

Digital Transformation: Which KPIs?

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The scenario

What is happening today?

Lack of change and adaptation leads to self-destruction

CapGemini's reports that since 2000, 52% of companies in the Fortune 500 have either gone bankrupt, been acquired, or ceased to exist



Spending is raising… not so are the results

IDC has predicted digital transformation spending to reach $1.7 trillion worldwide in 2019, a 42% increase from 2017.

But 59% of companies remain at a “digital impasse” and are struggling to transition into becoming a digital-native organisation.

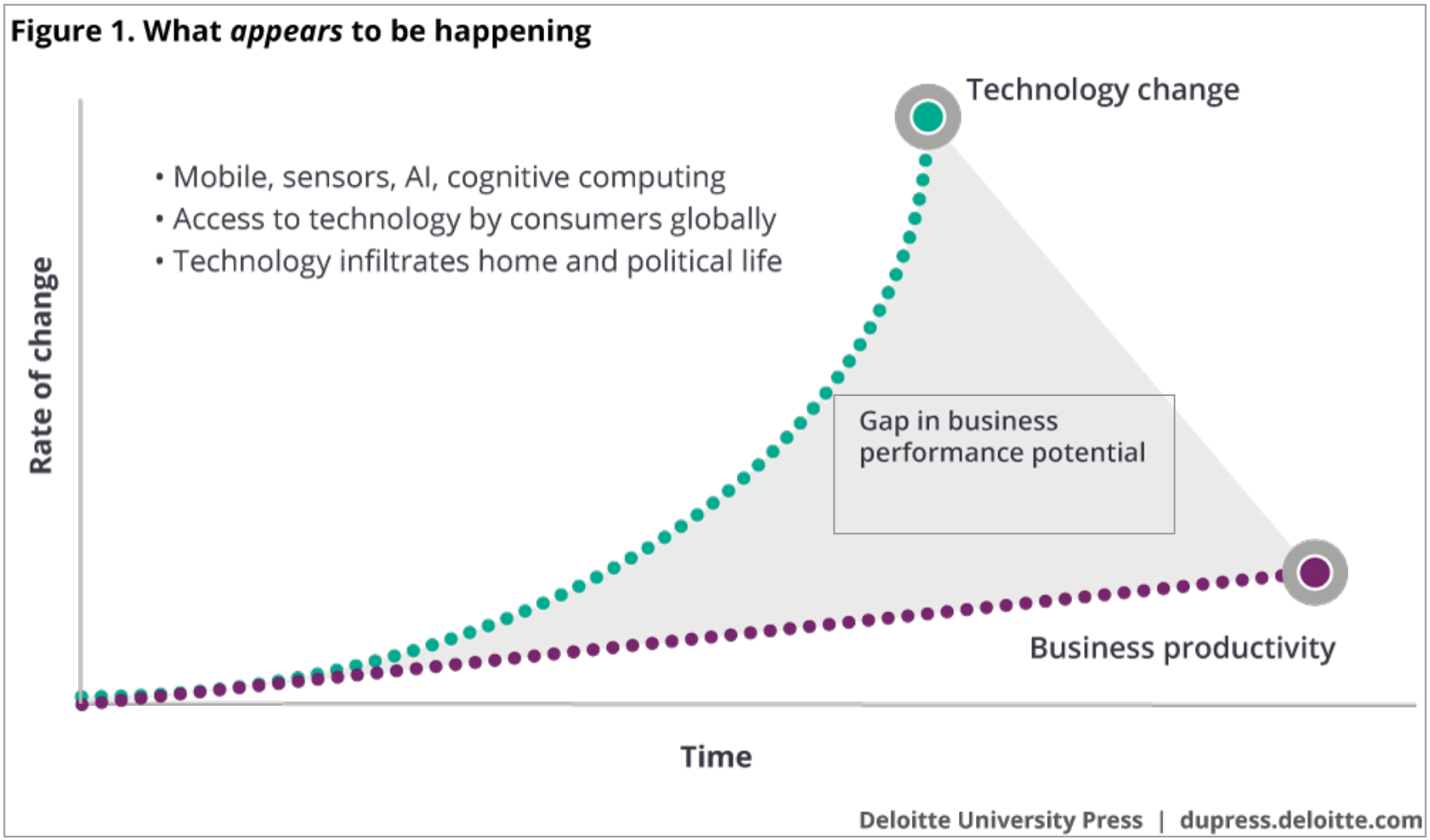


84% Of organisations fail at Digital Transformation

Forbes and IBM report that 1 in 8 had Digital Transformation right and more than 50% of companies failed completely

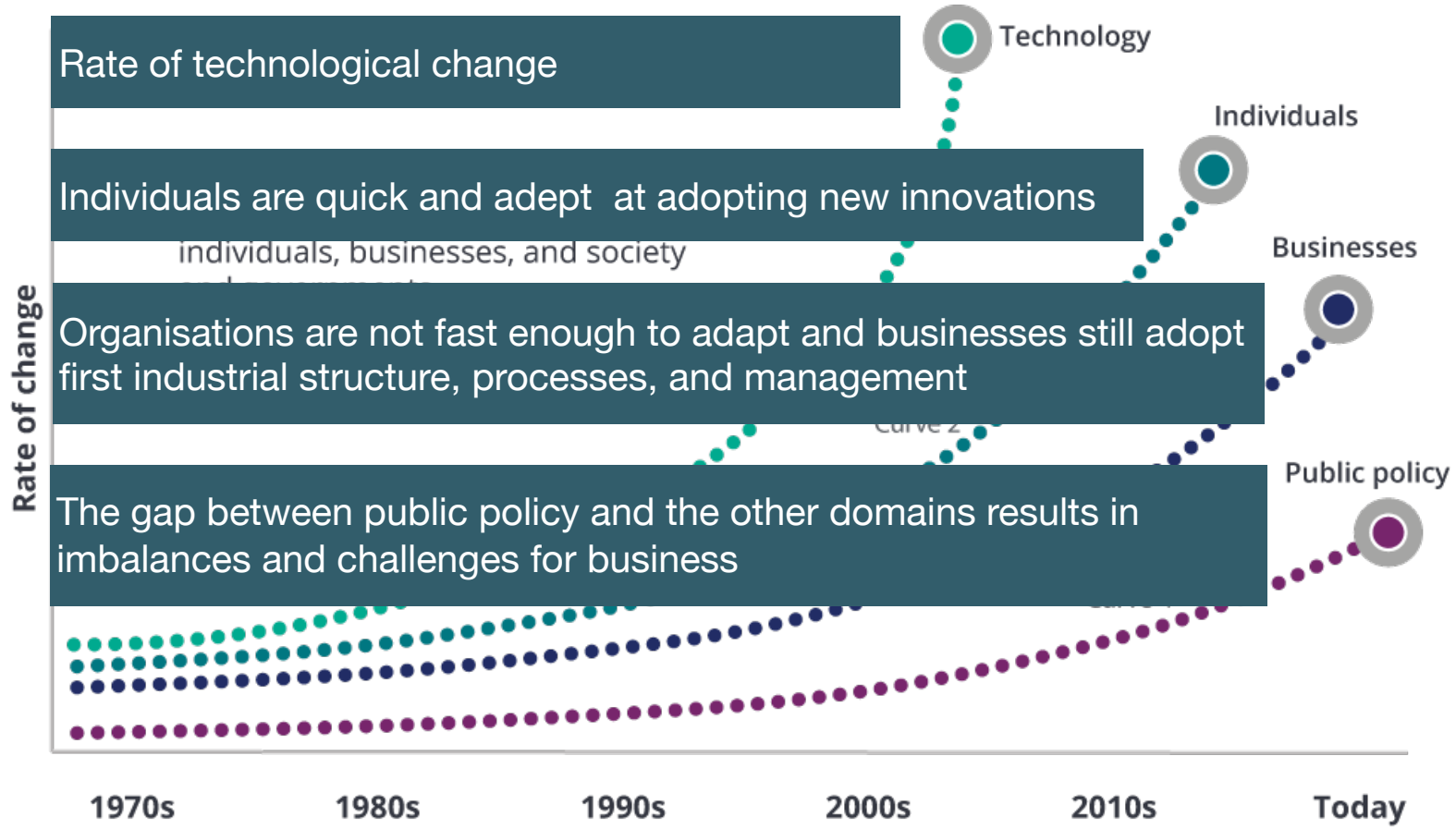


What is happening…



What is really happening

Figure 2. What is *really* happening



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The problem comes down to human capital strategies

how businesses organise, manage, develop, and align people at work to deliver successful customer and employee experiences



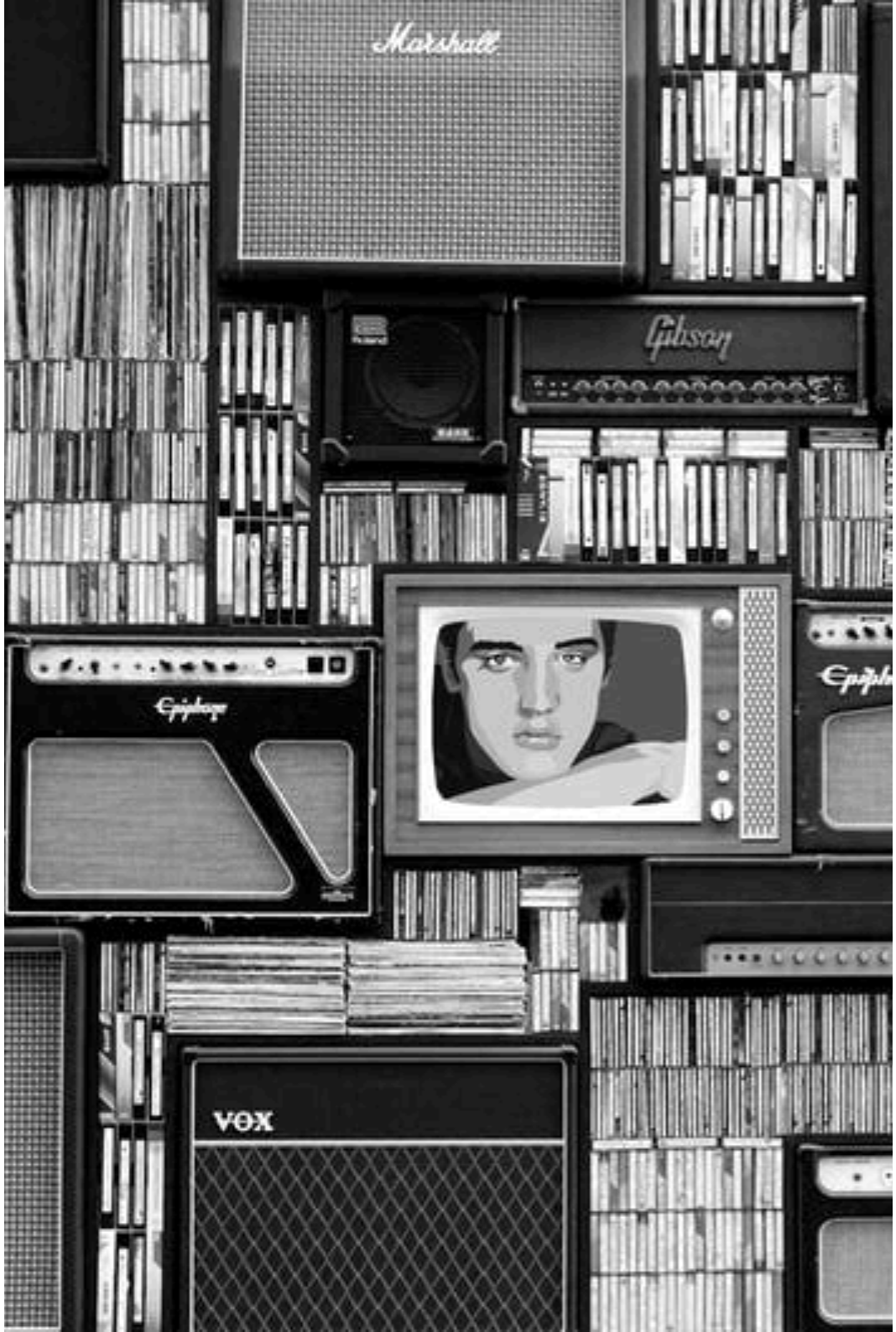


What are the key ingredients?

The dimensions of Digital Transformation

Digital transformation requires a focus on the customers, employees, and business

The driver of Digital Transformation is to enhance the experience of customers, improve operational models, and transform business models



The Ultimate goal of Digital Transformation

To create value for the business and *for & with* the customers through digitally enhanced processes that streamline operations, transform business models, and increase the overall customer and employee satisfaction

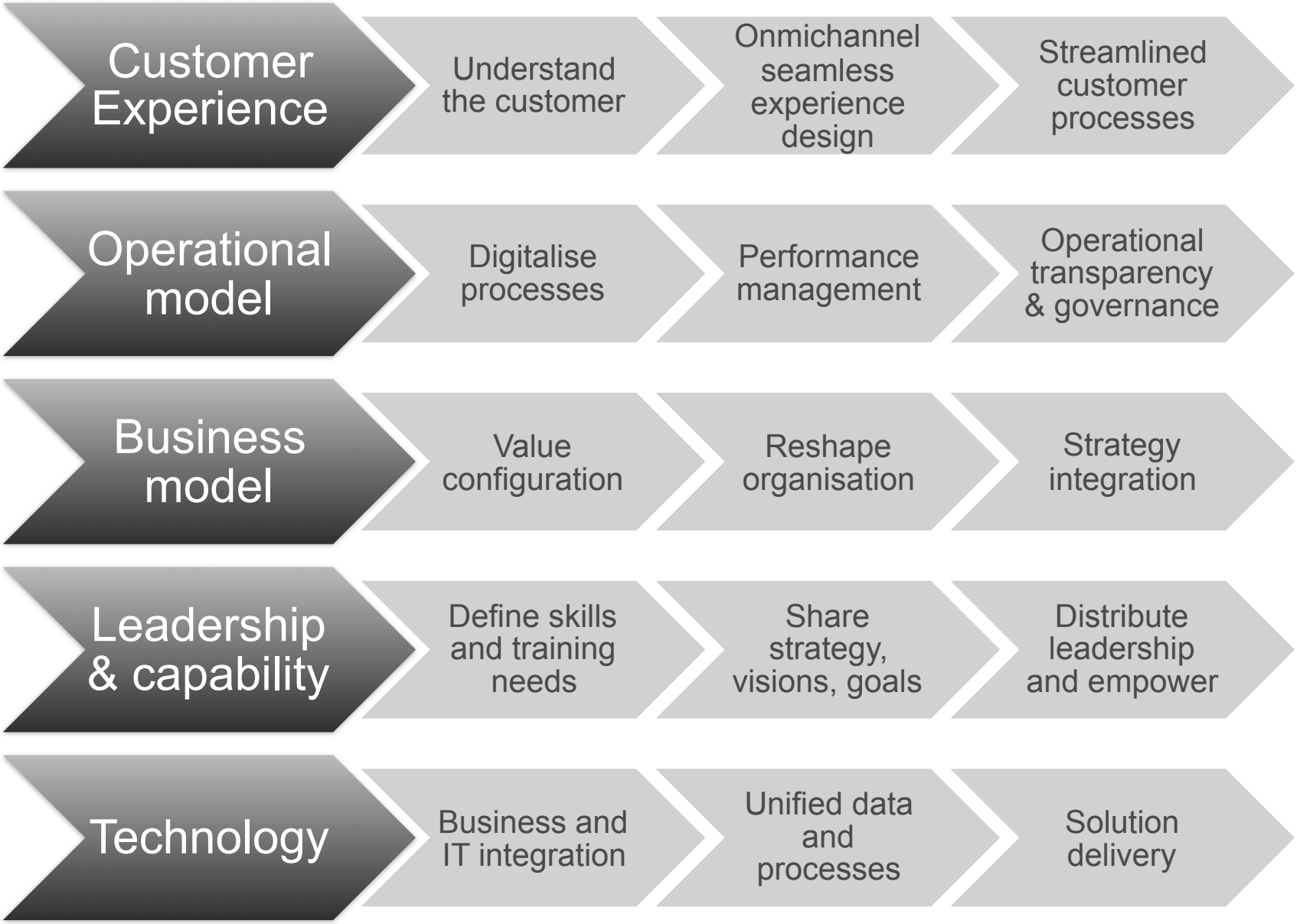


Digital is an adjective telling **how** to *change*

Digital is *not* a technology



The digital transformation key steps





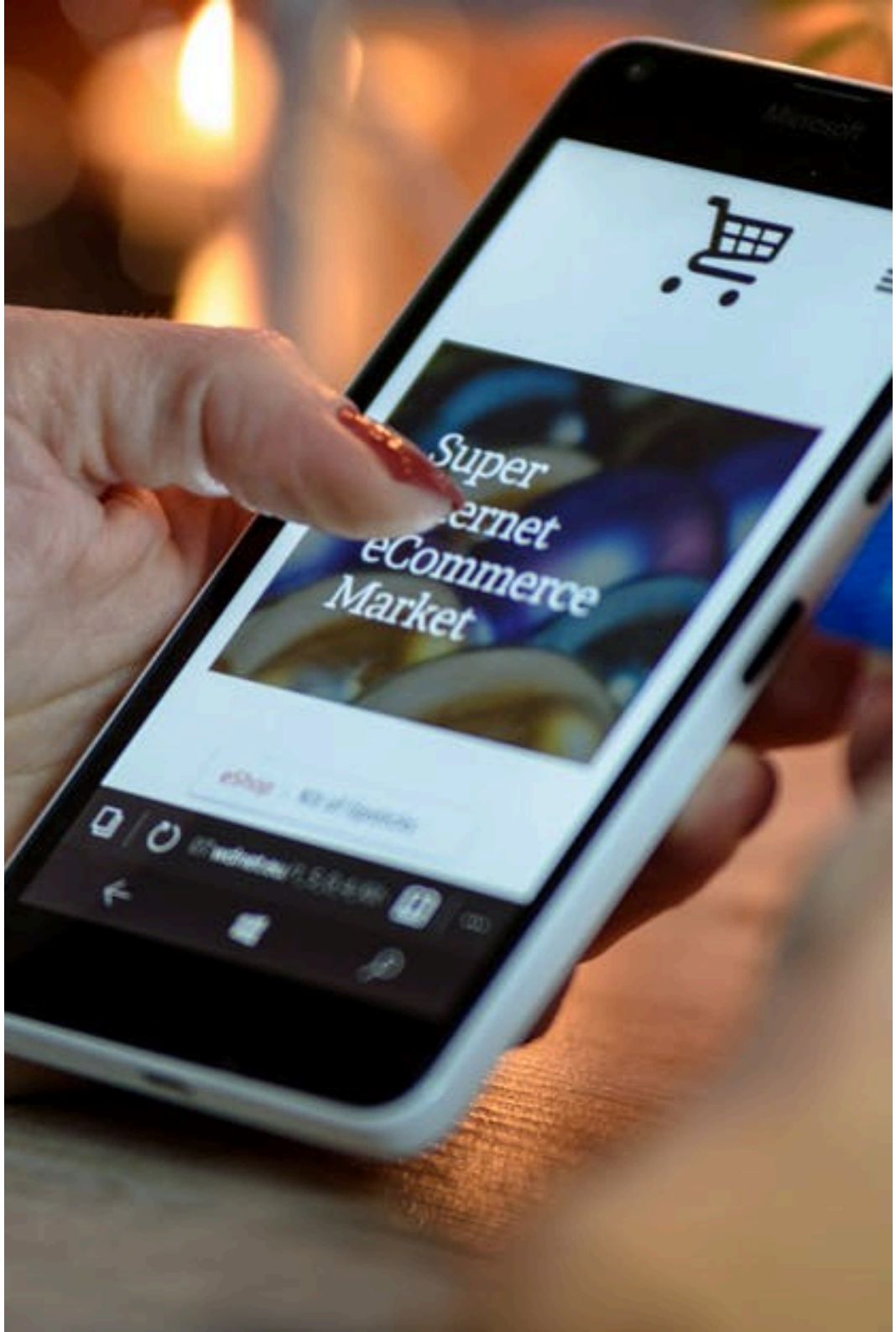
How can you measure Digital Transformation?

Use the right KPIs

Customer experience

Digital transformation changes the ***relationship*** with the customers

For this reason customer focused metrics are key to prove that brands are shaping new relationships



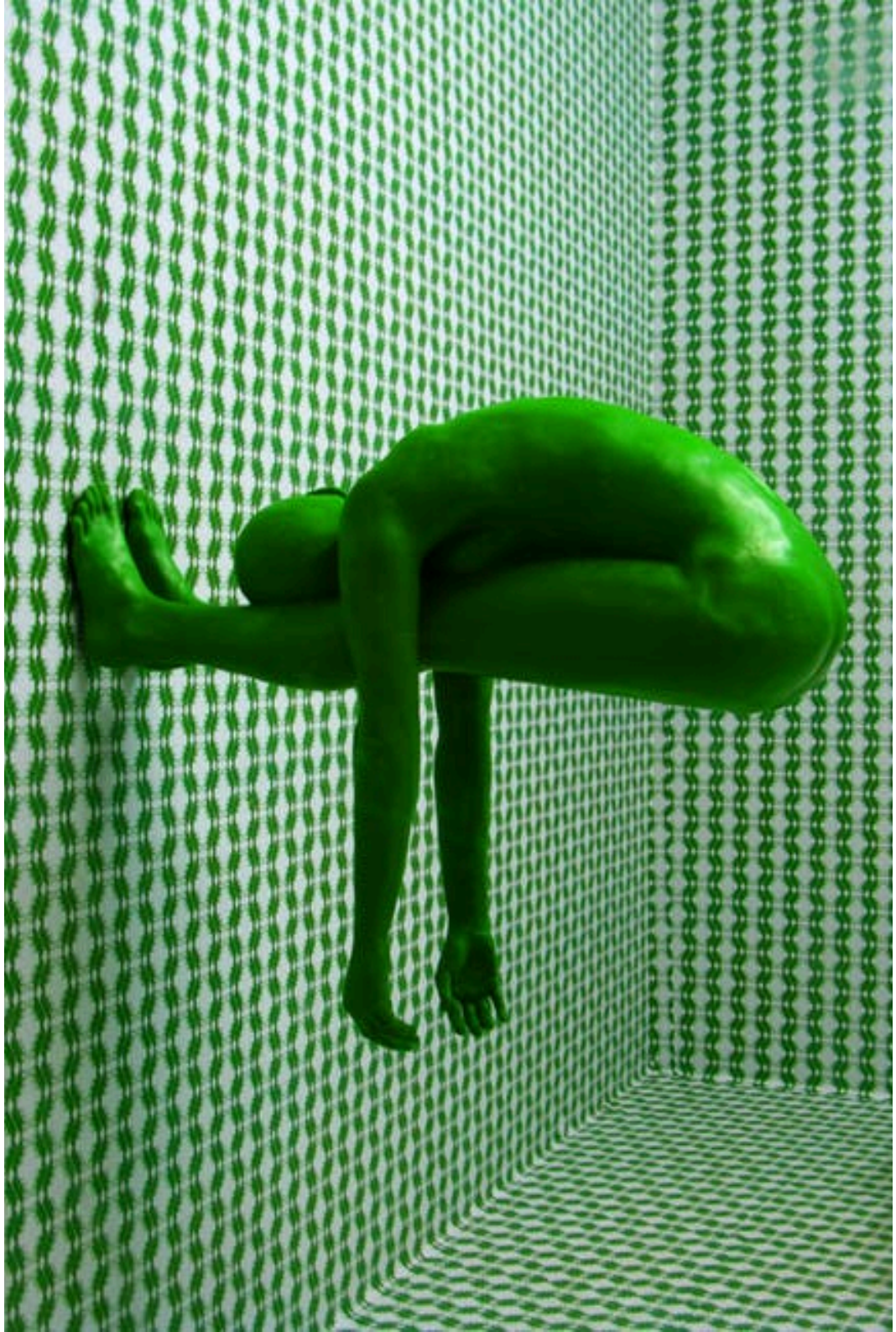
Customer Satisfaction Index (CSAT)

- It measures how satisfied is a customer
- It’s a short term and touch point focused metric



Customer Effort Score (CES)

- CES measures how much effort the customer put into a specific interaction with the brand
- The assumption is that low effort interactions drive loyalty
- It's a short term and touchpoint focused metric



New Promoter Score (NPS)

- Measures loyalty and longer term relationships
- It focuses on the existing *ongoing* relationship between the brand and the customer
- It's strongly correlated with measures of company growth



In 1977, 32% of U.S. shoppers experienced issue in shopping.
In 2017, the 2017 Customer Rage Survey says that figure had risen to 56%

The relationship between customers and organisations are changing.

And are changing fast.





Customer experience is not a piece of technology.

Its a strategy.

Get customer intimate by first focusing on centring the customer within your business.

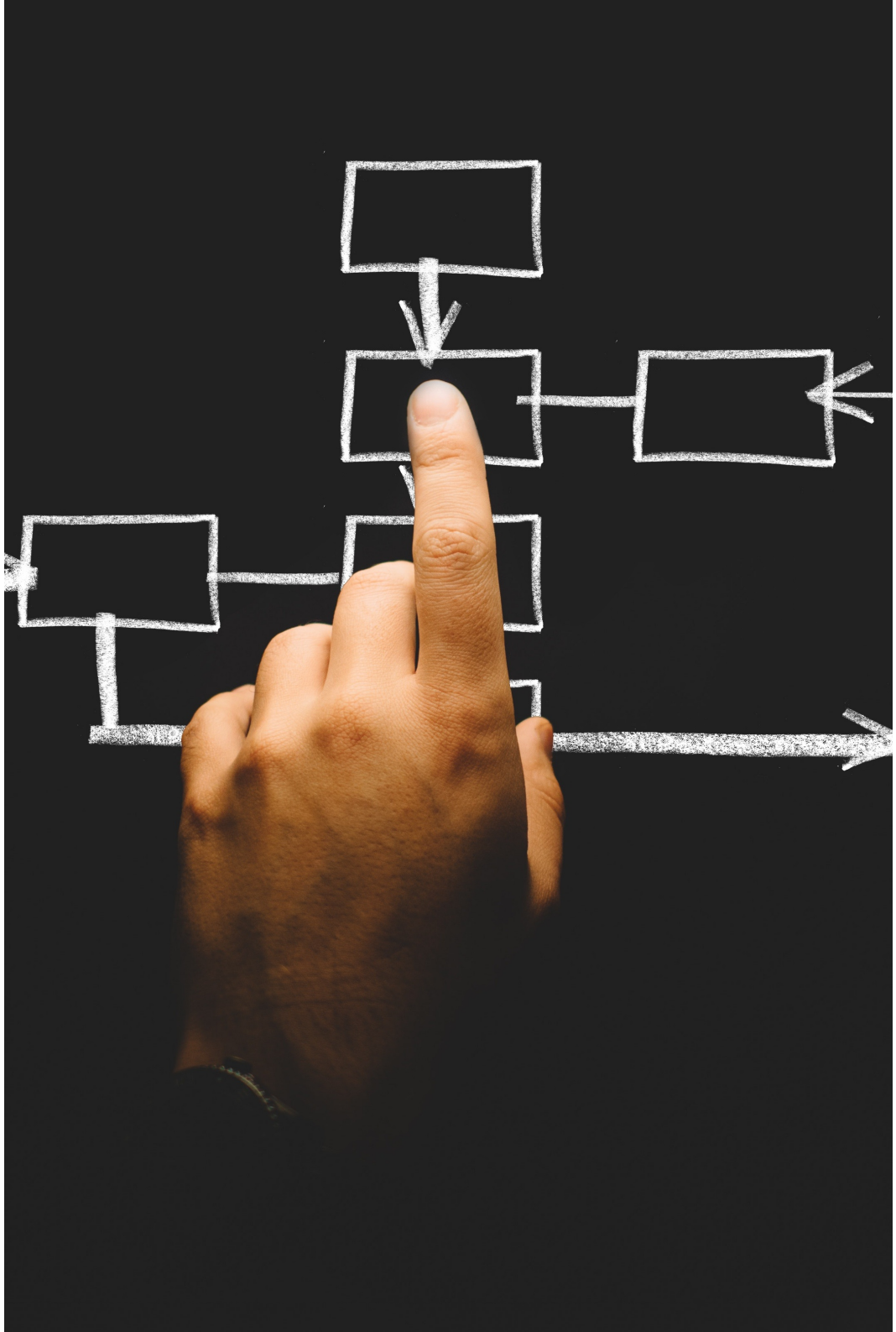
In this sense CX is a cultural condition.

Technology is there to enable and scale.

Steven Walden, CX expert.

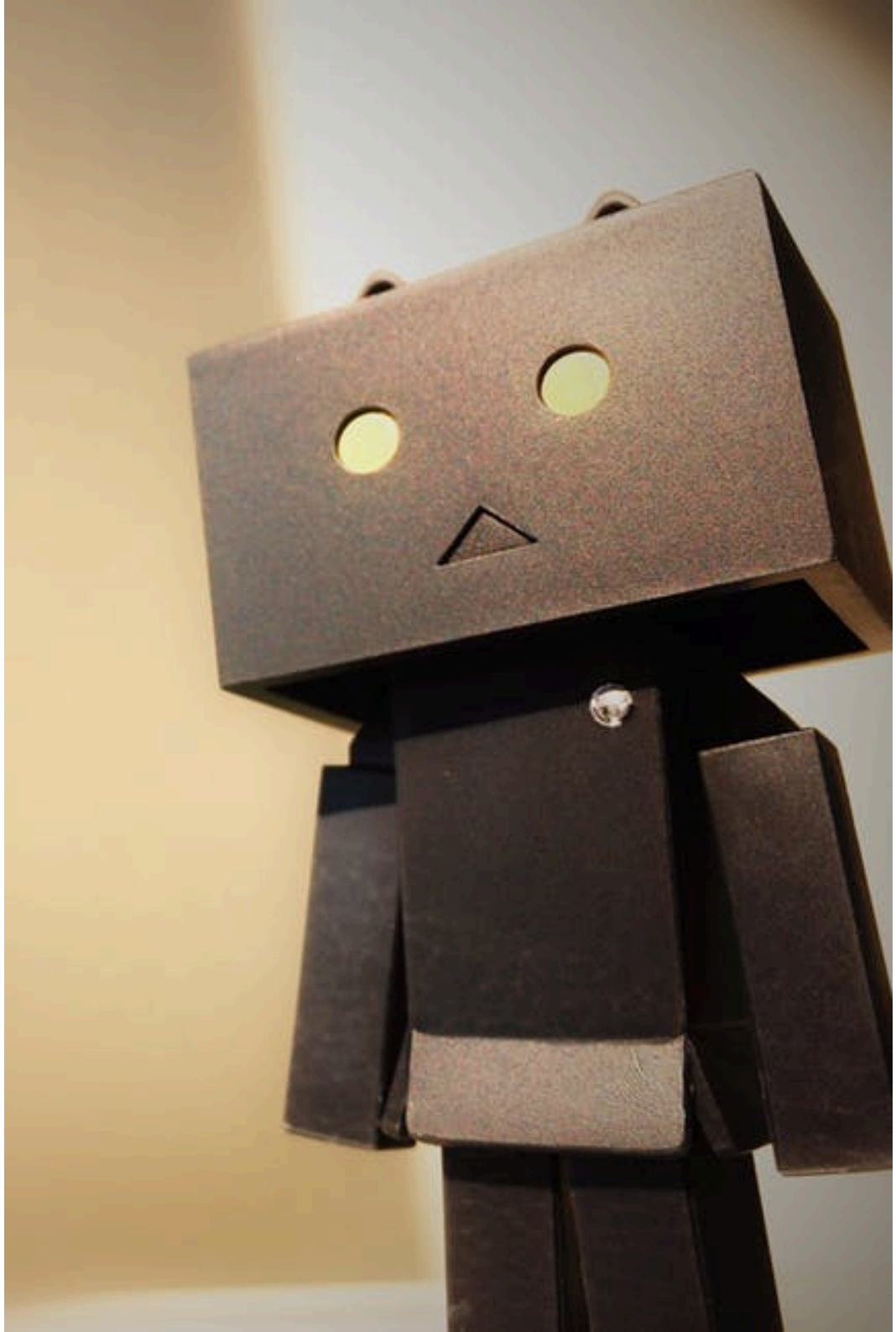
Operational models

How the organisations operates internally is key to ensure results and value creation for the organisation, its employees, and the customers.



The operational model affects the CX

How an organisation deals with the customer defines the relationship the brand creates and it reflects the organisation’s ability to adapt to the changing environment



The Customer issue resolution capability

- Customer issue resolution capability is the percent YoY change in the speed in resolving customer issues
- It measures all touchpoint and all channels
- It assess how new operational models are impacting the customer experience



You cannot transform just by adding the latest technology on the top of obsolete processes

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Digital transformation is about processes and people before technology



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First Contact Resolution Rate (FCR)

- FCR is the rate of customer's issues solved in a single interaction, with no need for costumers to follow up
- It is *not* about the resolution time (quantity of time) but it is focused on the quality of the interaction
- It reduces efforts and affects both CES, CSAT, and NPS
- It should be measured on all channels



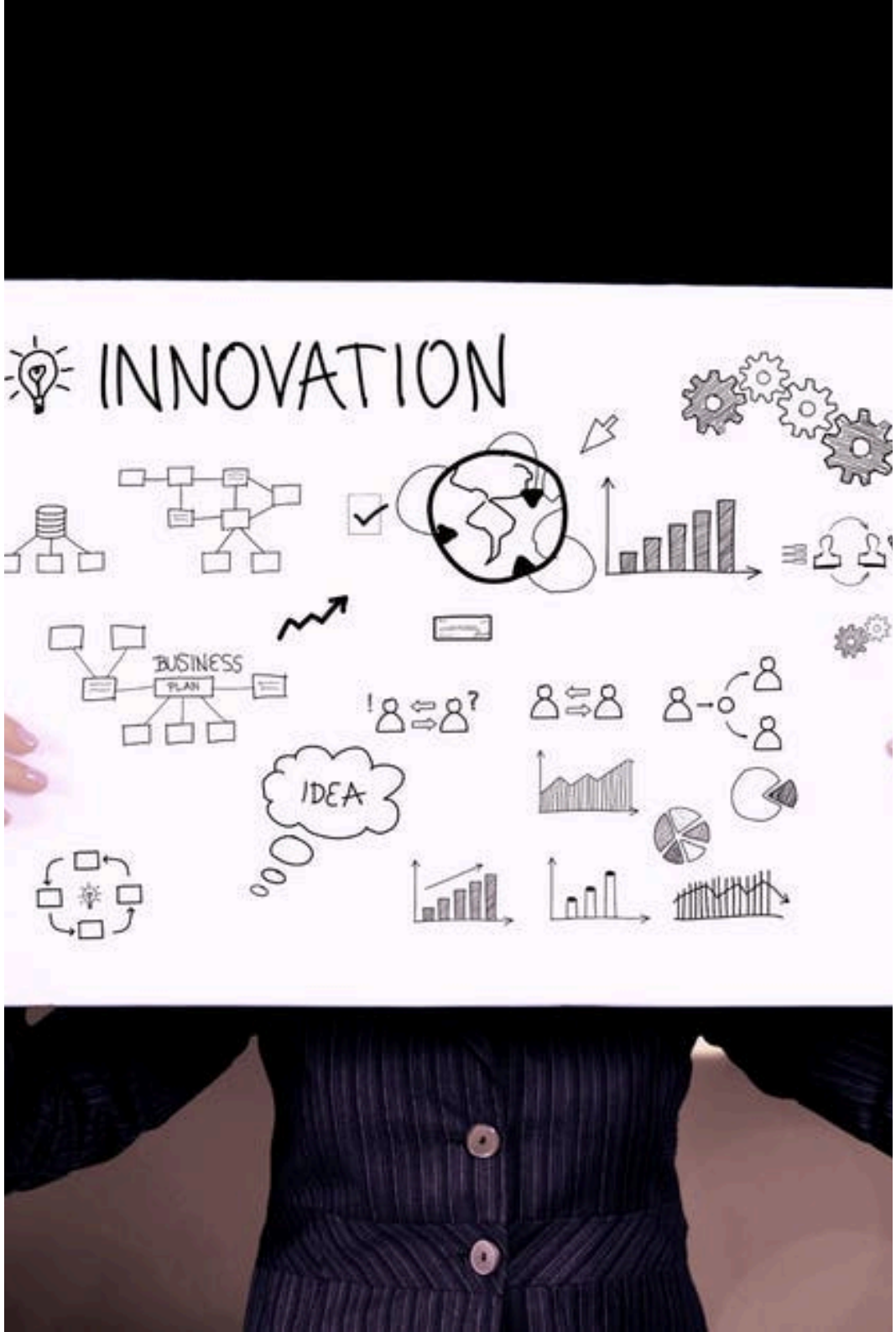
Return On Innovation Investment (ROII)

- A measure used to evaluate the effectiveness of a company's investment in new products or services
- It includes all the costs that have been sustained to deliver innovation
- To calculate ROII:

profits produced by innovation

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cumulative investment required to create return



Business models

Business models need to be transformed by putting the customer at the heart and reviewing the overall operational models.

Digital transformation leads to new value creation models that cannot be overlooked.



Leadership & capability

People within the organisation are the key asset that drive digital transformation

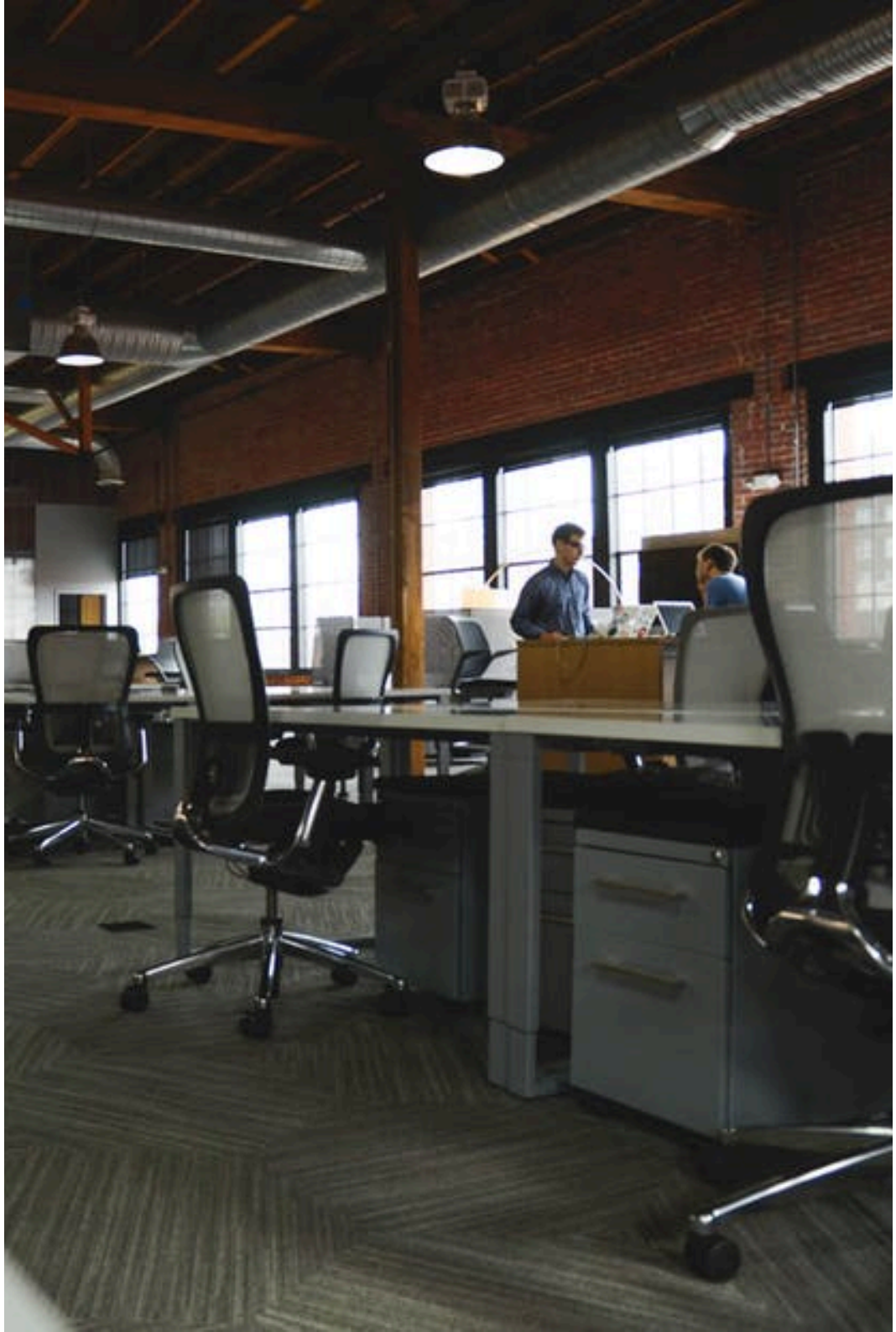
Measuring the employee experience is essential to ensure a successful Digital Transformation



Employee turnover rate (ETR)

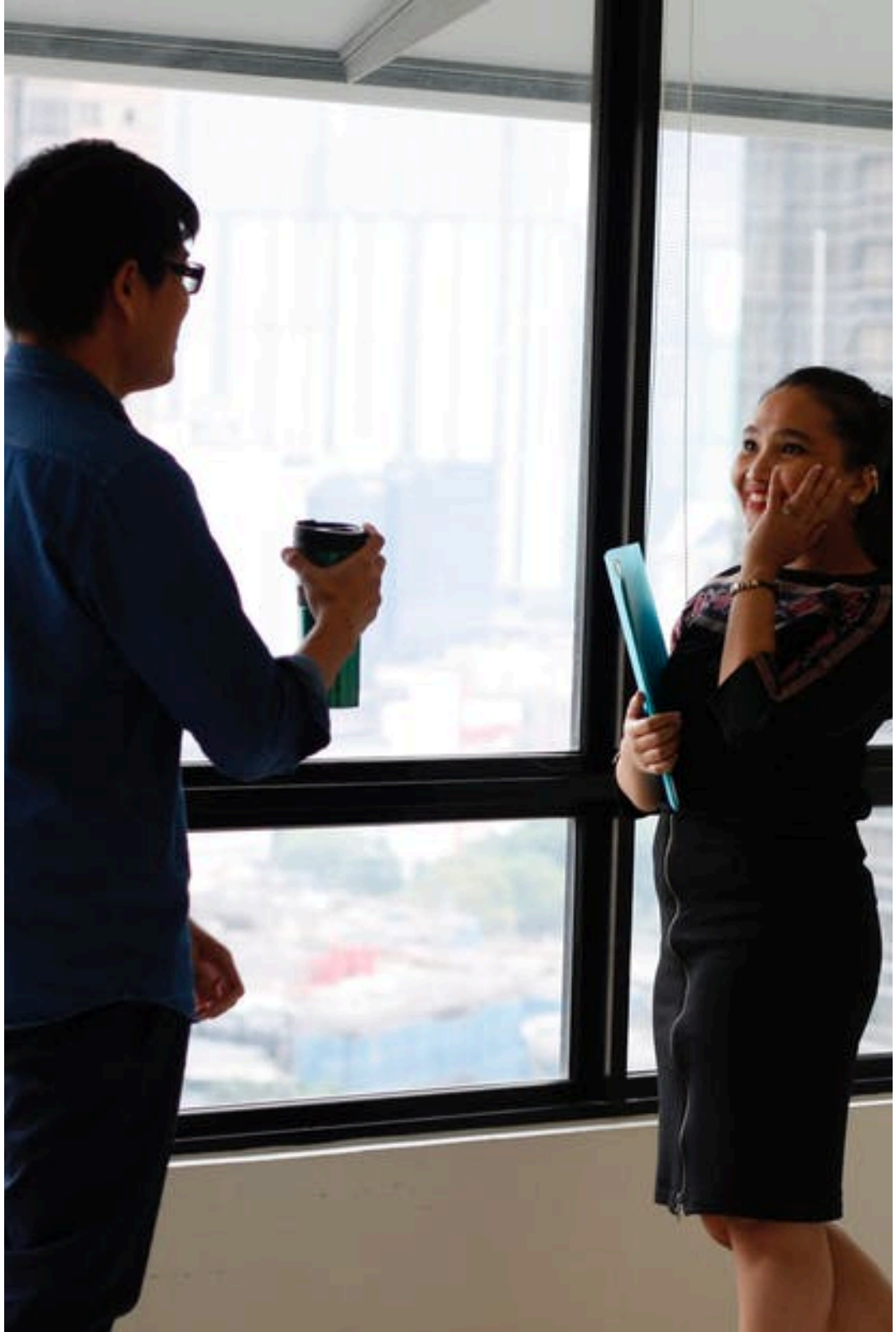
- ETR is the percentage of employees in an organisation that leave during a given period of time

- If the trend is of a growing turnover rate, chances are there are some aspects that needs to be reviewed within the company operational model or culture



Employee Satisfaction Index (ESI)

- ESI assesses the level of employees satisfaction
- This index is key as there is a causal link between motivated employees and business performances:
  - Motivated employees who are more likely to deliver satisfaction to customers
  - They are more likely to drive successful business performance



Technology

What KPIs would you use?



Technology is simply a mean to an end, it’s an enabler

We can measure tools’ efficiency, but their efficacy is always determined by processes, culture, and employees





The truth about digital Transformation

5 things to remember

Digital Transformation is not a cost centre

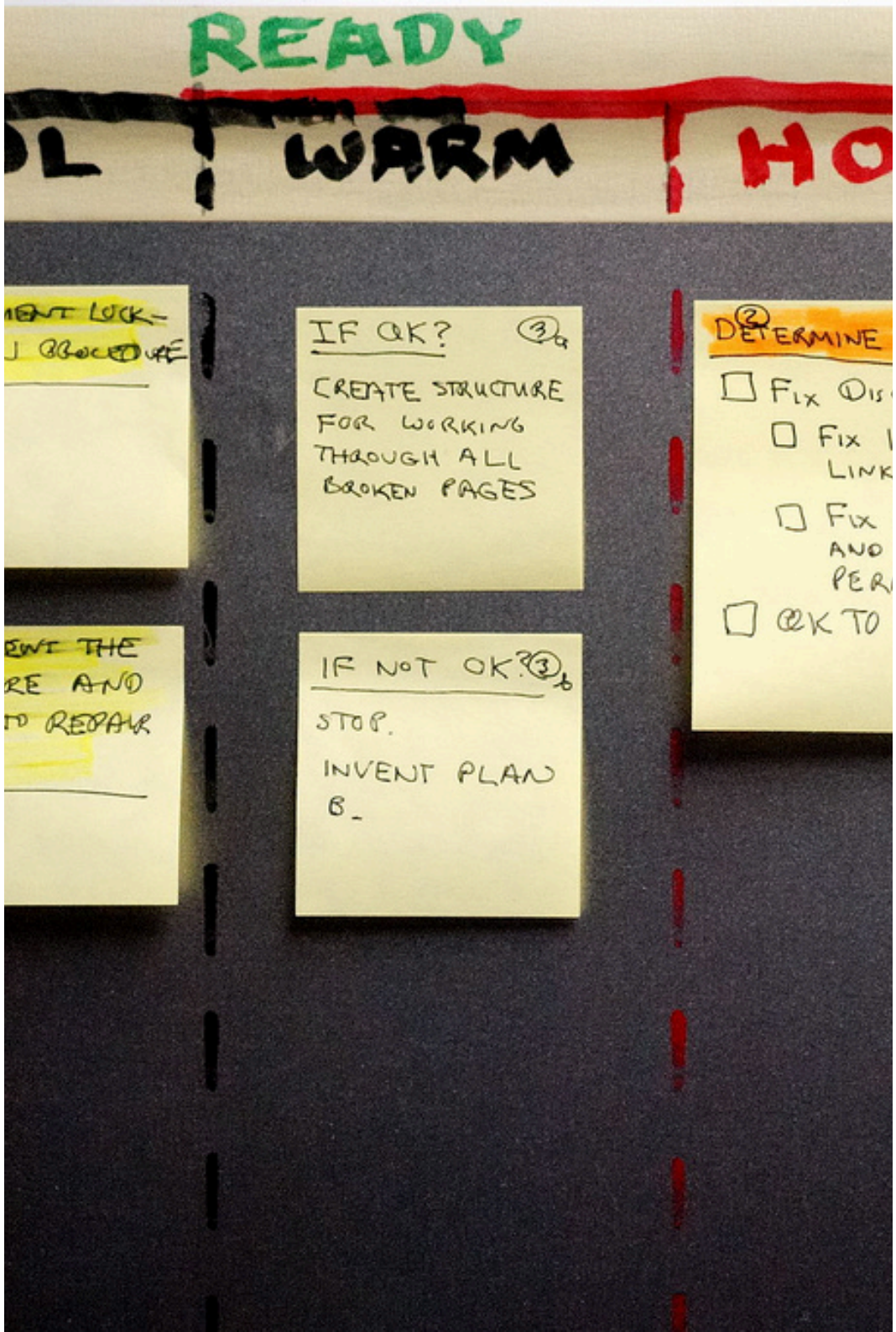
It’s not about how much you spend

It’s about how much value you create through change and people



Digital Transformation is not a project

Digital transformation is a permanent change in the organisation's cultural and operational DNA



Digital Transformation is not a crush-diet

Diets only work if they become part of your life-style

The moment you stop your diet, you go back to square one.
The same with Digital Transformation



Technology alone is just lipstick on pigs

Digital transformation is not about technology, it’s a vision, a culture, a new way to achieve new goals and create value

No technology alone, without the right integration, strategy, implementation, or process will deliver value by itself



You Cannot buy Digital Transformation

There is no OOTB Digital Transformation.

You can buy

- skills
- vision
- strategy
- tools





Few more take aways

To make Digital Transformation happen

Digital transformation is a way of being and doing

Because digital transformation is all about ***change*** and ***people***

It’s a strategy and a vision



It’s not about money
It’s about culture

It’s about changing and leaving the industrial operational model behind and embrace a *systems thinking* based approach



The ROI of Digital Transformation

- To digitize legacy systems may have a significantly lower ROI than investing in R&D or marketing on the short term
- But removing inefficiencies of legacy systems and focusing on the customers increases potential for innovation by enabling new feedback loops and new data that provide insights to improve products and processes



Ultimately Digital Transformation is about managing change

Defining the strategy and the vision to lead organisations in the *present* focusing on experiences and values and putting the customer at the centre





…Questions?

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