

IDC PERSPECTIVE

IBM iX's "North Star" and Guiding Principle is Enterprise Experience

Gerry Brown

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: IBM iX's "North Star" and Guiding Principle is Enterprise Experience

This IDC Perspective discusses IBM Interactive Experience (iX). IBM iX has much to offer enterprises wishing to place customer experience (CX) at the center of their businesses. It offers digital strategy advisory services and innovation centers that act as catalysts for full-scale digital deployments, including workflows and processes, application platform deployment, and scaled cloud application innovations. IBM will take full responsibility and ownership for the complete end-to-end digital experience solution.

Key Takeaways

- IBM iX is a leader in digital strategy and design services that seeks to drive client engagements from the perspective of the desired experiences rather than technology capabilities.
- IBM iX's key differentiator is that it can leverage the might of IBM's global reach and in-depth technical competencies to deliver tailored enterprise digital innovation solutions at scale globally.
- There is a hunger from enterprises to become "smarter" using technologies such as artificial intelligence (AI) and analytics as a conduit. IBM iX's embrace of cognitive computing and IBM's position as a pioneer in AI through IBM Watson will be attractive to these companies.

Recommended Actions

- Large enterprises should consider IBM iX as a potential "strategic business design partner" that can provide all the necessary skills and capabilities to deliver experience-led digital solutions.
- Smaller companies might be better advised to consider local design companies that are more affordable and for whom IBM's services might be "a sledgehammer to crack a nut."
- All company sizes are recommended to prioritize "experience" as a core operating mantra, as competitive differentiation shifts inevitably and rapidly from product and price to CX.

Source: IDC, 2020

SITUATION OVERVIEW

IBM iX is Part of IBM's Global Business Services Organization

IBM iX employs 17,000 staff and is one of nine service lines within IBM's Global Business Services (GBS) organization. The \$16.6 billion GBS organization provides global consulting, systems integration, application management, and business process outsourcing services. GBS is the "digital reinvention partner" for IBM clients, combining industry knowledge, functional expertise, and applications with business design for cognitive and cloud technologies. IBM iX operates within GBS' Consulting organization.

GBS' Consulting revenues grew by an estimated 3.7% in 2019 to \$8 billion and delivered profitable growth with year-over-year improvement in each quarter of 2019. IBM iX is a key factor for this and has itself grown sequentially over the past 16 quarters (four years). In eConsultancy's listing of the U.K.'s digital agencies, IBM iX grew revenues by 5% to £282 million in 2019, in second position after Accenture and well ahead of its immediate rivals Atos, Capgemini, and Cognizant.

It will surprise some that IBM is a leader in digital strategy and design services. These capabilities are not normally associated with IBM's core services competencies of systems integration and technical consulting. In fact, IBM iX is central to the IBM GBS Consulting proposition of "bringing to market solutions that help clients shape their digital blueprints and customer experiences, define their cognitive operating models, and unlock the potential in all data to improve decision making." IBM iX is perhaps a hidden jewel within the IBM organization.

IBM iX and Experience

IBM iX operates from 60 global design centers across six continents that deliver IBM "Garage" experiences for clients. Of these 60 centers, 23 are in European cities. Garages are "programs" and not physical spaces. A Garage is a way of working that can materialize in a physical space at a client location (pre-COVID-19), in shared spaces such as WeWork, or 100% virtually (post-COVID-19). As such, there are hundreds of Garages in progress. In response to COVID-19, Garages went from a physical/virtual mix to a 100% virtual operating model overnight.

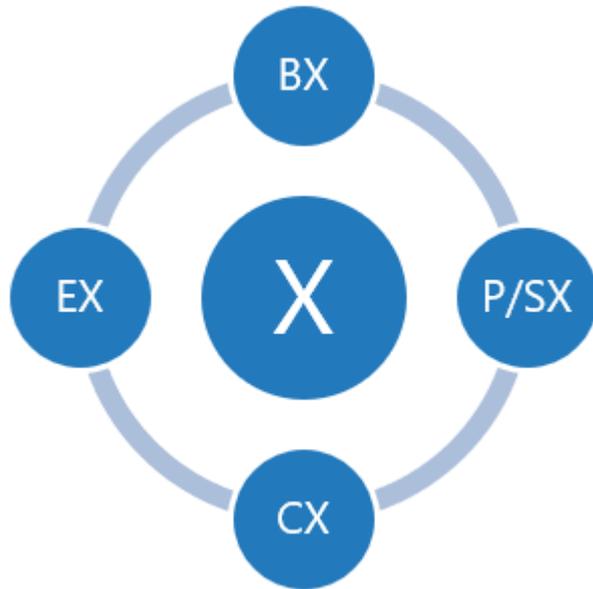
IBM iX claims that it works at the intersection of strategy, creativity, and technology to help clients digitally reinvent their businesses. Clients partner with IBM iX to define strategy, create exceptional experiences, and build business by design. IBM iX helps clients implement their business strategies using technology through its six core operating practices: Customer Engagement and Design, Mobile, Digital Commerce, Marketing Platforms, CRM/Salesforce, and Digital Strategy.

Customer experience is the driving force behind IBM iX's services portfolio and go-to-market model. IBM iX believes clients should have a "CX North Star," that is, have CX excellence as their vision for the future enterprise experience. IBM iX's Customer Engagement and Design (CE&D) team helps align brand vision to enterprise strategies, enables technology innovation for customers and employees, activates employee experience (EX) to deliver CX, and extends CX into ecosystems. In IBM iX's view, customer centricity and empathy need to be prioritized across the enterprise for sustainable CX improvements. This strategy has strong synergies with IDC's own Future of Customers and Consumers (FoCC) framework model.

IBM iX's brand name personifies its holistic view of experience as an all-encompassing mantra that goes further than CX alone. IBM drops the "C" in "CX" to amplify the concept of holistic omni-experiences across customers, employees, and business partners. Figure 2 shows IBM iX's operating principles: brand experience (BX), product/service experience (P/SX), CX, and EX. CX and EX are the main business outcomes that IBM iX delivers in "experience-led transformations" driven by client purpose and intent, business values, skills, and ways of working.

FIGURE 2

IBM iX's Operating Principles

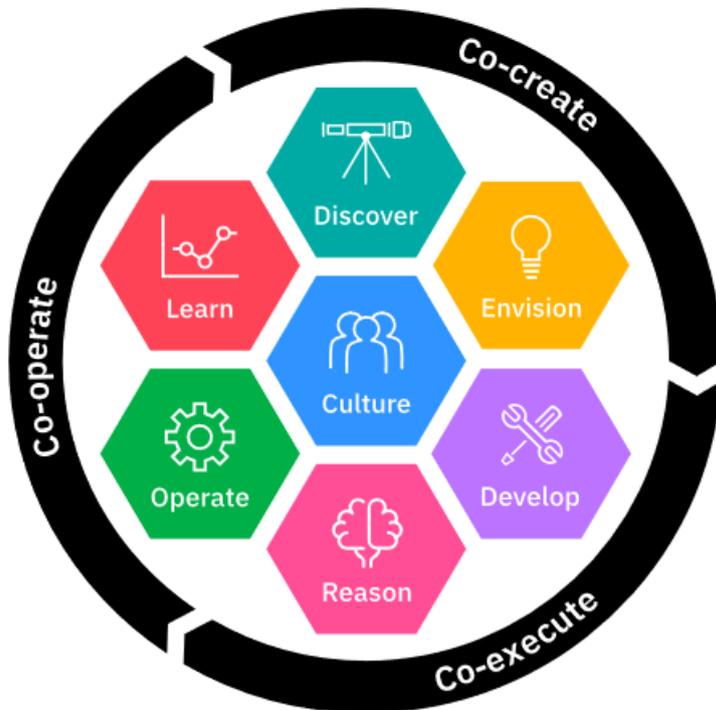


Source: IDC, 2020

IBM iX believes its clients should create a culture of customer-centricity by embracing enterprise agility, adopting human-centered design practices, and encouraging curiosity and digital innovation through employee empowerment. IBM iX's positions itself as an enabler by helping clients to audit their current experience and helps clients gain a fast start to digital transformation and CX innovation enablement through participation in an immersive Garage approach.

FIGURE 3

IBM iX's "Garage" Methodology



Source: IBM, 2020

Garage is a methodology around innovation (providing "innovation as a service") and transformation (for implementation speed and scaling). The Garage is where cross-functional teams come together with strategic partners and start-ups to co-create and envision the future, co-execute to build out and scale up, and co-operate to iterate and continuously improve using new business platforms and intelligent workflows. Garage experiences work well with five pre-conditions – the right intent, the right people, applied technology, agile processes, and innovation-inducing locations, whether physical or virtual.

During an IBM Garage experience, clients work with a team of technical experts to define, design, and build out a product or app that solves a business problem in the cloud. Using a design-led approach, the Garage becomes a test bed for iterations and developments. First, the business problem needs to be defined. At an enterprise workshop, enterprise design thinking is used to identify a use case and target users, define the business hypothesis, and create a minimum viable product (MVP). This is a highly collaborative project that is co-created, co-executed, and co-operated by IBM and its client – client ownership of the problem and the solution is key for skills transfer and sustainable development.

IBM iX claims that these apps are living products and services that the client owns and can be developed and iterated continuously. The combined team discovers the problem, envisions the solution, develops the prototype, applies AI techniques in the design (Reason), operates, learns, and seeds a high-performance innovation culture for the client. IBM iX provides an infinite loop for MVPs. IBM iX co-locates clients at an IBM Garage, IBM Studio, client site, or virtually; and then recreates the models and pilots the app solution in the client's own work environment.

What Makes IBM iX Different from Other Design Agencies?

The Garage processes described above are not necessarily unique to IBM. Many design agencies and services providers offer similar services. However, IBM has several assets that are difficult, if not impossible, for other design agencies and services providers to replicate.

Size, Power, and Reach of the Whole IBM Organization

IBM is a full-service hybrid digital agency and consultancy and acts as a one-stop shop for digital transformation. IBM is skilled at taking the prime contract role and taking responsibility and ownership for managing business change on behalf of clients. IBM iX can leverage the power of IBM's vast global resources to deliver end-to-end business transformation solutions for clients. In a sense, IBM iX is the tip of the spear – the creative entry point for clients to engage with the wider IBM organization. IBM iX is backed by a globally integrated delivery network sourced from across IBM's technologies, solutions, and services, including IBM Research and IBM's Global Technology Services (GTS).

Most senior executives now want more than tactical innovation – they want to industrialize and scale digital and digital innovation across the enterprise on a global basis. Executives want to avoid "random acts of digital" and "agile chaos" that create islands of innovation and want to embrace "purposeful agility" at scale. This is where IBM resources can be leveraged to the full. IBM is a good choice for enterprises when digital transformation requires some "heavy lifting," such as complex integrations with legacy systems and local tailored implementations across many geographies. IBM can deliver digital strategy and scale the execution globally. This capability also goes beyond pure implementation – IBM can provide scale and reach to deliver the complete package of change management, education, and training across a client's global business.

Strategic Multivendor Relationships

In many areas such as using Salesforce and Adobe applications, IBM has a depth and breadth of resources beyond the capabilities of most design agencies. This capability can help IBM clients to unlock the power of a client's existing platforms, which are often underutilized and not optimized for job of work in hand.

For example, IBM acquired leading Salesforce implementer Bluewolf, which provides IBM with deep Salesforce expertise, especially for Field Service Lightning. IBM iX is platform agnostic, having divested its CX software assets to Acoustic and HCL so that it can concentrate on service delivery without the potential for a conflict of vested supplier interests.

However, IBM can still call on its strategic relationships with other large vendors to provide depth of specialist resource. For example, mobility is a big aspect of digital transformation, and IBM can leverage its strong relationships with Apple and Samsung to assist client implementations. IBM also has a well-established partnership with SAP and addresses the telecommunications and media markets jointly with SAP. Other strategic partners include Acquia, Sitecore, and Acoustic.

IBM iX EMEA was recently recognized as an Adobe Digital Experience Delivery Quality Partner of the Year. Adobe praised IBM iX's "continued investment in certification and specialization to deliver deep Adobe solution expertise to all major market sectors in EMEA." Adobe and IBM iX have extended their global partnership to incorporate Adobe XD, Adobe's experience design platform. Adobe and IBM iX's joint offering enables the implementation and customization of IBM's open source Carbon design system, which is built in Adobe XD.

IBM as the Originator of "The Cognitive Enterprise"

The enablement of the "cognitive enterprise" is a big part of IBM iX's differentiation. IBM iX leverages IBM's deep analytics experience and IBM Watson capabilities to deliver enterprise experience combined with humanity, business platforms, and intelligent workflows.

Cognitive systems and machine learning technology need to be integral to digital transformation rather than be considered an add-on for cloud implementations. IBM iX assists clients on their journeys to becoming cognitive enterprises, helping them build business platform strategies and experiences; transforming processes into intelligent workflows using AI; and building hybrid, open cloud infrastructures.

IBM has the most experience and deepest base of research related to building and implementing cognitive systems of any supplier. Hence, IBM iX is a logical business design partner for clients wishing to become a cognitive (intelligent) enterprises.

Complete Industry Sector Solutions

CX is very different for different industries, which vary in adoption patterns, operating models, legacy suppliers and more. IBM iX caters for these nuances, offering specialist industry support for financial services, the public sector, communications, distribution, and industrial verticals and many industry subsegments. Industry-specific use cases drive its engagements with clients. IBM iX brings together design, industry-specific expertise, and a broad technology portfolio to help clients manage digital reinvention.

ADVICE FOR THE TECHNOLOGY BUYER

IBM iX places CX at the heart of its value proposition. This is an important differentiator in its own right – most of its direct competitors place CX as a single-line item within their services portfolios. IDC research shows that CX is now a key business outcome desired by enterprise IT buyers that drives technology acquisition and services provision. CX is not a bolt-on service, and IBM is right to recognize this. IBM is also right to recognize that experience goes beyond the direct customer experience and pervades all aspects of the modern enterprise.

IBM iX may not have the purist design image of some of its peers, but its holistic offering and technology competencies and capabilities make it an attractive and low-risk choice for enterprise business decision makers, including the CEO, CIO, CDO, and the COO. Global enterprises seeking a scalable digital business services capability should include IBM iX on their shortlists. This is what undoubtedly appealed to existing European-based IBM iX clients, which include BP, Lloyds Bank, and Crédit Mutuel.

LEARN MORE

Related Research

- *IT Suppliers, COVID-19, and CX: Use Empathy to Help Clients Rebalance Their CX* (IDC #EUR246172220, April 2020)
- *The Future of the Customer and Consumer: The Enterprise Perspective* (IDC #EUR146229920, April 2020)
- *The Role of Trust in Customer Experience: Findings from the IT Buyer Experience Survey, 2019* (IDC #US45544919, September 2019)

Synopsis

This IDC Perspective discusses IBM iX and its focus on experiences to deliver empathy, experience, and impact in its enterprise digital engagements. IBM iX provides digital strategy advisory services and digital innovation services through its digital studios for project-based work utilizing the "Garage" innovation methodology. These provide the spark and catalyst for wider services and technology engagements with IBM.

"Enterprise experience is the core driver that underpins all of IBM iX's business, technology advice, and deployment services," said Gerry Brown, research director, IDC European CX. "IBM iX's CX 'North Star' approach contrasts many of its services competitors, for whom CX is a checklist item fighting for its place in a list of technology service areas. Enterprise buyers with a complementary attitude to IBM regarding the precedence of CX in enterprise business priorities should certainly consider engaging IBM iX's services."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

IDC U.K.

IDC UK
5th Floor, Ealing Cross,
85 Uxbridge Road
London
W5 5TH, United Kingdom
44.208.987.7100
Twitter: @IDC
idc-community.com
www.idc.com

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights.

Copyright 2020 IDC. Reproduction is forbidden unless authorized. All rights reserved.

