Technology and the CMO in a Digital Era

A point of view prepared by IBM and SAP

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A Perfect Storm
Digital disruption changes everything

As technology has progressed companies have always taken advantage of it to evolve how they engage with their customers. But today, something different, more fundamental is happening. How shoppers and buyers want to interact and transact with companies is changing dramatically, driven by the fusion of physical and digital channels.

This shift is being driven by a perfect storm of new technologies – cloud computing, mobile, Big Data, social media, and cognitive computing – technologies that are disrupting how industries operate and how businesses, purchasers, and customers transact and interact, buy and sell, and market and use information.

In turn, this is placing new expectations on the role of chief marketing officers (CMOs), causing them to assess how they can embrace this digital disruption to drive their business forward and engage more profitably with customers.

In this interactive document, we present the key results from the IBM Institute for Business Value's recent report "Redefining Markets: Insights from the Global C-suite Study – The CMO perspective," and examine how IBM and SAP can help CMOs meet the challenges of marketing in a digital world.

Learn more

Listen to Maggie Chan Jones, chief marketing officer at SAP, share her views on the new role and expectations placed on the CMO.

4 in 5 Companies surveyed are implementing initiatives like mobile, Internet of Things, or location services by 2017

Key Results
IBM CMO study

IBM's latest CMO study, published in February 2016, examines what senior executives believe the future holds: how they're positioning their organizations to prosper in the "age of disruption," and how technology helps them address the challenges and deliver the vision and business outcomes they want.

Technology changes the game
Companies are at a turning point. CMOs see technology as a game changer, with cloud computing, mobile solutions, and the Internet of Things (IoT) poised to have a massive impact on their organizations and provide a host of new opportunities.

Convergence intensifies competition
However, these same technologies are also intensifying competition. CMOs recognize that new business models are collapsing traditional boundaries, and that these new models are resulting in new competitors emerging. Convergence is the single biggest change transforming the business arena.

Tech transformers: CMOs think three technologies will have a huge impact on their firms

Click to enlarge ▶
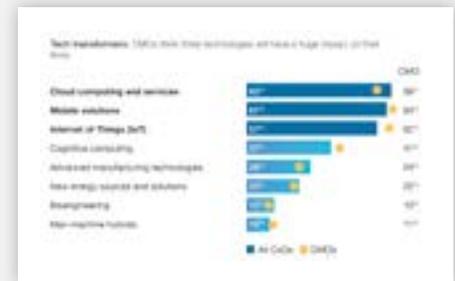
Source: IBM Institute for Business Value, "Redefining Markets: Insights from the Global C-suite Study – The CMO perspective," 2016.

67%   Of respondents anticipate much more convergence in the next few years

Source: IBM Institute for Business Value, "Redefining Markets: Insights from the Global C-suite Study – The CMO perspective," 2016.

"Despite Marketing's desire to deliver an exciting, omnichannel and ever-available experience, there are key gaps. Only 20% of companies have a comprehensive view of engagements and touch points across stages of the customer lifecycle."

Source: CMO Council, "Mastering Adaptive Customer Engagements," 2014.

Customer-centricity is key

CMOs recognize they need to put the customer at the center of everything they do. As the emphasis on the total, integrated customer relationship continues to intensify, CMOs are responding accordingly.

Two-thirds of the CMO study respondents regard developing deeper, richer customer experiences as their top marketing priority. As one CMO in the IBM study put it: "The CMO has become the custodian of the customer experience, not just the head of the 'arts and crafts' department."

Data drives differentiation

CMOs are acutely aware that creating captivating experiences requires considerable digital acumen.

As mass-marketing strategies decrease in popularity and effectiveness, the move to a more individualized, digitalized engagement is on the increase. Businesses require detailed, real-time insights so they can market to customers at an individual level in order to remain competitive and relevant.

CMOs increasingly want to use data to support their marketing function and, although they say they've made headway when it comes to dealing with the data explosion, this is still the issue that causes them the most headaches.

69% Of CMOs already use predictive analytics

45% Of CMOs already use prescriptive analytics

Source: IBM Institute for Business Value, "Redefining Markets: Insights from the Global C-suite Study – The CMO perspective," 2016.

How IBM and SAP Help

As the CMO study reveals, CMOs are striving to exploit the opportunities the digital economy brings. But they are facing a number of challenges: the proliferation of so many new digital technologies, disruption caused by new competitors, and the struggle to reap the benefits of Big Data.

Working together, IBM and SAP provide the advice, solutions, and support CMOs need to be successful in this digital era. The breadth of IBM's services combined with the depth of SAP's offerings enable CMOs to transform how they go to market and engage customers.

Embracing digital technology
IBM and SAP are both leaders in delivering the technologies that are driving digital disruption.

Delivering the promise of cloud
At IBM and SAP, we see more and more applications being delivered in the cloud. SAP is a top vendor in cloud computing, offering its customers the choice of on-premise, cloud, and hybrid solutions. Together, we enable digital transformation by delivering the best technologies to accelerate business growth in the digital age.

Creating a first-class mobile experience
Mobile technology offers value to CMOs by providing a personal channel to their customers. But they need to make sure that they provide a first-class user experience.

SAP has a mobile-first strategy for all its solution portfolios, while IBM has world-class expertise in the areas of user experience and design thinking. IBM Interactive Experience (IBMiX) applies creative design to digital, commerce, mobile, and wearable platforms. In addition, Apple and IBM are working together to bring iPhone, iPad, and IBM MobileFirst for iOS apps to enterprises around the world.

Mastering Big Data and analytics

The SAP HANA® platform has changed the game for analytics, and it is SAP's intrinsic product strategy. SAP HANA enables analytics applications and business processes to run faster and smarter. And it simplifies data infrastructures to accelerate the pace of innovation.

Using the SAP HANA platform, IBM and SAP help companies:

- Increase intelligence by using advanced predictive analytics to deliver deeper insight into the past, present, and future
- Design and deploy intuitive applications that deliver the right information at the right time to business users
- Access large volumes of data from a variety of sources in real time to unlock insights never seen before
- Discover key customer groups and segments, and accurately identify microsegments on the fly at high query speeds

Unleashing cognitive computing

Cognitive computing is another emerging technology that can provide key insights and drive business value. The IBM Watson technology platform is at its leading edge.

Using natural language to communicate with people, IBM Watson eliminates the need for users to know complex coding and have specialized IT expertise. As a result, it enables CMOs and their teams to rapidly understand and extend the insights they gain from massive volumes and diverse types of internal and external data.

Learn more

Discover the power of cognitive computing.

Visit the Web site ▶

Learn how cognitive computing helps one company match customers with the right products.

Responding to the challenges of convergence

To stave off potential attacks from new market entrants, CMOs must be able to develop, test, promote, and scale new business, revenue, and value chain models.

IBM helps companies address these needs through digital reinvention services, grounded in deep industry expertise and coupled with a broad set of digital capabilities that offer companies a holistic blueprint for change.

To explore the possibilities of digitalization, IBM has partnered with SAP to offer digital transformation programs. These help companies accelerate their path toward reinvention through new customer engagements models.

Anchoring these programs are SAP® Hybris® solutions, which provide CMOs with the ability to transform how they engage with customers, innovate how they conduct business, and simplify their technology landscape.

With SAP Hybris solutions, organizations can:
- Deliver relevant, contextual experiences across all of their customer touch points in real time – from a marketing touch to a commerce interaction, from the contact center to a sales meeting
- Combine disparate customer information into a single consolidated view and use advanced analytics to understand real-time customer intents and needs
- React quickly to market opportunities before they disappear
- Increase transparency and collaboration to share insights and crowd-source best practices, and make the best decisions

Digital from the ground up

In addition, we see many opportunities for organizations to drive digital transformation beyond the traditional models. Some of the exciting opportunities we see emerging in the future include:
- Employing sensor-based data, collected from the IoT, to trigger the replenishment of ongoing supplies, the automatic dispatching of service technicians, and more
- Using connected motor vehicles to drive new and different forms of commerce and enable smart, real-time transactions
- Combining SAP Hybris solutions with the real-time analysis and decision-making power of cognitive computing.

Learn more

Find the hidden value in the IoT, and see how you can turn data into revenue.

Discover more about digital reinvention from IBM.

Visit the Web site ▸

Delivering personal customer experiences

Customers today choose their buying journey, the steps they want to take, and the channels they want to use. So delivering a seamless experience is essential. But more than that, CMOs must look at how they can shape behavior and proactively help customers on their chosen buying path.

IBM helps companies tackle this challenge through its experience design services. These services help companies uncover what their customers need and where additional value can be created through new customer journeys. These journeys define new ways of engaging customers beyond digital screens to shape every stage of the relationship.

SAP Hybris solutions enable realization of these customer journeys, bringing them to life across all stages of the lifecycle. These intelligent, agile solutions, built for the digital age, empower a business to take control of its digital transformation journey and anticipate their customers' real-time intent in order to deliver the best experiences across the entire customer journey.

SAP Hybris Marketing

The SAP Hybris Marketing solution goes beyond traditional marketing, helping companies understand the full context of customer activities and deliver highly individualized messages and experiences that not only drive new demand, but also build loyal customer advocates over time.

SAP Hybris Commerce

The SAP Hybris Commerce solution is feature-rich, yet agile software that enables CMOs to improve conversion of demand into revenue. Coupled with other SAP software, it enables a 360-degree relationship with customers that delivers personal experiences, improves engagement, accelerates sales processes, and increases customer satisfaction.

SAP Hybris Cloud for Customer

The SAP Hybris Cloud for Customer solution helps companies engage their customers in more meaningful ways. This cloud solution brings together marketing, sales, commerce, customer service, and social CRM, helping teams form powerful, personal connections that drive customer engagement across all channels.

SAP Hybris Billing

The SAP Hybris Billing solution connects the front office with product and services monetization, offering a consistent, enhanced customer experience across all channels and touch points. It offers a complete subscription solution for selling, solution bundling, monetization, billing, and customer self-care. SAP Hybris Billing offers context and predictive pricing, with rich customer profiles based on real-time tracking of usage, billing, and payment behavior.

Learn more

See how SAP Hybris solutions can dramatically change the shopping experience.

Harnessing the power of analytics

CMOs see real-time, data-driven insights as a key factor in shaping future go-to-market plans and customer experiences.

IBM leverages the entire suite of SAP Hybris solutions to harvest key data from each stage of the customer lifecycle, enabling companies to holistically see what's going on across their entire engagement model. Accessing the key data helps provide strategic insights into total customer value, issues affecting business performance, and more. It also opens the door to cognitive learning, to continually improve performance.

With these capabilities, IBM adds to the strong analytic functionality in SAP Hybris solutions, including embedded tools that report the results of marketing campaigns, offer acceptances, sales conversions, and more.

With IBM and SAP Hybris solutions, organizations can do the following.

Capture relevant information from multiple sources into a single consolidated view. Then enrich it to identify the real-time intentions of customers and provide real-time insights about known as well as unknown customers.

Use a high-performance customer segmentation tool with sophisticated visualization and exploration capabilities to slice and dice data on the fly. An intuitive user interface offers a rich set of targeting options to easily build complex segmentation trees with real-time counting.

Utilize context-relevant, smart recommendations based on previous purchasing behavior in real time. Self-learning models optimize the recommendations to deliver next-best offers, increasing conversion rates and average sales order size with cross-selling and up-selling opportunities.

Exploit predictive analytics to generate scores for buying and lead propensities, sentiments, lifetime values, and more. With SAP Hybris solutions, you can optimize, publish, and maintain models to accurately target and personalize content.

Understand marketing performance in one view by using a management dashboard that shows all relevant marketing KPIs across the organization. Quickly identify opportunities and drill down to discover key insights about segments, products, channels, budgets, campaigns, and assets.

"We need to become math men not mad men and rely on analytics rather than gut feel."

Source: IBM Institute for Business Value, "Redefining Markets: Insights from the Global C-suite Study – The CMO perspective," 2016.

Next Steps

Digitalization is driving huge transformation across all industries and radically changing how customers want to interact, transact, and communicate with companies.

CMOs are acutely aware of the changes taking place. They understand that they must embrace digital disruption to drive their companies forward and ensure their future success. The question for them is not whether to move, but the best way to go about it.

Working together, IBM and SAP combine their experience, solutions, and expertise to help you create and execute a road map that transforms your organization, so you can take full advantage of the digital era.

Contact us

For further information about how we can help you please visit:
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