



Digital Transformation

Investment Strategies At C-level

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Thinking digital for transformation

A leading European bottled water brand developed a video in 2009 for its Live Young campaignⁱ. The video went viral. This was followed by another in 2013. In between, the company expanded the campaign's appeal by creating applications that allowed customers to add their own faces to the video and customize T-shirts. The campaign generated hundreds of millions of views for the brand.

One of the key executives from a food and beverage company in the US that owned the bottled water brand explained, "We are at a crossroads between technology and creativity: technology makes anything possible and measureable." Meanwhile, "the proliferation of content makes it necessary to engage consumers emotionally."

Brands and their companies that make this connection will be the ones "that can break through," the executive said. Customer engagement and experience are the two facets of Consumer Goods (CG) organizations that are being impacted by digital transformation initiatives. Analytics engines crunching customer

data are scattering enormous amounts of intelligence across CG operations. This digital wave is creating vast transformations across CG organizations. It is leaving CXOs to think about the impact it has on strategic decisions. But recent research suggests that there is little time left to ponder.

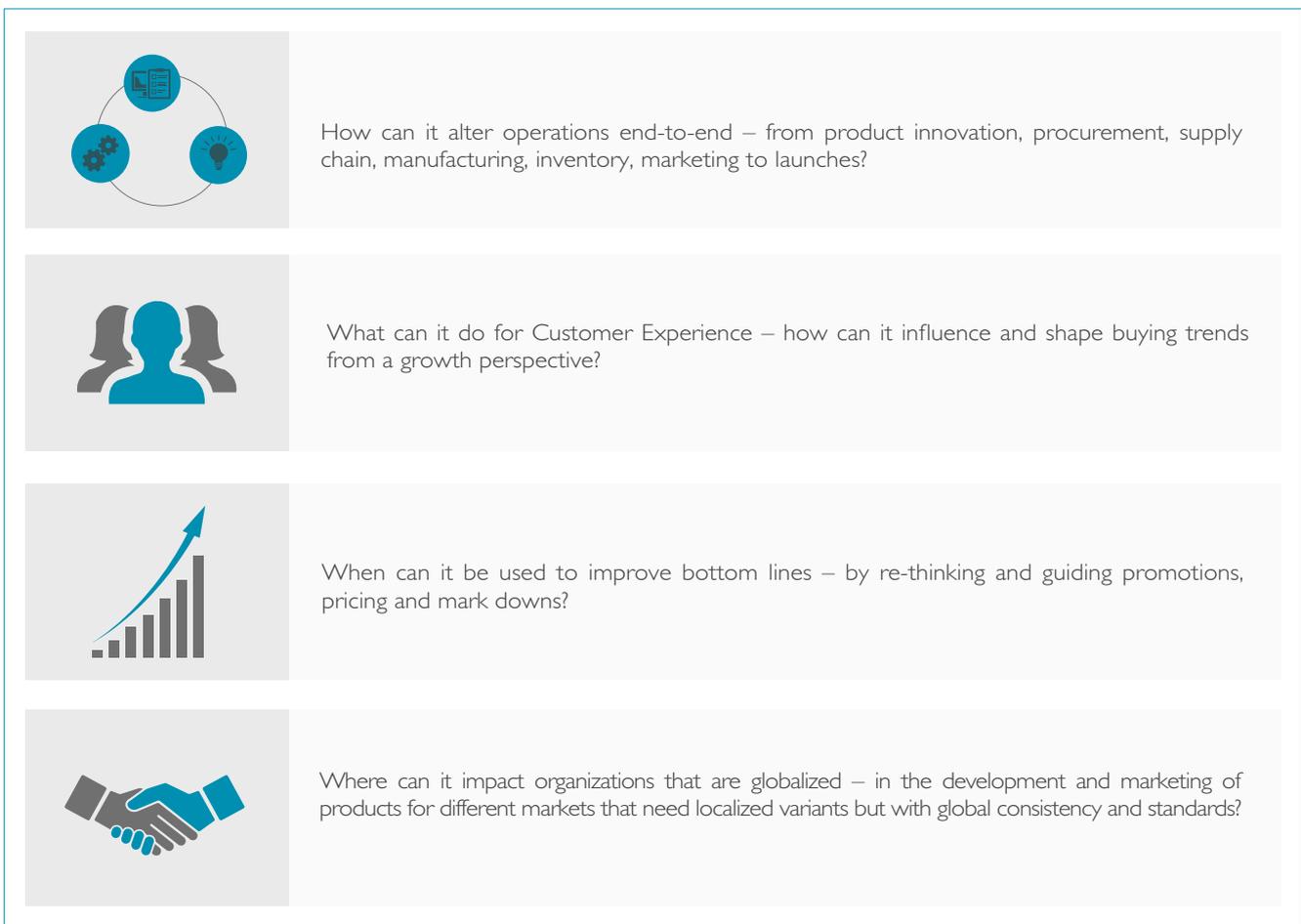
A 2014 study conducted by Forbes Insights in partnership with Wipro Technologies titled "The race is on: Keeping pace with the leaders in digital marketing and technology"ⁱⁱ, says one out of five executives (20%) describe their digital marketing approach as "transformative." These are leaders that have already embraced a broad array of digital strategies: social, mobile, Web and analytic tools and technologies, transforming not only sales and marketing but also overall businesses. The report goes on to say that transformative companies are being able to achieve closer alignment between marketing and groups such as logistics, supply chain, new product development and finance.

i. <https://www.youtube.com/watch?v=XQcVlIWpwGs>

ii. <https://www.youtube.com/watch?v=pfxB5ut-KTs>

CXOs priorities

It is relevant to consider that a CXO cannot think in isolation, in terms of social or customer experience. The question a CXO must answer is, “How do I get digital to play a part between my customer and my product so that the complete value chain across geographies benefits?”



The answer to these questions can make a difference between dazzling product acceptance and complete failure. This is especially true for organizations that are launching 100 to 150 products a year – which is becoming a forceful trend, led by cosmetics, home and personal care, and health and wellness organizations – and need the ability to quickly be in the market with innovative products. These products must leverage on the digital and social experience to get

quick feedback. The feedback then must be incorporated to (re)design/(re)engineer the product, so as to quickly hit the shelves before the window of opportunity for such products closes.

The plug-and-play nature of digital technologies is especially handy for such scenarios in the CG space where product cycles are shrinking and consumers are driving demand for innumerable variants (think soap and you will know how quickly consumers tire of the same product).

Showstopper for digital transformation

But plug-and-play isn't quite as easy as it first appears. The Forbes Insight-Wipro Technologies study warns that half of the executives (50%) report that in one or more instances their digital marketing has failed to integrate with essential back-end processes. In the dash to digitize, organizations have stumbled.

Take the case of one of the leading cosmetics firms that has launched the first virtual makeup tester. Customers across the world use the application to try make up without having to go to a retail outlet or acquire real make up. The application uses precise facial recognition technology via a live mirror camera. Customers can move before the camera after "applying" the virtual make up and it stays on. But the application would have much lower ROI if it did not enable the customer to make a direct mobile purchase

or did not check inventory before completing the order. The application's capabilities would not be fully utilized if it did not generate data on the kind of cosmetics that were being tried/discarded by age, geography, skin type, etc. and put this information back in the product development loop.

Back-end integration remains a major challenge for CG organizations that are considering digital transformation. This explains why 59% of those polled in the study indicated that their companies were amenable to adopting a greater degree of technology outsourcing—specifically, a model where a third-party, full-service technology provider is able to assist with a greater degree of both front-end marketing and back-end operational processes.

Focus for the future

It is evident that there is adequate depth of expertise available to address the needs of CG companies and make them responsive to their markets. What comes as a surprise is that they are still experimenting. Could this be because of a lack of clear strategic direction and priority?

Our study has shown that companies are making significant investments in an array of digital marketing and related capabilities and will be making more over the next one to three years. The top four overall most frequently cited sets of past investments include

social media marketing (70%), shopper and consumer insights (51%), and mobile and customer experience (tied at 47%).

While social media marketing is the single-largest focus area, it is worth noting that companies that do so are also improving their investments in analytics/mathematical modeling with investments in customer experience gaining second rank.

There is adequate direction and foresight in these findings. CXOs can, thus, find the right balance their organizations need.

About The Author



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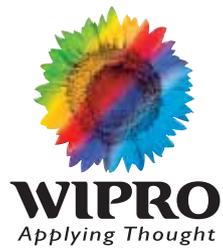
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Hiral Chandrana is VP & Global Business Head for Consumer Goods in Wipro. He handles end-to-end P&L including Delivery, Sales, Solutions and New Markets. This includes Food & Beverage, Agriculture, Home and Personal Care, Apparel & Footwear, and Tobacco industries across all service lines in Wipro. He has extensive experience in leading client relationships, global delivery, building effective teams and growing Applications, Infrastructure, Analytics, BPO, PLM businesses in Retail, Manufacturing, Consumer Goods and Life Sciences. He is an active member at leading forums including CGT, GMA, NRF, and has developed partnerships with SAP, Oracle, Microsoft, CISCO, etc.

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