COVID-19, many companies were already preparing for an economy with less face-to-face interactions. As email and phone communications were decreasing, the use of online technology saw parallel, exponential growth.

This transition was unsurprisingly accelerated by the pandemic, as customers were limited in their movement and organizations needed to maintain regular contact with their customer base. Some common challenges that respondents shared as they considered digital transformation and customer experience were privacy issues and legislation, cost and budget constraints, infrastructure challenges as well as updating legacy processes, such as paper-based requirements. This isn't to say that all companies weren't prepared – in fact, nearly one-third of surveyed organizations were able to adapt their customer experience (32 percent) and digital transformation (33 percent) projects, with some challenges, to meet the needs of the current landscape – externally to end-users and internally to employees.

LEVERAGING NEW TECHNOLOGY

Artificial intelligence/machine learning (AI/ML) and cloud/multi-cloud computing are all established concepts and solutions. When implemented to their fullest extent, they have a profound impact on how organizations operate. CDW's survey found that some Canadian organizations are well on their way to reaping the benefits of these technologies to support both digital transformation and customer experience initiatives. Of the over 500 IT professionals surveyed, 21 percent indicated they are already using AI/ML, while 49 percent think it is likely their organization is open to using the technology within the next five years. Cloud/multi-cloud computing have seen greater adoption among Canadian organizations; over half (58 percent) of respondents indicated they are already using this technology, with a further 49 percent reporting their organizations are open to the idea.

While AI/ML and cloud computing are just some of the tools available to improve digital transformation and customer experience initiatives, they are largely the only solutions being used. Our survey found that only 17 percent of organizations plan to use other forms of technology to improve in the next five years.

HIDDEN OPPORTUNITIES, AND COST AS THE PRIMARY BARRIER TO CHANGE

Although most organizations understand the value of improving digital transformation and the customer experience, IT professionals in Canada face common barriers. Cost, perhaps unsurprisingly, is the most prevalent. Roughly half of all respondents indicated that price issues impeded digital transformation (57 percent) and customer experience (48 percent initiatives). Other shared barriers include perceived project complexity, insufficient organizational infrastructure, implementation time constraints, a steep learning curve and lack of organizational training to help support any new technologies.

Even after surmounting the shared barriers and having secured investment in new technologies to improve digital transformation and customer experience, such as AI/ML and cloud/multi-cloud computing, the vast majority of respondents still have not unlocked their new tools' promised potential. Just under half (49 percent) of respondents felt they've seen the full potential of AI/ML, while marginally more (53 percent) said the same of cloud/multi-cloud.

While cost may remain an insurmountable obstacle for many organizations, increased education and shared resources, as well as investing in training are an opportunity to address barriers of perceived complexity and learning curves.

WHAT WE'RE SEEING IN DIFFERENT INDUSTRIES

Government and Crown Corporations

Respondents in government and crown corporations were the most likely to believe their industry is lagging behind their competition when it comes to adopting new technologies to improve digital transformation. The industry was also the most likely to cite insufficient organizational structure as a key barrier to digital transformation. Respondents also noted the industry is trailing regarding cloud technology, with just under half (45 percent) indicating their organization is already using cloud/multi-cloud computing to improve digital transformation and customer experience initiatives, compared to the industry average of 58 percent. However, IT professionals within the industry also noted increased investment in cloud and/or multi-cloud computing capabilities as key trend, indicating there a desire to expand these capabilities in the future.

Business and Professional Services

Unsurprisingly, business and professional services faced fewer challenges related to their digital transformation and customer experience journeys. While cost (42 percent of respondents) and insufficient organizational infrastructure (23 percent of respondents) were identified as key barriers to adopting new technologies to improve their customer experience these were notably lower than the industry average. Additionally, 38 percent indicated they believe their organization has done very well in adopting new solutions to improve their digital transformation, the highest among all respondents and 11 percentage points above the industry average. This industry also has the highest appreciation that digital transformation is multi-faceted and includes people, processes and technology, at 56 percent.

Education

IT professionals in the education sector continue to face barriers in their digital transformation and customer experience journeys. In looking at the COVID-19 pandemic, a mere 8 percent of respondents indicated they were prepared for an online-only marketplace, while 14 percent noted they faced significant challenges in adapting to the current landscape. Although faced with challenges, there are signs that the industry is looking to improve; with roughly two-thirds (67 percent) of respondents stating their organization has implemented digital transformation initiatives within the last 6 months. Additionally, just under half (44 percent) indicated they have unlocked some of the AI/ML, and 67 percent of respondents are already using cloud/multi-cloud technologies – the second highest among all industries.

Healthcare

The healthcare sector faced internal challenges with digital transformation initiatives, with one third (34 percent) indicating a reluctance to change from senior management as a key barrier. In addition, respondents from healthcare were the most likely to identify cost (70 percent) and insufficient organizational infrastructure (47 percent) as significant barriers, the highest across industries. Respondents felt the sector was the least prepared for the current remote landscape, as only six percent noted they were ready for an online-only marketplace, and 13 percent indicating they faced significant challenges adapting to the remote work environment.

Financial services

The financial services sector proved to be the most forward-thinking sector, particularly with regards to digital transformation. Nearly 80 percent of respondents said their organization highly values digital transformation, and three-quarters of respondents also indicated their organization has implemented transformation initiatives in the last 6 months. Respondents were also most likely to say they've done very well at adopting new technologies to improve digital transformation (37 percent), compared to 27 percent industry average. Financial services also have the highest adoption rate of new and emerging technologies, as 32 percent are already using AI/ML, and 76 percent are already using cloud/multi-cloud computing.

WHERE DO WE GO FROM HERE?

Whether Canadian organizations are prepared or not, the technology evolution marches on. While some may be concerned about the influence of technology, customers are using new tools in their work and personal lives and increasingly expect organizations to do the same. Companies who can utilize new tools to improve their business functions will have the greatest impact on their customers and create the strongest brand affinity. To take the next step forward, the three key takeaways for organizations are:

1. Recognize the important link between digital transformation and customer experience in your organization – whereas customer experience tools may be more tactile and visual, digital transformation has a long-term net benefit if organizations take a people, process and technology approach.
2. Continuous education, with a focus on the latest available tools, can future-proof your organization for long-term success. Remember that consumers were already moving towards an online-focused environment with less face-to-face interactions; COVID-19 was merely an accelerant.
3. Put yourself in the customer's shoes; when reviewing digital transformation and customer experience initiatives, what would make your life easier as a consumer? Whether it is equitable access to resources or streamlined and easy-to-use technology, chances are the tools you use in your personal life can be replicated at your organization.

If you're curious about moving your organization's digital transformation and customer experience journey forward, or if you're interested in starting it and would like to learn more, contact our CDW solution experts at 800.972.3922 or visit CDW.ca/digitaltransformation

