



# The Era I Enterprise: “Ready for Anything”

April 5, 2016

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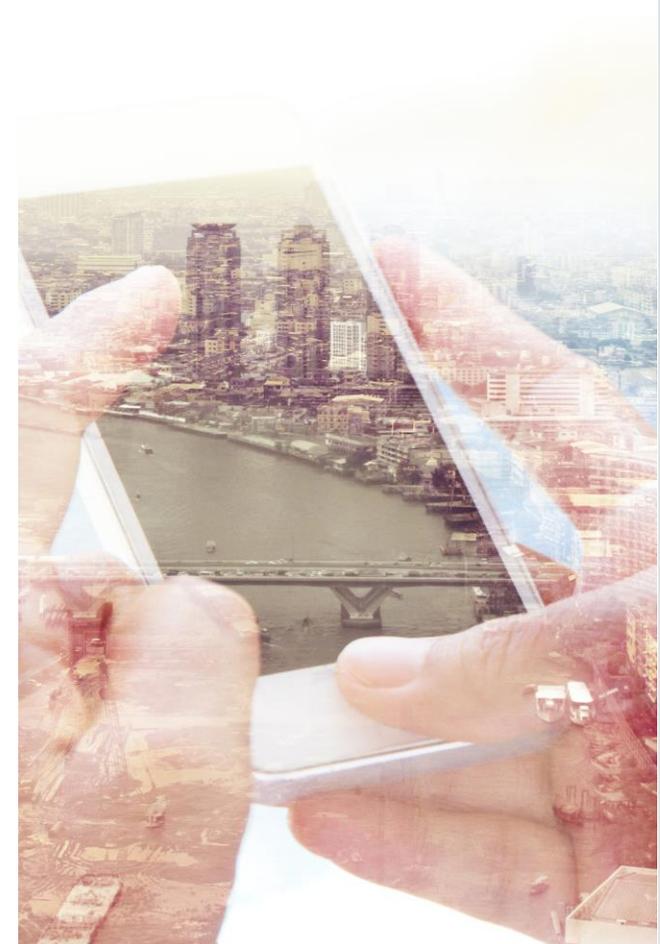
# INTRODUCTION

Mass production technologies spawned modern consumerism. While most agree this was a good thing, profoundly changing the human experience – it also presented inherent tradeoffs, namely less individualism and personalization in our products and transactions.

The digital age is turning convention, once again, on its head – as we increasingly expect, and even demand, to have it our way – whether transacting, communicating, working, or simply enjoying leisure time. Welcome to **Era I – the Age of the Individual**. Millennials and Generation Z behind them lead the way, but the impact of Era I extends well beyond these two demographic juggernauts.

What does this mean for enterprises? Organizations must be ready and able to turn on a dime and deliver content, experiences, services, and technology to individuals however and wherever they desire. But how are they doing?

Oracle’s “**The Era I Enterprise: Ready for Anything**” report surveyed 300 North American C-level executives to understand the emergence of Era I and, importantly, how prepared organizations are to manage this shift.



# METHODOLOGY

Oracle conducted telephone and online interviews with 300 North American C-level industry executives in January and February of 2016 that surveyed the following industries:\*



Communications



Hospitality



Education and Research



Life Sciences



Engineering and Construction



Public Sector



Financial Services



Retail



Healthcare



Utilities

\*The sample size results in a margin of error of  $\pm 5.62\%$  at a 95% confidence level

# DEMOGRAPHICS

Sample demographics include:\*

## *Job Titles*

Owner/Partner	<b>10%</b>
President/Chief Executive Officer/ Chief Operating Officer	<b>14%</b>
Chief Information Officer/ Chief Technology Officer	<b>15%</b>
Chief Financial Officer	<b>23%</b>
General Manager/Managing Director**	<b>38%</b>

## *Revenue*

\$50M-\$249M	<b>37%</b>
\$250M-\$499M	<b>16%</b>
\$500M-\$1B	<b>19%</b>
More than \$1B**	<b>28%</b>

## *Size*

200-499 employees	<b>23%</b>
500-999 employees	<b>20%</b>
1,000-9,999 employees	<b>35%</b>
10,000 employees or more	<b>22%</b>

\*Job titles and revenue do not include public sector data. Qualifying public sector titles include Administrator, Director, and other agency leadership

# KEY TAKE-AWAYS

## The Era I Challenge:

- **84%** say their organization has experienced a trend toward customers wanting a more individualized experience and **70%** have experienced this trend from employees
- Nearly **two-thirds** of managers say the shift is a **growing challenge** in their ability to compete effectively

## Most Organizations are Unprepared:

- Today **fewer than one in five** C-level executives give their organization an “A” in its ability to offer highly individualized customer or employee experiences
- Their biggest weaknesses are their abilities to: Turn on a dime in response to change or opportunity, offer highly individualized products/services, and respond effectively to changing market conditions

## Individualization and Agility are Key to Revenue Growth:

- Organizations estimate that if they were able to successfully offer customers and employees a highly individualized experience, they would earn an additional **18% in annual revenue**. For a \$1 Billion company, that’s **\$180 Million** a year
- To get there, organizations say business intelligence tools, customer experience solutions, and other industry-specific applications will play a vital role
- Additionally, **81%** believe there is an important link between cloud-based IT solutions and their organization’s ability to deliver individualized employee and customer experiences

# THE ERA I CHALLENGE

Nearly all organizations are experiencing a market shift toward greater individualization and the majority say it's impacting their ability to compete

**84%** say their organization has experienced a trend toward customers wanting a more individualized experience\* and **70%** have experienced this trend from employees

Nearly **two-thirds** of managers say the shift is a **growing challenge** in their ability to compete effectively

100% of communications and hospitality executives have noticed this trend with customers; utility executives are the most likely to say it's impacting their ability to compete

\*In terms of products, services, content, and how they are purchased/obtained, delivered, or consumed

# THE INDIVIDUALIZATION OPPORTUNITY

**93%** of organizations believe they are leaving money on the table by not successfully offering customers and employees a highly individualized experience

## How Much?

Managers estimate that if their organization were able to successfully offer customers and employees a highly individualized experience in terms of content, products, and services, they would earn an additional

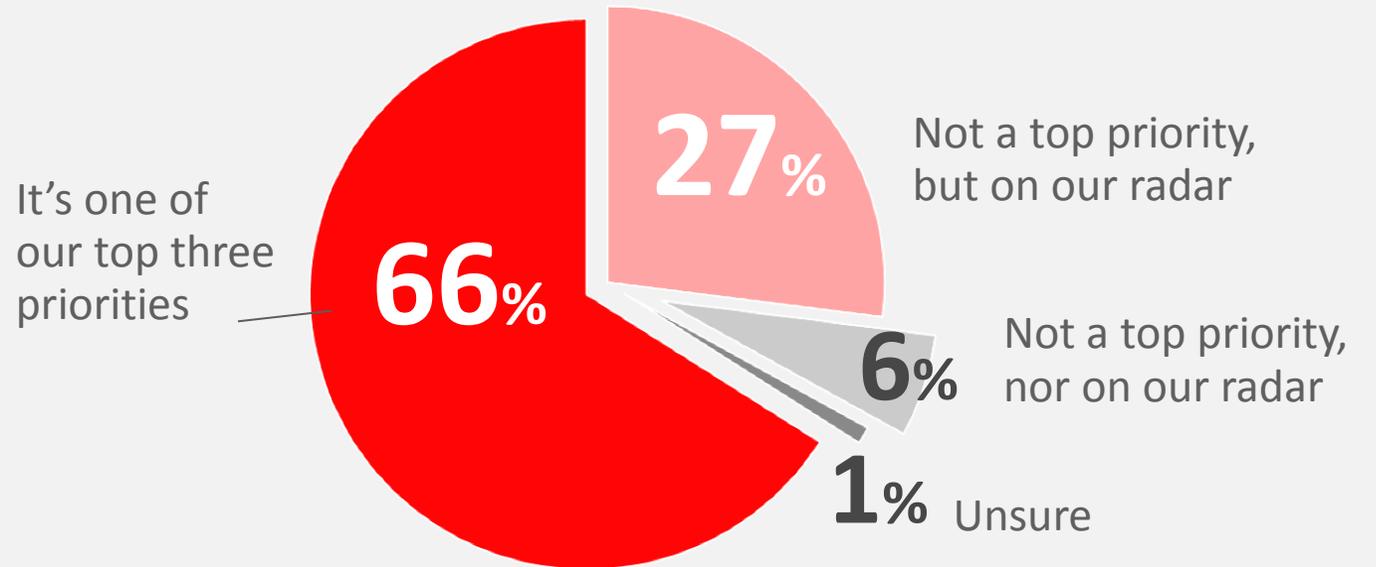
**18% in annual revenue**



# PRIORITIZING THE INDIVIDUAL

Two out of three organizations are focused on improving their ability to offer a more individualized experience

Where does the ability to offer a more **highly individualized experience** (such as tailored products, content, and/or services) to customers and employees rank in terms of your organization's current priorities?



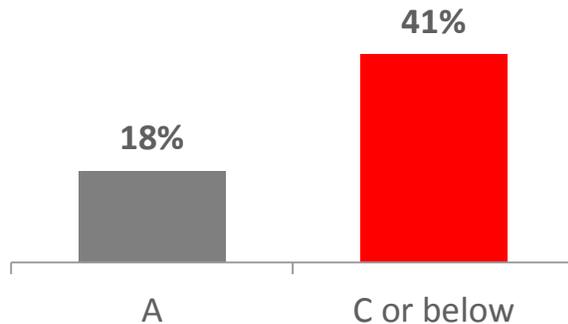
Communications and education/research organizations are most likely to say individualization is their top priority

# THE ERA I READINESS REPORT CARD

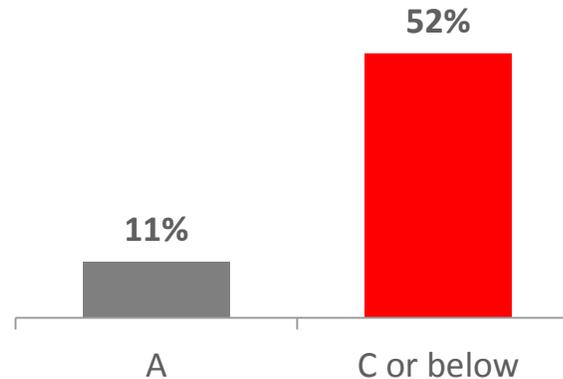
Today, however, fewer than one in five C-level executives give their organization an “A” in its ability to offer highly individualized customer or employee experiences

How would you grade your organization’s ability to...

Offer highly individualized  
**CUSTOMER** experiences



Offer highly individualized  
**EMPLOYEE** experiences



**Large organizations (10,000+ employees) are the most likely to give themselves a C or below**

Biggest struggles:\*

- #1** Ability to turn on a dime (59%)
- #2** Ability to offer highly individualized products/services (46%)
- #3** Ability to respond to changing market conditions (44%)
- #4** Ability to anticipate customer needs (39%)
- #5** Ability to act on customer feedback (31%)

\*Percentage who graded their organization a C or below in each area

# INDUSTRY REPORT CARD

	 Public Sector	 Education/ Research	 Life Sciences	 Retail	 Engineering/ Construction
Ability to offer highly individualized <u>customer</u> experiences – Rated C or below	67%	57%	57%	37%	37%
Ability to offer highly individualized <u>employee</u> experiences – Rated C or below	80%	37%	60%	63%	57%
Biggest struggle:	Ability to turn on a dime	Respond effectively to changing market conditions	Ability to turn on a dime	Ability to turn on a dime	Ability to turn on a dime
	 Financial Services	 Utilities	 Healthcare	 Hospitality	 Communications
Ability to offer highly individualized <u>customer</u> experiences – Rated C or below	40%	40%	30%	27%	20%
Ability to offer highly individualized <u>employee</u> experiences – Rated C or below	47%	50%	40%	43%	43%
Biggest struggle:	Ability to turn on a dime	Ability to turn on a dime	Ability to turn on a dime	Ability to turn on a dime	Ability to turn on a dime

# THE CUSTOMER AND EMPLOYEE EXPERIENCE GAPS

While organizations understand that providing individualized experiences is critical for their future success, very few have made the transformation

## The Customer Gap

**82%** believe the ability to offer a more individualized experience is critical to **staying relevant** in today's market place

But **just 21%** are very well prepared\* to deliver individualized customer experiences across content, products, experiences, services, and technology today

## The Employee Gap

**80%** believe offering a highly individualized experience is key to **recruit and retain** the best and brightest

But **just 22%** are very well prepared\* to deliver individualized employee experiences across content, products, experiences, services, and technology today

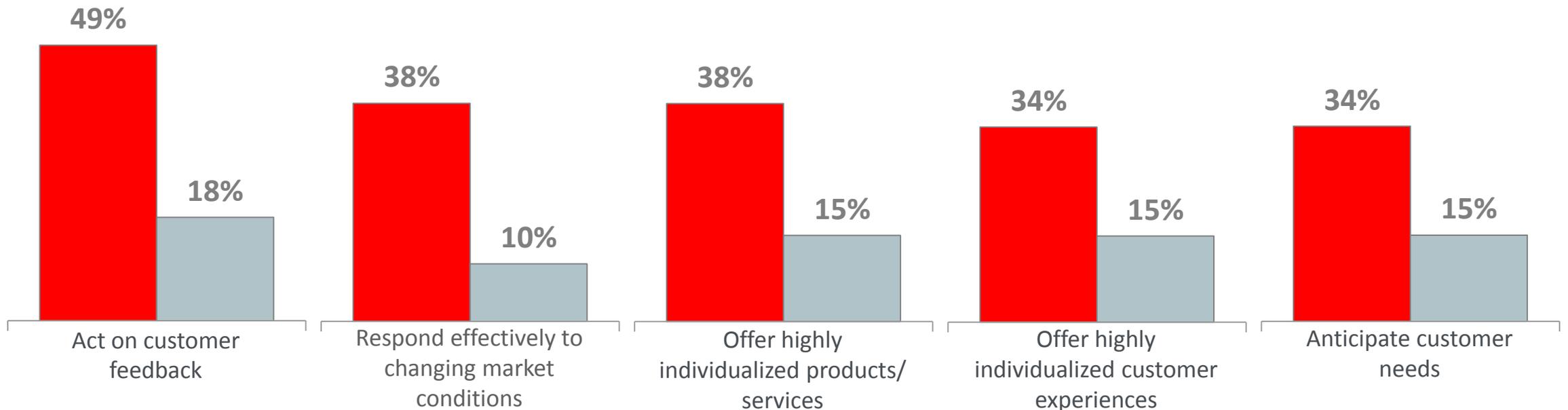
\*Rated themselves an 8-10 on a scale of 1-10, where 1 was not at all prepared and 10 was completely prepared

# LESSONS FROM ERA I LEADERS

Organizations that have increased their revenue by more than 10% in the last year are significantly ahead of the curve when it comes to offering individualized experiences

Percentage who can successfully do each of the following\*:

■ Era I Leaders (those who increased their revenue by 10%+ in the last year)    ■ All others



\*Percentage who graded their organization an "A" in each category

# IMPROVING THE CUSTOMER EXPERIENCE

68% of organizations do not currently offer customers self-service options and 61% fail to deliver intuitive online experiences

Percentage *not* currently offering the following to customers:\*



**68%** Self-service options from the device of choice



**61%** Intuitive online experiences



**56%** Individualized content or promotions



Retail organizations lead with individualized content or promotions; hospitality organizations are ahead of the curve when it comes to intuitive online experiences

\*Respondents asked to select all that apply to “Which is your organization not currently offering to meet the changing, more individualized needs of customers?”

# IMPROVING THE EMPLOYEE EXPERIENCE

More than two out of three organizations are failing to offer self-service options to employees

Which of the following is your organization *not currently offering* to meet the changing, more individualized needs of employees?\*

Self-service options from the device of choice



Data analytics to help employees gain insight and drive innovation



Advanced collaboration tools



Industry-specific applications that enable employees to thrive



Healthcare organizations are most likely to offer self-service options and industry-specific apps; the public sector leads in flexible work environments

Large organizations (10,000+ employees) are least likely to offer employees industry-specific apps

\*Respondents asked to select all that apply

# LEGACY SYSTEMS HOLD ORGANIZATIONS BACK

While organizations say cloud is vital to Era I success, many are stuck with legacy systems

**81%** of managers believe there is an important link between cloud-based IT solutions and their organization's ability to deliver the *flexibility* and *agility* needed to deliver more individualized employee and customer experiences

*but*

Today, only **28%** of mission and business-critical applications are in the cloud

Additionally, **57%** believe outdated technology systems are *holding them back* from delivering greater individualization

# WHAT'S AT STAKE?

Organizations fear losing customers and employees if they cannot improve

Greatest concerns if organizations do not improve their ability to offer individualized experiences:\*

<b>#1</b>	Loss of customers ( <b>46%</b> )
<b>#2</b>	Loss of talented employees ( <b>45%</b> )
<b>#2</b>	Loss of revenue ( <b>45%</b> )
<b>#4</b>	Loss of their competitive advantage ( <b>44%</b> )
<b>#5</b>	Slower growth ( <b>43%</b> )



Healthcare and hospitality organizations are most concerned about losing customers if they do not adapt; life sciences and utilities are least concerned

\*Respondents asked to select all that apply

# HOW TO IMPROVE

Nearly all organizations (97%) believe investing in IT solutions will improve their ability to offer the individualized customer and employee experiences needed to compete in Era I

Most needed IT for Era I:\*

**Business intelligence tools (49%)**



**Customer experience solutions (49%)**



**Industry-specific applications (40%)**



Departments in the most urgent need of IT modernization:

1. Operations
2. Customer experience
3. Sales/marketing

\*Respondents asked to select all that apply

# BENEFITS

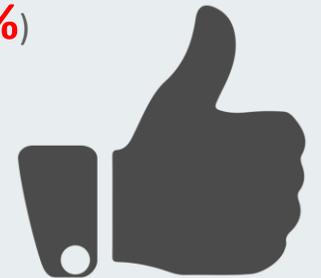
Managers believe individualization will lead to greater employee satisfaction and retention

Managers believe if their organization had the ability to offer a highly individualized employee experience, they could increase employee satisfaction by **94%**



Top benefits from offering a highly individualized experience to customers and employees:\*

- #1** Improved employee retention (**54%**)
- #1** Improved customer retention (**54%**)
- #3** Improved brand perception (**52%**)



\*Respondents asked to select all that apply

# ENABLING ERA I

What do you believe will be the single greatest enabler of your organization's ability to individualize the customer and employee experience in the next five years?

"Developing business intelligence analytics to better analyze customer data and anticipate their needs."

"Implementing IT systems that collect and analyze client demographic data to assist in identifying client needs and then creating service delivery systems to meet those needs."

"Moving off of legacy systems to more web-based applications and services that can be easily updated and managed."

"The ability to make the consumer feel that the content that is being delivered is speaking directly to them, as opposed to a message that they feel is being delivered to the masses."

# OUR TAKE

- **The Age of the Individual is Here:** Customer and employee expectations have never been higher. Organizations must accelerate their strategic planning and get on board. The time is now.
- **Give People What They Want:** Despite knowing and understanding the benefits of providing highly individualized customer and employee experiences, most organizations still have not made transforming a top priority. To stay competitive and remain relevant, empower your customers and your organization with the content, experiences, services, and technology that they want...when they want it. Or risk losing them.
- **Prioritize Agility and Flexibility:** Don't wait. From business intelligence capabilities to customer experience solutions to industry-specific applications, organizations need to make IT investments to ensure they are agile and flexible enough to meet Era I needs. There's a lot on the line—managers estimate they can earn an additional \$180 Million annually\* by offering highly individualized experiences.
- **Consider the Cloud:** Simplify IT and drive innovation—the true business value of moving to the cloud. Become a cloud leader, and gain the scalability needed to turn on a dime to meet the ever-evolving needs of your customers and employees.

\* For a \$1 Billion company

# FINANCIAL SERVICES SNAPSHOT

80%

Have experienced a trend toward customers wanting a more individualized experience

43%

Have experienced this same trend with employees

71%

Say the shift is a **growing challenge** in their ability to compete effectively

## Era I Report Card:

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**17%** Rate their ability to offer highly individualized customer experiences an "A"

**10%** Rate their ability to offer highly individualized employee experiences an "A"

14%

Estimated revenue gain if they offered highly individualized experiences. For a \$1B organization, that's **\$140 Million** a year

### Missed Opportunities for Customer Individualization:\*

*Organizations do not offer:*

- #1** On-demand order fulfillment (80%)
- #2** Self-service options from the device of choice (67%)
- #3** Intuitive online experience (63%)
- #3** Individualized content (63%)

### Missed Opportunities for Employee Individualization:\*

*Organizations do not offer:*

- #1** Data analytics (70%)
- #2** Self-service options from the device of choice (67%)
- #3** Advanced collaboration tools (60%)

\*Respondents asked to select all that apply

**70%** believe there is an important link between cloud-based IT solutions and their organization's ability to deliver individualized employee and customer experiences

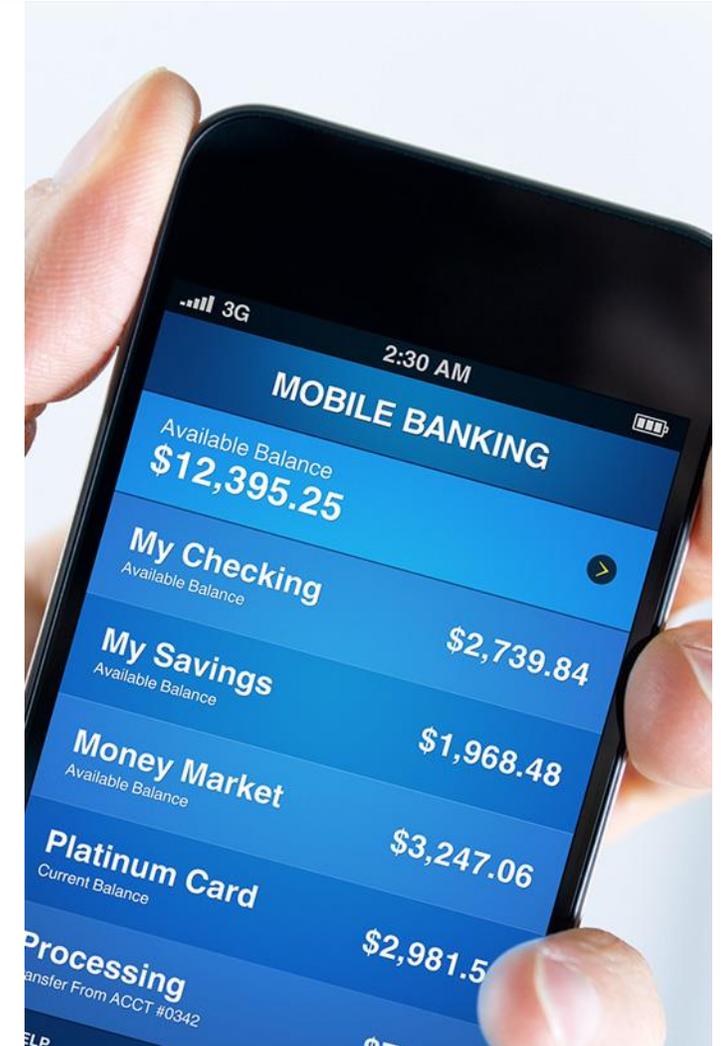


# FINANCIAL SERVICES SNAPSHOT (CONT.)

Where do you see the greatest opportunity for your industry to take advantage of more individualized content, products, and services for customers and/or employees?\*

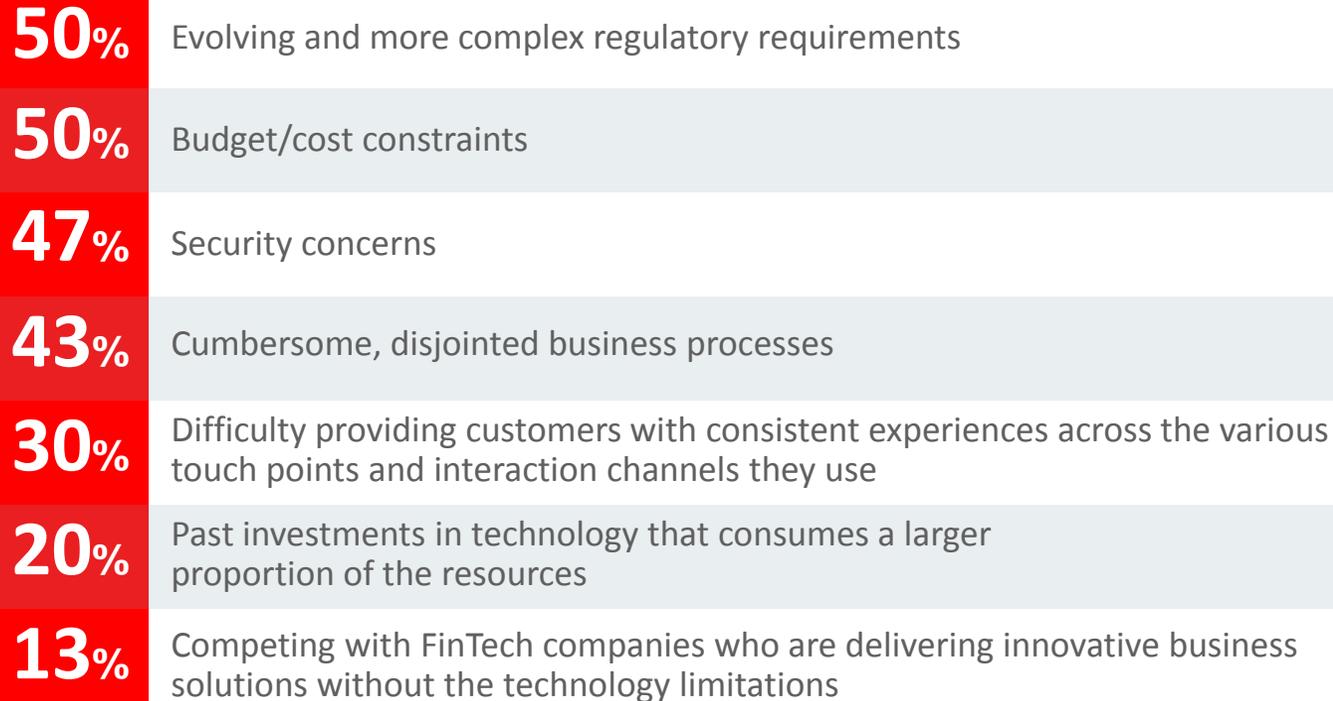
- 60%** Leverage customer behavioral data to make the right offer at the right time
- 47%** Improve the cross-channel customer experience to take the customer off the market as quickly as possible
- 40%** Frictionless service at a lower cost
- 37%** Enablement of flexible product/service bundling
- 37%** Maximize use of social media to connect with customers on an individual level
- 30%** Improve access to staff to communicate to customers through a unified communications platform – interconnecting video, voice, messaging, and/or social

\*Respondents asked to select all that apply



# FINANCIAL SERVICES SNAPSHOT (CONT.)

What are the biggest obstacles your industry faces in delivering more individualized content, products, and/or services?\*



\*Respondents asked to select all that apply

Who is doing it right?



“[An American brokerage and banking company] is doing it right. Individuals can create their own portfolio using online tools provided by their website.”