Built For Change Perspectives

How Smarter Businesses Transform in an Uncertain World

This is a summary of the full report on business transformation.
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The global disruptions of 2020 are accelerating investments in business transformation and creating a mandate to be agile and resilient. Bloomberg Media Studios and IBM spoke to business leaders, analysts and technology experts across industries to better understand what it means for smarter businesses to manage transformation. We sought to understand how to balance creating a vision for lasting, end-to-end change with executing timely changes that address immediate needs and drive material outcomes.

Today, companies worldwide realize that true transformation—making strategic, fundamental changes to an organization's operations to increase effectiveness and realize significant gains in value—requires the proper alignment of business decision-making, operations and data. It must fully leverage advanced analytics, enabled by hybrid cloud, AI, automation, IoT, intelligent supply chain and more.

The goal is to anticipate and respond to sudden disruptions, changing customer needs and pivotal market opportunities in real time and continuously. Often, these business transformations take the form of digital transformations, which integrate digital technology into all viable operations.

Amidst the overwhelming corporate focus on the pandemic in 2020 and into 2021, digital transformations have remained top-of-mind for CEOs, and often become even more urgent. *[Figure 1]*

"We have to recognize that the reality for the foreseeable future is that we are going to be

Mark Foster,
Senior Vice President,
IBM Services

navigating a patchwork world of dynamic and changing signals," says Mark Foster, Senior Vice President, IBM Services, which has partnered with Anheuser-Busch, Carrefour, Frito-Lay, Lufthansa, T-Mobile, NatWest and other large, global organizations to drive their business and digital transformations.

"The core response that an organization should have to this world is to make their workflows as intelligent as possible. By making them intelligent—that is, by applying technology strategically to solve for the most important opportunities and challenges—you also make those workflows more resilient and ready to face this patchwork world we're living in," Foster says.

Enterprise leaders who have successfully been through business transformations say two principles guide the effort: Work backwards from the ideal customer experience, and make sure your strategy takes a truly holistic view of your entire operation.

Michael Lindsey,
Chief Transformation
& Strategy Officer,
Frito-Lay North America &
Quaker North America

"We started by asking: Who is the end consumer, and how do we develop as close a relationship with them as possible?" says Michael Lindsey, Chief Transformation & Strategy Officer, Frito-Lay North America and Quaker North America.

He found that "it's absolutely key to any transformation to have your data fabric, intelligence and processes connected truly end-to-end. Unless you have a fully integrated team working in an agile way, you just don't get the type of insights, data and process flow you need to truly delight your end consumer." Lindsey notes that, among other capabilities, business transformation increased Frito-Lay's ability to address small segments of their markets by anticipating consumer behavior down to the ZIP code level.

Digital Transformation Remains Top-of-Mind

Earnings calls of U.S. public companies on which "digital transformation" was mentioned.

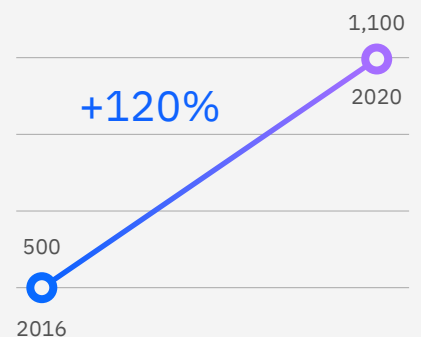**+120%**

1,100
2020

500

2016

Figure 1

Source: Bloomberg. Data through 8/15 of each year.

Transformation Takeaways

When you align decision-making, operations and data, as well as strategically leverage technology and human-centric solutions to create more effective outcomes throughout your enterprise, the following three achievement areas will yield the greatest value and impact for your customers, employees and business partners.

1 Build intelligent workflows to move from siloed, static processes to integrated, agile operations

Too many business workflows are static processes that are siloed, inefficient, costly and opaque. Intelligent workflows, on the contrary, are dynamic, end-to-end processes that are integrated, automated, agile, transparent and human-focused.

By reimagining work as a fluid, connected experience across the enterprise, intelligent workflows enable employees and processes to work at the optimal intersection of skills, data and technology. Intelligent workflows are built on hybrid cloud foundations and use AI, enterprise-wide data and automation technologies to infuse real-time insights into all phases of processes, delivering positive outcomes for the organization, employees, business partners and especially customers. And importantly, these workflows add the agility, efficiency and resilience needed to adapt to both sudden and evolving changes.

Dominique Dubois,
Partner, Strategy & Offerings, IBM Services

Intelligent workflows are not just about optimizing existing operations, but also about making the organization nimble enough to seize new opportunities. This only happens through better insights and greater operational savings, which can both be applied to meet the needs of today and tomorrow. "If a business is not running on digitized intelligent workflows, the ability to be flexible is hugely limited, as

is the ability to generate cash flow from real-time opportunities," says Dominique Dubois, Partner, Strategy & Offerings, IBM Services.

A core tenet of an intelligent workflow is to automate work wherever it will reduce errors, decrease costs, increase productivity or improve the human experience. Too many business leaders view automation only as a means to increase efficiency, overlooking the fact that intelligent automation can be a competitive asset for growth.

2 Create customer experiences that deliver personalized value and build lasting relationships

Interviewees agreed that, ultimately, change initiatives at all levels must translate into better outcomes for customers. Across industries, the best practices of customer experience are increasingly built upon intelligent workflows. Smarter businesses are using integrated analytics to improve every customer touchpoint by creating frictionless experiences. They are leveraging the latest customer platforms, business applications and AI-infused insights to gain a full view of the customer, paired with real-time engagement capabilities.

In the last few years, technology has evolved in a manner that allows businesses to take personalization to levels that were previously impossible. This is causing an acceleration of hyper-personalization in customer experience to create the long-coveted "market of one." This technological evolution comes at a critical time, as customer service inquiries have increased by 16% over pre-pandemic levels. *[Figure 2]*
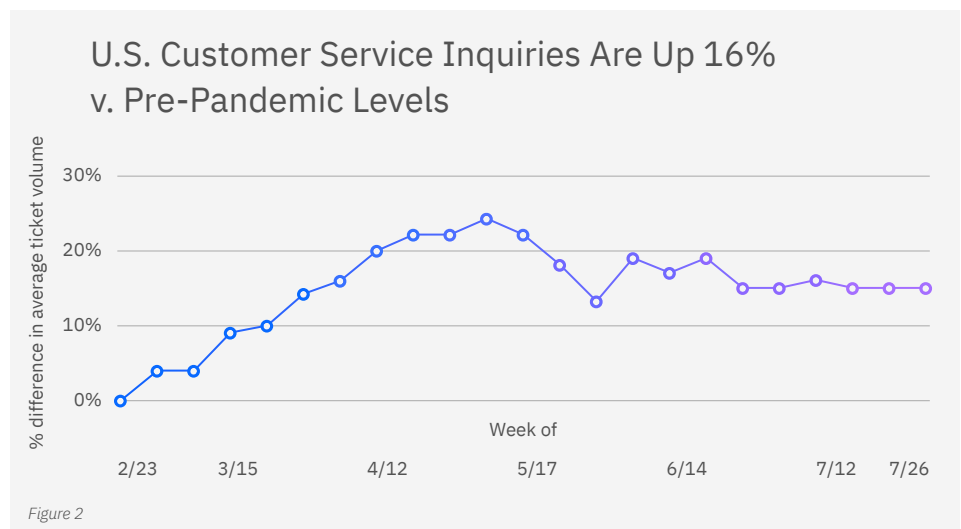
U.S. Customer Service Inquiries Are Up 16% v. Pre-Pandemic Levels

Figure 2

Source: Zendesk. Based on 10,000 companies that use Zendesk to power their customer support operations.

Alan Webber,
Program VP for Digital Strategy
& Customer Experience, IDC

"We're only now getting to the point where we have the technology to be truly empathetic with customers," says Alan Webber, Program VP for Digital Strategy and Customer Experience, IDC. "The key piece for companies is, how do you use technology to build empathy at scale with your customers? If you can be empathetic with them today, with the current disruption, they will still be your customer tomorrow."

3 Empower employees with a culture of continuous learning and upskilling

Working remotely may be the most visible change this year for workforces worldwide, but the pandemic has accelerated other transitions in how businesses hire, empower and foster collaboration among their people. "Two prominent shifts are hiring for skills versus role and upskilling employees rather than hiring new talent from the marketplace," says Amy Wright, Managing Partner, Talent & Transformation, IBM Services.

Amy Wright,
Managing Partner, Talent &
Transformation, IBM Services

Ultimately, smarter businesses view transformation as an opportunity to focus people on the highest-value work streams, and to design every process with a human-centric lens. This positions technology in a critical supporting role to enable human-led speed, innovation and customer care, at scale.

Building Smarter

Enterprises will look back at 2020 as a moment when they either seized opportunities born of crisis or naively hoped old ways of doing business would survive. Leaders realize that it's a critical time to meet people's evolving needs and give their customers exceptional experiences. Tapping the new capabilities of emerging and advancing technologies is essential to accomplish this imperative mission. To kick start the transformation journey, many companies found value in using innovation spaces that bring together multiple teams, fostering more agile collaboration at scale.

"Economic adversity has always led to innovation that transforms businesses and business models," says IBM's Foster. "This Covid-19 crisis has accelerated transformations. Every company should now realize that technology is fundamental in the way that the company interacts with its employees, its customers and its stakeholders."

How does your transformation measure up? Download your copy of the full smart paper.

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