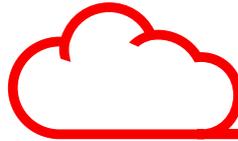




# The Age of Digital Business



The technologies that have become a part of our everyday lives – like social, mobile and cloud – are now changing the way we do business. Digital business is about using any digital technology to promote, sell and enable enhanced and innovative products, services and experiences.

These technologies have allowed organisations across the globe to create better customer experiences and deliver more efficient operations. They have also empowered them to consistently develop innovative business models that create new markets, or seriously disrupt existing ones.

## How Are Companies Using Digital?¹



to improve the customer experience



to increase operational efficiency



to create new business models

¹ Sloan Review, MIT 2013

## What Impact Does Digital Have?

Businesses must find new ways of using the technology at hand at every level of the enterprise to add new value for the customer.

Digital is currently transforming the business world in myriad ways. For instance, it's changing decision-making processes by offering new levels of agility and allowing employees or managers to make decisions. This is forcing business leaders to learn to think like digital natives. After all, this demographic represents the future buyers and employees for most organisations, so successful organisations must become equipped with that instinct for how products should fit together in the digital age, and market them in a way that appeals to tech-savvy customers.

The increase in the amount and importance of data is also having profound impact. Smart companies are democratising data across their organisation, allowing new audiences – who previously had little or no access to that data – to observe unnoticed patterns and opportunities and then exploit them.

**Digital business today: Disney's My Experience mobile app and My Magic Bracelet allow visitors to explore their resorts using interactive, GPS-enabled maps, and manage park and ride reservations and tickets using Internet of Things-enabled MagicBands and cards.**

Digital also makes bypassing a stark reality. Just as 3D printing has bypassed traditional manufacturing, and virtual currencies like Bitcoin have bypassed political and financial controls, bypassing can occur in your market and your business. The skill is in recognising and exploiting the way things are bypassed.

# What are the Characteristics of a Digital Business?

**Reframing challenges** – Digital businesses look at challenges from new perspectives and multiple angles.

**Sprinting** – Digital brands work at a pace, researching, testing and evaluating current ideas while generating new ones in a real-time, iterative, dynamic environment.

**Experimenting aggressively** – Digital leaders recognise the importance of learning by doing. They use a model similar to that used in financial investment, and trial many small projects before scaling the successful ones.

**Appreciating failure** – Digital leaders appreciate that failure can sometimes be a good thing, often leading to successful innovations later on.

**Converting data into value** – The very best digital leaders invest heavily in analysing data to look for new opportunities.

CaixaBank is the third-largest Spanish financial group, and has a history of technology innovation. With over 9m customers using internet banking and 3.6m using mobile banking, CaixaBank received the world's most innovative bank award in 2013. As part of its digital transformation, CaixaBank wanted to achieve 360-degree view of its customers and also to democratise data for a wider number of users to promote creativity and productivity. CaixaBank launched the data-pool initiative.

## The State of the Digital Nation

A recent Forrester report entitled "The State of Digital Business 2014" showed that a merger between Marketing and IT would be vital to success in the digital world. The report polled 1,500 senior business leaders in the UK and US and highlighted two conclusions

- CMOs must partner with CIOs to avoid a "bolt-on" approach to Digital
- CIOs must embrace Digital as a core technology imperative, and shift focus to systems that support the firm's ability to win, serve and retain customers

One of the business drivers for The CaixaBank data-pool project was the requirement to obtain real-time data to answer questions that had not been foreseen. This was previously impossible in CaixaBank, as traditional data marts and warehouse systems has been designed to address a known set of questions or requests. Another requirement was to allow CaixaBank data to be mixed with external data to enrich and provide context, thus providing greater insight and relevance.

Executives now rate the ability to manage digital disruption as a matter of survival



27%



46%

Organisations are investing in digital skills

# Digital Disruption

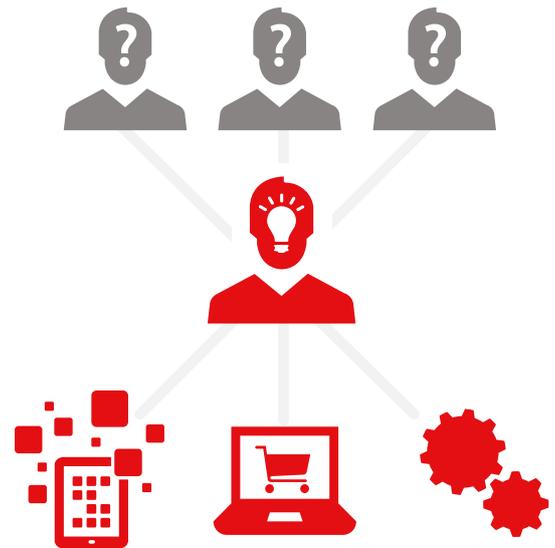
Digital disruptors understand what digital natives want and offer new services, challenging traditional businesses of every size to digitally transform to survive.

New technologies and business models can change the way companies deliver existing goods and services – or bring to market an innovation.

For example...

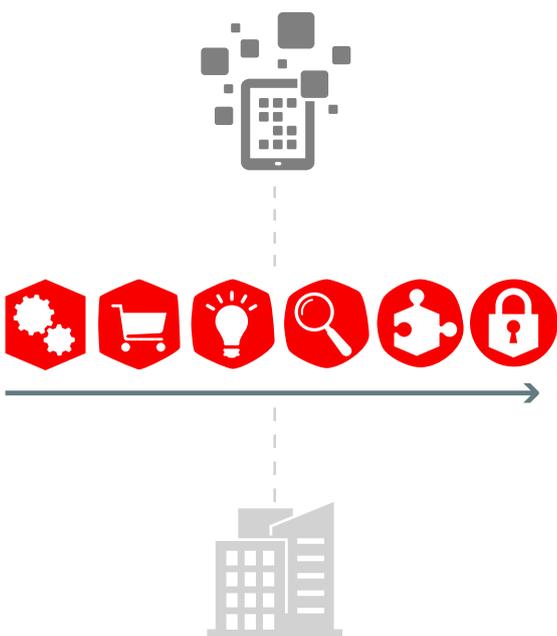
**PayPal** recently moved from the internet to the high street with PayPal Beacon – a hands-free mobile payment method that is currently driving new revenue from both retailers and existing customers.

**LEGO** now uses crowdsourcing as an arm of its R&D department, allowing members of the public to post their ideas online and sending the most popular into production.



**Bitcoin** has reduced transaction costs to a point much lower than traditional payment cards, disrupting traditional payment systems and forcing several digital services to allow the new currency for micro-payments.

# Digital Transformation



Organisations are realigning technology and business models, or investing in new technology, to more effectively engage consumers and employees.

**Nike**, for example, transformed its business from simply producing products to delivering engaging digital interactions before and after sale.

Customers are now able to design their own sportswear online, providing them with a great experience and personalised product. With the introduction of the Nike Fuelband and the Nike+ community of over eight million members, the company has logged almost a billion miles run! This has provided Nike with invaluable data and insight into customer preferences.

Digital technologies like social, mobile, cloud and big data are worth less individually. However, they are worth everything when combined together. Their value is even greater when integrated with enterprise information and transaction capabilities.

Digital leaders recognise that it isn't about picking and choosing technologies – they must all be completely integrated to work together to realise the true value of digital.

**We call this a digital business platform.**

# Five Next Steps for Preparing for Digital Business

1

**Establish leadership, ask questions, set goals. Establishing a digital team or centre of excellence is a good way to drive the collaborative formation of a digital strategy.**



2

**Assess your digital readiness. Identify your competitors and what their digital strategies look like. Clearly drill down into your existing customer base to define who your users are, how they interact with you now and how they will want to interact in the future.**



3

**Identify your customers' key characteristics. Learn to deliver products and services quickly through the platforms they want and provide exceptional customer experiences.**



4

**Understand the key technical capabilities. Discover what enterprise and digital technology investments are required to deliver on that end-to-end digital experience, and plan with your CIO to ensure they are implemented and easily accessible.**



5

**CMOs and CIOs must partner closely. Drive collaboration between all departments to ensure key digital capabilities required by marketing are delivered via a digital business platform in appropriate time. This platform will become one of your company's greatest assets.**

