Wipro set up the Council for Industry Research comprising domain and technology experts from the organization, to address the needs of customers. It specifically surveys innovative strategies that will help customers gain competitive advantage in the market. The Council, in collaboration with leading academic institutions and industry bodies, studies market trends that provide organizations a better insight into their IT and business strategies.

For more information on the Council, visit www.wipro.com/insights/ or email us at wipro.insights@wipro.com
You can also follow us on twitter @wipro & @wiproinsights
The Rise of the Consumer Enterprise

In 1985 Coca-Cola announced a “new” version to replace its original formula. Blind taste tests showed consumer preferred the “new Coke” to the “classic” recipe. However, when the new beverage reached retail shelves, consumers began rejecting it. The launch turned into a nightmare. The company had failed to recognize the sentimental value of the iconic, original, beverage. Fortunately, Coca Cola returned the classic formula to the market, retaining its position as a global leader. Coca Cola recognized that consumers were -- and always will be -- at the core of business decisions.

In the recent past, businesses have been forced to accept that consumers need to be at the core of corporate decisions. Their behavior can shape markets - Google; create new products – Uber and Airbnb; and alter business processes – Expedia, Simple Bank and Number26. Fortunately, there are a plethora of technology tools to listen to them more closely, react faster and respond more accurately. The smarter businesses have muscled ahead by learning to harness the power of the consumer and make it work to their advantage. They are doing this by leveraging technology to engage consumers in a scalable, cost-effective manner.

How consumer oriented is your organization? Do you have programs that continuously measure consumer preference and funnel the intelligence back into product design, business models, marketing strategy, promotions, pricing and employee training? How do you maximize your contact with the consumer? How do you win the consumers for life and make them your brand champion? How do you create desirability for your products?

This issue of WInsights looks at how you can push the right buttons to become consumer centric and tap into tomorrow’s opportunities. We have an insightful study from the Utilities industry jointly conducted by Wipro and Utility Week, a look at consumer experience design, indicators from the healthcare industry and much more that show how leaders are applying technology to get to the bottom of what consumers want.

If you are looking for strategies to create winning consumer experiences, this issue will prove to be invaluable. Here is wishing you a rewarding journey as a consumer centric enterprise.

Puneet Chandra
Chief Marketing Officer, Wipro Ltd.
The Truth About Customer Experience

True customer satisfaction stems from the journey - the whole process and the cumulative experience across multiple touch points and channels. Read this HBR article to know more about creating that customer journey.

Alex Rawson and Ewan Duncan – Partners, McKinsey’s Seattle Office, and Conor Jones, Partner, Dublin office.

The New Economics of Customer Delight

Synthesizing the staggering technological horsepower available today with cognitive learning can produce the kind of customer delight we could not have imagined until a few years ago.

Hiral Chandrana VP and Global Business Head, Consumer Goods, Wipro Limited

Rise of The Consumer Enterprise

Infographic

Today’s customers have access to technology that lends them a powerful voice. Their behavior and actions can tilt markets, influence business processes and shape new products and services. Smarter businesses have learnt to harness the power of customers. View this infographic to see how a different enterprise is rising today - that of the customer.

Marketing Needs a Collaborative Approach to Win Over Customers - A Wipro-Knowledge@Wharton Article

With reducing turnaround times and seemingly unreasonable customer expectations the CMO is expected to woo not only the market but also - in the process - internal stakeholders for enabling collaboration.

Puneet Chandra, CMO, Wipro Limited and Jerry (Yoram) Wind, Professor of Marketing, Wharton
Building Service Intelligence to Achieve Customer Centricity
- A Wipro-Knowledge@Wharton Article

Customers are no longer buying the technology, they are buying the experience of using it. In this context, the telecom industry is transforming rapidly and boundaries have blurred quite considerably.

Sriram T.V., VP and Global Head, Telecom Network Services, Wipro Limited and Gerald R. Faulhaber, a Wharton Professor Emeritus of Business Economics and Public Policy

Differentiated by Design: Customer Experience

Customer Experience Design is fast adding to customer convenience and becoming a necessity. More importantly, it has the ability to create significant differentiators.

Avinash Rao, Global Head, Wipro Digital

Banking on the Second Half of the Chessboard

Many core banking services will soon be commonly self managed by customers and therefore banks will need to focus on product buying experience - shifting from cost driven innovation to wealth creating innovation in products and services - moving to the second half of the chess board.

Balasubramanian Ganesh, CEO, Products and Solutions Business, Wipro Limited

Centre Forward: Utilities’ Progress Towards Customer Centricity

Customer centricity is going to dominate Utility conversations over the next decade. Read the summary of the Wipro-Utility Week study to know about the start of the digital journey towards customer centricity for utilities.

* Full report enclosed as a supplement to this edition.

Subbi Lakshmanan, Vice President & Global Domain Practices Head, ENU, Wipro Limited

The Future of Pharma: Patients Rising to the Core

Pharmaceutical companies are now being compelled to de-prioritise their traditional distribution channels - the physician and the pharmacists, and directly address their primary customer - the patient.

Jyotirmay Datta, Vice President and Global Industry Head for Medical Devices, Wipro Limited and Nitin Raizada GM, Industry Solutions Group, Lifesciences, Wipro Limited

The Trend is Not Your Friend: Is Your IT Ready for the Challenge?

In the steady state of business turbulence, known experience is no longer sufficient to manage customer expectations. Productivity expectations are extremely high and the availability of technology is a challenge of choice and management.

G. K. Prasanna, Chief Executive, Product Engineering Services & Global Infrastructure Services, Wipro Limited
The Truth About Customer Experience

Touchpoints matter, but it’s the full journey that really counts.

Companies have long emphasized touchpoints - the many critical moments when customers interact with the organization and its offerings on their way to purchase and after. But the narrow focus on maximizing satisfaction at those moments can create a distorted picture, suggesting that customers are happier with the company than they actually are. It also diverts attention from the bigger - and more important - picture: the customer’s end-to-end journey.
Think about a routine service event—say, a product query—from the point of view of both the company and the customer. The company may receive millions of phone calls about the product and must handle each one well. But if asked about the experience months after the fact, a customer would never describe such a call as simply a “product question.” Understanding the context of a call is key. A customer might have been trying to ensure uninterrupted service after moving, make sense of the renewal options at the end of a contract, or fix a nagging technical problem. A company that manages complete journeys would not only do its best with the individual transaction but also seek to understand the broader reasons for the call, address the root causes, and create feedback loops to continuously improve interactions upstream and downstream from the call.

In our research and consulting on customer journeys, we’ve found that organizations able to skillfully manage the entire experience reap enormous rewards: enhanced customer satisfaction, reduced churn, increased revenue, and greater employee satisfaction. They also discover more effective ways to collaborate across functions and levels, a process that delivers gains throughout the company.

Consider a leading pay TV provider we worked with. Although it was among the best in the industry at managing churn, it faced a maturing market, heightened competition, and escalating costs to keep its best customers. Churn was a familiar problem, of course, and the typical reasons for it were well understood: Pricing spurred some customers to leave, while competitors’ technology or product bundles lured others away. The common ways to keep customers were also well known, but they were expensive, including such things as upgrade offers, discounted rate plans, and “save desks” to intercept defectors. So the executives looked to another lever—customer experience—to see if improvements there could reduce churn and build competitive advantage.

As they dug in, they discovered that the firm’s emphasis on perfecting touchpoints wasn’t enough. The company had long been disciplined about measuring customers’ satisfaction with each transaction involving the call centers, field services, and the website, and scores were consistently high. But focus groups revealed that many customers were unhappy with their overall interaction. Looking solely at individual transactions made it hard for the firm to identify where to direct improvement efforts, and the high levels of satisfaction on specific metrics made it hard to motivate employees to change.

As company leaders dug further, they uncovered the root of the problem. Most customers weren’t fed up with any one phone call, field visit, or other interaction—in fact, they didn’t much care about those singular touchpoints. What reduced satisfaction was something few companies
manage—cumulative experiences across multiple touch points and in multiple channels over time.

Take new-customer onboarding, a journey that typically spans about three months and involves six or so phone calls, a home visit from a technician, and numerous web and mail exchanges. Each interaction with this provider had a high likelihood of going well. But in key customer segments, average satisfaction fell almost 40% over the course of the journey. It wasn’t the touchpoints that needed to be improved—it was the onboarding process as a whole. Most service encounters were positive in a narrow sense—employees resolved the issues at hand—but the underlying problems were avoidable, the fundamental causes went unaddressed, and the cumulative effect on the customer was decidedly negative.

Remedying matters would add significant value, but it wouldn’t be easy: The company needed a whole new way of managing its service operations in order to reinvent the customer journeys that mattered most.

More Touchpoints, More Complexity

The problem the pay TV provider encountered is far more common than most organizations care to admit, and it can be difficult to spot. At the heart of the challenge is the siloed nature of service delivery and the insular cultures that flourish inside the functional groups that design and deliver service. These groups shape how the company interacts with customers. But even as they work hard to optimize their contributions to the customer experience, they often lose sight of what customers want.

The pay TV company’s salespeople, for example, were focused on closing new sales and helping the customer choose from a dense menu of technology and programming options—but they had very little visibility into what happened after they hung up the phone, other than whether or not the customer went through with the installation. Confusion about promotions and questions about the installation process, hardware options, and channel lineups often caused dissatisfaction later in the process and drove queries to the call centers, but sales agents seldom got the feedback that could have helped them adjust their initial approach.

The solution to broken service-delivery chains isn’t to replace touchpoint management. Functional groups have important expertise, and touchpoints will continue

“Looking solely at individual transactions made it hard for the firm to identify where to direct improvement efforts, and the high levels of satisfaction on specific metrics made it hard to motivate employees to change.”
to be invaluable sources of insight, particularly in the fast-changing digital arena. (See David Edelman’s- “Branding in the Digital Age: You’re Spending Your Money in All the Wrong Places,” HBR December 2010.) Instead, companies need to embed customer journeys into their operating models in four ways: They must identify the journeys in which they need to excel, understand how they are currently performing in each, build cross-functional processes to redesign and support those journeys, and institute cultural change and continuous improvement to sustain the initiatives at scale.

Identifying Key Journeys

Defining the journeys that matter and deciding where to begin the transformation requires both top-down, judgment-driven evaluations and bottom-up, data-driven analysis, to varying degrees. We recommend pursuing these efforts in parallel whenever possible.

An executive working session, drawing on existing research, may be sufficient to identify the most significant journeys and the pain points within them—the specific service shortcomings that damage customers’ experience. That research is typically fragmented and often includes data on the customer volume in a given journey, reasons for call center complaints, and obvious gaps in performance—for e.g. discrepancies between promises made in marketing materials and services actually delivered.

At three companies we’ve worked with, sessions of this type directed attention to key customer journey problems. The executive team at a fixed-line telecom focused
on the 50% dissatisfaction rate with the installation process; the team at a leading energy player targeted the 40% churn among customers moving houses; and executive sessions at an integrated telecom zeroed in on the more than one third of new fiber-optic customers who canceled before installation or within 90 days. In each case the executive attention led to a concerted effort to fix the targeted journey, while leadership’s “walking the talk” generated support for improvement programs and broader organizational changes. These results show how initial top-down work can identify early wins (often policy or process changes that can be implemented quickly and centrally) that set the tone for further transformation.

For companies seeking just to fix a few glaring problems in specific journeys, such top-down problem solving can be enough. But those that want to transform the overall customer experience need to simultaneously create a detailed road map for each journey, one that describes the process from start to finish, takes into account the business impact of optimizing the journey, and lays out a commonsense, feasible sequence of initiatives.

This is a bottom-up effort that starts with additional research into customers’ experiences of their journeys and which ones matter most, both to customers and to business performance. A company should draw on customer and employee surveys along with operational data across functions at each touchpoint, to assess performance and gauge how it is doing relative to the competition. Best-in-class companies use regression models to understand which journeys have the greatest impact on overall customer satisfaction and business outcomes, and then run simulations to get a picture of the potential impact of various initiatives.

Doing this research and analysis well is no small task, because it typically means acquiring new types of information and assembling it in new ways. For many companies, combining operational, marketing, and customer and competitive research data to understand journeys is a first-time undertaking, and it can be a long process—sometimes lasting several months. But the reward is well worth it, because the fact base that’s created allows management to clearly see the customer’s experience of various journeys and decide which ones to prioritize.

“In key customer segments, average satisfaction fell almost 40% over the course of the journey. It wasn’t the touchpoints that needed to be improved—it was the onboarding process as a whole.”
Once a company has identified its key customer journeys, it must examine each one in detail in order to understand the causes of current performance. This deep dive involves additional research, including customer and employee focus groups and call monitoring. Combined with the initial bottom-up analysis, it allows the company to map the most significant permutations of each journey as the customer experiences and would describe it, revealing the sequence of steps she is likely to take from start to finish. The mapping exercise also exposes departures from the ideal customer experience and their causes, and often reveals policy choices or company processes that unintentionally generate adverse results. For example, many companies charge for phone-based technical support, thinking that imposing a fee will steer customers to self-service options. But the consequence may be numerous callbacks or inadequate do-it-yourself fixes, both of which degrade the customer experience.

Consider the telecom faced with 50% initial customer dissatisfaction. Executives knew the “provisioning journey”—the process of installing fixed-line service at a customer’s home—was a priority, and as they probed new data, they began to see an ominous pattern. When they surveyed new customers about their experience from the time they ordered service through installation and activation (a journey that spanned four touchpoints), they learned that although about half were thrilled with the service, giving it an eight or a nine on a 10-point scale, the other half were incensed, giving it a one or a two.

On further investigation, the firm discovered that the installation process for unhappy customers was compromised by delays that ultimately stemmed from misaligned incentives: Back-office employees weren’t measured on or rewarded for the accuracy of order tickets and so sometimes processed them with missing or incorrect information.

The company’s traditional customer-experience dashboard had missed the problem because it included no measure of end-to-end success. “Our dashboard metrics were like a watermelon,” one senior manager told us. “On the outside everything was green, but when you looked inside, it was red, red, red.”
Most executives we talk to readily grasp the journey concept, but they wonder whether perfecting the journeys pays off in hard dollars. Our annual cross-industry customer experience surveys (including pay TV, retail banking, and auto insurance firms, to name a few) show that it does.

Companies that excel in delivering journeys tend to win in the market. In two industries we’ve studied, insurance and pay TV, better performance on journeys corresponds to faster revenue growth: In measurements of customer satisfaction with the firms’ most important journeys, performing one point better than peer companies on a 10-point scale corresponds to at least a two-percentage-point outperformance on revenue growth rate. (See the exhibit “Good Journeys Fuel Growth.”) Moreover, the companies that excel in journeys have a more distinct competitive advantage than those that excel in touchpoints: In one of the industries we surveyed, the gap between the top- and bottom-quartile companies on journey performance was 50% wider than the gap between top- and bottom-quartile companies on touchpoint performance. Put simply, most companies perform fairly well on touchpoints, but performance on journeys can set a company apart.

Our research also shows that performance on journeys is more predictive of business outcomes than performance on touchpoints is. Indeed, across industries performance on journeys is 30% to 40% more strongly correlated with customer satisfaction than performance on touchpoints is—and 20% to 30% more strongly correlated with business outcomes, such as high revenue, repeat purchase, low customer churn, and positive word of mouth.

### Good Journeys Fuel Growth

Studies of companies in the pay TV and auto insurance industries reveal a strong relationship between customers’ satisfaction with the end-to-end service experience and revenue growth. The chart below shows the results for seven companies in each industry.
Navigating a Customer Journey

Moving to a new home launches a customer on an array of journeys with service providers, including phone, internet, cable, and utility companies. The “moving journey” begins with a call informing the company of the move and ends with an accurate initial bill at the new address. The diagram below shows a simplified electrical-service journey from the perspectives of both the customer and the provider.

Redesigning the Experience and Engaging the Front Line

Once a company has identified its priority journeys and gained an understanding of the problems within them, leaders must avoid the temptation to helicopter in and dictate remedies; indeed, they should refrain from any solutions (including ones from outside experts) that don’t give employees a big hand in shaping the outcome. Even if a fix appears obvious from the outside, the root causes of poor customer experience always stem from the inside, often from cross-functional disconnects. Only by getting cross-functional teams together to see problems for themselves and design solutions as a group can companies hope to make fixes that stick.

The energy company identified “moving house” as a journey it needed to get right. Executives started by gathering representatives from the various operational and commercial groups involved in that journey. The setup for the meeting was low-tech yet powerful: One wall of the conference room was devoted to posters, customer quotes, and visual depictions of what customers experienced from the time they decided to move until service was activated in their new homes.

It proved to be a breakthrough meeting. Seeing the journey represented from start to finish was powerful, because no single group had ever had visibility into—let alone accountability for—the entire experience, and therefore didn’t recognize the journey’s shortcomings. It immediately became clear
that the process had evolved into something far more complex than anyone had realized; there were 19 customer interactions in all. Many of the steps involved complex hand-offs between internal groups, creating multiple places where things could—and did—go wrong. But the “ahas” were not just about operational glitches: Some of the unhappy customers’ frustration arose from a lack of communication at key moments when, operationally, things were working fine—for example, when scheduling end-of-service at an old address. At other points (for instance, after starting service at a new address), customers got too much information and were confused by apparently conflicting messages.

Once the team members had identified the reasons for the myriad handoffs and begun to appreciate the challenges their counterparts in other operational groups faced, they could sit down to design a new approach. They brainstormed solutions in a “war room,” launched frontline teams to pilot and improve upon ideas, and empowered the teams to take risks and experiment through trial and error. Finally, they engaged customers in the design process, to ensure that the approach developed would please them. The result: a new process that was four times as efficient, far more satisfying to customers, and much better aligned with the company’s brand promise, “We deliver.” The proportion of customers dissatisfied with the experience of moving house dropped significantly, resulting in a revenue gain of €4 million. (For an example of a typical working process, see the exhibit “Navigating a Customer Journey.”)
A leading car rental company we worked with ran a similar series of cross-functional efforts—pilots at key airport locations involving frontline teams including counter staff, car cleaners, exit gate personnel, and bus drivers. Management chose several target geographies, assigned a senior executive to each, and tasked the frontline teams with three things: mapping the customer experience and looking for fresh service ideas to improve it; getting frontline employees from each of the functions to collaborate on identifying the causes of problems and finding solutions; and coordinating activities to maximize the speed of service from the customer’s point of view.

A team in one region discovered a major bottleneck: The company frequently fell short of clean cars during peak demand. Among the remedies it suggested was installing a buzzer between the rental counter and the car lot. When the line at the counter grew long, staff members could alert workers in the lot that they would soon need more cars. By the end of the pilot, the unit’s on-site customer service scores had doubled, revenues from upselling had climbed 5%, and the cost of serving customers had dropped 10%. In addition, the marketing team—involved from day one—helped identify changes to the exit process (when customers pick up a car on the lot) that boosted upsell by broadening the choice of available vehicles.

Sustaining at Scale by Changing Mind-Sets

Of course, analyzing journeys and redesigning service processes get a company only so far. Implementing the changes across the firm is hugely important—and hugely challenging. A detailed discussion of how to scale and sustain transformation initiatives is beyond the purview of this article. However, delivering at scale on customer journeys requires two high-level changes that merit mention here: (1) modifying the organization and its processes to deliver excellent journeys, and (2) adjusting metrics and incentives to support journeys, not just touchpoints.
Organizationally, adopting a journey-centric approach allows companies to move from siloed functions and top-down innovation to cross-functional processes and empowered, bottom-up innovation. Most companies keep their functional alignments intact and add cross-functional working teams and processes to drive change. To that end, many companies we have studied set up a central change leadership team with an executive-level head to steer the design and implementation and to ensure that the organization can break away from functional biases that have historically blocked change. These roles tend not to be permanent—indeed, success ultimately involves changing company culture so much that the roles are no longer needed—but they are critical in the early years.

The energy company located its change team right next to the boardroom to signal the importance of its effort. The pay TV provider promoted a functional leader and had him report directly to the CEO. Several telecoms we have worked with that elected more-permanent organizational change left the cross-functional change teams in place to ensure sustained checks and balances to the natural tensions across functions. In the most effective cases, companies design cross-functional working and accountability into their core business processes, establishing clear ownership, authority, metrics, and performance expectations that supplement the existing functional structures.

Consider how this worked at the car rental business. As efforts ramped up at the pilot locations, the CEO gave each member of his executive team responsibility for implementation across all sites in a particular geographic region, knowing that would require the executives to partner with peers in challenging new ways. The CFO, for example, might be responsible for keeping tabs on cross-functional improvements in the Philadelphia area and for taking any issues that arose, including purely operational ones, up the chain of command. And although the company had a solid playbook for its first pilot, it explicitly challenged the teams in each location to adapt the playbook and make it their own,
and to try to beat the original location’s results. The frontline teams were empowered to continually test new ideas that the executives heading the teams could then spread to the rest of the business.

Back at the energy company, the scope was broadened to include five critical journeys, with an executive team member leading each effort and conducting weekly reviews with stakeholders from each function. And at the integrated telecom, the executive team created a new permanent role, redeploying senior people from siloed functions to become “chain managers” responsible for overseeing specific journeys, such as fiber cable provisioning. It created war rooms where the chain managers could monitor the efforts and meet with the functional teams involved. Thus the program was driven by cross-functional, bottom-up idea generation but had enough top-down ownership and coordination to maintain momentum and focus.

Once their new management structures are in place, organizations must identify the appropriate metrics and create the appropriate measurement systems and incentives to support an emphasis on journeys. Even if a company already uses a broad customer satisfaction metric, moving the focus from touchpoints to journeys typically requires tailored metrics for each journey that can be used to hold the relevant functions and employees accountable for the journey’s outcome.

Very few companies do that today. For the telecom focused on new product installs, this meant holding the sales agent, the technician, the call center, and the back-
office agents responsible for a trouble-free install and high customer satisfaction at the end of the process, instead of simply requiring a successful handoff to the next touchpoint. For the energy company, it meant new cross-functional measures for each frontline employee who handled address changes (for example, error-free capture by call center agents of information needed downstream).

Disney famously builds its entire theme park culture around delivering the guest experience: From hiring through performance reviews, it assesses each frontline team member on his or her customer-friendly skills. And one large retail bank started requiring each executive-team and board member to call five dissatisfied customers a month—a simple but effective way of holding the leadership’s feet to the fire on customer experience issues.

Optimizing a single customer journey is tactical; shifting organizational processes, culture, and mind-sets to a journey orientation is strategic and transformational. Journey-based transformations are not easy, and they may take years to perfect. But the reward is higher customer and employee satisfaction, increased revenue, and lower costs. Delivering successful journeys brings about an operational and cultural shift that engages the organization across functions and from top to bottom, generating excitement, innovation, and a focus on continuous improvement. It creates a culture that’s hard to build otherwise, and a true competitive advantage goes to companies that get it right.

 Syndicated from Harvard Business Review
The New Economics of Customer Delight

By Hiral Chandrana

VP and Global Business Head, Consumer Goods, Wipro Limited

Bitter price wars to differentiate from competitors have always been fought by Consumer Goods companies. But price wars are a losing battle. So, what does it take to win the customer? How can you differentiate to delight the customer? How can this be sustained using technology?

Playing Ball with Technology

How many twists can you give a classic beverage? Actually, none. You don’t want to touch a beverage formula if it isn’t broke. Coca-Cola is one such brand that must constantly answer the question: “We can’t tamper with our success that has been wowing generations. But, we do need to delight the customer so that we stand out from competition. So, what do we do?” For the 2014 FIFA World Cup in Brazil, Coca-Cola came up with yet another response that fits snugly into our lives where social media is turning sharing into the new giving. Coca-Cola engaged with soccer fans across the world with a series of 18 aluminium mini bottles, each with the flag of the participating country. The bottles were interactive. Fans could download an Augmented Reality app to their mobile phones to interact with the bottle, create characters to send messages to other fans and make new friends.¹ Almost old wine in a new bottle, but not quite, isn’t it?

Coke, in a master stroke, created differentiators for an old beverage formula by leveraging technology. At this point, most folks would gape in awe, but the company just doesn’t seem to stop. They have made the idea of delighting customers a habit. Marketing pundits will quickly identify this as the number one trait of a company that has made “customer delight” a part of its DNA.

Coca-Cola makes it a habit to always delight their customers – nowadays, largely using technology. Delighting the customer to differentiate has become critical to ongoing success in the Consumer Goods (CG) industry. This is equally true for well established products as much as it is for new ones entering the market.

Now it is time to go beyond accuracy, speed and consistency and create sustainable delight for the customer. This is because consumers have come to expect it.”

The key to creating sustainable impact – or “wow!” in an infinity loop – is to go beyond table stakes. Consumer Goods (CG) companies have been chasing the 3 fundamentals of success:

1 **Accuracy:** Or delivering the right goods every time (of the right quality)

2 **Speed:** Delivering not just the right goods, but with delivery speed as a competitive advantage (anytime, anyplace, same day delivery)

3 **Consistency:** Doing #1 and #2 all the time (that gives you the right to delight the customer)

Now it is time to go beyond them and create sustainable delight for the customer. This is because consumers have come to expect it. Companies have been trying to create delight, but most have only been partially successful. The primary reason is that they continue to struggle with creating the foundation for success which comes as a result of enshrining Accuracy, Speed and Consistency at the core of business goals.

However, once the three fundamentals are in place, what is a CG company to do in its quest for differentiation via customer delight?

### Scoring Goals with Differentiation

In our experience of working with global CG companies across various segments – Food and Beverage, Apparel and Fashion, Home and Personal Care, Luxury, Agriculture and Tobacco industries - we have boiled down the need for differentiation at different levels.

- **Product Characteristics:** Do any of the characteristics of the product result in disruption? In a dynamic and demanding environment, do product characteristics keep pace with the customers’ needs and expectations? Even better, do products take into consideration the customer’s requirements?

As an example, can a cosmetic company ensure that ambient light at the point of sale be adjusted by the customer from bright sunshine to soft evening, fluorescent, candlelight & even UV? Can the company go a step further by using technology to capture an image of the customer and change everything on the image – from lighting to the shade & type of cosmetics? Can the customer compare the results with those of others, such as friends and celebrities that the customer respects and customers don’t see the complexity of the technology behind the idea; what they see is a brand that is enhancing experiences in their lives.”
follows (there we go – using social media, of course, to build the intelligence)?

- **Customer Experience**: Do the products deliver something that is unexpected? Coke at the World Cup is a good example of this. The idea brings together people with similar likes and ideas. It creates a community with shared conversations — perhaps an end-goal that every beverage maker wants to see happening around their products. It creates promoters of the brand. This is the psychology and economics of customer advocacy and loyalty at work. Customers don’t see the complexity of the technology behind the idea; instead what they see is a brand that is enhancing experiences in their lives.

- **Lifetime Value**: Building a brand is not quite the same thing as the designing, engineering or formulating of a product. There are a number of brands today that demonstrate this: Nike is not about shoes, but bringing a healthy running experience; brands like Nestle and Kelloggs are not about food but about nutrition; American Express is not about money but about care and convenience. The brands that outlive generations are the ones that are not about stylish shoe or tasty meals, but rather about serving deeper human needs such as health, nutrition, care and convenience.

_**Hyperdifferentiation for the Future**_

The truth is that the cruel and demanding world of consumers notices only hyperdifferentiation which has been described as “the art of reducing the importance of price as the principle determinant of customers’ selection among alternative goods and services”. Today, building customer delight is about the right price and the right experience. These experiences can be built using technology in a number of different ways to achieve cost targets, need for scale and the urgency of go-to-market.

IT capabilities are being enhanced with the availability of digital data, intelligence engines & predictive models. In an instant, vast amounts of data can be sifted & made sense of. The technological horsepower that is available today is staggering. Synthesizing it with cognitive learning — things that humans did earlier — can produce the kind of customer delight we could not have imagined until a few years ago.

This is the right time for CG companies to rethink intangibles such as value and delight because technology makes it possible. This is the moment to snatch and go beyond cost and quality to capture customer loyalty for life.

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71% of visitors expect help within five minutes, when purchasing online.

Source: 2013, Connecting with Customers Report, LivePerson, Inc.
Marketing Needs a Collaborative Approach to Win Over Customers

In a digitized and connected world, consumers are becoming increasingly empowered, impatient and demanding. To keep pace with them, companies need to provide a next-generation user experience that is customized and seamless. This requires a collaborative approach within the organization. In this new paradigm, the role of the chief marketing officer is getting redefined, according to experts at Wharton and Wipro Limited, in this Future of Industry Series article, produced by Knowledge@Wharton and sponsored by Wipro.

In today’s digitized and connected world, consumers are becoming increasingly impatient and demanding, and to keep pace with them companies are churning out products faster than ever before.

Take automobile firms, for instance. Earlier, marketing teams would first do a series of customer surveys and then introduce new models three to four years down the line. Today, that process has reduced dramatically to just a few quarters. Similarly, in the telecommunications industry, new models of cell phones are being launched at a blistering pace. When it comes to buying a home or deciding on a holiday destination, customers can experience a virtual tour and get a taste of what is in store before taking the final decision.

In this new paradigm, the role and responsibilities of the chief marketing officer (CMO) are being completely redefined. Traditionally, the main objective of marketing was to create brand awareness -- typically through advertising campaigns in print and electronic media -- and grab the attention of consumers. But now, marketing is driven by business impact.

“Marketing is not just about building brand awareness anymore. It is about building brand preference and brand desirability. The goals and objectives of even two years
ago have now become table stakes,” says Puneet Chandra, CMO at Wipro Limited.

The CMO is now accountable not only for market perception but market success. He or she needs to spot new growth opportunities, participate in creating new products and services, and increase revenues and profitability. Chandra notes that earlier, marketing was about business-to-business (B2B) or business-to-consumer (B2C). But now, with individual preference driving a lot of changes in the marketplace, marketing is all about business-to-individual (B2I).

Citing the BlackBerry phone as a product that no longer made the grade, Chandra points out that it is individual preference for the overall user experience and usability that matters most.

**Exponential Changes**

A primary reason for this shift is the high speed of connectivity and the Internet of Things, which has not only completely transformed how people communicate but has also increased and improved their ability to transact on the move. Consumers are now becoming more informed, more demanding, more impatient and less loyal. This shift has caught a lot of people unawares and businesses are struggling to keep up with the customers.
“We live in a complex, global world and all changes are exponential. Two key characteristics of the new consumers are that they are empowered and skeptical,” says Jerry (Yoram) Wind, a Wharton professor of marketing.

For the CMO, this raises many new questions. Unlike earlier times when they could run a campaign on prime time television and grab the attention of the target audience, marketers now must figure out how and when to connect. How can a CMO effectively interact with potential customers in a crisp, non-obtrusive way, get their mindshare and then translate that into a business share? “The prime time is no longer the 9 p.m. news on television. It could be midnight when the target segment is surfing the Internet,” says Chandra.

According to Wind and Chandra, in this new climate customer engagement needs to be a key focus for organizations. Providing a customized and seamless experience across various touch points is critical to attract and retain customers, and get a bigger share of their wallet.

Chandra cites the ‘one-click’ technique used by Amazon as an example of providing a seamless experience. This allows a customer to make an online purchase with a single click using a predefined address and payment details make purchase completion easier.

Technologies like cloud, social media, mobile, big data and predictive analytics are becoming an “indistinguishable” part of marketing, says Wind. “It is critical to combine technology and creative. It is not an ‘either-or’ but an ‘and’ world.” Chandra agrees. He notes that till recently, organizations did not have easy access to customer preference. Now, with social media, it is out in the open in real time.

Using analytics, companies can mine this data and come up with the “next-best-timely-action” to enhance user experience. “The technology layer has become a very critical component of marketing. If it is not integrated end-to-end you cannot use data and analytics effectively to drive the next-best-timely-action,” says Chandra.

But someone within the organization has to “own the customer experience” that results from using these new technologies. According to Chandra, at present there is no real clarity about who the owner of this function will be.

While the onus of orchestrating the customer experience lies mostly with CMOs, they do not control most of the functions and disciplines -- like sales, service, technology, etc. required for this. So how can the CMO navigate the organizational processes and ensure that everything is aligned towards the end consumer? And how can an organization as a whole drive brand preference? "The technology layer has become a very critical component of marketing. If it is not integrated end-to-end you cannot use data and analytics effectively to drive the next-best-timely-action."
How can the CMO navigate organizational processes and ensure that everything is aligned towards the end consumer? And how can an organization as a whole drive brand preference?

Need for Collaboration

Chandra says that requires “the concrete silos within organizations” to become “thin walled stove pipes connected at multiple levels.” He notes: “At present, different functions like sales, marketing, delivery, customer support and quality typically work in silos and own different facets of the customer lifecycle. But delivering the next generation user experience requires a collaborative enterprise.”

So, can the CMO be the new collaboration officer? Chandra believes that the CMO can play an important part in bringing this collaboration because the new responsibilities being taken on demand close cooperation with other functions. For instance, with the CMO becoming the biggest user of data and analytics coming out of the company’s information systems, it is imperative for CMOs to work closely with chief information officers. In order to evaluate how this data can be leveraged without hampering security, CMOs also need to team up with chief risk officers. And a CMO’s rapport with the chief financial officer determines the budgets and funding for his department.

But Chandra does not expect the CMO to be given the formal role of a “chief collaboration officer.” He sees it more as a “nickname or informal” title. “The CMO needs to get that hat as a result of what he does,” says Chandra. He suggests that the best way to get different CXOs and their teams working together is through what he calls the “hall of fame” approach. “There will always be some naysayers in every organization, so to begin with, work with those people who are open to collaboration, and demonstrate success. Others will automatically follow. Rather than forcing people to work together, one must create a pull factor.”

Wind looks at the CMO’s new role as that of a “network orchestrator” who can “deliver customized experience via all touch points.” Pointing out that “speed is extremely important,” Wind suggests that the CMO “take charge of experimentation and prove that he can deliver.”

Acquiring New Skillsets

According to Wind, going forward CMOs need to “blend art and science, technology and creativity, have strong interpersonal skills and most importantly, have the ability to “challenge the status quo.” His list of skillsets for CMOs includes “an ability to..."
gain insights into the changing world of consumers; design experiences that address evolving customer needs and position the brand uniquely; and, an ability to balance the conflicting demands of corporate pressures for ROI with the needs of consumers and society, and have them reflected in the resource allocation strategies.”

Chandra adds that a key priority is that CMOs and their teams understand the power of new technologies like analytics and social media, and use them effectively. It is also important to “walk the fine divide between the real and digital world.”

Amazon, he notes, has been able to do this by its easy returns policy, which enables customers to touch and feel the product. “But measures like these require a change in the business model and the CMO needs to be on top of it.” At the same time though, Chandra notes, that some of the new skills required for success in the new marketplace don’t need to necessarily sit inside the organization. Instead, organizations could look at a building an ecosystem of partners with the requisite skills.

Chandra says that the big questions for organizations are: How does one define customer experience? What impacts it? How can you enhance it? And, who owns it? While designing the experience for a product or a service, who should be the customer in mind – the end user or the enterprise buyer? Chandra cites two examples. An international airline recently revamped its website. While all the changes are improvements from the airlines’ perspective, the sudden, numerous changes left customers perplexed.

A global bank, on the other hand, made incremental changes to its website almost every two weeks. This does not confuse its customers. “To me, that is a good customer experience. While a business process may be internal to a company, ultimately it is the individual user’s experience that will drive preference towards a brand.”
Building Service Intelligence to Achieve Customer Centricity

Rapid technology developments and disruptive innovation are blurring the boundaries across the telecom, IT and media industries. Service providers are bundling voice, data and video offerings along with mobility to achieve differentiation in this hyper competitive environment. Yet, customers do not seek technology – they want anytime, anywhere, any device connectivity. In this new model, service providers need a customer-centric approach to succeed, says Sriram T. V., vice president at Wipro Limited, and Gerald R. Faulhaber, a Wharton professor emeritus of business economics and public policy. The two discuss how network service providers can remain competitive in this white paper, produced by Knowledge@Wharton and sponsored by Wipro Limited.

The telecom, IT and media industries are transforming rapidly & their boundaries have been blurred quite considerably. This convergence is being driven by advances in technology and changing consumer preferences, & to stay competitive players need to redefine their focus areas, says Sriram T. V., vice president and business unit head of Telecom Network Services at Wipro.

“Earlier, telecom service providers had a network-centric, inside-out approach,” notes Sriram. “Their priority was on deployment and they focused on increasing their network footprint, coverage and creating capacity.” But coverage and capacity are no longer the differentiators. Achieving differentiation in today’s hyper-competitive market requires delivering a “superior user experience. The new focus area is end-to-end customer experience. It has to be an outside-in, customer-centric approach.”

Gerald R. Faulhaber, Wharton professor emeritus of business economics and public policy, agrees. “The competitive landscape is changing rapidly and completely. All service providers like telephone or cable companies are going to have to learn how to listen to their consumers. If they have to win this battle, they have to be consumer-centric.”

Sriram and Faulhaber have pointed out that irrespective of their primary service offering, be it telecom, cable, Internet or video, service providers are now trying to bundle all the services together. Most
telecom operators, especially in the U.S., are offering voice over Internet Protocol (VoIP). “Two decades ago, we said that eventually we will all go to one network and that network will be data,” Faulhaber says, “We are pretty much there.”

Faulhaber further notes that earlier Internet service providers in the U.S. leased the infrastructure from telecom firms, but other businesses like Comcast now have their own networks & Google too has a nationwide transmission network. “The issue now is how players interact across these boundaries. For instance, how does Google interact with Comcast? What is the point at which they communicate? These are the issues which are being worked out in the market today.”

Customers on the other hand, says Sriram, are not buying technology. They are buying the experience of using it. What they want is anytime, anywhere, any device connectivity. “Therefore, the important question for service providers is, ‘What are we doing to deliver the best customer experience and how can we implement different policies and different packages to make this happen?’”

“Achieving differentiation in today’s hyper-competitive market requires delivering a superior user experience. It has to be an outside-in, customer-centric approach.”
Existing Challenges for the Telcos

There have been significant capital investments that the telecom companies have made in the last few years embracing next generation telecom technologies. With the uptake in data & video traffic in both matured and developing markets, offering seamless experience has been a major challenge for telecom companies. While data traffic in telecom networks has grown exponentially, revenues have not kept pace. One reason for this is competition from non-traditional telecom players like Google, Facebook and Yahoo, and the subsequent decoupling of networks and services, says Sriram.

Unlike in the past, when networks for voice, data, Internet and others were in silos, with one network for each service, today all services have to run on a common multi-service converged network. This raises new challenges. For instance, how do you prioritize between all the services? What policies should you adopt for enforcing services? New capabilities are needed for addressing this evolving paradigm.

Need for New Capabilities

So how can one overcome these issues? “By having a good and clear understanding of the end-to-end service flows across different domains like networks, IT and media,” says Sriram. “All service providers have experts for voice, optical, IP, transport and wireless domains. However, very few or none of them have a service expert. This is the new white space.” According to Faulhaber, network service
providers need to be close to customers and understand where the services are needed. “And they need to know it ahead of time because they need to communicate it to their hardware partners”

Sriram believes that a good understanding of IT systems at a holistic level and of individual tools like inventory systems, performance management systems and alarm-monitoring systems, is also vital. While service providers have invested a lot in network assets and IT systems and tools, “these need to be stitched together across the domains to derive business value.”

Another boundary for interaction lies between the infrastructure layer and the customer layer, according to Sriram. Problems arise when there is disconnect between the two. Joining these 2 layers in telecom, for example, requires a “service layer” in between to provide end-to-end visibility. “Otherwise, you will not be able to understand the gaps between the network performance and the user experience.”

It is equally important to stitch together people, processes, platforms and partner ecosystem. Today, applications are consumed by end users across devices and in order to monetize them it is important that telecom companies standardize at the backend and differentiate at the front end while keeping the customer at the core, Sriram notes.

Impact of These Changing Trends

Focusing on business benefits needs to be a top-of-the-mind theme for CTOs because their role in the organization is fast-changing. “CTOs are now becoming business enablers and they need to make a business impact. Are they contributing to cost reduction or faster time-to-market of new products and services? Are they helping to drive innovation and enhance customer satisfaction?”

Sriram lists some other key priorities for CTOs in this field: Running lean operations through shared services and/or the factory model to lower costs; handling legacy and next-generation networks; deploying multiple-access technologies; and transitioning to IPv6, the next-generation Internet Protocol.

Developing the right sourcing strategy will also be very important, Sriram adds. “How much and what to outsource, co-source and insource, turning vendors into business partners and developing a strong supplier ecosystem will be critical.” And regarding the transition to IPv6, Faulhaber notes, “Managing 2 separate systems is...
a challenge. There are going to be huge coordination problems, & every manager is going to have to deal with this. In the next five years, 90% of the networks will be on IPv6."

While analytics may help, it is more important for service providers to understand how critical it is to connect with customers.”

Sriram also points out that networks of the future will be constructed in a very disruptive manner because of emerging technologies like the cloud, virtualization and software-defined networks. These technologies bring new challenges. For instance, the Internet has always been “best effort” - [there is no guaranteed quality of service level] while telecoms have always been "carrier grade" [high reliability of 99.999%].

“So players will have to map what is the right trade-off between reliability and cost.” Sriram says. “They will also need to look at developing new business models like risk and revenue sharing, and a new partner ecosystem. Partners who can give value-added services, or revenue-generating applications or the intelligence are the ones that will move up in the value chain.”

These emerging partners will add value by occupying the white space and eventually lead to the emergence of a new value chain for the telecom industry.

Managed services got a boost from the hyper-growth in emerging markets like India. But it is no longer about deploying base stations and managing networks. “It is an engagement model,” says Sriram. “The various questions now being asked of a managed services partner are: ‘How will you take me to the next level of network construct? How will you ensure my business continuity? What value-adds will you bring? How will you be able to ensure differentiation, and how will you build service intelligence? All these demands are business- and end-customer driven.”

Faulhaber suggests that in markets like the U.S., the trend is towards telecoms like Verizon, Sprint and T-Mobile “moving out of the business of buying land and going through the local governing bodies to put up their towers.” Instead, a lot of the towers are going to be owned by third parties and the telecoms will put their antennas on these. “I think we are going to see more and more of this. The telecoms will focus primarily on the service and user experience.”

Will analytics play an important role in helping service providers get closer to the customer? Yes, says Sriram. “There is a whole lot of customer information available, and analytics can help generate insights
that can help give the customer an optimal user experience and achieve optimum network utilization, and the emergence of these disruptive technologies like SDN & analytics is bound to bring in fresh set of challenges for the telcos.”

Faulhaber, however, is cautious. He notes that while analytics may help, it is more important for service providers to understand how critical it is to connect with customers. “You may use analytics to get there, you may use focus groups, and you may use market research. There are a number of things you can do. But the important thing is to change the mindset from not caring about the customer to caring a whole lot about them.”

Summary

Rapidly evolving technologies & disruptive innovation are challenging the prevailing ways of delivering telecommunication services. That is having the biggest effect on the balancing of priorities, business models, partner ecosystem and related areas. A new value chain is emerging, with fresh & unconventional players assuming critical roles. It all points towards the need for a higher level of collaboration among stakeholders and an environment in which the customer – not technology – is king.
Differentiated by Design: Customer Experience

Customers are becoming smart and demanding. They want everything, everywhere, everytime. It may sound impractical, but delivering these seemingly impossible demands can lead to the most powerful differentiators. Customer Experience Design plays a vital part in achieving this goal.

Digitize or Die

Notice how consumers are behaving: on their commute or over lunch they are connected, immersed in their screens rather than what is around them. They are seeking information, education, entertainment and opinion; they are shopping; they are interacting with colleagues, friends and family; they are monitoring their services such as utilities; even checking on the safety of their children, elders, pets and homes over mobile devices. Consumers have become extremely sophisticated in
the use of technology. It is making them better informed, more assertive and more demanding. Businesses are struggling to keep pace with them.

Companies such as Google, Apple and Amazon are pushing the envelope. Their intuitive, immersive, and customizable services are setting new benchmarks. Customers want to know why they can’t re-organize their bank account online the way they can reorganize their Gmail box. They want to know when they will be able to buy a set top box and have it activated by a single click the way they can buy things with one click on Amazon. Fundamentally, they want an experience that is customizable and personalized, consistent, accurate and also available when-they-want-it-where-they-want-it.

Traditional organizations have begun to read the signs around them. And the message is loud & clear - overhaul business processes before customers abandon them.

Imagine this: you have just identified your dream property and want a mortgage on it. Do you really need to go all the way to your bank to sign the mortgage documents? Or would you rather go to a bank that lets you complete the paper work via a Google hangout from where you are – perhaps while you are still at the property or during your commute to work?

In the Age of the Customer, organizations must transform themselves; they must digitize products and services or prepare to perish.

“Traditional organizations have begun to read the signs around them. And the message is loud & clear - overhaul business processes before customers abandon them.”

Looked at in a positive light, new technology and evolving customer expectations present a very real opportunity to engage customers & outpace competition. Success depends on the position organizations take up with respect to their digital transformation initiatives to drive customer experience.

Deep Change

Anyway, the old ways of doing business are fast coming to an end. Banks, for example, have Relationship Managers (RM)s who attend to High Net Worth Individuals (HNIs). The RM has access to a vast array of internal experts and banking products that assess and determine the right investment decisions, create product bundles and push them to the HNI. That model has been interrupted.

Today, a HNI is talking to a vast eco-system of peer HNIs, reading their blogs, accessing financial information on companies and understanding how policies and industry performance affect their investments (and is doing all this perhaps on the commute to work). They just call their RM and convey their decisions. The RM has become an order taker, not an advisor. The value of the
RM has shrunk. The bank can change this by moving the focus from the RM’s business requirement to the customer requirements.

Digitizing the business helps capture and also discover customer needs with greater accuracy. This has the effect of driving service design. How well organizations re-imagine their service design keeping the customer as the focal point determines the level of success. User Experience was often viewed as the excessive demand of the fashionista. Now it is becoming mainstream.

To continue to use the example of the RM, does it mean that the RM is redundant or has to be re-purposed? Let’s consider the following: An RM’s needs and interests are static. They center on a single statement: “Ensure that products are sold – bundle them or unbundle them, but make sure they are sold.” In order to do this, an RM will need to track the dynamic needs of the HNI across their purchase journey and must have the ability to deliver the right marketing messages or information to the HNI at the right time on the right platform. It would require an army of RMs to fulfil the task. The cost associated with such an exercise if prohibitive. How can the bank take these costs out?

Services such as Nutmeg¹ are showing the way with a lower fee structure. Nutmeg builds and also manages investment portfolios of exchange-traded funds (ETFs) direct to the consumer, eliminating financial advisors, fund platforms & pre-packaged products.

The Rising Importance of Experience Design

The world is waking up to design thinking, new ways of thinking about problems and solutions to problems and technology is at the crux of it. Companies are investing big dollars to expand digital business. Over the past five years Forrester Research has

¹www.nutmeg.com
observed an increase in the number of companies with a single executive who leads the customer experience efforts across a business unit or an entire company, and in their research, there is a rise in positions like Chief Customer Officer, Chief Experience Officer, Chief Design Officer & Chief Client Officer. Customer trends are changing as fast as technology is and it is important for companies to follow and adapt to these trends. For example, in 18 months of the Pingit launch, Barclays released 13 upgraded versions, and they tweaked the customer experience based on feedback collected via the app itself.

Digitizing the business helps capture and also discover customer needs with greater accuracy. This has the effect of driving service design.”

The Future is About Experience

There is hardly a product that will not benefit from re-engineering the Customer Experience. Think of the light bulb. Once you screw it into place, you hardly remember it – until it needs replacement. Is the bulb manufacturer missing an opportunity for revenue between the two events? Can the bulb manufacturer improve the user experience, perhaps creating intelligence by introducing interactivity with the bulb and deliver more convenience or lower cost? Can this ensure improved loyalty? Can it create new revenue opportunities even before the bulb needs replacement?

More importantly, if the bulb manufacturer can help control the light from a mobile app, switch it on/off remotely, re-caliber the mood, get an alert when the bulb is likely to fail, can it result in a differentiated light bulb that outpaces the competition? Customer Experience Design is fast adding to customer convenience and becoming a necessity. More importantly, it has the ability to create significant differentiators.
Banking on the Second Half of the Chessboard

What happens when banks have no more front and back offices
A scan of the online banking services available to customers today – and the different types of companies offering them – suggests that technology has revolutionized the banking industry much as it has travel, publishing and others. Scratch beneath the surface, however, and it becomes clear that technology-driven innovation within banks has been relatively limited.

Several years of economic recession or stagnation has meant banks have tended to focus most of their innovative forces on reducing internal costs. In other words, product innovation from an external customer perspective has occupied a back seat to process innovation driven by the needs of internal users. Because banks have been heavily reliant on people to execute front and back-office processes, innovation has largely been limited to optimizing those processes. To borrow the chess analogy popularized by Ray Kurzweil, when it comes to innovation and growth, banks are operating on the first half of the chessboard.¹

This is beginning to change. Developed market economies are experiencing growth again. Challenged by customers (among whom trust in financial institutions is low) as well as new rivals, banks are beginning to embrace “outside in” innovation. Customers are not only starting to drive innovation in banking products, but increasingly to take control of processes themselves. This is not yet pervasive but is very like to become so in the next five years. When it does, the prospect becomes real that the distinction between front and back-office services will dissolve. Banks will then be operating on the second half of the board, where the road to rapid business growth will be open.

Why Change is Coming

Three forces are coming together to force banks into action. The first is emanating from within; the other two are external.

1 Recognition of Imbalance: Senior executives at retail banks are realizing that the long-reigning imperative of cost-driven innovation has sapped any momentum toward wealth-creating innovation in products and services. (The situation is the reverse with investment banks where less attention has been paid to cost-efficiency, creating a different set of challenges for them.)

2 Customer Pressure: Customers are demanding that their banks design products that not only meet their financial needs but are fast and user-friendly to obtain, lest they switch to other providers. Switching has historically been difficult for bank customers, but the entry of multiple new rivals into the industry, combined with government action,² is certain to make it easier.


²The UK government, for example, has been actively pushing banks to enable easier switching. See Collinson, P. (2013). Banks launch seven-day account switch after £750m systems overhaul. [online] the Guardian. Available at: http://www.theguardian.com/money/2013/sep/16/banks-launch-seven-day-account-switch [ Accessed 8 Oct. 2014].
The Tools to Make it Happen: Now, technology has advanced to the point that banks, through automation, can allow customers to self-manage most banking processes. At the same time, banks can now reliably offer services to customers through different models e.g. business process as a service utility. Banking has been a digital business for many decades, but people have been needed to manage the processes; technology advances mean that banks can now automate and/or utilize processes that should long ago have been automated.

What the Future Will Look Like

Thanks to developments in areas such as cloud computing, a utility model of managing business processes will come to be the norm in banking. What are considered non-core services such as HR, training and some types of financial reporting are being utilised by banks today, but this will eventually extend to core services as well, even including sensitive areas such as risk management. (Risk assessment is already largely automated and can be done securely and in a cost-efficient fashion.) Widespread adoption of a utility model will enable banks to optimize business processes and greatly reduce the cost of managing them, freeing up capacity to focus on customer-oriented product and service innovation.

Banks may also be removed, willingly or unwillingly, from another core function: payments processing. Mobile operators in Africa have already achieved this in popular services such as M-Pesa, which allows users to deposit cash with authorized retailers and send money to recipients elsewhere in the country (an SMS can instruct another authorized retailer to pay the recipient). Online firms such as Amazon, Google, Apple and eBay are becoming more involved in processing payments, and others are likely to follow. In doing so they are throwing down a gauntlet to banks, but for the latter it can also be an opportunity if it allows them to re-focus their innovative capacity on wealth generation.

As they offload more internal processes, banks will be able to concentrate on transforming the product-buying experience. In contrast to the small handful of services that customers can access themselves online today, such as obtaining balances, paying bills and transferring funds between accounts, most front-office processes are complex and have required human involvement to carry out. It will soon be possible, however, for such services as mortgage or car loan applications and approvals to be fully automated so that customers, and not the bank back office, can manage them using a tablet or other Internet-enabled device. Such capabilities should ultimately enable banks to dispense
with some formalized ‘products’ altogether, as customers seamlessly move their funds between savings, loan and other holdings themselves in search of the best terms.

Winners and Losers

The risk in all this for banks is that other, non-traditional players will drive the shift to new models and dictate the rules of the game. The likeliest to make themselves felt are those who have mastered the low-cost management of business processes. Industry experts foresee Amazon’s “Mayday” button, for example, part of its “Kindle Fire” device, becoming a customer service channel for banking services.

Apple’s next iOS 8 operating system may allow iPhone users to make mobile payments by scanning their credit cards. Banks, and other members of the banking ecosystem such as Visa & MasterCard, risk being “disintermediated” from the value chain by nimbler technology players.

Some institutions are responding to this, developing products that could go mainstream in the next wave of technology change. In the UK, for example, Barclays has developed a wristband customers wear with their bank details, making possible a new form of cashless payment in stores. Others are developing ideas based on the “Internet of Things”, a concept denoting communication and data transmission between any sorts of tagged devices without requiring human intervention. In the US, for example, Wells Fargo Labs is developing an augmented reality banking app for the Google Glass platform. RBC of Canada and Banco Sabadell in Spain are doing the same.

Banks will seek to become involved in other services likely to be enabled by the Internet of Things, such as the processing of payments when shoppers select tagged products from shelves and avoid having to use the checkout.

Call to Action

There is still time for banks to gain a first-mover advantage. Customer-oriented process automation is the place to start. Banks should be studying how the online powers continually design and re-design processes from the customer’s perspective. Technology capabilities exist today which can allow customers to take control of complex processes through automation. Once 80 to 90% of the work of buying products is done by the customer, then banks will be on the second half of the chessboard where accelerated growth is possible.

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Centre Forward: Utilities’ Progress Towards Customer Centricity

Utilities in the UK are discovering that not only does it pay to be customer centric, but they could be on the losing side if they don’t heed customer demand. This is a dramatic shift from the traditional asset-oriented, engineering-focused DNA of Utilities. To evaluate perceptions and realities around customer centricity, Utility Week and Wipro did a detailed survey of senior decision-makers in regulated water, and gas and electricity companies. The results were revealing and provide important pointers for the industry worldwide.

1Utility Week and Wipro, via researcher hight Advantage, sent a detailed survey to senior decision-makers in regulated water, and gas and electricity companies for the survey.
We believe Utilities are waking up to the customer. They are offering customers better product choices, flexible pricing and finding ways to improve customer satisfaction. This is being driven in equal measure by the demands of a new Digital Generation and by regulatory pressure.

Our research called Centre Forward – Utilities’ progress towards customer centricity showed that 90 per cent of respondents felt that their customer centricity has grown over the last five years. Clearly, customer centricity is going to dominate Utility conversations over the next decade as funding, incentives and penalties get directly linked to customer satisfaction.

The highlights of the study shed light on an important aspect of the problem: Utilities believe they are already responsive to customers while customers do not necessarily agree.

The implications are loud and clear: Utilities must align with customers better. They will need to use technology to do this. The time for Utilities to go digital with large investments around CRM platforms, customer service portals and contact centres – to get closer to their customers – is ripe. The time is now.

The research deserves close attention, because, as the research highlights below show, it signals the start of the Digital Journey for Utilities – a journey that will, ultimately, be transformational.

**Customer Centricity in Utilities Today**

Ninety per cent of the respondents said customer centricity had become more important to their companies over the last five years.

So how customer-focused do utility bosses think their companies are today? First we asked them to rate how responsive to customer needs their firms are right now, on a scale of 1-5, with one being poor and 5 extremely responsive.

Most opted for a 4 out of 5 rating: 58 per cent overall; 57 per cent in water; 67 per cent in electricity and 33 per cent in gas (see Figure 1). This is a very positive stance, and suggests there may be a mismatch between how responsive utility managers think their companies are to customers, and how responsive customers themselves perceive utilities to be.

The findings suggest that there is a great deal more confidence in customer centricity in operational areas such as emergency management (scored 4.1 out of 5) and field services (3.9 out of 5) than in purer customer...
functions. Among the areas that scored lowest are customer loyalty management (2.8 out of 5); customer mobile services and customer segmentation (both 3.1 out of 5) and customer self-service (3.2 out of 5).

These findings suggest clear areas for investment and attention should utilities wish to continue down the path of increasing customer centricity.

Customer Centricity Intentions for the Year Ahead

The survey sought to establish where utilities think customer centricity in the sector is heading to in the near future. Respondents scored 1-5 how customer centric they expected their company to be in twelve months’ time.

Fig 1.

How responsive to customer needs is your company today?
Enormous optimism was displayed. Nobody felt their firm would be on a 1-3 out of 5 rating within a year; 38 per cent expected to score 4 out of 5, while a whopping 62 per cent – nearly two-thirds – said they anticipated a 5 out of 5 rating.

What is driving such lofty expectations of customer centricity improvement in 2014 to 2015? We asked respondents to rank key drivers. Overwhelmingly, utilities said they were driven by doing the right thing for the business and the customer far more than by external stakeholders including government, regulators and - less surprisingly - investors (see Figure 2).

In terms of upcoming or ongoing market or regulatory events that provide opportunities for changing customer centricity levels, mobile technology was considered the most important, followed by the Service Incentive Mechanism, SIM (water only) and smart meters (predominantly energy). All of these require technology enablers.

At the other end of the scale, drivers of improved customer centricity are business areas which are competing with customer centricity for priority. We asked survey participants to rank the most important of these. In what could be read as a nudge to regulators to allow more investment in improving customer focus, the top ranking answer was financial constraints. Securing investment for any project is a challenge at the best of times, but given the immediate political and regulatory priority as we

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**Fig 2.**

**What are the most important drivers behind customer centricity within your company?**

<table>
<thead>
<tr>
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<th>Avg. Rank</th>
<th>Water</th>
<th>Electricity</th>
<th>Gas</th>
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<td>2.4</td>
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<td>3.3</td>
<td>2.0</td>
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<td>Considered the right thing to do</td>
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<td>2.1</td>
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<td>3.3</td>
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<td>4.7</td>
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<td>5.2</td>
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Utilities face considerable pressure to serve these customers using technology. The problem is that utilities don’t have a great track record for implementing technology. Typically, technology projects in utilities have long implementation periods; they are complex and inflexible; in addition they frequently suffer from budget over runs. In 2014-15, utilities will have to buckle down. They will need to improve upon the success metrics for their technology investments.

There is a clear understanding that achieving greater customer centricity will be demanding, complex and multi-faceted. It will need to be underpinned primarily by technology and business process improvements but will also involve far broader business change: listening to and acting upon feedback from actual customers; creating the right corporate culture; and training and empowering staff appropriately.

Realistically, regulated energy and water companies will have to select carefully which tools, systems, business process changes and cultural adjustments will yield the most – and the most certain – benefit and set their sights on those.

**Wipro POV**

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Respondents were asked to comment on which areas within their companies are most in need of attention if customer centricity is to improve.

Two stand-out needs emerged: business process improvement and technology improvement. This indicates that utilities understand technology enablers sit at the heart of any plans to upgrade, but that better processes too are important. Information and data improvement was ranked third, with the “softer” issues of corporate culture and staff training ranked fourth and fifth. Executive sponsorship needs least attention, respondents said.

So while utilities clearly appreciate making customers the focus of their business is a task that goes well beyond the purchase of new IT systems, nevertheless there is a clear message that technology is a vital enabler.

And that at present, current systems are simply not up to the job in many instances.

**Improve Customer Centricity**

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**The Positive Message from the Study**

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Realistically, regulated energy and water companies will have to select carefully which tools, systems, business process changes and cultural adjustments will yield the most – and the most certain – benefit and set their sights on those.
26% of companies have a well-developed strategy in place for improving the customer experience.

Source: Econsultancy MultiChannel Customer Experience Report
The Future of Pharma: Patients Rising to the Core

Until recently, the key customers of pharmaceutical companies were physicians, payers and pharmacists. But a combination of forces is bringing that era to an end: patents are expiring, generics are giving stiff competition, managed markets are emerging and increased legislative intervention is driving the change. As a consequence, patients are slowly but surely becoming central to the success of pharmaceutical companies. It is therefore imperative that pharmaceutical companies have a patient-centric strategy.

Defining the Customer

The definition of a what a “customer” is in the pharmaceutical industry has always been nebulous. The key “customer” is the patient -- the person who has a need for pharmaceutical products and who uses and pays for them. Pharmaceutical companies don’t know much about this customer. This is because, historically, they have focused on physicians, payers and pharmacists as their customers. But recent changes in the industry are forcing pharmaceutical companies to rethink who their customer is. After decades of keeping a distance from patients, they must now befriend the patient.

Demanding new regulations and a wave of recent patent expirations are driving this change. Pharmaceutical companies are realizing that the patient is important and can determine the difference between success and disaster. For pharmaceutical companies the prescription for success is clear like never before: engage directly with the patient.

Drivers of Change

In early 2010, the pharmaceutical industry was exposed to a new phenomenon, quickly labelled the “patent cliff”. Blockbuster drugs were about to see their patents expire, making way for low-priced generics. By 2015, US$250 billion in sales is expected to be wiped out as scores of drug patents expire and generics take over.¹ This means doctors will not be able to prescribe these branded drugs and an increasing number

of drugs will be covered under the managed markets category. For these pharmaceutical companies, the traditional influence of doctors and care givers to prescribe their products will come to an end. The industry has been slow in responding to these changes and in its approach to growth. When pharmaceutical companies wanted to increase sales, they hired more people to influence the referral network of doctors and insurance payers. Now, that approach is likely to fail. It is time for pharmaceutical companies to identify their real customers and begin understanding them, talking to them, gaining their trust and start selling to them. Pharmaceutical companies must focus on becoming health partners to the patient rather than just another pill seller.

Getting Into the Driver’s Seat to Manage the Change

We believe there are 3 vectors of influence that pharmaceutical companies must build:

1 **Patient Access:** Patient access has been a major problem for the Pharmaceutical industry. The challenges include educating patients about the diseases and treatment possibilities/options, making treatments affordable, enabling providers to better educate patients and create awareness. Pills are only part of the treatment; an equally important role in recovery for a growing number of diseases is that of the care giver, the support environment at home, diet and exercise. Patients need to be educated about this.

2 **Diagnosis and Treatment:** Driving patient population to diagnosis and treatment is a big challenge in lifestyle diseases, neurology, genetic diseases, etc. where either the importance of diagnosis and treatment is not well understood or is not easily accessible. The pharmaceutical industry can play a significant role in driving diagnosis and treatment and thus partner with healthcare institutions in prevention/delaying the onset of diseases. In the same process, they would create a better brand perception, line up services beyond the pill and provide better health outcomes to the community at large.

3 **Prescription Adherence:** Recent studies show that almost forty to fifty percent prescriptions are not adhered to. Patients give up taking their medicines from reasons ranging from side effects, cost of medication, ease of procuring the
prescription to simple negligence or lack of awareness. This impacts patient health and eventually results in higher healthcare bills and poor health outcomes. It impacts sales for pharmaceutical companies in the most direct way as well. It is estimated that implementing improvements in medication adherence could mitigate $105.4 billion in avoidable costs.²

Payers are asking for health outcomes posing questions such as, “How can your treatment improve your quality of life while reducing the cost of care?” Governments are becoming pro-active as they battle ageing populations, mega diseases and lifestyle issues by introducing regulations and laws such as the Patient Protection & Affordable Care Act & the Sunshine Act. Patients are becoming more demanding – they want more information and they want it without intermediaries.

The pharmaceutical companies need to build quick, simple, low-cost, scalable and measurable channels of communication to directly influence patients. Technology holds the answers. All they need do is embrace the digital revolution.

The Road Ahead: A Smooth Ride with Technology

The traditional methods of influencing prescribers and care givers, health-related associations and payers have been tedious, slow as well as expensive. Can they be substituted by cheap and scalable technology? Almost 3 billion people — 40% of the world’s population — are using the Internet.³ Soon everyone will find themselves connected. Pharmaceutical companies need to find ways to ride this wave.

Online and mobile initiatives can address a number of different challenges faced by pharmaceutical companies. These range from educating patients to making expert advice available, managing treatment for better outcomes, improving the efficiency of care givers and generating insights for payers while also managing the regulatory requirements and patient data security.

Patient Awareness: To begin with, everyone needs to understand the diseases they are vulnerable to. Pharmaceutical companies can help potential patients identify and understand the ailment. This


can be done by pushing information into the hands of patients using social media, targeted mobile applications and contact centers. In addition, new treatments keep evolving. Online and mobile channels are ideal to segment patients and ensure that relevant updates reach them in time and within budgets through personalized channels.

**Program Management:** Using data and analytics, the pharmaceutical companies can ensure that patient-centric treatment programs are created and managed remotely by doctors based on disease, geography, patient profile and availability of drugs/treatments.

**Therapy Adherence/ Managing Care Gaps and Increasing Patient Safety:** The inefficiencies due to care gaps and patient behavior result in considerable waste. Poor adherence to medication is responsible for treatment failure and hospital readmissions. Tools and application that use interactivity, gaming and rewards to keep patients on track with their therapy can alter that. The patient-centric applications can also be used for reminders (refills, therapy schedules), to measure and capture patient progress and make expert help available at the points when it is required.

**Payer Intelligence:** Online and mobile systems that capture and analyze data on patients, care giver, treatment efficacy, etc. help deliver intelligence on how care quality has improved/deteriorated across caregiver networks and thus present continuous improvement opportunities. Looked at from a holistic perspective, the demands of payers for more data around patient safety, health economics and outcomes can be met through a patient-centric approach.

Today technology can bring in personalized messaging to engage patients and drive behavioral changes as against cookie-cutter reminder applications which have been the predominant but ineffective answer to the challenge of prescription adherence.

**Care Giver Efficiency:** The complexities in healthcare are leaving doctors and care givers short of time. They have less time today but need to see more patients. An online solution that uses data and analytics to generate reports, segment patients and then use digital technology and tools that help address patient queries in a personalized manner can assist in two ways: make accurate information available to care givers with step-by-step instructions and save time. While the caregiver networks benefits disproportionately from this, the overall impact is of better patient health outcomes.

Several pilot patient-centric programs with a digital core are springing up – providing patients services beyond the pill. You can be sure that a new era in patient centricity is just round the corner.”

Data plays a critical role in providing a 360 degree view of the patient. It therefore, presents an unprecedented opportunity for pharmaceutical companies to connect the dots in the value chain, bridge the silos and bring together the complete healthcare
ecosystem of patient, doctor, care giver, hospital, pharmacy and payer into a tight network woven by real-time data & analytics.

The Small Bump in the Road

There are reasonable challenges ahead, the biggest being patient trust. This has been a traditional pain point for the industry. Does this inflection point in the industry provide the right opportunity? Or will the decision of pharmaceutical companies be affected by deliberations between various decision-making bodies such as regulatory and compliance, legal, sales, marketing, research and corporates and affiliates?

Pharmaceutical companies are making an effort to rise to the occasion, despite internal and systemic challenges. Internal patient engagement groups are coming up, there are efforts to discuss solutions with technology providers and meet regulatory barriers. Even as ROI is being debated and decision making is slow, several pilot patient centric programs with a digital core are springing up – providing patients services beyond the pill. You can be sure that a new era in patient centricity is just round the corner.
13% of dissatisfied customers tell more than 20 people.

Source:
White House Office of Consumer Affairs, Washington, DC
The Trend is Not Your Friend: Is Your Technology Ready for the Challenge?
In an unpredictable world, the basic business assumptions no longer hold true. Businesses want exponential growth. But, already burdened under sprawling technology estates, they want better ways to estimate, provision, and manage their technology. Reimagining cost and efficiency continue to be important but are not enough. Customers on the other hand want an experience that is better than ever before. What are the options to delivering technology services in a world where the future is uncertain?

The Persistent Turmoil

The industry’s quest to realize a steady state is under threat. If anything, the change in customer behavior, business models, supply chains and competition has left us in a steady state of turbulence. Organizations are in a quandary: how do they respond to customers in a whitewater world where there is constant change and turmoil?

It is worth pondering over the changes around us. One of the most invisible but dramatic business changes serves as a wake-up call. The postal system, meant for the delivery of written documents, dating back to Egypt in 255 BC, is under pressure to change its business model. A few years ago, the US postal system was struggling to make a payment of US$ 5.5 billion\(^1\) and it was widely believed would have to shut down, demonstrating the slow but steady business erosion from the increasing use of email and courier companies. They are turning to banking (small postal savings) as a means of survival, bending to banking policy while trying to manage postal policy. Banks, in turn, have been under pressure from non-traditional players – one of them being the postal system -- and are moving into derivative products. This is despite the fact that these could weaken their stability in the long run. It is apparent that the near-monopoly of banks over depositors is coming to an end.

Postal systems and banks merely serve as examples of well-entrenched businesses that are under fire. Many others businesses must also reshape themselves to meet customer expectations. Take for instance currency which is fundamental but is also undergoing a dramatic change. A few years ago, no one would have dreamt that a non-government entity could issue a new currency. 

currency. Yet, Bitcoin consumers and transactions across the world are growing.

This is despite a major scandal associated with the virtual currency and the fact that no country recognizes it. Bitcoin popularity stems from the fact that transactions in this frictionless payment technology can be extremely cheap, small, immediate and anonymous. It can completely replace the current - (extortionist) legacy payment processes. What kind of infrastructure will be required to run billions of reliable Bitcoin transactions worth trillions each day across geographies? This may appear to be a hypothetical query because of the open questions around Bitcoin, but it may be worth thinking about this: will your business be impacted if customers demand that you accept Bitcoin payments?

What will be the outcome of such developments, driven by incessant waves of unpredictable change in customer behavior, motivation and buying patterns? Are basic business assumptions a thing of the past? The outcome is overwhelming and, to a degree, confounding. Here is an example that provides us considerable food for thought: One of the leading camera companies today is a phone company. The change has hurt the traditional imaging business. Is your business going to be undermined next because customer demands have changed? The interesting element is that this competition and disruption is not from within industries but from outside, from unexpected and non-traditional challengers. For business strategists and planners this presents a unique and disturbing problem. For years businesses have invested in improving efficiency in the belief that it will give them a competitive edge. But today, efficiency alone is inadequate.

The End of Linear

Linear growth assumptions are getting challenged. The organizations today want radical 5X productivity without adding 5X resources & infrastructure. The answer to this lies in deep domain knowledge and expertise to see the products that will be in demand; in managing short product life cycles; in reconfiguring the delivery of business services; and in being able to turn technology on a dime.

Are customers for your products suddenly emerging in Africa? Does your business now need three times the capacity in Africa? Does the retail customer want the package delivered home the same day – or even on a subway platform on the way to work – and can you deliver it? Is the motor insurance

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customer willing to sign up if you offer a pay-as-you-go product based on changing personal driving behavior and not on generic risk profiles? Does your customer for washing machines want to pay-per-wash cycle instead of paying for the machine, the detergents and service costs? Is your business equipped to handle the demand? Can your technology systems handle the complex customer behavior and billing? Can your technology systems perform an enormous stretch to meet these dramatically new customer requirements? Can your global technology systems provide the local autonomy and flexibility required for operational excellence?

Customers are impatient and easily irked by delays. By implication, availability of variable, global and agile technology is a business imperative. With the lifecycle of products dropping from years to weeks, it would be imprudent to expect CMOs to wait while the CIO procures new infrastructure for product and service support systems. In several of the instances, the procurement may take longer than the entire product lifecycle. In such an environment the CMO will seek answers elsewhere. Technology must support this new environment or risk being cut off and becoming irrelevant.

It falls upon System Integrators (SIs) to build and mirror the capabilities necessitated by non-linear growth models. The new systems and processes of SIs must be customizable to the industries, markets, segments and products.

SIs must learn to do things differently in a world where massive data has deep design implications. These include the ability to generate data, capture it, analyze it and put the learnings back into the design, sales, marketing, and management systems of organizations. In many industries, doing this in real-time is becoming the norm. This is especially true for industries that are leveraging social media to engage and interact with the customer. With the proliferation of channels and touch points with customers and partners, security is under constant threat as well. This indicates that standard assumptions have no place in today’s business thinking.

**Autonomics to Manage the Future**

The amount of technology required to manage future systems appears to be enormous. For technology departments already burdened with numerous unwieldy
applications, the solution lies in autonamics.

Autonamics reduces human intervention by studying how tasks are executed and problems solved. This allows IT departments to hand over routine tasks to automated, autonomic systems.

Up until now, infrastructure services were reactive. Proactive systems have been replacing reactive frameworks. However, there is room for improvement. Today, autonomic systems are leading innovation to meet business demand. Autonamics is a function of convergence of self-learning, self-healing, predictive systems. Autonomics helps in creating patterns on the basis of customer’s past behavioural data and then provide a personalized service that is best suited in the context of the customer’s present or future requirement.

Customer patronage and loyalty grow when you embrace their needs and honor their expectations. Investing in understanding your customer is a superior strategy to blindly marketing product features and benefits in the hope that customers will want to take the bait. Extraordinary customer management is not about creating better bait. It is about intentionally creating extraordinary experiences and meeting

“ The amount of technology required to manage future systems appears to be enormous. For technology departments already burdened with numerous unwieldy applications the solution lies in autonamics.”

customer expectations. In a whitewater world that is a state of constant roil, our known experience can fall short in being able to manage customer expectations. Analytics & autonamics provide precise solutions to this very important question: what should I do now to keep my customer happy?
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