Oracle's co-innovation design engine provides a methodical approach to CX augmentation
Ovum view

Summary

The race is on to create the conditions that enable enterprises to differentiate by delivering consistently positive customer experiences across any combination of channels their customers choose to use. That is behind many digital transformation initiatives undertaken by enterprises, and mirroring this is intense competition among vendors to take the omnichannel high ground as they evolve former point solutions to create platforms for intelligent orchestration of the customer experience.

One such vendor is Oracle. Having developed or acquired modular systems to create the Oracle CX Cloud Suite, it has expanded its ability to help its customers with their digital transformation and customer experience initiatives. Under Brian Curran, VP of customer experience strategy and design, Oracle has expanded its services capabilities beyond customer journey mapping to provide a methodical approach to co-innovation to underpin digital transformation and CX design initiatives. Branded Oracle IDEA, this methodology once embedded within the enterprise is positioned as the Innovation Design Engine.

Customer journey mapping (CJM) doesn't guarantee investment for customer experience (CX) transformation

As enterprises seek to reinvigorate their capabilities to generate growth, a common area of focus is the challenge to improve the customer experience and create a much more adaptive environment to match customer expectations. This challenge is complex, impacting business models, organizational structures, processes, IT support systems and infrastructure, and measurement systems. It also demands new agile and creative approaches to change as well as deeper insights into customers' changing behaviors and expectations. As Sir Charlie Mayfield, chairman of UK retailer John Lewis, put it, "It's not about running the same business model. It's about changing it in flight in order to serve customers in the way that they want to be served in the future."

Many firms will seek outside support from consultants and systems integrators to help them navigate this challenge. Increasingly, we are seeing attempts by major vendors to provide support to help enterprises understand the art of the possible, which is constantly evolving to meet the more complex omnichannel customer engagement and experience challenge.

Oracle has for some years provided customer journey mapping tools and workshops to help firms gain an outside-in perspective from the viewpoint of the customer. To bring it to life, personas are identified and common journeys are mapped out, one by one, to identify inhibitors to the customer experience and opportunities for redesigning the experience, often involving multiple channels and touching different departments. One of the big advantages of CJM is that it helps forge understanding through the eyes of the customer across multiple departments and roles. CX design, by its very nature, demands intensive collaboration. However, even with a good understanding of customer journeys and the current impact on the customer experience, progress can stall without senior management commitment and investment. Oracle IDEA helps overcome this limitation.
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A 5-stage approach accelerates transformation by building consensus and momentum for mutually beneficial outcomes

Figure 1 outlines the five stages of the co-innovation process that starts with an examination of the current situation from the customer perspective and its business impact. It progresses iteratively through an ideation stage to explore potential ideas and define the future state and how it will resolve the current challenge. This is then socialized with the business executive leaders, supported by a business case to secure support for the initial prototype. The prototype is tested and validated by customers and, if proven, is scaled and becomes part of the overall business transformation.

**Figure 1: Oracle IDEA five-stage process**

![Five-stage process diagram](image)

Source: Oracle

Typically, a cross-functional team will be assembled. A variety of tools can be used to support the early stages of framing and ideation, with agile development for the later stages. Customer journey mapping and design thinking (DT) can play an important role in framing and ideation. Output from VoC/VoE programs may also be used to inform the early stages, if the focus of the exercise is to improve the customer experience.

**Oracle IDEA provides the approach to achieve escape velocity**

In his book *Escape Velocity*, Geoffrey Moore, the renowned innovation advisor, pointed out that most enterprises struggled to do much more than deliver incremental product or service improvements, as disruptive innovation requires a different mind-set, skills, and dedicated resources to achieve escape velocity from the pull of the past and traditional thinking. CJM and DT are helpful aids to reimagining customer engagement processes, but gaining support and the resources necessary to generate real momentum and escape velocity need to be underpinned with a more structured and methodical process. Oracle IDEA, which has evolved and been tested with leading customers in several industries, provides an effective framework and process to ensure early buy-in and support from the leadership team in an enterprise by marrying cross-functional collaboration, a strong evidence base to create a compelling business case, creativity, and good change and risk management.

The share stage provides senior leaders with the opportunity to hear about the envisioned solution and to understand the potential impact on the customer experience and business before committing resources. If they like what they hear, they can commit resources to support a minimally viable solution and mitigate the risk of overinvestment or good ideas withering on the vine, through the test stage. Once customers have validated the proposed solution, further resources can be safely committed to achieve escape velocity and scale.

**Speed to capability is critical in an environment of rapid and continuous change, which demands an innovation discipline**

Ovum's ICT Enterprise Insights 2016 research shows that while more than 90% of businesses have embarked on an omnichannel initiative, only around 5–7% believe they have achieved a true omnichannel customer engagement environment. Annual reports are awash with statements from
CEOs claiming to put customer experience at the top of their transformational agendas to differentiate and improve customer stickiness.

Given that there is push from the top and pull from customer-facing parts of the enterprise, why is progress so slow? The simple answer is that omnichannel is complex and requires a holistic and strategic approach to succeed. Ovum’s 2016 State of Customer Experience report found that many organizations had taken short-term tactical approaches that often led to a dead end or unforeseen and negative consequences. We have also seen many organizations failing to gain traction for their initiatives through lack of senior executive commitment and support. Too often opportunities to reduce cost take precedence over opportunities to generate growth. Business cases for the former are more easily understood and require the minimum leap of faith, whereas the latter are by nature unproven.

Embed a disciplined innovation approach to accelerate progress

Where success has been achieved, there is no doubt that a genuine commitment to the customer from the leadership team plays a critical role. The Denon & Marantz case study (Denon & Marantz: Generating Growth the Customer-Adaptive Way) demonstrates this commitment and support, and how the leadership team could galvanize support across the enterprise to develop the omnichannel environment. The company’s journey started in 2012 and took around five years. Today it can be argued that the pressures on CEOs and businesses to perform are even more intense. In parallel, technology offers a lifeline and has advanced considerably, especially inbuilt predictive and prescriptive intelligence.

In short, it shouldn’t take five years to achieve a consistently positive customer experience throughout all customer journeys. While there are no quick fixes, Oracle IDEA’s methods and approach provide a foundation for more rapid progress. Enterprises planning to adopt Oracle technology as a foundation for omnichannel would do well to import the discipline of Oracle’s co-innovation design engine and embed those methods to accelerate transformation.

Appendix

Further reading

Denon & Marantz (D+M): Generating Growth the Customer-Adaptive Way, IT0020-000231 (December 2016)

"Momentum for Oracle CX Cloud gathers pace as firms grapple with omnichannel," IT0020-000207 (May 2016)

The State of Customer Experience, IT0020-000225 (September 2016)

Author

Jeremy Cox, Principal Analyst, Customer Engagement Practice

jeremy.cox@ovum.com
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