



MAKING DIGITAL TRANSFORMATION HAPPEN:

BREAKING SILOS REQUIRES CULTURAL,
BUDGETARY AND PORTFOLIO
LANDSCAPE CHANGES

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Overview

To achieve digital transformation, enterprises and the software vendors supporting them are beginning cross-functional integration to capture opportunity. Success on both sides of this opportunity will enable stakeholders to win and retain customers, both vendor and enterprise buyers alike. Oracle Engagement Cloud is an early example of an enterprise software package integrating two separate buying centers, Sales and Customer Service, to share data to make and deliver on a brand promise. TBR believes more cross-functional integrations will appear in coming months from multiple vendors as more applications begin to pull from consolidated or at least consistently available data. The result is an enterprise that makes decisions based on consistent information rather than siloed operations.

Digital Transformation Requires Consistent Access to Consistent Data

Technology Business Research, Inc. (TBR) sees four key areas of the business being reshaped by software, cloud, analytics, mobility, cognitive computing and Internet of Things during digital transformations. As firms begin the process of transforming their businesses, these technologies will reshape four areas separately and cumulatively:

- **Revenue cycle** — All functions and processes related to acquiring and retaining business
- **Production cycle** — All functions and processes related to producing and delivering a service or product
- **Worker collaboration** — How line employees execute daily productivity and their managers monitor performance across the organization
- **Executive control** — How managers shape investments and policies, hire and control the business

There are multiple processes within each area, and TBR research shows executives transition their areas to new technologies while CEOs manage the transformation of entire firms.

“Going digital” uses technology to transition business processes to new models

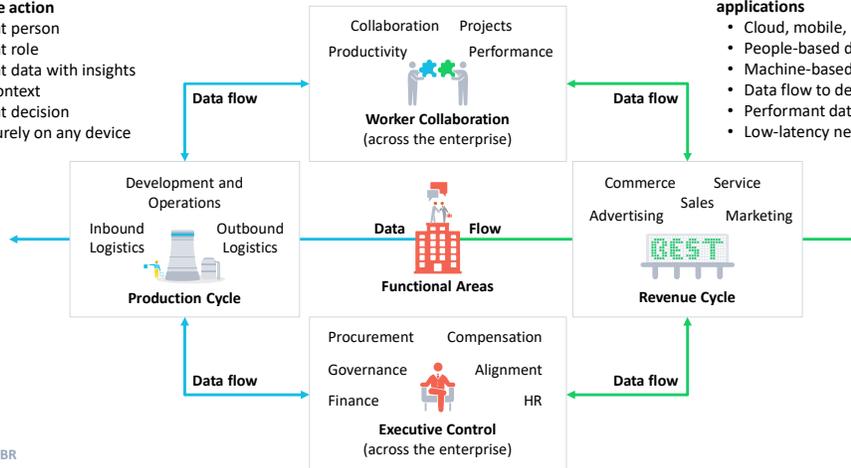
Four Areas of Digital Transformation

Next-gen applications enable effective action

- Right person
- Right role
- Right data with insights
- In context
- Right decision
- Securely on any device

IT challenge is to enable end-user applications

- Cloud, mobile, social, analytics tools
- People-based data
- Machine-based data
- Data flow to decision makers
- Performant data centers
- Low-latency networks



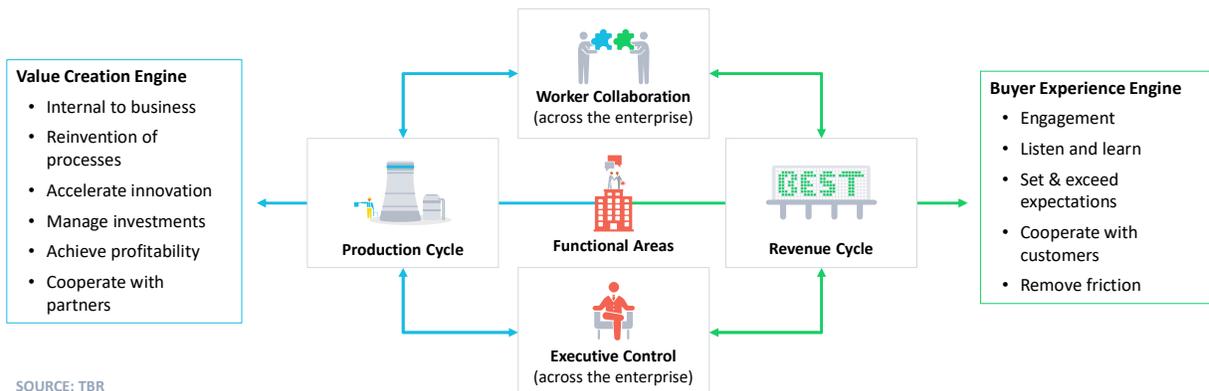
SOURCE: TBR

Customer engagement transformation is the key to growth and distinctiveness

CEO's dilemma: How do I transform how my business wins with customers?

CIO's dilemma: How do I translate technology into business advantage?

CMO's dilemma: How do I leverage technology to enhance CX?



SOURCE: TBR

A typical firm and leadership team face challenges addressing the revenue cycle:

TBR believes a stream of data flows in and out of an enterprise, and employees will apply applications that dip into this data river to complete specific jobs, such as advertising, social feedback, marketing, inside sales and partner support. These applications will enable employees to make decisions and act, which should create an outcome that can be tracked and analyzed for additional actions. The use of the data stream and applications and resulting analysis are all part of a broader digital transformation.

Digital Transformation Challenges Traditional Executive Control

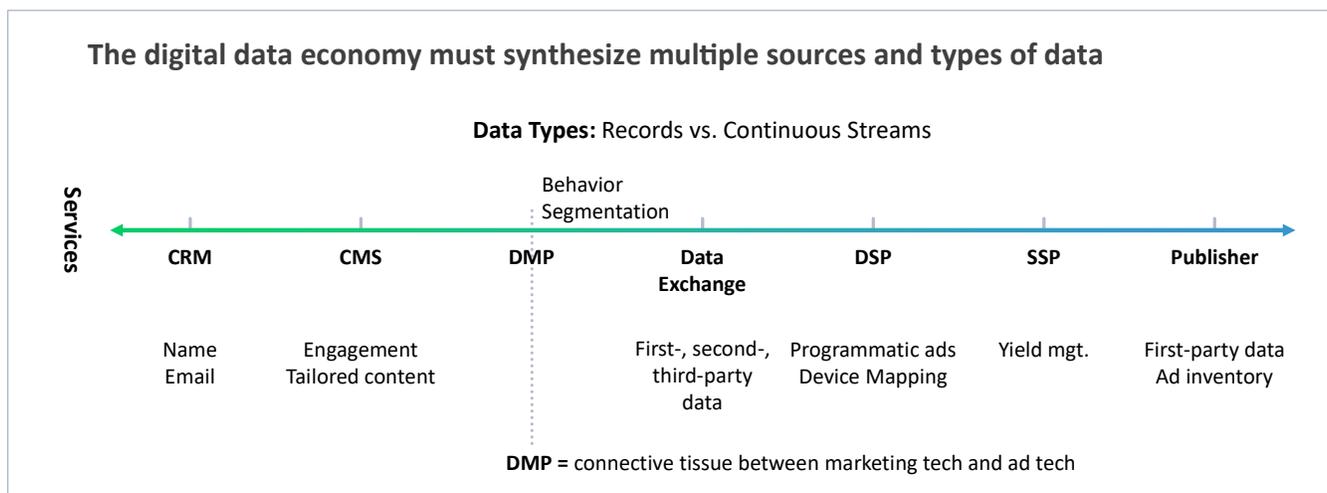
The challenge of using functional applications that draw from an integrated data flow is that most applications target a specific buyer function. Sales force automation software is purchased by the vice president of sales while the customer service automation software is purchased by the vice president of customer service. These executives generally purchase only the software that meets their specific needs, maintaining organizational boundaries. This separation of applications creates silos of data that are inconsistently defined.

Software vendors responded by selling functionally targeted solutions tailored to the needs of specific executive roles, confounding cross-functional execution and giving rise to integration and execution challenges. Problems with interoperability and integration also arise when large software vendors consolidate the point solution landscape.

Transforming the Revenue Cycle

Software vendors and CEOs are rethinking how applications change processes, add value and improve operations by connecting separate business areas. According to TBR's Customer Continuum, which provides a view into the customer life cycle, the revenue cycle includes customer service and sales as components of a business' overall process. The buyer experience engine extends from reaching and influencing audiences, through marketing to identifiable individuals, to selling to leads, to commerce, and finally to post-sale service that should create brand advocates. Data is the key, but not all data is the same. No single vendor has a lock on the data underlying the new application space.



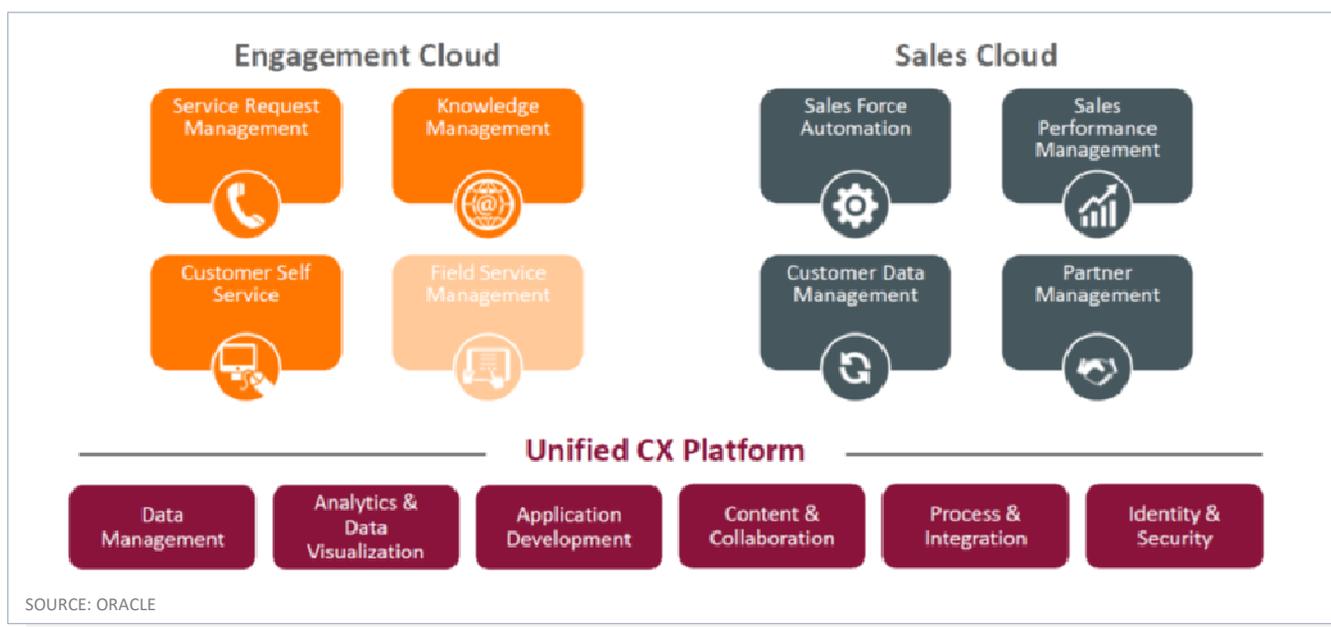


Solving for the Customer

While many firms can solve for cross-functional applications by performing their own integrations across multiple vendor solutions, a few vendors can perform this integration themselves. Oracle’s Engagement Cloud offering knits functions together, beginning with bringing sales and customer service together. This offering targets business-to-business (B2B) firms that need to support integrated sales and services expectations on complex offerings. By using its underlying Fusion Middleware portfolio, Oracle developed a solution that shares information about customer needs, expectations and requirements, as well as contract details such as service levels, with Customer Service, even as the sale is developing. By keeping the delivery team informed and by sharing a consistent and underlying understanding of the customer, Oracle Engagement Cloud helps enterprises solve for the customer.

Oracle built the underlying applications largely through acquisitions. For example, field service capabilities were added via the TOA buy. TOA is now called Oracle Field Service Cloud and is a solution within the Oracle Service Cloud suite. The Engagement Cloud solution is not, however, a direct integration of the different packages. It is a single application built on a single platform, and the underlying data layer (Customer Data Management) is key to the value of the solution. Both Sales and Customer Service can execute on what they need to do; the new offering enables a more complete view of the customer that should enable better customer outcomes.

TBR expects other software solution vendors will continue this trend of breaking down management silos and offer transformational value to the CEO.



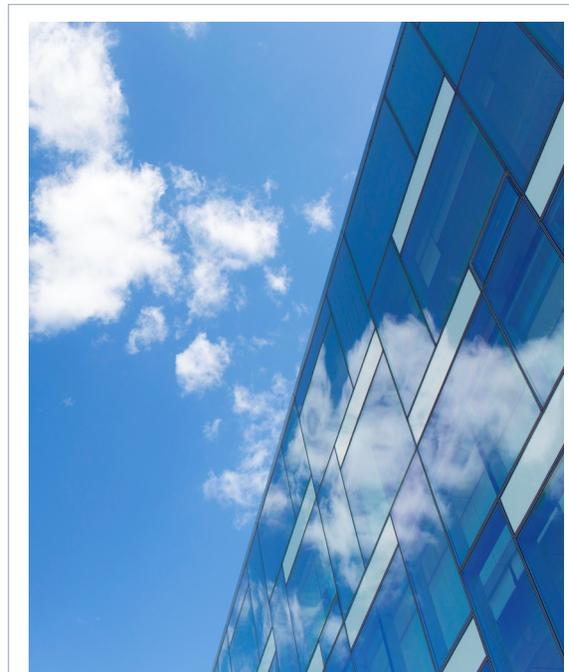
Oracle's initial release of Engagement Cloud begins to fulfill a broader cross-functional vision by focusing on a few specific attributes that neither a stand-alone sales automation nor a customer service package achieves alone. Specific cross-functional elements include:

- Collaboration tools for sales and service alignment
- Persistent public or private conversations
- Single security model
- Creation and tracking of service requests while adhering to SLAs and entitlements
- Sales access to service activity
- Support for multichannel customer interaction including email, chat, cobrowse
- Finding the right answers with Natural Language Search and Recommended Answers
- Creation of web and mobile self-service support

Oracle maintains a separate customer service solution, Oracle Service Cloud, for high-volume, customer support scenarios — typically business-to-consumer (B2C) firms — where there are high volumes of transactions of lower-price-point offerings. TBR believes Oracle picked the right problem to solve for in addressing the needs of its customers with more complex B2B scenarios.

Aligning for Digital Transformation

As Oracle rolls out the Engagement Cloud, a major question about adoption is, “Who pays for it?” Since both Sales and Customer Service will benefit, the transaction should be split between both silos. The measurement of benefits is often different, however, as Sales tends to be rewarded for revenue and Customer Service may or may not be recognized for retaining customers. Contracts can also get tricky. What happens when the size and needs of the Customer Service organization far outpaces the perceived needs of the Sales organization? The contracting mechanism needs to allow for firms to balance the inputs from traditionally separate buying centers even as they begin to align around customer experience.



TBR research shows the two biggest challenges to digital transformation are not technological but are cultural and business process change. The Oracle Engagement Cloud bypasses this issue by ensuring a smoother handoff between pre- and post-purchase customer experience. We believe engaging the CEO in driving the success of improving customer outcomes will also ensure executive alignment and support for new applications such as Oracle Engagement Cloud.

Oracle Engagement Cloud is one strong example of how new business applications will emerge that target the needs of the customer and that help the enterprise align its investments around how to maximize customer value. We anticipate this trend to kick off waves of application evolution as well as data integration and synchronization advancements. While not all applications will solve for the customer the way Oracle Engagement Cloud has, we see several possible outcomes including a landscape of point solutions that dip into a stream of first-, second- and third-party data, of end-to-end integrated solutions, and of flexible integration platforms that serve as the digital glue between inflexible applications. Over time, more of the application landscape will measure a functional group’s contribution to the customer value and help executives shape investment and activity.

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