WHY THE SMB LABEL DOESN'T FIT DIGITAL BUSINESS
The term “small- to medium-sized business” (or SMB) is fast becoming outdated. Soon, it will be as obsolete as landlines, fax machines, and even dialing “411” for information. The world is changing—quickly.

By traditional economic standards, the size of an organization has always dictated its impact on the economy. However, as measurements go, “annual revenue” or “number of employees” are both irrelevant in today’s digital economy.

Digital technologies—such as mobile, cloud, software-as-a-service (SaaS), Internet of Things (IoT), artificial intelligence (AI), and data analytics—make it possible to identify opportunities, analyze trade-offs, and then adapt faster and more efficiently. This allows smaller companies to compete on a level playing field with larger companies by creating economic value at scale, without the overhead of brick-and-mortar assets or large numbers of employees.

Simply put, when digital technologies are properly utilized, smaller companies can produce a level of value equivalent to that of large enterprises. This can be described as value equivalence. So, rather than ask, “How big is your company?” the question that should be asked is, “How much value does your company contribute to the world’s digital economy?”

At their simplest, digital technologies are devices or services that blur the line between physical and virtual experiences for customers or end-users. They help businesses create amazing customer experiences based on contextual information, such as location, performance, events, etc.

For example, consumers can receive notices of discounts the minute they walk into a favorite store. A company’s marketing team knows which promotions optimize revenue, and the impact that certain real-time events (such as weather, holidays, or other specific celebrations) will have. Digital tools help companies move faster, lower administrative costs, and provide increased value to customers.
Carbon, a 3D printing company, is firmly entrenched (for now) in the SMB category. Adidas is one of the largest companies in the world, with sales of $21 billion. To maintain its hard-won market share, adidas looked for ways to create completely personalized athletic footwear. Adidas has always had exceptional sports-science expertise, but it did not have the production process capable of quickly crafting athletic shoes with custom midsoles at scale. Carbon, a company less than one-tenth the size, did. So, adidas partnered with Carbon to develop personalized midsoles that met the performance and comfort needs of individual athletes.

Originally, 3D printers were not designed for scale. Prototyping, yes; manufacturing, no. Carbon’s innovative 3D printers, however, are designed for mass production. This means that adidas has every manufacturer’s wildest dream—customization at mass scale. The printers use a unique process that transforms liquid polymer into seamless objects in one continuous cycle, eliminating the need for prototyping (and tooling). The rapid design and production cycle enables adidas to “print” previously impossible designs without a complex, labor-intensive assembly process. By creating athletic shoes that accommodate different body weights, running styles, and foot contours, adidas can now quickly manufacture and sell the ultimate in personalized performance shoes.

**VALUE EQUIVALENCE KEEPS COMPANIES RELEVANT**

Carbon’s support of adidas is a prime example of value equivalence in a digital economy. Together, these two companies created a head-turning, innovative, highly-desired athletic shoe—one that won a Fast Company 2017 Innovation By Design Award.

Opportunities around value equivalence exist for smaller companies. In today’s digital economy, large companies can lose relevance quickly, as what once was radical becomes normal. Blockbuster held onto its old model way too long and was squashed by Netflix. Borders misjudged the threat that was Amazon and went out of business. Uber and Lyft decimated the value of New York City’s traditional yellow cabs.

Digital technologies will change the competitive landscape as they give life to new companies. These companies can provide “large company value” and compete at the same level as their larger counterparts, by providing/improving:

- Connectivity + Accuracy
- Speed
- Reach

**CARBON “FUTURE PROOFS” ITS BUSINESS WITH ORACLE’S ENTERPRISE-GRADE CLOUD APPLICATIONS**

Carbon uses Oracle Cloud to manage human resources (HR), customer experience (CX), financial, and supply chain functions. The goal is to streamline behind-the-scenes processes to help Carbon deliver more valuable services and to provide every member of their company with a 360-degree view of each customer.

“Today, everyone—from a relationship manager to Carbon’s CEO—can see how all the parts of their business are performing.”

—Gretchen Alarcon, Group Vice President of Strategy, Oracle
THE VALUE OF TIME SAVINGS FOR DIGITAL BUSINESS

Speed is a differentiating factor in high-stakes competitive markets. For customers, nothing is more valuable than time. They will shop online, change eating habits, and even change loyalties if it can all be done faster. Therefore, re-architecting a customer’s journey often means reducing checkout time, ordering time, or phone time. And it is not just business-to-consumer (B2C) companies that want to improve the customer experience. Even the most rigid business-to-business (B2B) companies are implementing digital technologies—such as AI and machine learning, IoT, robots, and data analytics—to improve speed and efficiency, provide value, and grow their footprint.

EASTERN BANK AND THE COMPETITIVE ADVANTAGE OF SPEED

Eastern Bank, a midsized financial institution, won Model Bank of the Year for 2016, thanks to an innovative loan origination system it developed to provide small businesses with up to $100,000 in working capital in 5 minutes. The loan application takes 1-2 minutes to complete, or an additional 2-3 minutes if a U.S. Small Business Administration (SBA) guarantee is needed. Funds are then immediately deposited into the customer’s account.

However, the bank is not resting on its laurels; it is constantly adapting its business model to anticipate the needs, timelines, and expectations of a new generation of customers. Using cloud analytics, the bank is identifying the right mix of easy-to-use mobile banking services, new loan products, deposit services, and financial management expertise for millennial small business owners. Running analytics in the cloud has helped identify the right mix of products and services.

Eastern Bank has mastered the art of producing enterprise-level value at speed and at scale—producing value equivalent to what both larger banks and “fintechs” might be able to offer.

“We bet on Oracle HCM cloud, and it works unbelievably well—especially the model of continuous improvements. Success managers from Oracle who started with us and have stayed with us are key, because as a midsize organization, we don’t have the staff or the resources. Our reliance on IT is minimal, because we’re cloud now.”

– Ed Saras, Senior Vice President, Total Rewards & HR Operations, Eastern Bank

*“Celent Names Eastern Bank the ‘Model Bank of the Year’,” press release, April 14, 2016, on Eastern Bank website*
THE KEY TO OUTSTANDING CUSTOMER EXPERIENCE

In terms of digital business, accuracy is not about adding and subtracting. It is about a company’s ability to provide the right insight for the right user experience at the right time—for both B2C and B2B sales environments. To do that, all platforms, devices, and channels need to be connected. Connectivity is at the heart of innovation, because innovation is all about bringing together different viewpoints and perspectives that have not been joined together before.

“Digital technology changes the way an organization can create value: Digital value creation stems from new, network-centric ways your business connects with partners and customers offering new business combinations.”
— Harvard Business Review, January 2017

D+M GROUP EMBRACES CONNECTIVITY FOR PROACTIVE CUSTOMER SUPPORT

Denon + Marantz (D+M Group), a high-end audio speaker system manufacturer, prides itself on its sophisticated, enterprise-quality customer interactions. With its new Heos line, it leverages a cloud-based mobile app and robust analytics to increase the level of connectivity, personalization, and accuracy of customer contact and audio system configuration information.

The digital technology (i.e. the mobile app plus analytics) provides two key benefits:

1) It lets customers easily manage and control their home speaker network. For example, customers can synchronize a song playing in multiple rooms or play different music on different speakers.

2) It is the foundation for proactive customer support initiatives. Based on one or two customer calls, D+M Group’s customer support team discovered a performance issue with a speaker model that caused it to lose its connection to the music source. This data was automatically passed to product designers, who narrowed the issue down to a chip problem. They then developed a diagnostic tool that could be pushed out via the mobile app to identify units that might have the chip flaw—putting power back into the hands of the customer.

D+M Group’s proactive customer approach shows the upside potential of today’s digital business models. Because speakers are connected through the mobile app, D+M Group could predict who might have a speaker model with a potential problem. Automatically connecting engineers and customer support teams led to higher levels of customized, cost-effective (i.e. scalable) service.

D+M Group uses Oracle Service Cloud to Provide the Best Customer Experience Possible

D+M Group uses Oracle Service Cloud to analyze customer service data from IoT-enabled speakers in order to route them to the appropriate customer support group. In addition, Oracle Service Cloud is the central information hub for every customer interaction, regardless of channel (phone, self-service via mobile, chat, or email).

With Oracle Service Cloud, D+M Group ensures that inquiries are answered quickly, interactions are tracked through to completion, and customer service representatives are able to easily access customer information and history.
EXPANSION TO A BROADER CUSTOMER BASE

Companies of all sizes are using digital technologies to distribute their products/services further, get closer to their customers, and grow globally in a more cost-effective manner.

“We were big believers in using technology to reach more people and to reach people where they are today.”
— Bob Iger, CEO, Disney

CALIX SIMPLIFIES CUSTOMER SELF-SERVICE TO EXTEND ITS REACH

Calix, a B2B in the telecommunications industry, borrowed a page from the B2C world to build a next-generation ecommerce site. Its goal was to help its customer base—several hundred service providers around the world who serve more than 100 million subscriber lines—make purchases in their business lives in the same way they do in their personal lives: through self-service transactions.

Calix identified several B2B customer self-service scenarios that could be initiated and completed during a single visit to its site. Previously, whenever customers (even those who make the same product purchases over and over again) wanted to make an online order, they had to first obtain a quote and then create a purchase order. This process could take up to 30 minutes. Many of those customers abandoned the process and sent their orders to their sales reps, effectively turning those high-cost employees into account managers, focused on lower-value transactions.

With the self-service functionality of its new ecommerce site, salespeople are now free to focus on new customers and new products, while Calix provides current customers with a robust customer experience for their reorders.

CONCLUSION: DIGITAL TECHNOLOGIES LET SMALL COMPANIES CREATE A LARGE PRESENCE

These are just four examples of Oracle customers who act large, became strategic (in terms of value and risk management), and created compelling value at scale. They are rewriting the rules, gaining customers, entering new markets, and doing so in a cost-effective manner.

Does your business want to do more to leverage digital technologies to provide value equivalent to that of the larger companies?

Chat with an Oracle expert to learn how our scalable, integrated cloud-based solutions can quickly drive innovation, lower costs, and extend your reach.
Why the "SMB" Label Does Not Fit Digital Business: December 2017
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