Trends 2016: The Year of Starting Over With Customer Experience Management

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Organizations Should Expect Challenges As CEM Takes Hold

Businesses, government agencies, software vendors, and service providers alike have focused on undertaking customer experience management (CEM) initiatives for the past 10-12 years, largely driven by sweeping changes in customer interaction as the web, social media, and other new technologies took hold.[1] Some companies have embarked on narrowly scoped initiatives, like implementing a content management system (CMS) or campaign management software, while others have tackled the really big projects, like improving front-line customer support processes, implementing omnichannel for multiple lines of business, or providing personalization across web sites, mobile apps, and kiosks. And those that sat on the sidelines spent their time watching and learning about CEM, with plans to eventually launch initiatives.

Whew! A lot of work and treasure has gone into these projects, but still, many executives see a gap between their vision and where the organization is. Sadly, many of these CEM projects have become mired down, failed, or are in the midst of a reset, according to the project teams we've talked with throughout 2015. Why? Here are some of the mistakes and problems that organizations have encountered:

- **Approaching CEM as a one-off project instead of a transformation initiative.** Let's face it, many CEM projects or initiatives have digital transformation or business transformation at the heart of their goals. But to perform at that level, CEM requires a senior executive vision and strategy, plus strong senior-level sponsorship and leadership. If projects are pushed down to the project manager level, it becomes difficult to see how other business roles in other parts of the organization are involved, or should be involved, in CEM — even when those inputs are essential. Plus, approaching the initiative as a mad dash to transformation is counter-productive; these projects are better seen as well-paced marathons by runners that know the full CEM terrain.

- **Approaching CEM as a technology project, instead of a holistic strategy that touches every (or many) aspect(s) of the business.** Often, the people dimension across the entire organization gets left out, creating conditions for misunderstandings, backlash, or conflict at the C-suite level. Workers may become anxious about their new roles and responsibilities, may worry about how their ways of interacting with colleagues and customers will change, and may feel inadequate to the task. We recently talked with two teams involved in omnichannel initiatives. Both teams felt the negative impact of not involving

organizational change management, and one team had lost 18 months elapsed time during the planning stage. And both companies had expended significant amounts on consulting fees. As project teams reset their focus and start over, more companies are clamoring for organizational change management, to help with the transition and provide essential communications throughout the organization about the new initiatives. In these cases, omitting organizational change management from the first project contributed to its failure and became a catalyst for the restart.

- **Challenges in operationalizing CEM projects.** Often implementation teams are unaware of, or don't know how to resolve thorny implementation issues. For example, CMS implementation teams often find that identifying individuals for content authoring is a big issue, or knowing whether to implement a centralized system or decentralized CMS can be a difficult challenge. In our experience, CMS projects encounter failure 40% of the time because of flawed selection and implementation practices.[2] Or, integrating new technologies such as ecommerce platforms with legacy systems like ERP can strain the organization. Sometimes the number and types of products involved in a large CEM initiative can be overwhelming to the project team and difficult to operationalize because the combination of technologies demands so many different skill sets.

- **Project teams have lost sight of the need for data.** Creating a single view of the customer is extremely difficult and costly unless the underlying data infrastructure is created or re-architected with that in mind. Compounding the problem, integrating data is clearly the CIO's action item, but the

CIO may have been left out of a marketing led or line-of-business-led CEM project. For example, one financial services' IT organization spent 18 months trying to integrate data with point-to-point solutions in support of omnichannel, only to realize that they had neglected organizational change management to their detriment, and they had pursued the wrong data architecture. They have since reset the project to start with organizational change management and are now on a successful track.

What does this mean?

Many organizations we've talked with throughout 2015 have been quite candid about the need to start over and get it right the second time. *T*urning projects around to get them on-track is such an overwhelming drumbeat that Digital Clarity Group believes a CEM restart will be the dominant trend in 2016. This doesn't mean CEM is a failure; instead it means that organizations sometimes rush to start the initiative — either because of competitive fears or hopes of beating the competition — with the result of skipping some vital step that haunts them later in the initiative. Organizations are focused on avoiding their failures by figuring out what they need to do differently, and then — wiser and more experienced — take a different path. Here are some ramifications of project resets on the CEM market:

- **Organizational change management will reach a significantly higher profile, such that senior executives will bring in qualified, certified talent to facilitate organizational changes within the organization.** Change management

practitioners tapped for these advisory positions will range from consultants in large services companies like Accenture and Deloitte to independent practitioners who are certified in a number of change management methodologies, like Prosci.[3]

- **Companies will double down on re-defining and simplifying omnichannel.** Many omnichannel projects are scoped so broadly — crossing multiple lines of business alongside multiple touchpoints — that the concept becomes difficult to implement. The challenges are not only in marketing, where the vision usually originates, but in IT, where efforts to integrate multichannel with legacy systems can stall out. Starting small to implement a big vision will be one way that organizations simplify their omnichannel projects and achieve greater success.

- **Data management will take center stage as companies deploy a single view of the customer and use analytics to manage the business.** This focus on data will not only require strong data skills inside the IT organization, like data warehousing, Hadoop, data quality and integration, master data management, and analytics and business intelligence; it will require a close working partnership with the business functions that sponsor and are involved with the CEM project. Business architects, information architects, and business analysts will be needed to make sure the right services are used to integrate with data silos.

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- **Privacy and personalization – a wave of caution?** And at the same time, organizations are (slowly) becoming more sensitive about the types of consumer data they collect and how they use it. 2015's explosive adoption of ad- and tracking-blockers took advertisers and publishers by surprise. Denial (such as the development of ad-blocker-blockers and threats of legal action) has given way to acceptance, culminating in the Interactive Advertising Bureau's astonishing "we messed up" mea culpa in October.[4] Going forward, advertising strategies need to be based on a mutual and transparent exchange of value, incorporating practices such as content marketing.[5]

The Impact of Project Resets on CEM Stakeholders in 2016

Three key CEM stakeholders will be impacted by this year of CEM reset: buyers, service providers and vendors.

- **Buyers** are clearly the most impacted by less-than-stellar CEM projects, making it important for them to get their CEM vision right the first time. CEM initiatives must start with a strategic vision, whether that vision is business transformation or digital transformation. Getting the right scope (e.g., is it the entire organization, 1-2 cross functional processes, or specific customer-facing activities within marketing?) is critically important, as is setting a realistic time frame for completing the project. One financial services company, for example, established a big vision for business transformation, along with a five-year time frame for getting it done. Because they set an ambitious but achievable time frame, the initiative is still on track, despite the

company being almost 3 years into the project. Similarly, the lack of organizational change management is a big quagmire for companies. Buyers would be well advised to seek out certified, professional training and consulting methodologies from their service providers after determining that the consultants have a successful track record in leading change management initiatives.

- **Vendors** are essential to the success of projects, and, together with their service providers, can keep CEM projects from requiring a reset.[6] To help customers stay on track, vendors must assess the software solution (being honest, even if it is their product) to ensure it is well aligned with the strategic purpose of the CEM project. If it isn't, that is the first warning sign of trouble to come. Another important situation to monitor is if the customer is buying lots of CEM point solutions without a clear vision of how the products will work together (or not); if the project team hasn't considered how customer data will support the new products; and if the project team lacks a clear roadmap for deploying and possibly integrating so much software in a short timeframe. These issues point to the critical need for vendors to team with qualified service providers that can help buyers get past any hurdles they encounter. But vendors must also vet their service providers to validate that they have the right skills, methodologies, and staffing. Vendors should ensure that their customers are paired with capable teams, whether it's the vendor's own professional services staff or well-vetted implementation partners. Also, vendors could and should take proactive steps to support implementation. For example, many project teams correctly say the role of business analysts cannot be overstated; if this is the case, the service

providers or the vendor's professional services staff could train and staff a substantial number of billable business analysts to help with troubled or challenging projects.[7]

- **Service providers** range from large management consulting and IT services companies to small startups and digital agencies. Large does not guarantee success and small does not necessarily mean risky. Instead, the key to success is for the service provider to have core competencies in 1) how to design, install, implement and integrate critical CEM software (like content management, digital asset management, data management, analytics, personalization, commerce, and business process management); 2) how to successfully implement CEM business applications (like CRM, customer service software, marketing automation) and 3) how to bring to bear other core skills (like measurement and organizational change management). Most importantly, service providers must keep initiatives on track by focusing on the skills, knowledge, and expertise of individuals staffing the projects.

As 2015 comes to a close and we peer into 2016, the prognosis for CEM is quite positive, despite the rethinking of projects and resets for initiatives going ahead. Experience is the best teacher and often that is what's required for getting projects on track. By collaborating internally and networking with peers in other organizations, it's possible to pick up many lessons learned and move toward a more successful future.

Notes

1. The term "Customer Event Management" or CEM was coined by SAP in 1999. Since then the term has morphed into many meanings. For example, over the past 3-4 years, some organizations began referring to "CXM", which is more focused on marketing, than other areas of the organization. Digital Clarity Group has a more holistic view of CEM that is more in line with the original term proposed in 1999. For an overview of Digital Clarity Group's perspective on CEM and the core competencies needed for CEM, see "The CEM Imperative: Customer Experience in the Age of the Empowered Consumer," Tim Walters, http://www.digitalclaritygroup.com/the-cem-imperative-customer-experience-in-the-age-of-the-empowered-consumer/ and "Are You Ready For Customer Experience Management?" Jill Finger-Gibson, http://www.digitalclaritygroup.com/are-you-ready-for-customer-experience-management/

2. See "Five Crucial Lessons Learned in Content Management System Selections," Connie Moore, http://www.digitalclaritygroup.com/five-crucial-lessons-learned-in-content-management-system-selections/ and "Content Management Systems: You Definitely Don't Want to be in This 40%," Connie Moore, http://www.digitalclaritygroup.com/content-management-systems-failures/

3. Prosci provides training and certification in change management, based on the ADKAR goal-oriented change management model. The five parts of ADKAR are awareness, desire, knowledge, ability and reinforcement. http://www.prosci.com/

4. See a description of the IAB Tech Lab's L.E.A.N. Ads program, which stands for Light, Encrypted, Ad choice supported, Non-invasive ads. http://www.iab.com/news/lean/

5. For a description of content marketing trends, see "A Fresh Business Case for Content Marketing by Brands," John Bell. http://johnbell.typepad.com/weblog/2015/11/a-fresh-business-case-for-content-marketing-by-brands.html

6. Service providers are essential for delivering successful CEM projects. Even the largest vendors, like IBM and SAP, that have their own professional services staff still rely heavily on service providers to help with implementations. It's important for buyers to partner with a qualified service provider, as well as the vendor, in order to keep projects on track.

7. For a comprehensive recommendations for understanding and managing vendors, see Chapter 10, "Understanding and Managing Vendors." http://www.ism-journal.com/ITToday/AU1932_C10.pdf

About Digital Clarity Group.

Digital Clarity Group is a research-based advisory firm focused on the content, technologies, and practices that drive world-class customer experience. Global organizations depend on our insight, reports, and consulting services to help them turn digital disruption into digital advantage. As analysts, we cover the customer experience management (CEM) footprint — those organizational capabilities and competencies that impact the experience delivered to customers and prospects. In our view, the CEM footprint overlays content management, marketing automation, e-commerce, social media management, collaboration, customer relationship management, localization, business process management, analytics, and search. As consultants, we believe that education and advice leading to successful CEM is only possible by actively engaging with all participants in the CEM solutions ecosystem. In keeping with this philosophy, we work with enterprise adopters of CEM solutions, technology vendors that develop and market CEM systems and tools, and service providers who implement solutions, including systems integrators and digital agencies. For more information about DCG, visit www.digitalclaritygroup.com or email info@digitalclaritygroup.com.

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