



SIGNATURE RESEARCH

2022 BE DIGITAL RESEARCH

THE CASE FOR A DIGITAL AGILITY MODEL



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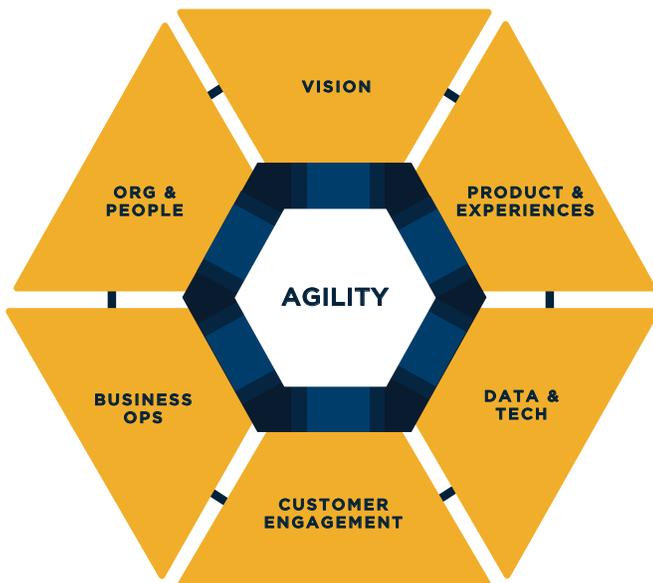
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5-MINUTE READ

Our new survey of 700 C-suite executives and 5,000 consumers finds that companies have set a compelling vision for a digital-first future and have made strides to build a more agile approach to product development, data-driven decision-making, people strategy, and the overall operating model.

But to achieve the transformational results they're looking for, there is still progress to be made in aligning with customer priorities and creating an organization of professionals with a true digital mindset.



On the precipice of another expected market shift, it's clear that - now more than ever - companies need to take action to realize a digital operating model and ensure agility across the organization.

- 1 **VISION**
53% say they're very effective at ensuring organizational alignment on digital vision
- 2 **PRODUCTS & EXPERIENCE**
75% say they are a product-focused organization, but they may need to reprioritize speed over perfection to meet customer demands
- 3 **DATA & TECH**
Nearly all companies give themselves a high grade for data maturity, however some still need to achieve quick wins, such as adopting cloud-based platforms
- 4 **CUSTOMER ENGAGEMENT**
49% say they're very effective at putting the consumer at the center of everything, but consumers reveal some misaligned priorities
- 5 **BUSINESS OPS**
47% are investing significantly to enable algorithmic decision-making, which can enable efficiency and agility
- 6 **ORG & PEOPLE**
Just 25% say their entire C-suite is accountable to the digital vision, and there's work ahead to build decentralized, digital teams

◆ CHAPTER 1

Introduction & Vision

More than half of organizations say they're very effectively aligned on digital vision. But what does this mean?

There are more than 5 billion recent search results for the term “digital.” What is digital? How do we do digital? How do we get buy in for digital transformation? The questions are countless, and prior to 2020, the answers were synonymous with all the wrong things: high costs, long-term strategy, and roadblocks.

We believe there’s a better way. That digital isn’t something you do; it’s something you are. A mindset, not a destination. Because the goal isn’t just great technology and a seamless customer experience – it’s agility. The acceptance that we can’t prepare for every outcome, but that we can be nimble enough to respond strategically to any challenge or opportunity, large or small.

That’s why we polled 700 C-suite executives across the financial services, healthcare, health insurance, manufacturing, retail, technology and utility industries, as well as 5,000 of their consumers. Our research benchmarks the path for organizations to a truly digital operating model and stress tests assumptions about where they are investing vs. what actually matters to their customers.

West Monroe’s 2022 Be Digital Research finds that organizations are well on their way to a digital future, but still have opportunities to further enhance their vision, products, data, and people strategies—as well as the operational processes that connect them.

While the C-suite believes they’ve built a compelling vision for a digital operating model, even the best ideas can fall flat in execution. When it comes to bringing the digital vision to life, executives point to a number of lingering challenges, from quality of and access to data, to competing priorities, to challenges around building a coalition and ushering forth change.

Looking ahead, organizations will be investing to tackle these roadblocks—by enhancing their customer experience, bolstering insight from data, and powering process and organizational improvement that will drive agility, in addition to top and bottom-line growth.

95%

say their organization is effective at having a **clear sense of how digital fuels growth**, 50% say very effective



92%

say their organization is effective at having a **digital-first mindset**, 47% say very effective

94%

say they’re effective at **ensuring organizational alignment on digital vision**, 52% say very effective



Top Roadblocks to Executing Digital Vision

Data Integrity & Insight	Resources	Uncertainty/ Disruption	Buy-In
32% quality of data	28% cost constraints	25% policy and/or regulatory uncertainty	21% change management
20% lack of customer insight	25% competing priorities	20% organizational disruption	16% lack of front line buy-in
17% siloeed teams	19% lack of talent	17% uncertainty over business continuity	16% lack of executive buy-in
16% siloeed data			

Top 3 Priorities for Growth



37%

Improved Customer Experience

35%

Enhanced Data Capabilities

32%

Increased Scalability Through Process Improvement

“

It's time to say goodbye to the idea of digital transformation as a box to check. Clark Kent can walk into a phone booth and come out as Superman - but unless you're a superhero, that kind of transformation is unrealistic. Organizations don't need superpowers to evolve. They just need agility. It starts with a digital mindset and translates across every decision and department within the organization.

MATT JOHNSON

Managing Director, Product Engineering & Experience Lab

◆ CHAPTER 2

Customer Experience

Most organizations know customer needs and experience are everything. But do their actions reflect customer priorities?

Customers have the power, and they intend to wield it. With headlines ratcheting up fears and complaints over higher price tags and strained supply chains, creating an exceptional experience is both harder and more important than ever.

The good news is that organizations know they need to orient their actions around what their customers want.

The bad news is they may be making some incorrect assumptions. For example, speed to market is more important than perfection, particularly in an environment where today's differentiators are tomorrow's table stakes.



92%

of organizations say they are effective at **putting the customer at the center of everything**



93%

say they are effective at **creating fluid, connected experiences** across digital and physical worlds, 48% say very effective

75%

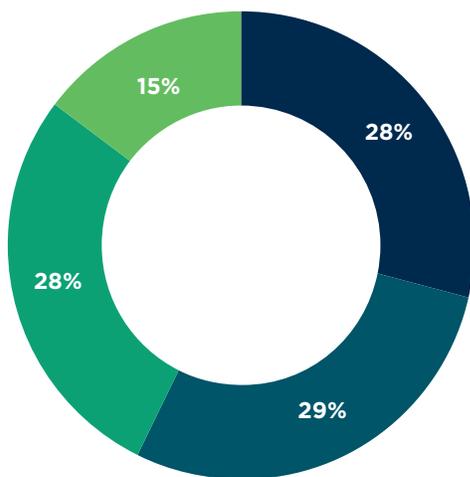
say they **invest heavily in the customer experience**



When asked what drives their product development process, 56% of companies say it's either an established or expected customer need. This is a preferred driver compared to the 15% of companies acting in response

to competitor moves, since this means they are already starting from behind and require a shift in approach to capture customer needs faster.

Top Drivers of Product Development



- Expected Customer Need
- Compliance or Regulatory Demands
- Established Customer Need
- Competitor Moves

75% say they are a product-focused organization



Companies are clearly investing to improve their products and experiences, but if they are focusing on features their customers don't care about, they are innovating in a vacuum. With consumer expectations and preferences constantly changing, the key is access to real-time data and insights.

CASEY FOSS

Chief Commercial Officer

MATCHMAKING CUSTOMER AND COMPANY PRIORITIES

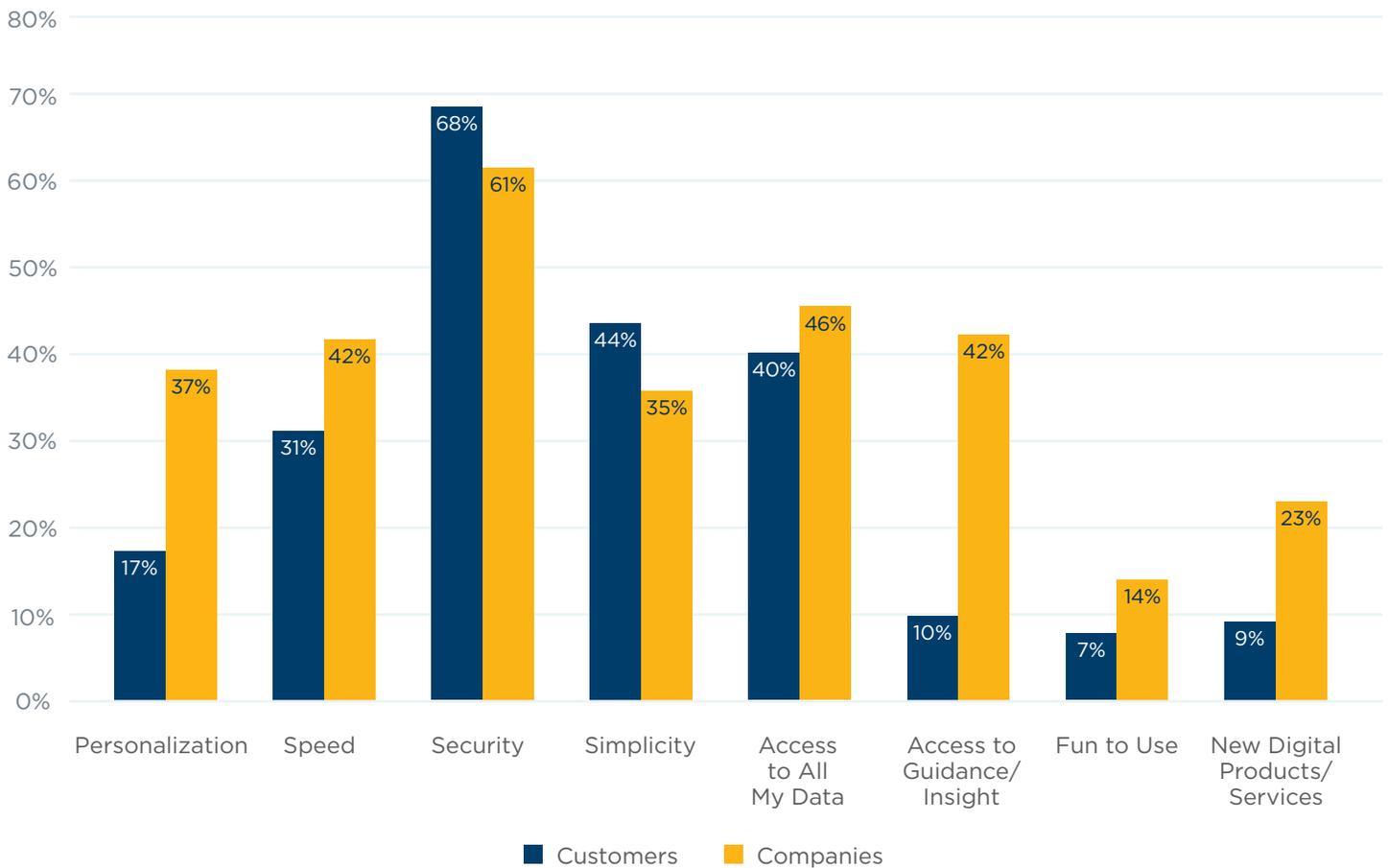
Nearly all companies are aiming decisions squarely at the bullseye of customer satisfaction—but a few of their arrows are off target.

When asked about their top customer experience priorities, companies point to security, providing access to data, and providing access to guidance as the most common priorities. But based on consumer responses to the same question, companies may need to adjust their investments.

While companies and consumers are pretty closely aligned on the importance of security, **consumers care much more about simplicity and much less about personalization, access to guidance, and new digital products and services than companies think they do.**

Every company wants to have enthusiastic customers—or even fans—but for companies in complex industries like healthcare, utilities and financial services, loyalty can be driven by simplicity and convenience more so than fun-to-use tools or unsolicited personalized guidance.

Customer vs. Company Top CX Priorities



Similarly, companies may not be giving themselves enough credit in some areas, and too much in others. Bank customers, for example, are more likely to report that interactions with their bank are “convenient and seamless” than banks are to self-report this being the case. Customers are also more confident that their data is secure and give companies more credit for adapting quickly after COVID-19.

However, more companies than customers say they update products and experiences regularly, and some grade themselves higher for overall customer service than their customers. Lack of alignment in understanding consumer needs and expectations makes clear that companies need better, faster customer feedback to inform priorities and areas of investment. Otherwise, they risk going all in a product feature that consumers will be indifferent towards at best.

	Companies Say:	Bank Customers Say:	Health Insurer Customers Say:	Health Provider Customers Say:	Utility Customers Say:
Update Products & Experiences Regularly	78%	63%	56%	59%	56%
Interactions with the Brand are Enjoyable	77%	81%	60%	76%	58%
Interactions with the Brand are Convenient and Seamless	74%	89%	69%	80%	73%
Adapted Quickly in Response to COVID-19	74%	89%	85%	91%	81%
Data is Secure	76%	90%	88%	89%	85%
“A” for Customer Experience	37%	50%	33%	45%	27%

Security: A Shared Priority

Consumers and companies are strongly aligned on at least one point: Security is top of mind. It's the top priority for customer experience cited by both groups and an established expectation for consumers across each industry.

However, there's a reason that executives may be less confident than consumers that their data is secure; they have a clear view into the consistently evolving threat of a security breach. From phishing attempts to human error, most organizations believe it is a question of when, not if, a breach will occur. While many consumers may have grown numb to requests to change their password or enable two-factor authentication, executives know that if their trust is broken, it is next to impossible to repair in a competitive market.

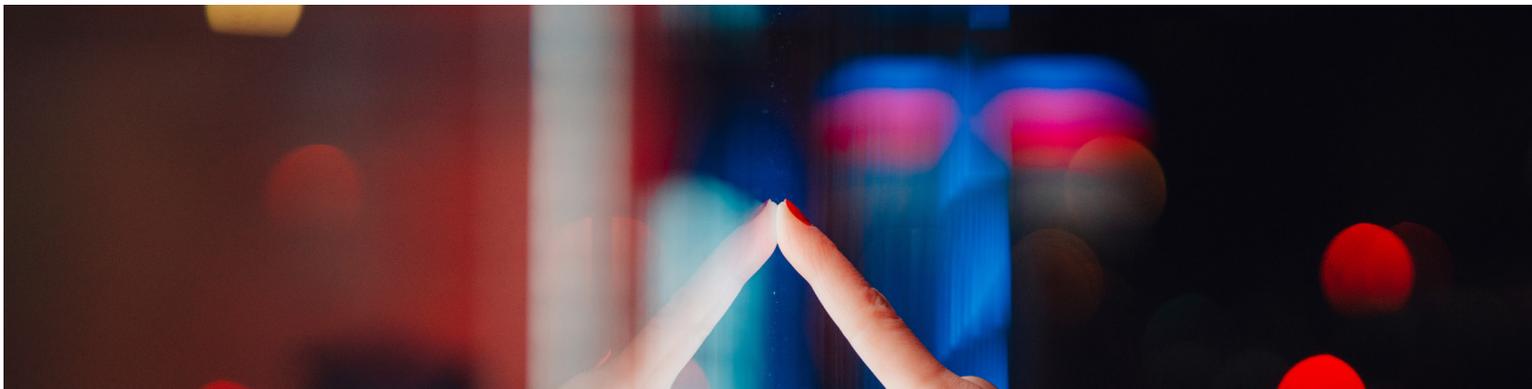
Organizations with a digital mindset know that security and compliance are ongoing imperatives, and while there are some check-the-box security protocols—including moving data to the cloud and establishing ongoing training—long-term security success really comes down to the organization's ability to act, respond, and repair

LOYALTY IS FLEETING, EXPECTATIONS ARE HIGH

Only 37% of companies grade their customer experience as an A. At a time when anything less than an A should be considered as a failing grade, the risk of falling behind is significant. Consumers make clear that their expectations are high and their tolerance for any friction in their holistic experience is low. Nearly two-thirds (63%) say they will switch to another company if their experience is lacking. It's especially challenging to maintain loyalty with younger consumers aged

18-34: 72% say they'll switch providers based on a lacking experience, compared to 54% of consumers aged 55-64.

Loyalty challenges also reinforce that companies need to prioritize speed over perfection. **The reality is that by the time you've shipped a perfect, fully baked product, consumers have already moved on. A better approach is to be fast and first, then iterative on an ongoing basis to react to changing needs and customer feedback.**



◆ CHAPTER 3

Data & Technology

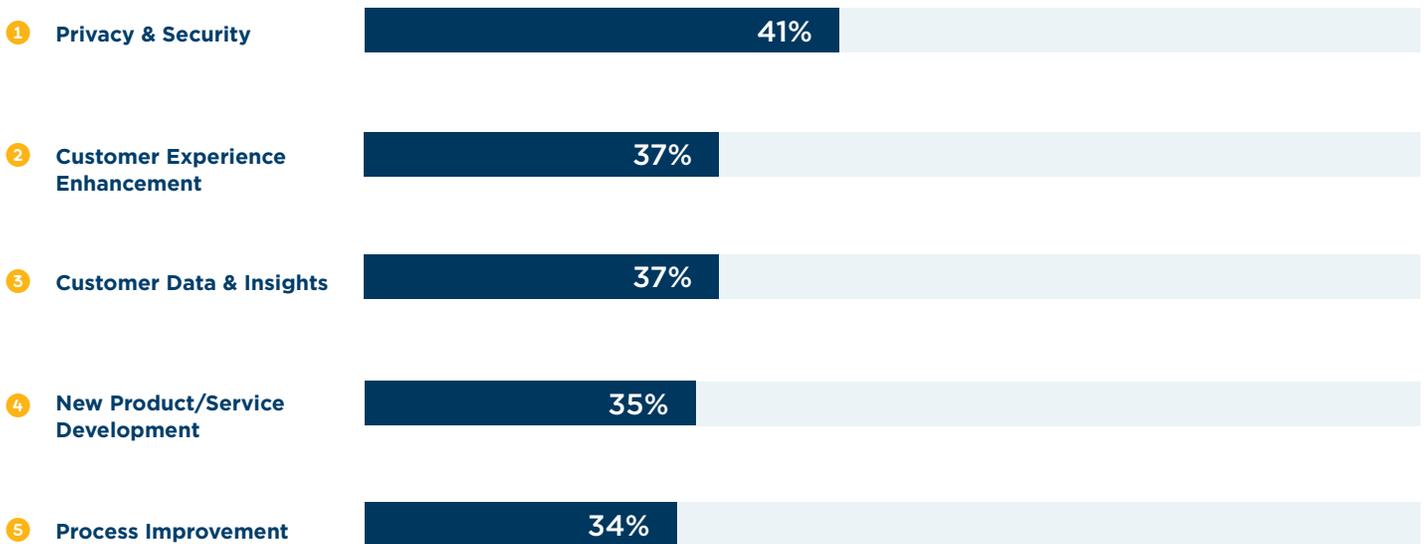
Organizations still have work to do in order to achieve a modern, data-driven infrastructure.

Meeting evolving customer experience expectations requires a solid foundation and flow of data throughout the organization to drive insight and inform decisions.

While most organizations no longer need to be convinced of the value of technology and data-driven decision-making, there is still work to be done on the accompanying *mindset* shift.

Some organizations are still building out a cloud-based platform with access to insight. Others will need to move past “the way we’ve done it in the past” and put their faith in good data to drive change. When asked about plans for the next big digital investment, customer data & insights is tied with CX as companies’ second most common priority.

Top 5 Areas for Next Big Digital Investment



BUILDING MODERN INFRASTRUCTURE

Enabling data-driven decision-making starts with the right investment and view of technology infrastructure. Technology infrastructure is like the foundation of the house—if you have good bones, the space can support your needs today and be flexible to shift according to new trends tomorrow.

Flexible infrastructure is critical to accessing connected, accurate data on everything from consumer preferences to financial performance. But what separates a truly digital company from a traditional company is how they view and use data. The majority of companies are working with a good foundation.



DATA-DRIVEN DECISION-MAKING

Data and digital have gone together for decades, but access and adoption historically lagged across many industries. The tide is starting to turn.

Today, all organizations give themselves a passing grade on data maturity. However, when looking at the industry breakdowns, health providers grade themselves the most harshly, while health insurers grade themselves the most favorably. This may come down, in part, to the interoperability that healthcare providers have long contended with—for many providers, patient EHRs, billing and reimbursement, and physician scheduling are separate data sources and workflows. More than 1 in 4 healthcare provider organizations say their tech stack lacks integration—the highest of any industry save for utilities.

But what does data maturity look like in action, and are organizations grading themselves fairly or on a curve? In many cases, it comes down to the difference between good vs. great. It takes digital thinking to drive real change and become a truly digital business. That means working in an agile, iterative, and data-driven way.

Data Maturity Grade

A

43%

B

46%

C

11%

Nearly all companies report that they are effective at using data throughout the organization, but the devil is in the details. In most cases, roughly half view their organizations as “very effective,” which means the other half have room for improvement.

For the companies still working to make the grade, most are working diligently to leverage the data they have and are investing to come up to par. The difference between an organization with data and a data-driven organization comes down to one factor: use.

In fact, a critical test of a truly digital organization is how data is treated and viewed. In a digital operating model, data trumps all. While human interpretation is essential, no boss or ego is valued over what the data shows.

Digital businesses use their information to make better, faster, automated decisions. This in turn informs customer strategy and also frees up employees to focus on the right work and add more value to the organization in the same amount of time.

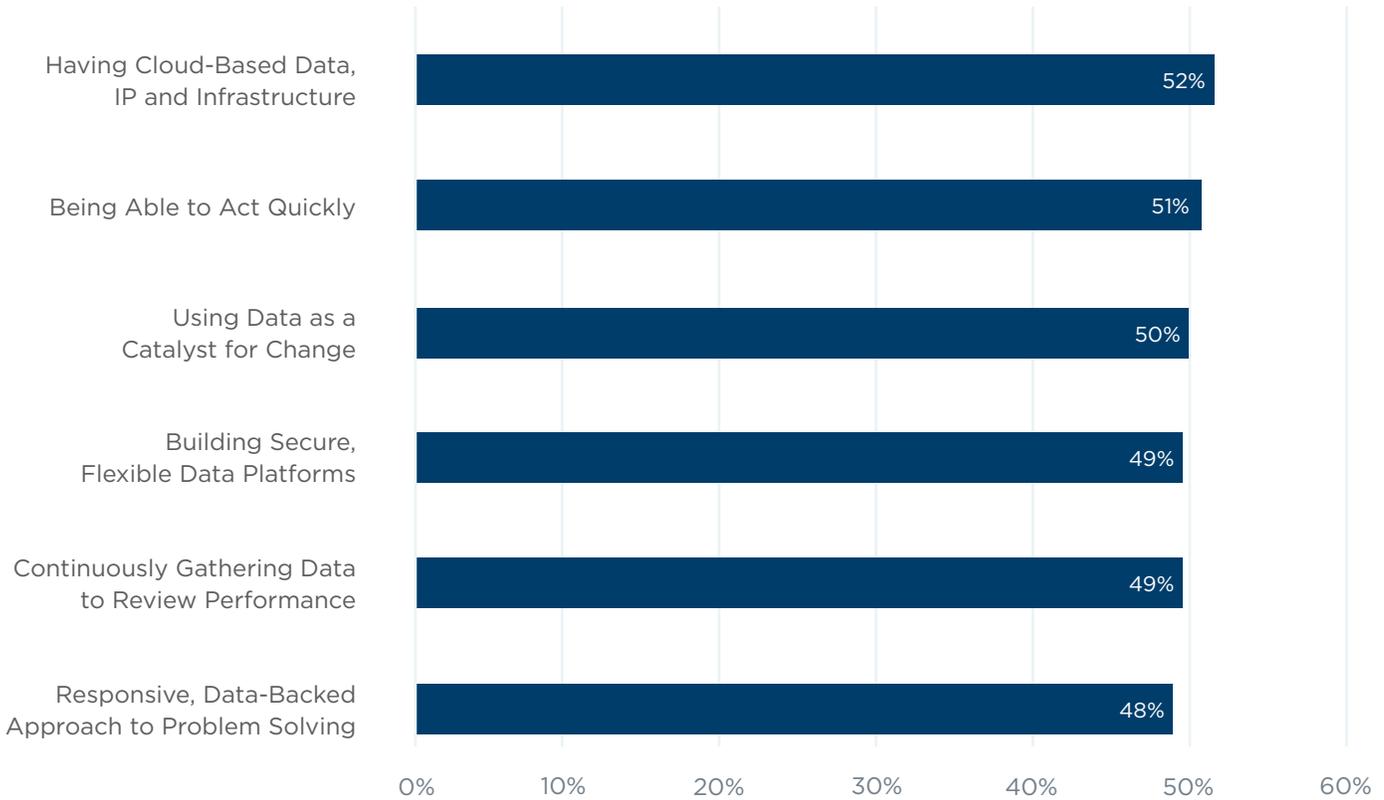
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It’s encouraging to see companies recognize the importance of enabling data-driven decision-making and agile thinking. But there’s more work ahead. Start with the end in mind: What issues are you solving for and what KPIs matter? That is the data you need.

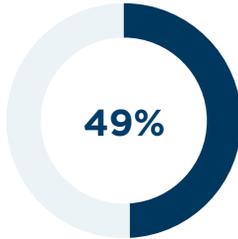
CASEY FOSS

Chief Commercial Officer

Where Execs Think They Are Most Effective With Data



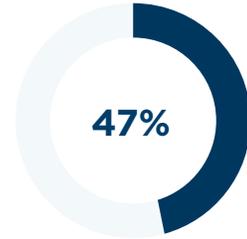
How Data is Used on an Ongoing Basis



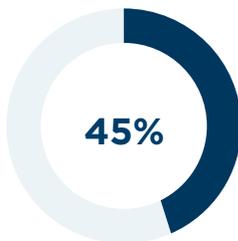
To Measure Customer Satisfaction



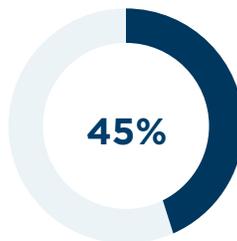
To Guide Everyday Decision-Making



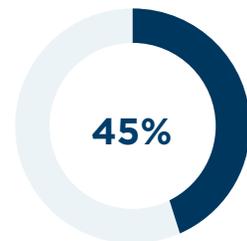
To Track Productivity



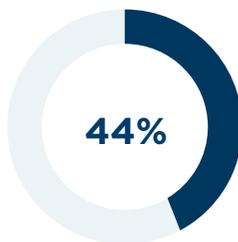
To Guide C-suite Strategy Decisions



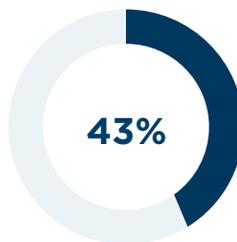
To Predict New Customer Needs



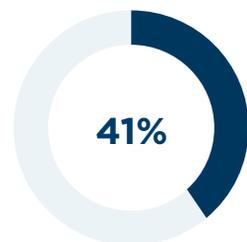
To Speed Up Decision Making



To Inform New Products



To Inform Changes to Existing Products



To Track Investment ROI

QUICK WINS ON THE PATH TO AGILITY

In the past, organizations discussed digital transformation in boardrooms, but projects lacked connection to business and customer issues. As a result, transformation became a platitude—a lofty ideal and destination many years in the making without tangible actions and outcomes for today.

When you instead view digital as a mindset and never-ending process that is tackled iteratively, it is easier to identify and get approval on quick wins. When looking at where companies need help to make the grade, there are three areas for improvement:

Cloud



25%

say that a majority of their infrastructure is not cloud-based

Connectivity



24%

do not have an integrated tech stack

Security



24%

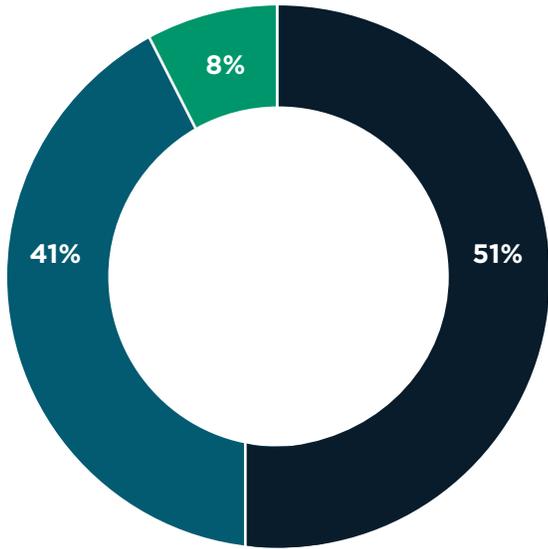
have room for improvement in security

Many organizations still need to move critical functions and processes to the cloud in order to address two related concerns: connectivity and security. With cloud-based infrastructure, critical information does not live in silos—or worse, in filing cabinets—and decision makers at every level can access real-time information and plan accordingly. Disconnects between sales, customer service, marketing, finance, and other departments are still all too common, and therefore companies are missing critical insights and opportunities.

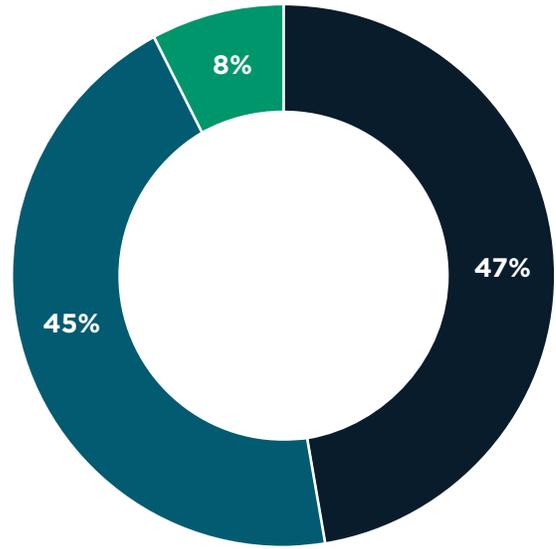
Companies are taking action accordingly, investing more in cloud-based platforms to both bolster security and enable automated and algorithmic decision-making. Even as companies make substantial efforts to improve in these areas, technology is just the beginning of becoming a digital business.

Flexible, scalable and secure software and solutions are a great start, but it's how, when, where, and why those tools are deployed by humans across the entire organization that separate digital vs. analog businesses.

Updating to Cloud-Based Platforms



Increasing Algorithmic Processes and Decision-Making



■ Investing Significantly ■ Investing Some ■ Not Investing



◆ CHAPTER 4

Organization & People

The traditional hierarchy structure is no longer optimal. Every leader needs to share responsibility for the digital vision.

Who owns digital in the organization? The answer is everyone—they just may not all know it yet. Becoming a digital business is also an exercise in change management. But it's more about winning hearts and minds than getting buy-in for technical training or onboarding new processes.

Like most business initiatives, it does start at the top of the organization, and tone is critical. Organizations need a leadership team that champions digital, but they don't necessarily need a Chief Digital Officer to manage it.

Instead, from the board to the C-suite, to managers and direct customer service representatives, organizations need to develop a team with a digital mindset—not just digital skills—and a structure that enables fast, autonomous decision-making.

When it comes to accountability at a leadership level, companies have varying approaches. A majority are missing key players on the team.

25% say their **full C-suite** is responsible for digital vision



25% say digital vision sits with **one member of the C-suite team**



17% **outsource digital vision** to a separate transformation team



It's critical for every leader to share responsibility for digital. Whether it's setting a marketing plan, researching emerging issues, managing inventory or demand planning, or hiring top talent, organizations should be building multidisciplinary, decentralized teams.

What does that mean in practice? The reality is that any single decision in one department can affect not only every other department in the organization but also the end-user experience. The traditional hierarchical structure of a boss giving orders to their direct reports is no longer optimal.

In a digital operating model, each department is oriented around the goal of agility, and priorities are set accordingly. Some departments may be closer to this

than others. When asked where digital champions sit throughout the organization, companies are very likely to view IT, customer service, and finance functions as advancing the digital vision. Research & analysis and HR, however, are less likely to be viewed as champions of the digital vision.

As part of transitioning to a digital mindset, leaders will need to ensure they have an accurate view of each existing department's strengths, weaknesses, and roadblocks. Particularly for the small percentage of leaders who aren't sure which departments are their digital vision champions, this is step one.

Step two is structuring new teams oriented around every business's most important stakeholder: the customer.

	Advances	Inhibits	Not sure
IT	68%	30%	2%
Customer Service	61%	33%	6%
Finance	61%	35%	4%
C-suite	60%	34%	6%
Marketing	59%	36%	5%
Sales	59%	36%	5%
Research/Analysts	58%	35%	7%
R&D	54%	41%	5%
Risk-Compliance	51%	44%	4%
HR	48%	44%	8%



Companies are very likely to view IT, customer service, and finance functions as advancing the digital vision.

HR and compliance, however, are less likely to be viewed as champions of the digital vision.

AGILITY OVER HIERARCHY

Organizations can't rely on the hierarchies of the past to set the strategy for this new future. What comes next builds on the potential of blending a customer-centric approach with a digital-first mindset.

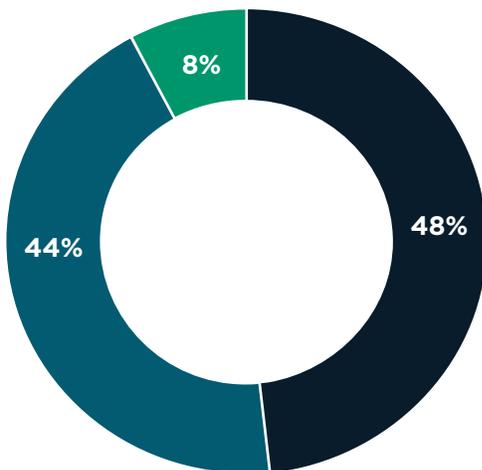
In a digital operating model, the focus, structure, and workstyle of teams must evolve to serve new priorities and become agile. This means empowering all teams to make decisions quickly, prioritizing fast innovation over perfection, iterating on new products or methods, and constantly asking "what's next?"

Nearly all organizations are investing to enable their employees and move to a decentralized organizational design to increase agility.

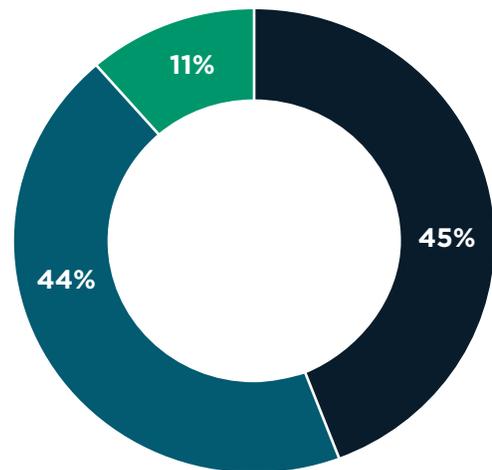
These changes serve two critical goals: first, it helps move the organization closer to a digital, agile mindset by orienting professionals around the customer and unlocking greater potential for ideas and innovation.

Second, it helps free up time to build more exciting, fulfilling and impactful work, which is a chief value in an era of high resignation rates as employees redefine what's important to them in their careers. When employees' ideas are heard and implemented—and when they provide tangible impacts on the product experience—employees feel rewarded and retention rates improve.

Employee Enablement



Moving to Decentralized Organizational Design



■ Investing Significantly ■ Investing Some ■ Not Investing

Building an Agile Team			
	FOCUS	STRUCTURE	WORKSTYLE
Then	Projects	Hierarchical	Waterfall
Now	Products	Decentralized & Multidisciplinary	Iterative
	<ul style="list-style-type: none"> Teams are measured by product milestones and feedback vs. projects completed <p>49% very effective at measuring teams by product development and improvement vs. project completion</p>	<ul style="list-style-type: none"> Good ideas can come from anywhere in the organization Teams structured to bring together diverse skillsets to meet customer needs <p>44% very effective at activating and using</p>	<ul style="list-style-type: none"> Fast is better than perfect Learning is ongoing and incentivized <p>48% very effective at prioritizing fast over perfect</p> <p>50% very effective at incentivizing learning and iteration</p>

CONCLUSION

As Jeff Bezos said, “in today’s era of volatility, there is no other way but to reinvent. The only sustainable advantage you can have is agility.”

Getting that advantage requires a mindset shift – to orient around the end user and build the team, technology and operational processes that will support customer goals.

Organizations should keep in mind:

- **The common digital vision** should be about developing an agile way of working.
- **The customer is first**, and everything else follows.

- **Technology is just the beginning**, but data-driven decision-making is essential to speed and scalability.
- **Digital is a team vs. individual sport**. It takes multidisciplinary leaders across an organization with a digital mindset, not any one digital leader, to move an organization forward.

Finally, to truly be digital is an ongoing process, not a destination. But most companies are on the right path.

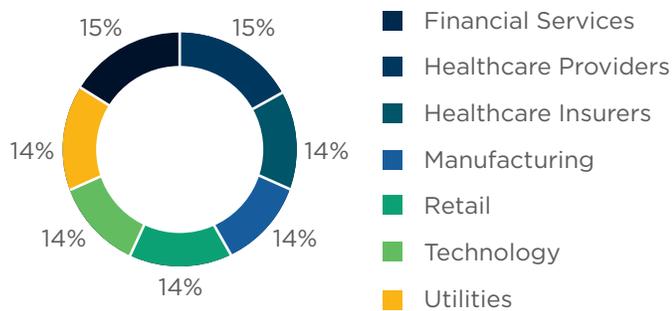
Methodology & Respondent Profile

METHODOLOGY & RESPONDENT PROFILE

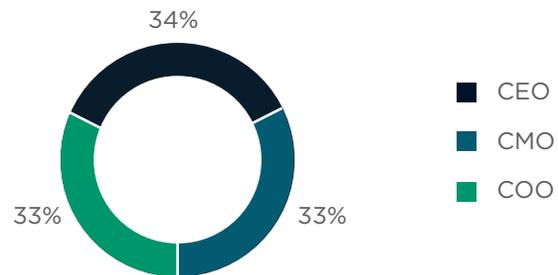
Be Digital, West Monroe's signature research initiative, polled 700 C-Suite executives across 7 industries and more than 5,000 of their representative consumers in Q4 2021. The survey was conducted by Rabin Research Company, an independent marketing research firm, using Op4G's panel of executives.

EXECUTIVES

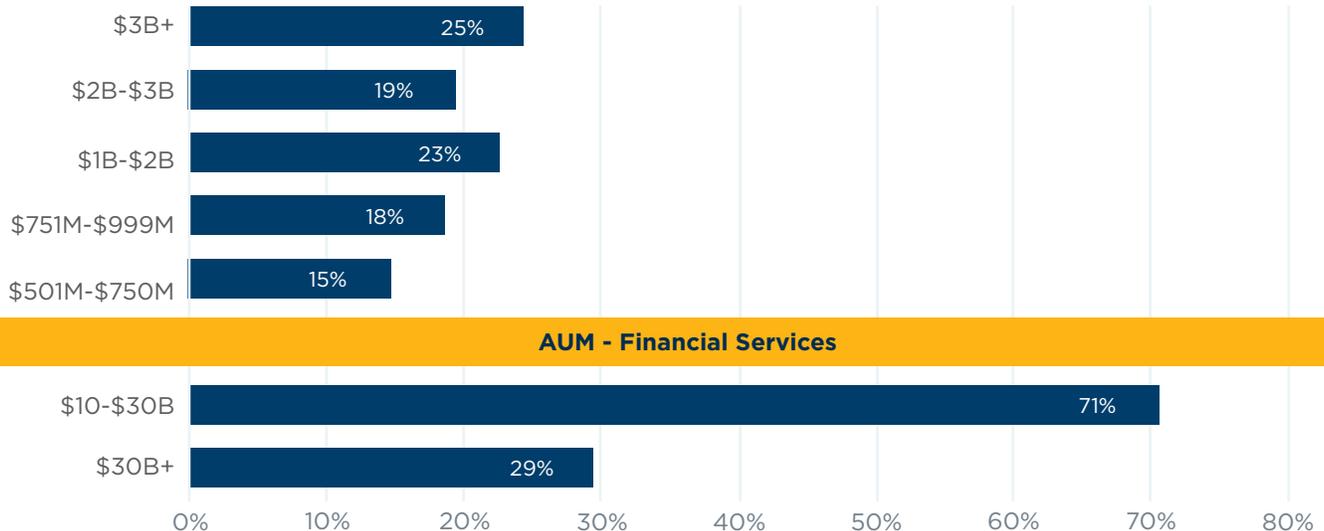
Company Industries



Titles

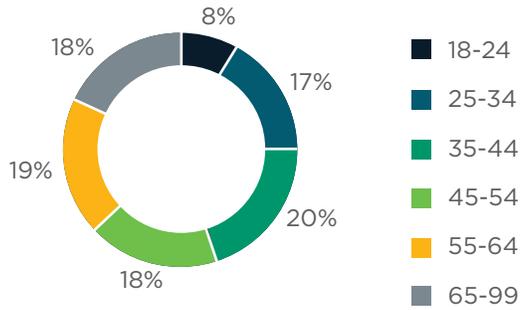


Revenue & AUM

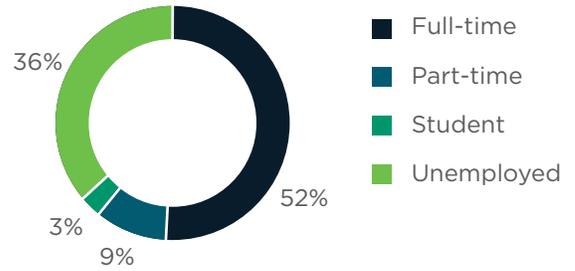


CONSUMERS

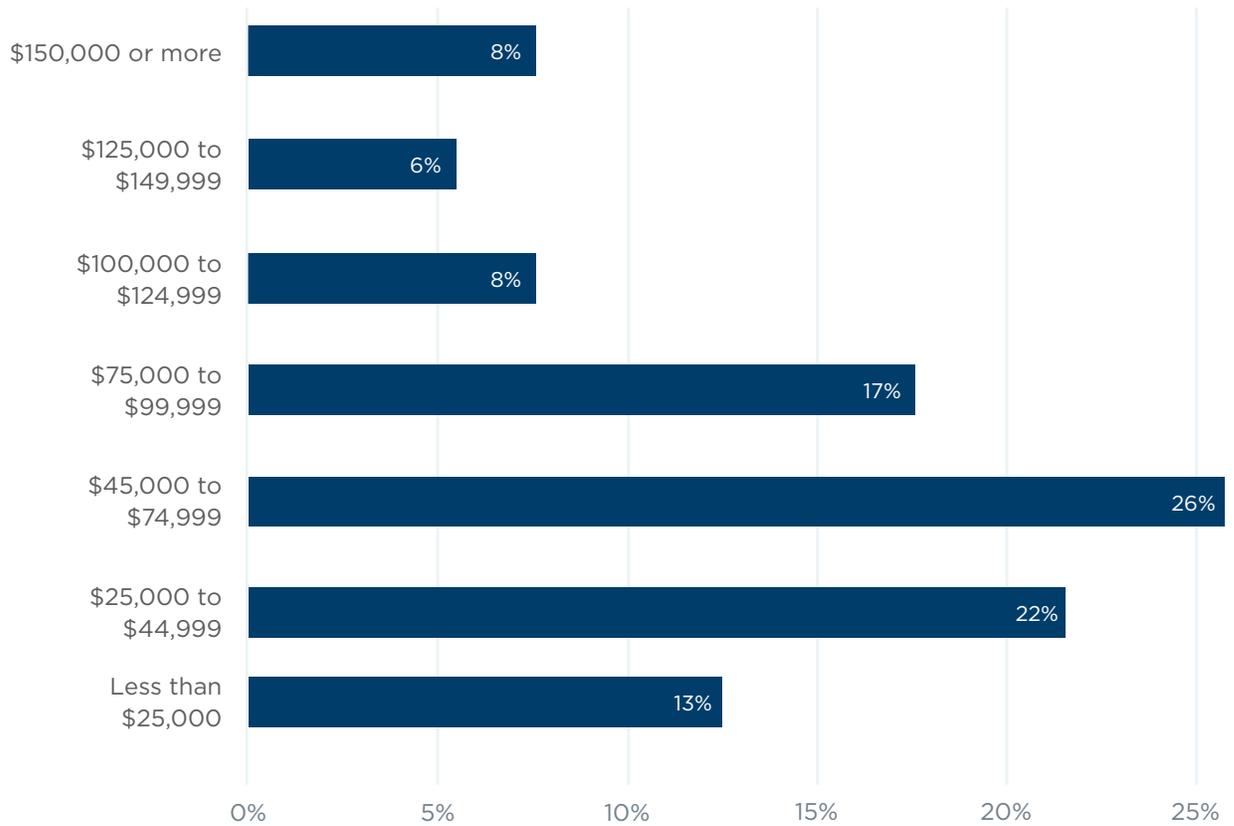
Age



Employment Status



Income



ABOUT WEST MONROE

West Monroe is a digital consulting firm that was born in technology but built for business—partnering with companies in transformative industries to deliver quantifiable financial value. We believe that digital is a mindset—not a project, a team, or a destination—and it’s something companies become, not something they do. That’s why we work in diverse, multidisciplinary teams that blend industry expertise with deep operational and technology capabilities—moving clients from traditional to digital operating models and creating products and experiences that transcend the digital and physical worlds. Our 2,000 employees have the opportunity to own a stake in the company, so when you partner with us you know we are committed—because your success is our success. Our undeniably different approach breeds undeniable results.

Visit westmonroe.com to learn more.

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