Customer Experience Playbook

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Introduction

Today, nearly every customer experience in any industry—from in-store retail to personal banking and manufacturing—is driven or supported by digital technology. Customers expect attention and on-demand service at every part of their journey, from sales outreach through to order fulfillment and post-sales support. In order to deliver on customer expectations, companies must invest in the right technology to power proactive, personal experiences and service.

The potential of today's new CX technologies is exciting. From machine learning to natural language processing and mixed reality, today's enterprise tools and platforms promise to drastically change the way that businesses interact with customers, the speed at which they scale, and the accuracy with which they make recommendations and troubleshoot problems. Each customer interaction presents a chance for companies to learn more about each individual customer and to improve their end-to-end journey through service and technology.

While companies recognize the potential for technology to improve CX, it is difficult to align new solutions with the right departments and customer scenarios to realize their true value. Enterprise technology is only as useful as it is understood and utilized by employees; business leaders need to understand how each CX technology investment or decision will empower their teams to excel in customer engagement and operational efficiency.

When focused on the right problems, goals, and metrics, digital solutions work in concert to drive a company toward new levels of customer satisfaction and success. This trends report is designed to explore the newest enterprise technologies and share how they are impacting CX through customer engagement, employee productivity, and operational efficiency. Together, these systems stand to deliver modern, unified customer experiences—helping your company outpace your competitors' actions and, more importantly, your customers' expectations.

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New marketplace realities

Customer engagement has evolved

The world is now mobile-first and digitally fluid. As a result, customers expect brands and businesses to always be available at the right time and in the right place to deliver consistent, convenient and personalized experiences.

Trust in brands and businesses has eroded

Social media has amplified the voice of the customer and democratized influence and access to information. Opinions from friends and peers have greater impact and it's easier than ever to switch to a competitor. Customers now have control.

Customers and markets move in real time

Legacy systems and siloed operations can no longer keep pace. To be successful, brands and businesses need to enable their people and processes to respond quickly to change, as it happens, to deliver exceptional experiences and capture new revenue opportunities.

Data is the most valuable resource

Brands and businesses sit on a wealth of information generated from internal operations and customer interactions that span channels and platforms, but much of its potential goes unrealized. To truly capitalize, companies need to take an integrated approach capable of extracting actionable insights and sharing them across the organization.

New pathways to scale

Balancing existing resources with new investments to drive growth remains a challenge for any organization. The adoption of intelligent automation tools creates meaningful gains in productivity and efficiency, freeing up employees to focus on customer-centric tasks and innovation to grow the bottom line.

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Why CX matters

CX drives positive customer engagement

94%

94% of consumers who give a company a "very good" CX rating are "very likely" to purchase more products or services from that company in the future. 95% of consumers who give a company a "very good" CX rating are "very likely" to recommend the company.

ROI of Customer Experience, XM Institute, 2019

82%

82% of business buyers and 59% of consumers are willing to pay more for a great experience.

State of the Connected Customer Report, Salesforce, 2019

CX grows the bottom line

Digital transformation and a focus on customer experience can generate a 20-30% increase in customer satisfaction, a 10 to 20 percent improvement in employee satisfaction, and economic gains of 20-50%.

What Matters In Customer-Experience Transformations, McKinsey, 2019

63% of executives whose companies have adopted AI report that it has provided an uptick in revenue in the business areas where it is used, and 44% say AI has reduced costs.

Global AI Survey, McKinsey, 2019

Between 2018 and 2019, organizations that have deployed artificial intelligence grew from 4% to 14%.

2019 CIO Agenda Survey, Gartner, 2018

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CX powers competitive advantage

81% of large companies plan to increase their focus on customer experience in the upcoming year.

The State of Customer Experience Management, XM Institute, 2019

93% of IT leaders say improved customer-facing technology is critical for their company to compete. 77% of IT leaders are increasing investment in the customer experience.

Enterprise Technology Trends Report, Salesforce, 2019

When it comes to innovation, 35% of high-performing companies were first movers versus 11% among low performers.

State Of Innovation, CB Insights, 2018

70% of elite performers are agile enough to quickly respond to consumer demands and insights versus 37% of underperformers. 72% of elite performers continuously gather information on consumer expectations, trends, and feedback versus 54% of underperformers.

Consumer Experience In The Retail Renaissance, Deloitte Digital And Salesforce, 2018

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A strategic framework for CX transformation

Engaging customers

- Creating 1:1 interactions that scale

- Empowering customers to achieve on their own

- Anticipating customer needs

Empowering employees

- Building 360-degree customer profiles

- Streamlining anytime, anywhere collaboration

- Embedding intelligent assistance inside workflows

Optimizing operations

- Eliminating organizational silos

- Enabling operational agility

- Refining operations in real time

- Forecasting futures to ensure success

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Pillar: Engaging customers

When it comes to customer experience, organizations excel when they not only address buyer concerns, but also invest in building proactive, personalized relationships with their audiences. Customers don't see themselves as problems to be solved, but as individuals with particular goals and needs—which they expect brands to understand and address. By combining customer engagement best practices with data-driven digital solutions such as synchronized CRM systems and anticipatory service driven by AI, companies can ensure that each interaction is relevant, personal, and effective.

"Consumers know businesses can deliver a seamless, personalized, engaging experience—and expect one every time they encounter a brand. The entire organization plays a part in satisfying that expectation."

Christi Olson, Head of Evangelism for Search, Microsoft

Enabling solutions

- **Unified customer data profiles:** Comprehensive customer data platforms aggregate information about customers from each channel and every stage in the user journey to draw out actionable insights about their needs and preferences.

- **Computerized curation:** Machine learning platforms find patterns in customer behaviors, choices, and feedback to customize future recommendations and action plans.

- **Guided search:** Natural language processing leverages your company's big data to guide customers to the products or answers they need with minimal friction and frustration.

- **Proactive service:** Using historical and real-time data gathered from 1-to-1 interactions, IoT-enabled devices and other customer touchpoints, AI-based software predicts future needs, roadblocks, or events, and changes the course of business to address these situations before they even arise.

Creating 1:1 interactions that scale

Customers have limited time and attention. To cut through the clutter of information, notifications, and communications that define the landscape today, they expect personalization and relevance. Unified customer data profiles and advanced CRM systems are enabling companies to deliver high-touch, tailored services that surpass customer expectations. These intelligent platforms track and analyze customer preferences, goals, and engagement history, alongside external factors such as changing market conditions, in order to deliver a concierge level of service once limited to only the best customer agents. Data-driven relationship management builds customer rapport, increases satisfaction, and nurtures demand, all at enterprise scale.

Supporting data

"What's important from a Nike shopping experience is that with machine learning and AI, we're able to have every digital experience at Nike be unique and personal. My wish for you one day is to feel that you have your very own personal store curated for you on our app experiences."

Heidi O'Neill, President, Nike Direct

62% Greater personalization in retail leads to a 40% increase in average value order and a 110% increase in number of items purchased.

Level of Personalization in Retail, Boston Consulting Group, 2019

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How this manifests

Scaling personalization through intelligent data analytics

In order to stand out in a crowded marketplace, US-based wellness club 24 Hour Fitness connected its marketing and sales data with Microsoft Dynamics 365 and Adobe Experience Cloud on Microsoft Azure, delivering personalized marketing messages across its membership base. In applying data analytics to member marketing, 24 Hour Fitness' intelligence-based approach to personalization has ultimately powered custom experiences at scale for the millions of members across its 400-plus health clubs. By collaborating with Microsoft to create new solutions, 24 Hour Fitness is now capable of reaching their customers in exciting new ways, offering both long-standing and new members the same level of personalization, and helping more people reach their fitness goals than before.

Learn more

Citizens Bank

Financial products tailored to buyers' life stages and goals

Financial group Citizens Bank launched a new consumer banking initiative, Made Ready, that tailors the company's financial products to customers' current stages in life or business. Utilizing individual customer data, Citizens Bank organizes products and services around an experience relevant to each customer's journey, such as applying to college, buying a first home, starting a business or planning retirement. Designed to appeal to younger customers in particular, Made Ready focuses on relevant millennial financial needs, including point-of-sale loans and student loan refinancing.

citizensbank.com

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Empowering customers to achieve on their own

In our age of ubiquitous technology, customers are increasingly comfortable browsing, purchasing, and even troubleshooting on their own before turning to brands for support. Rather than getting in the way of customer independence, companies can improve the experience by automating steps in the journey, removing roadblocks, and developing easy-to-use supports that streamline the process and empower customers to achieve more on their own.

Supporting data

57%

When a retail customer is online and a self-serve option is made available to assist them, 57% of customers say they will typically try a self-serve option before reaching out to customer service.

Retail Report, CFI Group and Radial, 2019

"*Customer service organizations have to make self-service easy and effective. It must connect the customer to the right answer or resolution. Self-service should be delivered when the customer is engaged, with a full understanding of their context and in the flow of their actions within the application that they are using.*"

Your Customers Want to Self-Serve—It's Good For Them And Good For You, Forrester, 2019

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How this manifests

Directly

Financial products tailored to buyers' life stages and goals

Collaborating with Directly, a software provider, to automate its customer service offering, Microsoft combined human brand advocates with AI to create a more efficient, self-powered customer support experience. While the trained AI handles simpler issues, product and service experts are free to take on more complex issues. Resolving an average of 2 million customer support interactions per year, Directly's gig worker approach has helped Microsoft to tap into an already trained workforce and effectively scale its support teams at critical times throughout the year, providing value to customers looking for instant solutions. This level of self-powered service has led Microsoft to achieve customer satisfaction scores of more than 90 percent, while 25 percent of all Xbox issues are now able to be resolved automatically.

Learn more

Ethos

Machine learning streamlines life insurance applications

Ethos, a direct-to-consumer insurance company, uses machine learning and big data analytics to reduce the time and hassle customers endure in order to purchase life insurance. Traditional life insurance is sold to customers through agents, and the entire process can take an average of 15 weeks, sometimes requiring customers to undergo extensive medical exams and blood tests. To simplify the experience, Ethos asks customers to fill out a minutes-long online quiz, which is then verified with medical records. Personal data is algorithmically analyzed against big data patterns to produce multiple insurance quotes, which customers can review and select in-browser. By streamlining quote development, Ethos improves insurance access and guides customers to make informed decisions when choosing policies.

ethoslife.com

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Anticipating customer needs

As companies take advantage of connected software and systems, AI tools are learning from feedback and repeated use to better understand client needs and goals. Through this performance and feedback cycle, AI-based experiences will evolve from delivering reactive support to offering proactive service, which includes automating regular tasks, offering just-in-time assistance, and troubleshooting to solve potential issues before they become problems. Customers will seek out companies who are equipped to manage the customer experience in this proactive manner.

Supporting data

"We have traditionally been very good at reactive reporting. Now, the big area that has been the trigger for analytics has been within the predictive maintenance area."

Peter Wallin, BI Solution Architect, Volvo Group

Customer journey analytics are expected to grow to nearly $25.93 billion by 2026.

Global Customer Journey Analytics Market Opportunities, Verified Market Research, 2019

Predictive maintenance involving AI can produce a 10% reduction in annual maintenance costs, up to 20% downtime reduction and a 25% reduction in inspection costs.

Smartening Up With AI, McKinsey, 2017

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How this manifests

Lexmark

Anticipating customer needs through cloud-based, IoT-connected devices

Printer manufacturer and cloud-service provider Lexmark combined its IoT-connected devices with Microsoft's cloud-based CRM platform, Microsoft Dynamics 365 Field Service, to offer a connected field service functionality, resulting in offering predictive support which enabled Lexmark field service agents to identify issues, resolve them, and deliver all necessary replacement parts to the right technician every time, at scale.

By leveraging Dynamics 365 to continuously track and analyze data from their IoT-connected printers – think time, location, usage rates and seasonality – Lexmark's teams can then utilize the visual modeling capabilities in Azure Machine Learning to create an algorithm that calculates a printer's supply of toner and depletion timing, in turn determining the optimal time replacement supplies should be delivered to its customers, proving a positive customer experience.

Learn more

Marvis by Juniper Mist

AI engines predicts and fixes internet connectivity issues

Network management Software Juniper Mist is combining AI and big data to proactively fix issues in local wired and wireless internet networks. The company launched its AI engine, Marvis, to track network performance, automatically resolve connectivity issues when possible, and provide its IT team with a root cause analysis and next steps suggestions when needed. By managing connectivity for businesses, organizations, public spaces, and even self-driving automotive networks, Marvis provides its enterprise clients with a more reliable and hassle-free internet experience.

mist.com/juniper

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Next steps to enhance your customer engagement

> Customers expect you to maintain a 360-degree view of their journey. Invest in unifying customer data profiles in order to track their full experiences and identify their most common roadblocks.

> The customer journey continues no matter what device your customers are using. Commit to developing a seamless experience across all channels and ensure that your customer data platforms are operating from an omnichannel point of view.

> Customers gravitate to services that make life easier for them, and helpful brands stay top-of-mind. Integrate AI capabilities into your products and systems, allowing them to learn from repeat interactions, personalize based on user engagement, and forecast future needs and challenges.

> Respect the skill sets of your end-users. Whether they're retail consumers, hospital clinicians, or corporate decision makers, develop easy-to-use interfaces that help them achieve their goals without requiring them to master new software.

Pillar: Empowering employees

Whether working individually or as part of a team, employees are a company's greatest asset in developing innovative solutions and delivering exceptional service. However, employees work best when they are empowered by digital platforms and tools that automate tedious tasks, deliver real-time insights about customers, and facilitate new forms of collaboration. By combining employee expertise with agile software, businesses free up employees to focus their time and effort on creative thinking and problem solving.

> 66 99

"As AI helps leaders tackle operational tasks more effectively, they can better shift their focus on empowering their people. This means trusting people to approach challenges in their own way and ensuring they are equipped to be at their best. In short, leaders can more effectively shift from being managers to mobilizers."

**Michel van der Bel, President,
Microsoft EMEA**

Enabling solutions

- **Mixed reality collaboration software:** AR and VR platforms allow employees across teams or offices to iterate on product concepts, designs, and schematics in real time.

- **Sentiment analysis:** AI software processes text, voice, and facial recognition data to help employees better understand the emotional states of customers or teammates and adjust their course of action accordingly.

- **Real-time remote assistance:** Employees can leverage encrypted video streaming and augmented reality platforms to see firsthand what customers or other employees are experiencing and provide in-the-moment assistance or troubleshooting.

Building 360-degree customer profiles

In order to deliver on the personalization and recognition that customers expect, companies must invest in synchronizing customer profiles and leveraging robust customer analytics tools, which can be accessed by employees on any platform and at any stage in the customer journey. Even when customers are passed between agents and across different channels, this 360-degree view of each customer's history enables employees at every level of an organization to treat the customer as a valued individual and ensure that they receive a consistent experience with a personal touch.

Supporting data

"I think about where our customers are growing and the need to meet them on their individual journeys, with personal experiences built on the data and what we know about them. Everybody's journey is unique, and those journeys are no longer linear."

Beth Johnson, CMO, Citizens Bank

"The ambition of using data is not just to automate away, but really to equip [employees] with tools and insights that let them do things they wouldn't otherwise be able to do."

Brad Klingenberg, Chief Algorithms Officer, Stitch Fix

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How this manifests

AEP Energy

Unified customer profiles create 360-degree view, and a more tailored experience

To better align itself with rising customer expectations, national energy solutions provider AEP Energy adopted Microsoft Dynamics 365 Customer Insights, a customer data platform solution. In doing so, AEP Energy can create unified customer profiles by bringing together typically siloed transactional data sources like CRM and enterprise resource planning, as well as behavioral data in the form of actual product usage to create a true 360-degree view of the customer. With a more in-depth view of a customer, AEP Energy's customer service teams are able to help clients better understand the different products and services the energy company has to offer, providing a more tailored consultative service. Meanwhile, by combining customers' unified profiles with AI, AEP Energy's agents are able to apply insights, identifying which prospective clients are most likely to convert to customers, as well as which existing account would respond positively to a new energy service, or alternatively those that are at risk of leaving and in need of greater customer service support.

Learn more

Stitch Fix

Customer style maps inform stylists' recommendations

Online personal styling service Stitch Fix uses AI and machine learning to provide its human stylists with insights that improve their recommendations to clients. By analyzing shoppers' self-proclaimed fashion preferences as well as their buying behavior, Stitch Fix generates a style map for each customer, comprised of hundreds of pieces of suggested clothing. Stylists use information from these style maps, as well as their own personal relationships with shoppers, to curate regular shipments of new products for customers. Supported by comprehensive style maps, Stitch Fix's staff of 3,000 stylists can personalize service for its 3.2 million shoppers.

stitchfix.com

Streamlining anytime, anywhere collaboration

Employees benefit from working together, but moments of cooperation and collaboration don't necessarily need to happen in the same room. Streaming communication services, mixed reality collaboration spaces and remote assistance platforms are enabling multiple roles across an organization—from field-service representatives to sales floor staff to subject matter experts—to work together and cover skill gaps, whether they're the same location or working remotely. These solutions power real-time communication and troubleshooting, accelerating implementation and resolution times while breaking down departmental silos.

Supporting data

36%

Of the top challenges cited by manufacturers that have the potential to derail investments in smart solutions in the future, 36% cited "technical skill gaps" that prevent them from benefiting from their investment.

Creating Lasting Value in the Age Of AI And IoT: Futureproofing Your Business, Intel, 2019

50%

By 2022, over 50% of field service providers will offer a digital customer experience that enables two-way interaction and workflow initiation via multiple human and nonhuman channels.

Magic Quadrant for Field Service Management, Gartner, 2019

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How this manifests

Chevron

AR tools enable streamlined collaboration anytime, anywhere

To create a reliable, safe, and collaborative working environment across each of its facilities, global energy corporation Chevron uses Microsoft Dynamics 365 Remote Assist and HoloLens to improve employee performance. Looking at how its employees use technology, Chevron introduced the HoloLens to ensure its engineers are able to dedicate more time to value added work, and to reach the next level of digitization. For Chevron, HoloLens facilitates two distinct services, the first being Remote Expert, where the company can place any expert anywhere in the world within under a minute to provide guided solutions, and Remote Inspection, where Chevron's inspectors are able to remotely observe construction and operations within any of its facilities in real-time and proactively suggest updates or changes. By being able to digitally transport experts to hard-to-reach areas and facilities across the globe, Chevron engineers are able to simplify and streamline their workflows, in turn reducing expenses across the company and improving Chevron's bottom line.

Learn more

Walgreens

Wearables connect store employees to human support and AI assistance

National drugstore Walgreens outfitted its retail floor employees with hands-free wearable devices that connect them to their in-store team, as well as an intelligent assistant. In addition to calling for additional staff support, store associates are able to interact with an AI-powered assistant to access information about store inventory, the Walgreens brand, and the consumer experience. With plans to implement the voice assistant in all 9,560 stores, Walgreens will connect their retail employees to their enterprise network, enabling store teams to enhance the experience for customers and patients.

walgreens.com

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Embedding intelligent assistance inside workflows

Even the best-trained employees require extra support when dealing with particularly complex scenarios. Organizations are deploying contextually aware software to understand staff needs in-the-moment and connect them with the resources to succeed. Employee-facing tools like conversational AI can deliver relevant information and sentiment analysis to more quickly resolve issues and avoid escalation. Additionally, real-time training programs and tools can be integrated directly into everyday work streams, keeping agents up-to-date on the latest features and advice while improving their performance.

Supporting data

In a survey of more than 500 workers, only 10% of respondents felt like they were in control of how they spent their time at work.

Workplace Communication Survey, RescueTime, 2018

10%

CIOs will automate 10% of their IT tasks and look to upskill everyone.

Predictions 2020, Forrester, 2019

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"Our customers expect us to get them to their destinations safely and on time, in good weather and bad. That's why we're adding a machine learning platform to our array of behind-the-scenes tools so that the more than 80,000 [employees] of Delta can even more quickly and effectively solve problems even in the most challenging situations."

Erik Snell, SVP of Operations & Customer Center, Delta

"The goal is to assist humans by aggregating and digesting data, then creating insights from it. The control room will provide information and predictions, but the human has to make the decision. As the systems become more intelligent, we can move to full automation by AI. That can relieve humans to focus on things that AI can't do: relationships, supply chain or customer issues, and managing workers."

**Stuart Wong, Senior Group Manager,
Advanced Remanufacturing and Technology Centre**

How this manifests

Embedded intelligent assistance streamlines workflows

Professional services organization KPMG worked with Microsoft to integrate Microsoft Azure Cognitive Services solution into its financial clients' workflows and help them automate transcriptions and analyze communications for fraud, misrepresentation, data breaches, and other compliance risks. By combining Customer Risk Analytics and multiple components of Cognitive Services such as Speech Services, Text Analytics, and Language Understanding to transcribe recorded calls, detect specific text patterns and keywords, and flag compliance risks, KPMG helps its clients meet their compliance responsibilities – and manage business risk – with flexibility and accuracy, at scale. Transforming the speed with which KPMG can respond to customer compliance needs, the firm is now able to deliver useful insights within two to four hours, helping clients reduce the time, effort, and cost of call transcription and analysis by as much as 80 percent.

Learn more

EmployBridge

Natural language software improves customer service phone calls

Industrial staffing company EmployBridge connects with clients as well as prospective job applicants over the phone daily, emphasizing the company's need for efficient, high-touch phone service engagement. To support this goal, EmployBridge implemented an AI software to coach employees by analyzing frontline representatives' calls with customers. The software-as-a-service program applies natural language processing and dead air detection to determine both customer satisfaction and where agents may have knowledge gaps. By identifying well-performing agents, the software can replicate their best practices among other employees, while augmenting live calls with insights that can be used to personalize and enhance the customer experience. Augmented phone support allows EmployBridge to reduce onboarding time for new employees, improve quality control of phone calls, and identify successful strategies to implement company-wide.

employbridge.com

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Next steps to empower your employees

> Take time to understand each department's specific needs and frustrations; while some departments need help searching through files and databases, others need support with in-the-moment conversations. Integrate the appropriate digital solutions, such as database searches and natural language processing tools, to address their specific needs.

> Don't forget to research the best user experience for employee tools as well. While corporate or back-office teams might prefer a desktop-based application, field employees and retail associates likely require hands-free or wearable devices.

> Consider how support platforms can help to fill knowledge gaps. Whether onboarding new employees or providing support in a particularly complex situation, AI-based assistance can reduce constant reliance on senior staff support.

> While many companies support cross-office or remote collaboration, not everyone takes the time to see which digital tools make this work most effective. Ensure that remote work tools provide the rapid communication, as well as digital face time or virtual spaces needed for employees to create together.

> Continue to monitor and manage employee satisfaction with digital support tools. Develop close relationships with technology providers to ensure that your employees are aware of the products' full capabilities and that product updates are in line with your business's feedback and needs.

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Pillar: Optimizing operations

Digital transformation is not simply about adding more technology into existing operations. It requires organizations to re-envision their business models and reorganize people, information, and processes to accelerate the speed of doing business and anticipate new opportunities. This approach requires data and software systems with built-in analytics and intelligence to power shared insights and cohesive strategies across all departments, including finance, manufacturing, supply chain, retail, and distribution.

"With our customers, we're seeing the early signs of realizing benefits through AI, most often through improved product quality, production and supply chain efficiencies, and the effectiveness of their service operations."

Chris Harries, Worldwide Manufacturing Industry Solutions Director, Microsoft

Enabling solutions

- **Infrastructure-as-a-Service:** Systems provide virtualized computing resources over the internet, making customization less reliant on physical server sites or high-compute software.

- **Low-code development:** New platforms leverage drag-and-drop components and graphical user interfaces enable employees with little to no coding expertise to program applications to solve unmet needs. The platforms are also sophisticated enough to support professional developers in relevant scenarios.

- **Open source applications:** Open-source software allows team to inspect, monitor, and contribute to each other's digital or data work, speeding the process of alignment, collaboration, and innovation.

- **On-demand manufacturing:** Even with real-time data analysis, companies must update their backend processes in order to act on instant insights. Just-in-time manufacturing reduces flow times of production systems to bring ideas to market faster.

- **Predictive analytics:** Using techniques such as statistical modeling and machine learning, predictive analytics generates and refines forecasts about customers, markets, or trends for businesses to act upon.

Eliminating organizational silos

Evolving beyond information silos, organizations are adopting flexible, cloud-based solutions that enable them to securely unify their data systems and operations. This centralized structure enables internal teams and external partners to work together more effectively, sharing a single, trusted view of processes, relationships, and information.

Supporting data

80% More than half of companies plan to decrease on-premises software spend, while 80% expect to boost SaaS and public cloud investments.

IT Spending Survey, Flextera, 2020

By the end of 2019, more than 30% of technology providers' new software investments will have moved from cloud-first to cloud-only.

Forecast: Public Cloud Services, Worldwide, 2016-2022, 4Q18 Update, Gartner, 2019

70% By 2022, 70% of organizations will have a formal cloud strategy.

Formulate A Cloud Strategy In The Context Of Your Overall Strategy, Gartner, 2019

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"*The brands that really struggle are those that operate online and in-store in silos, on systems that were never built with other channels in mind. The key to omnichannel is having a single system for real-time omni data—inventory, customers and orders.*"

Stephan Schambach, Founder And CEO, NewStore

"*Cloud shift is not just about cloud. Organizations embracing dynamic, cloud-based operating models position themselves for cost optimization and increased competitiveness.*"

Ed Anderson, Distinguished Vice President Analyst, Gartner

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How this manifests

Dr. Martens

Eliminating organizational silos through a cloud-connected supply chain

Iconic British footwear brand Dr. Martens collaborated with Microsoft to replace its legacy applications with Microsoft Dynamics 365 and evolve its retail and ecommerce capabilities to create an omnichannel shopping experience. Leveraging Microsoft Power BI, Power Pivot, and self-service to instantly access data across its customer and operational channels, Dr. Martens teams now have the tools to make informed business decisions. From instant access to accurate customer data and virtual warehouses providing real-time stock visibility across channels, the footwear retailer is able to ensure the right amount of product is sent to the right store within a shorter lead time, reducing the potential for over- or understocking product throughout its global network and improving organizational communications.

Learn more

Target

Optimized inventory system makes restocking more efficient

Big box retailer Target is developing a new inventory planning and control system to allow shelves to be restocked more efficiently. The system will be able to locate inventory positioning more precisely throughout the supply chain, allowing Target to reduce the amount of excess inventory in store backrooms and better organize shipments. These changes are expected to minimize the number of footsteps needed to restock sales floors and reduce the number of hours employees spend on replenishment.

target.com

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Enabling operational agility

Today's rapid pace of business demands that organizations have flexible software and systems infrastructure in place to accelerate and scale their operations. Companies are building nimble data and application solutions such as low-code interfaces and open source platforms that make it easier to respond to market changes, while also investing in technologists to learn new skills and explore creative solutions to stay ahead of the curve.

Supporting data

"[Adopting SaaS, PaaS and IaaS] means more system stability, scalability on demand, improved project [return on investment], and elasticity. These benefits then filter to our customers and members in the form of more cost-effective products, faster claims processing, and more innovations."

Derek Scheepers, Head of IT Operations, PPS

Half of developers say they've either adopted or plan to adopt a low-code platform as part of their workflow.

The State of Low-Code Platform Adoption, Forrester, 2019

"We see open source as a major driver of innovation within the engineering community."

Julia Liuson, Corporate Vice President Of Microsoft's Developer Division

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How this manifests

Toyota

Enabling operational agility by powering employee-made solutions

Teaming up with Microsoft, auto manufacturer Toyota enabled its employees across multiple departments and disciplines to build their own applications, quickly and simply solving everyday inefficiencies through a low-code/no-code approach. With Microsoft Power Apps, employees become citizen developers, easily building apps or customizing existing solutions to suit their needs, helping those from human resources to facilities management departments save on material costs by digitizing paper-based processes and reducing time spent on manual data entry. As a solution that allows Toyota's employees to adapt quickly and efficiently, Power Apps provides an outlet for employees to address day-to-day inefficiencies specific to their workflow, while improving the overall performance and speed to innovation across Toyota.

[Learn more](#)

Nutanix

Non-engineering employees code custom software

At technology company Nutanix, low-code programming is a strategic priority. The organization trains engineers, network engineers and other infrastructure experts to script and automate code, enabling them to refine their expertise as operations move further into the public cloud. The company has also trained certain non-engineering staff to use low-code tools to create or improve their workflows. Nutanix expects that machine learning will make it easier for these so called 'citizen developers' to develop their own digital solutions; for example, the company's CIO expects more than half of its service desk tasks will be handled by employee-generated code developed through machine learning.

nutanix.com

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Refining operations in real time

While companies once relied on periodically refreshed dashboards and monthly reports to measure efficiency, organizations today must analyze information and make operational adjustments continuously. Armed with real-time data and tools like dashboards and in-the-moment notifications, businesses are arming key decision makers with the ability to make operational adjustments in real time, such as optimizing staffing levels, reallocating resources, tweaking products designs, and adjusting inventory.

Supporting data

"We get [real-time] data that comes into our support center. We can see every shot of espresso that's being pulled and we can see centrally if there's a machine that needs tuning or maintenance and that allows us to improve the quality of the shots that we're pulling."

Kevin Johnson, CEO, Starbucks

"As part of our digital transformation, we're working to put more information into the hands of our first-line employees so they can be more connected to products and processes, giving us information that helps us continuously improve in what we call an operator-centric approach."

Peter Stamp, Chief Information Officer, Alcoa

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How this manifests

AccuWeather

Refining operations in real-time through AI-powered intelligence

Global weather company AccuWeather uses both Microsoft Azure and Microsoft Dynamics 365 to gain intelligence regarding weather patterns and provide accurate, well-timed forecasts and power real-time weather and business decisions. For companies that rely on AccuWeather's customized enterprise solutions, the weather forecasting service is able to provide insight into potential effects of storms and temperatures as they develop, helping its clients make more informed, real-time decisions across their supply chains based on possible interruptions or changes in levels of demand. Additionally, by combining predictive analytics with its customers' sales data, AccuWeather is able to alleviate seasonal supply problems based on weather or identify a client's most sought-after product within recurring weather patterns, informing supply chain operations in an impactful manner.

Learn more

IKEA

Real-time supply chain decisions reduce waste from returns

Homewares retailer IKEA is analyzing supply chain data in real time to improve its returns management process, reducing the company's overhead and environmental impact. At 10 IKEA distribution centers and 50 retail locations, machine learning software is used to route returned and excess inventory to the optimal retail location within the company's network. By making in-the-moment adjustments to its reverse logistics, IKEA reduces operating waste and costs while funneling inventory to the retailer's highest-value channels.

ikea.com

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Forecasting futures to ensure success

Organizations of all industries and sizes rely on predictions: retailers predict consumer demand, insurers forecast risk, and clinicians anticipate disease rates per season. Analytics platforms are mining insights from traditional metrics like business and marketplace performance alongside new data sources that include social media and customer feedback to generate more robust predictions that companies can use to inform operations, guide strategic initiatives, and lead innovation.

Supporting data

The global predictive analytics market size is expected to be valued at USD 23.9 billion by 2025, registering a CAGR of 23.2% over the forecast period.

Grand View Research, Inc, 2019

"It's not widespread yet, but we'll see a shift from real-time analytics to predictive analytics next year."

Brian Solis, Principal Analyst and Futurist, Altimeter

"We are now able to make important strategic decisions on a more informed basis. The data has become more valid as it is now formalized in a bulletproof system rather than based on individual knowledge. It's amazing to see how this new technology is able to optimize and improve, up until now, very time-consuming tasks."

**Michael Bøgh Linde Vinther,
Director of Global Milk Planning, Arla**

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How this manifests

Starbucks Deep Brew

Personalized recommendations also predict

Within its mobile application, coffee chain Starbucks is using reinforcement learning technology to offer customers personalized coffee suggestions—which also inform inventory planning at local Starbucks locations. Starbucks uses Microsoft's Azure platform to power its Deep Brew initiative, which generates custom food and drink recommendations based on time of day, previous orders, and contextual factors such as weather. This recommendation engine is also used to forecast demand for local Starbucks stores, impacting inventory and replenishment orders, predicting staffing needs, and anticipating equipment maintenance.

starbucks.com

Arla Foods

Dairy cooperative uses AI to improve milk production predictions

Danish dairy cooperative Arla Foods uses AI-powered software to better estimate future milk production, taking into account variables like seasonal changes, geographical aspects, and the number of farmers converting to new milk types. Before developing the software, Arla manually calculated its predictions using Excel spreadsheets. Now, Arla's forecasting can be completed in several hours. By estimating how much milk 1.5 million cows on its 10,300 farms will produce several months in advance, Arla can manage vendor orders and prepare its processing facilitates to bring 440 million pounds of milk to market more efficiently and sustainably.

arla.com

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Next steps to optimize your operations

> Focus IT and data resources on mission-critical projects.

> Responsive and predictive tools are only as successful as the data infrastructure that powers them. Ensure that internal data management systems are well managed and maintained and that data is thoroughly classified.

> Analytics are useless without action. Ensure that relevant departments are communicating, sharing, and modifying their plans and processes accordingly.

> Regular feedback is critical to refining optimization and prediction tools. Make sure that algorithmic models are being trained on robust feedback loops.

> Build an underlying culture that supports continuous testing/integration/deployment and empower the workforce to develop new approaches to creating and delivering software.

> Most likely, every employee on your team is an enterprise software user. Let their voices and feedback be heard by engineering and IT teams before making company-wide updates or changes.

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Keys to successful CX transformation

Solutions built for flexibility

> Organizations should look for software systems and applications that can meet their current set needs and objectives, while enabling flexibility to adapt to changing priorities.

> The right solution establishes a data, communication, and application environment that makes it easy to evolve and extend existing business operations, while introducing technologies that enable users to create solutions where none currently exists.

Business without silos

> Unified operations enable disparate groups to work together more effectively with a single, trusted view of processes, relationships, and data.

> This approach helps eliminate redundancies, while ensuring that the entire organization and its key partners have access to the right tools and information to perform at an optimal level.

Decisions powered by actionable insight

> Customer interactions take place in real time. A 360-degree understanding of each unique journey is imperative to personalizing the experience and meeting their in-the-moment needs.

> Organizations must transform from a reactive to a proactive model of responsiveness. This requires having access to the right data and being able to ask the right questions to anticipate change and plan accordingly.

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Always-on service and support

> A global marketplace is never not doing business. Organizations must have solutions in place to cater to this always-on mentality.

> Leveraging AI tools like chatbots, voice assistants, and personalized insights can enable frictionless, 24/7 interactions.

Automation to accelerate synergies and innovation

> RPA, AI, and other solutions not only bring speed and efficiency but offer the potential to expand operational capabilities. A hybrid workforce brings new capabilities to the table that can deliver the next breakthrough innovation.

> Intelligent automation enables employees to automate repetitive, manual, time-consuming tasks in their roles so that they can focus on more strategic, value-adding work for the organization.

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About Microsoft Dynamics 365

Dynamics 365 is a suite of intelligent business applications that helps businesses of all sizes harness data to drive more demand, orchestrate personalized buyer experiences, build relationships at scale, and make insight-driven decisions across the entire customer journey. This powerful suite of tools offers an integrated system that provides actionable insights to all your organization's relevant line-of-business and frontline employees. By bringing Dynamics 365 into your organization's toolbox, you'll uncover the predictive and reactive insights that can help your teams craft the ideal customer experience.

Request a live demo

About PSFK

PSFK is the world's leading business intelligence platform for innovation in retail and along the customer experience journey. Across every major industry vertical, we help the most progressive brands identify and leverage new shopper experience opportunities through a mix of trend reports, immersive events, insight-rich content, ideation workshops, and on-demand research services.

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