The Era I Enterprise: “Ready for Anything”

April 5, 2016
CONTENTS

- Introduction 3
- Methodology 4
- Demographics 5
- Key Take Aways 6
- Findings 7
- Life Sciences Slides 22
INTRODUCTION

Mass production technologies spawned modern consumerism. While most agree this was a good thing, profoundly changing the human experience — it also presented inherent tradeoffs, namely less individualism and personalization in our products and transactions.

The digital age is turning convention, once again, on its head — as we increasingly expect, and even demand, to have it our way — whether transacting, communicating, working, or simply enjoying leisure time. Welcome to Era I — the Age of the Individual. Millennials and Generation Z behind them lead the way, but the impact of Era I extends well beyond these two demographic juggernauts.

What does this mean for enterprises? Organizations must be ready and able to turn on a dime and deliver content, experiences, services, and technology to individuals however and wherever they desire. But how are they doing?

Oracle’s “The Era I Enterprise: Ready for Anything” report surveyed 300 North American C-level executives to understand the emergence of Era I and, importantly, how prepared organizations are to manage this shift.
Oracle conducted telephone and online interviews with 300 North American C-level industry executives in January and February of 2016 that surveyed the following industries:*  

- Communications
- Hospitality
- Education and Research
- Life Sciences
- Engineering and Construction
- Public Sector
- Financial Services
- Retail
- Healthcare
- Utilities

*The sample size results in a margin of error of ±5.62% at a 95% confidence level
Sample demographics include:

<table>
<thead>
<tr>
<th>Job Titles</th>
<th>Revenue</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner/Partner</td>
<td>$50M-$249M</td>
<td>200-499 employees</td>
</tr>
<tr>
<td>President/Chief Executive Officer/Chief</td>
<td>$250M-$499M</td>
<td>500-999 employees</td>
</tr>
<tr>
<td>Operating Officer</td>
<td>$500M-$1B</td>
<td>1,000-9,999 employees</td>
</tr>
<tr>
<td>Chief Information Officer/Chief Technology</td>
<td>More than $1B</td>
<td>10,000 employees or more</td>
</tr>
<tr>
<td>Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Manager/Managing Director**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Job titles and revenue do not include public sector data. Qualifying public sector titles include Administrator, Director, and other agency leadership.
KEY TAKE-AWAYS

The Era I Challenge:

- **84%** say their organization has experienced a trend toward customers wanting a more individualized experience and **70%** have experienced this trend from employees
- Nearly **two-thirds** of managers say the shift is a *growing challenge* in their ability to compete effectively

Most Organizations are Unprepared:

- Today **fewer than one in five** C-level executives give their organization an “A” in its ability to offer highly individualized customer or employee experiences
- Their biggest weaknesses are their abilities to: Turn on a dime in response to change or opportunity, offer highly individualized products/services, and respond effectively to changing market conditions

Individualization and Agility are Key to Revenue Growth:

- Organizations estimate that if they were able to successfully offer customers and employees a highly individualized experience, they would earn an additional **18% in annual revenue**. For a $1 Billion company, that’s **$180 Million** a year
- To get there, organizations say business intelligence tools, customer experience solutions, and other industry-specific applications will play a vital role
- Additionally, **81%** believe there is an important link between cloud-based IT solutions and their organization’s ability to deliver individualized employee and customer experiences
Nearly all organizations are experiencing a market shift toward greater individualization and the majority say it’s impacting their ability to compete.

84% say their organization has experienced a trend toward customers wanting a more individualized experience* and 70% have experienced this trend from employees.

Nearly two-thirds of managers say the shift is a growing challenge in their ability to compete effectively.

100% of communications and hospitality executives have noticed this trend with customers; utility executives are the most likely to say it’s impacting their ability to compete.

*In terms of products, services, content, and how they are purchased/obtained, delivered, or consumed

Take Away: Ready or Not, Era I is Here
93% of organizations believe they are leaving money on the table by not successfully offering customers and employees a highly individualized experience.

**How Much?**

Managers estimate that if their organization were able to successfully offer customers and employees a highly individualized experience in terms of content, products, and services, they would earn an additional

18% in annual revenue

For a $1 Billion company, that’s $180 Million a year.
**PRIORITIZING THE INDIVIDUAL**

Two out of three organizations are focused on improving their ability to offer a more individualized experience

Where does the ability to offer a more highly individualized experience (such as tailored products, content, and/or services) to customers and employees rank in terms of your organization’s current priorities?

- **It’s one of our top three priorities**
  - 66%

- **Not a top priority, but on our radar**
  - 27%

- **Not a top priority, nor on our radar**
  - 6%

- **Unsure**
  - 1%

**Communications and education/research organizations are most likely to say individualization is their top priority**

**Take Away:** Individualization is Top of Mind
THE ERA I READINESS REPORT CARD

Today, however, fewer than one in five C-level executives give their organization an “A” in its ability to offer highly individualized customer or employee experiences.

How would you grade your organization’s ability to...

<table>
<thead>
<tr>
<th>Offer highly individualized</th>
<th>Offer highly individualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMER experiences</td>
<td>EMPLOYEE experiences</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>C or below</td>
<td>C or below</td>
</tr>
<tr>
<td>41%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Biggest struggles:*  

1. Ability to turn on a dime (59%)  
2. Ability to offer highly individualized products/services (46%)  
3. Ability to respond to changing market conditions (44%)  
4. Ability to anticipate customer needs (39%)  
5. Ability to act on customer feedback (31%)

*Percentage who graded their organization a C or below in each area

Large organizations (10,000+ employees) are the most likely to give themselves a C or below.

Take Away: Unprepared for Era I
## INDUSTRY REPORT CARD

<table>
<thead>
<tr>
<th>Industry</th>
<th>Ability to offer highly individualized customer experiences – Rated C or below</th>
<th>Ability to offer highly individualized employee experiences – Rated C or below</th>
<th>Biggest struggle</th>
<th>Ability to turn on a dime</th>
<th>Respond effectively to changing market conditions</th>
<th>Ability to turn on a dime</th>
<th>Ability to turn on a dime</th>
<th>Ability to turn on a dime</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector</td>
<td>67%</td>
<td>80%</td>
<td>Ability to turn on a dime</td>
<td>67%</td>
<td>80%</td>
<td>67%</td>
<td>80%</td>
<td>67%</td>
</tr>
<tr>
<td>Education/Research</td>
<td>57%</td>
<td>37%</td>
<td>Respond effectively to changing market conditions</td>
<td>57%</td>
<td>37%</td>
<td>57%</td>
<td>37%</td>
<td>57%</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>57%</td>
<td>60%</td>
<td>Ability to turn on a dime</td>
<td>57%</td>
<td>60%</td>
<td>57%</td>
<td>60%</td>
<td>57%</td>
</tr>
<tr>
<td>Retail</td>
<td>37%</td>
<td>63%</td>
<td>Ability to turn on a dime</td>
<td>37%</td>
<td>63%</td>
<td>37%</td>
<td>63%</td>
<td>57%</td>
</tr>
<tr>
<td>Engineering/Construction</td>
<td>37%</td>
<td>57%</td>
<td>Ability to turn on a dime</td>
<td>37%</td>
<td>57%</td>
<td>37%</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>40%</td>
<td>40%</td>
<td>Ability to turn on a dime</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Utilities</td>
<td>40%</td>
<td>50%</td>
<td>Ability to turn on a dime</td>
<td>40%</td>
<td>50%</td>
<td>40%</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>30%</td>
<td>40%</td>
<td>Ability to turn on a dime</td>
<td>30%</td>
<td>40%</td>
<td>30%</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>27%</td>
<td>43%</td>
<td>Ability to turn on a dime</td>
<td>27%</td>
<td>43%</td>
<td>27%</td>
<td>43%</td>
<td>27%</td>
</tr>
<tr>
<td>Communications</td>
<td>20%</td>
<td>43%</td>
<td>Ability to turn on a dime</td>
<td>20%</td>
<td>43%</td>
<td>20%</td>
<td>43%</td>
<td>43%</td>
</tr>
</tbody>
</table>
While organizations understand that providing individualized experiences is critical for their future success, very few have made the transformation.

<table>
<thead>
<tr>
<th>The Customer Gap</th>
<th>The Employee Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>82%</strong> believe the ability to offer a more individualized experience is critical to <em>staying relevant</em> in today’s market place</td>
<td><strong>80%</strong> believe offering a highly individualized experience is key to <em>recruit and retain</em> the best and brightest</td>
</tr>
<tr>
<td>But <strong>just 21%</strong> are very well prepared* to deliver individualized customer experiences across content, products, experiences, services, and technology today</td>
<td>But <strong>just 22%</strong> are very well prepared* to deliver individualized employee experiences across content, products, experiences, services, and technology today</td>
</tr>
</tbody>
</table>

*Rated themselves an 8-10 on a scale of 1-10, where 1 was not at all prepared and 10 was completely prepared

**Take Away:** Time to Close the Gap
Organizations that have increased their revenue by more than 10% in the last year are significantly ahead of the curve when it comes to offering individualized experiences.

Percentage who can successfully do each of the following*:

- Act on customer feedback: 49% (Era I Leaders) vs. 18% (All others)
- Respond effectively to changing market conditions: 38% (Era I Leaders) vs. 10% (All others)
- Offer highly individualized products/services: 38% (Era I Leaders) vs. 15% (All others)
- Offer highly individualized customer experiences: 34% (Era I Leaders) vs. 15% (All others)
- Anticipate customer needs: 34% (Era I Leaders) vs. 15% (All others)

*Percentage who graded their organization an “A” in each category

Take Away: Agility Grows the Business
Improving the Customer Experience

68% of organizations do not currently offer customers self-service options and 61% fail to deliver intuitive online experiences.

Percentage *not* currently offering the following to customers:

- **68%** Self-service options from the device of choice
- **61%** Intuitive online experiences
- **56%** Individualized content or promotions

Retail organizations lead with individualized content or promotions; hospitality organizations are ahead of the curve when it comes to intuitive online experiences.

*Respondents asked to select all that apply to “Which is your organization not currently offering to meet the changing, more individualized needs of customers?”

Take Away: Meet Customers Where they Live
More than two out of three organizations are failing to offer self-service options to employees

Which of the following is your organization not currently offering to meet the changing, more individualized needs of employees?*

- Self-service options from the device of choice: 69%
- Data analytics to help employees gain insight and drive innovation: 67%
- Advanced collaboration tools: 63%
- Industry-specific applications that enable employees to thrive: 57%

*Respondents asked to select all that apply

Healthcare organizations are most likely to offer self-service options and industry-specific apps; the public sector leads in flexible work environments

Large organizations (10,000+ employees) are least likely to offer employees industry-specific apps

Take Away: Empower Your Workforce
LEGACY SYSTEMS HOLD ORGANIZATIONS BACK

While organizations say cloud is vital to Era I success, many are stuck with legacy systems

81% of managers believe there is an important link between cloud-based IT solutions and their organization’s ability to deliver the flexibility and agility needed to deliver more individualized employee and customer experiences.

Today, only 28% of mission and business-critical applications are in the cloud.

Additionally, 57% believe outdated technology systems are holding them back from delivering greater individualization.

Take away: Capitalize on Cloud
WHAT’S AT STAKE?

Organizations fear losing customers and employees if they cannot improve

Greatest concerns if organizations do not improve their ability to offer individualized experiences:*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Concern</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Loss of customers</td>
<td>46%</td>
</tr>
<tr>
<td>#2</td>
<td>Loss of talented employees</td>
<td>45%</td>
</tr>
<tr>
<td>#2</td>
<td>Loss of revenue</td>
<td>45%</td>
</tr>
<tr>
<td>#4</td>
<td>Loss of their competitive advantage</td>
<td>44%</td>
</tr>
<tr>
<td>#5</td>
<td>Slower growth</td>
<td>43%</td>
</tr>
</tbody>
</table>

*Respondents asked to select all that apply

Healthcare and hospitality organizations are most concerned about losing customers if they do not adapt; life sciences and utilities are least concerned

Take Away: No Improvement = Everyone Loses
Nearly all organizations (97%) believe investing in IT solutions will improve their ability to offer the individualized customer and employee experiences needed to compete in Era I.

Most needed IT for Era I:*  

- Business intelligence tools (49%)
- Customer experience solutions (49%)
- Industry-specific applications (40%)

Departments in the most urgent need of IT modernization:
1. Operations
2. Customer experience
3. Sales/marketing

*Respondents asked to select all that apply

Take Away: Technology Provides Answers
Managers believe individualization will lead to greater employee satisfaction and retention

Managers believe if their organization had the ability to offer a highly individualized employee experience, they could increase employee satisfaction by **94%**

*Respondents asked to select all that apply

**Top benefits from offering a highly individualized experience to customers and employees:**

1. Improved employee retention (54%)
2. Improved customer retention (54%)
3. Improved brand perception (52%)

**Take Away:** Keep What Matters Most
What do you believe will be the single greatest enabler of your organization’s ability to individualize the customer and employee experience in the next five years?

“Developing business intelligence analytics to better analyze customer data and anticipate their needs.”

“The ability to make the consumer feel that the content that is being delivered is speaking directly to them, as opposed to a message that they feel is being delivered to the masses.”

“Implementing IT systems that collect and analyze client demographic data to assist in identifying client needs and then creating service delivery systems to meet those needs.”

“Moving off of legacy systems to more web-based applications and services that can be easily updated and managed.”

**Take Away:** Modernize Tech and Mindsets
**OUR TAKE**

- **The Age of the Individual is Here:** Customer and employee expectations have never been higher. Organizations must accelerate their strategic planning and get on board. The time is now.

- **Give People What They Want:** Despite knowing and understanding the benefits of providing highly individualized customer and employee experiences, most organizations still have not made transforming a top priority. To stay competitive and remain relevant, empower your customers and your organization with the content, experiences, services, and technology that they want...when they want it. Or risk losing them.

- **Prioritize Agility and Flexibility:** Don’t wait. From business intelligence capabilities to customer experience solutions to industry-specific applications, organizations need to make IT investments to ensure they are agile and flexible enough to meet Era I needs. There’s a lot on the line—managers estimate they can earn an additional $180 Million annually* by offering highly individualized experiences.

- **Consider the Cloud:** Simplify IT and drive innovation—the true business value of moving to the cloud. Become a cloud leader, and gain the scalability needed to turn on a dime to meet the ever-evolving needs of your customers and employees.

* For a $1 Billion company
Have experienced a trend toward customers wanting a more individualized experience

Have experienced this same trend with employees

Say the shift is a growing challenge in their ability to compete effectively

Era I Report Card:

13% Rate their ability to offer highly individualized customer experiences an “A”

3% Rate their ability to offer highly individualized employee experiences an “A”

23% Estimated revenue gain if they offered highly individualized experiences. For a $1B organization, that’s $230 Million a year

Missed Opportunities for Customer Individualization:

Organizations do not offer:

#1 Self-service options from the device of choice (80%)
#2 Intuitive online experience (73%)
#3 On-demand order fulfillment (63%)

Missed Opportunities for Employee Individualization:

Organizations do not offer:

#1 Advanced collaboration (77%)
#2 Self-service options from the device of choice (73%)
#3 Data analytics (67%)

*Respondents asked to select all that apply

73% believe there is an important link between cloud-based IT solutions and their organization’s ability to deliver individualized employee and customer experiences
Where do you see the greatest opportunity for your industry to take advantage of more individualized content, products, and services for customers and/or employees?*

43% Increase clinical trial efficiencies and speed time to market

43% Enable rapid, data-driven R&D and benefit-risk decision-making through collecting, aggregating, and analyzing higher-quality data from a growing number of sources, faster, and with less effort

40% Improve patient safety and outcomes

37% Optimize systems and environments to reduce cost and risk and enable employees to focus on innovation and the core business

33% Develop personalized therapies based on genomic profiles and phenotypic data

*Respondents asked to select all that apply
What are the biggest obstacles your industry faces in delivering more individualized content, products, and/or services?*

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Obstacle</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>Regulatory restrictions – including shifting regulatory requirements and lack of a global regulatory framework</td>
</tr>
<tr>
<td>43%</td>
<td>Innovation</td>
</tr>
<tr>
<td>40%</td>
<td>Budget/cost constraints</td>
</tr>
<tr>
<td>37%</td>
<td>Inability to effectively collect and analyze the exploding volume and variety of data – including medical records, current and historical trial data, genomic profiles, adverse events and post-market safety signals, and unstructured data</td>
</tr>
<tr>
<td>37%</td>
<td>Security and privacy concerns</td>
</tr>
<tr>
<td>33%</td>
<td>Pricing pressure</td>
</tr>
<tr>
<td>27%</td>
<td>Lack of data and systems interoperability</td>
</tr>
</tbody>
</table>

*Respondents asked to select all that apply

Who is doing it right?

“[A non-profit organization providing scientific evaluation, analysis, and advice to decision makers] is providing scientific evaluations personalized to decision making that are specific to its customers’ needs. It’s very innovative and up to date.”