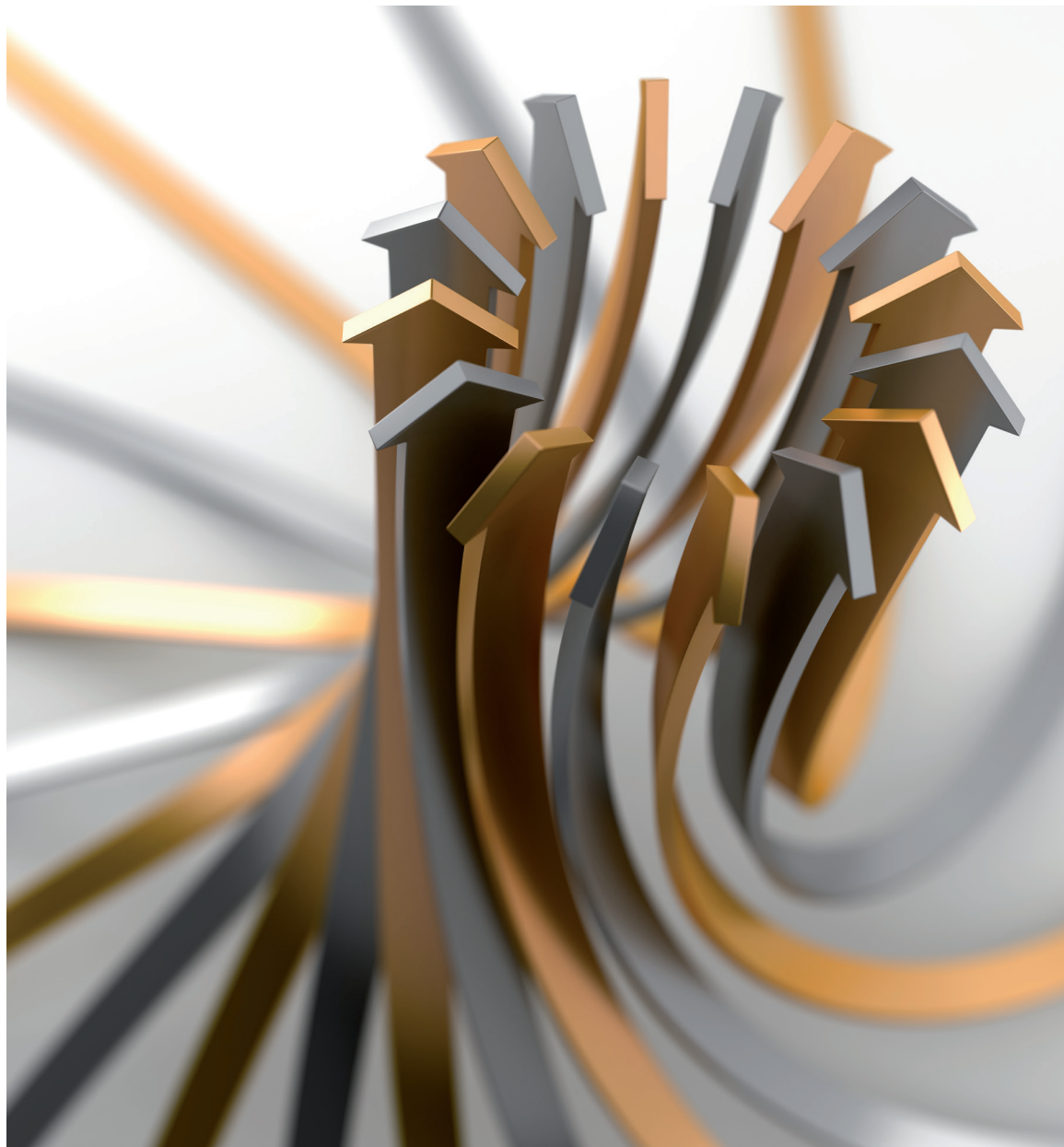


# Speed and scale: Unlocking digital value in customer journeys

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Even as organizations assemble digital building blocks for the long term, they also need short-term, pragmatic moves that meet customer expectations and protect core businesses today.

Digitization is a profound transformation.<sup>1</sup> When a global bank reinvented its onboarding process for commercial clients, the results included dramatically reduced costs, a market-beating customer experience—and an exhausted organization wondering how ambitious it should be. Could it repeat what it just went through for the rest of its business? How could it possibly do more than one of these at the same time? Would it take years?

Companies that are achieving digitization at scale have found a better way. They have developed a distinct structure that enables them to digitize their most important customer experiences at scale and at speed—in a consistent way, with consistent resources, to produce consistent results. In doing so they transform much of the rest of their organizations, from product and process design through to technology and culture, becoming truly digital businesses.

Crucially, these companies not only understand the digital stakes confronting them—they also act on that knowledge. Think of how consumers behave in the digital world. Most of us will try a new app once, or maybe twice, and if we can't get it to work, we abandon it. That behavior leaves companies only one or two chances for their digital offerings to make a good impression and win adoption from their customers.

Yet today's customers do not want digital versions of the same manual, bureaucratic processes they faced yesterday. They search, download, pay, and listen to music all in one go, so why should their

electrical service or car insurance still make them run a gantlet of separate steps for searching, price quotation, purchasing, invoicing, delivery, payment, and activation?

Companies that want to win at digital adoption are therefore recognizing that they must reimagine and digitize entire “customer journeys.” These are the beginning-to-end processes that customers experience in getting the product or service they need, across whichever channels they choose (see sidebar “How many journeys?”).

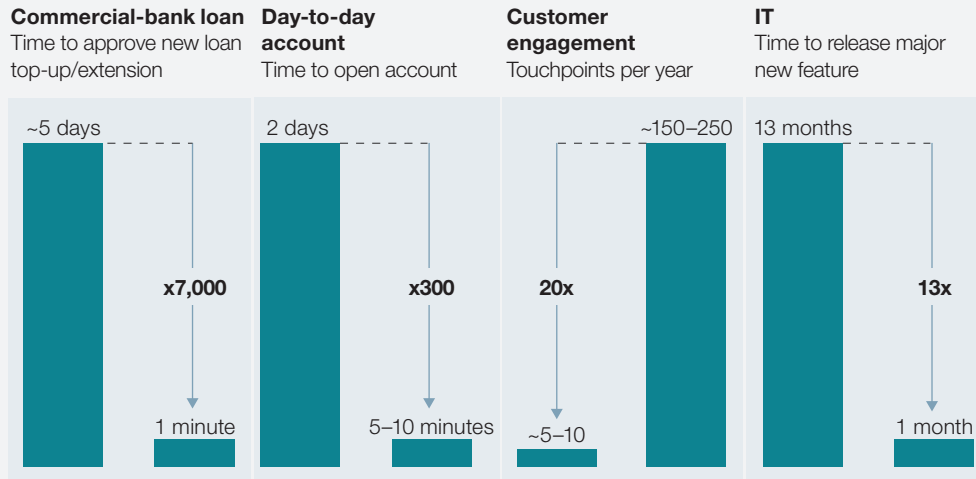
Streamlined, simplified journeys show impressive results quickly—usually on several fronts at once. Faster mobile-phone sign-ups raised a telecommunications company's customer satisfaction by 20 percent and reduced costs by 30 percent. For a European lender, time for account opening and loan approval fell from days to minutes, customer-engagement opportunities rose from once a month to three or four times a week, and IT became far more agile, delivering new releases in a month instead of a year (Exhibit 1).

## A structure for scale and speed

In much the same way that the leap to digital means rethinking how an analog process works, the leap from transforming a single journey to tackling many at once means rethinking how digitization works. Even as the organization is building the new capabilities that digital businesses require, it must deploy its existing capabilities very differently in order to achieve scale and speed. The challenge is to balance all of the conflicting demands.

**Exhibit 1**

**Digitizing customer journeys yields impressive results.**



Source: Interactive Advertising Bureau; Pew Research Center; Searchmetrics

## How many journeys?

Ask any reasonably complex, large organization how many journeys its customers might experience and the list will quickly grow to the dozens, if not the hundreds. Revamping all of them would be daunting. But in our experience, it's also unnecessary. Typically, a small number of core customer journeys cover about 80 percent of the customer interaction and 50 percent of the workforce. Digitizing that subset will digitize much of the business with many fewer resources.

The total number of these "core journeys" will naturally vary by company, but a few patterns hold among major industries. For banks, the core usually consists of between 10 and 20 journeys, with account opening and onboarding (across products);

payments; mortgages; service requests (such as the ever-popular lost PIN codes); and credit-card issuance as especially prominent. Life and retirement players look similar to banks, with 10 to 20 core journeys across account opening or enrollment, onboarding, servicing, and guidance. The number is slightly smaller for telecommunications companies, where mobile postpaid sales, customer-care requests (such as one-off data usage adjustments), fixed-line provisioning, network repair and maintenance, and prepaid top-ups rank highly in a core of 8 to 15 journeys. For electrical utilities, the number usually drops to fewer than 10, with sign-up, payment, meter reading, and change of address taking the lead.

In our experience, six critical, parallel shifts combine to make digitization more manageable and predictable. Depending on an organization's starting capabilities and strategic needs, the amount of effort the elements require will naturally vary. But all six are essential to ensure that an organization actually makes the changes, derives their full benefit, and can keep improving once the changes are made.

### Start with your story

It begins with a story. From the very earliest stages, the organization needs a consistent way to describe what customers should experience across all of the journeys that they may undertake with the company. This “enterprise customer experience story” will be unique to the company and will distill its strategy, brand, and positioning into practical guidelines that together support the rest of the transformation.

For one North American bank, customer focus groups provided direction by identifying two qualities—accessibility and flexibility—as top priorities in their banking relationships. These became the central theme of the bank's story, which then informed a series of design choices centering on the first steps customers experienced with the bank.

But the bank then had to determine which possible journeys would, with digitization, most effectively deliver the accessibility and flexibility the story promised. Each journey passed through a series of filters assessing its strategic and customer-experience value, its potential for economies of scale, the regulatory and technological hurdles facing it, and the organization's readiness to commit adequate financial and leadership resources to it.

The final output of the analysis was a road map for making the journeys a reality, prioritized according to the filters. For the bank, the top priority turned

out to be a new onboarding process that would let customers open a “relationship” without naming a specific product or account type.

### Sequence your tech transformation

Of all of the changes an organization must make to support digitization, the ones that are the most challenging, time consuming, and resource intensive are in IT. Nowadays, designing a one-off mobile app is fairly easy. The real challenge is to link that app to all of the other channels customers use and to integrate it into back-end systems for everything from authentication to credit scoring and post-sale servicing.

But this is what it means to digitize at scale. Companies must resist two temptations. The first is to try to digitize each journey separately, which only recreates the internal silos that most organizations are trying to break apart. The second is to invest heavily in specific Internet or mobile-channel IT, which usually is unnecessary. Instead, once the company has identified the core journeys it will digitize, it should choose its IT components and its sequencing so that the IT architecture changes naturally as the journeys build on one another.

For example, one way to accelerate digitization and reduce overall costs is to identify horizontal components, such as business-process management (BPM) layers, central administration platforms, or externally facing channels, that can be shared across all the journeys. Similarly, standard components such as eSignature, authentication, or document scanning and data-extraction systems are easily reused across many different journeys and product types.

These ideas led one organization to use its customer onboarding journey as its initial test case. The organization reduced rework and extra expenses for later journeys by modernizing its common BPM

architecture and mobile front-end framework up front, and by developing reusable e-archiving and authentication components. It also built in an additional interface layer, which allowed for back-end services developed during later journeys to be connected easily once they were ready. The lessons learned from the test case therefore informed the entire remaining architecture transformation.

#### Turn, shift, accelerate, and repeat

In the predigital world, a retail chain might renovate its stores on a five- or seven-year cycle. Once a store was done, it stayed done, at least for a while. The leading digital platforms now release major revisions of their operating systems every year, with substantial upgrades every few months. Some update cycles are nearing daily or even hourly frequency, especially for data models and analytics. That rapid adaptation represents a fundamental cultural shift for incumbents in almost every industry, especially in heavily regulated fields in which perfectionism and caution are the default behaviors.

First, the pressure for speed means companies must identify a new type of “MVP”—not the “most valuable player” of sports teams, but the “minimum viable product” of the tech industry. The critical—and, for perfectionist organizations, uncomfortable—tension is between “minimum” and “viable.” Compromise too much on viable and customers will think the new digital option is no option at all. Yet compromising on minimum can be equally dangerous, and more tempting for companies accustomed to longer timelines. Every delay to add extra features leaves openings for faster-moving competitors.

Reconciling the two requires discipline, both to describe a customer need accurately (without excess scope) and to fulfill it efficiently (without excess complexity). And it requires a real change of perspective. For example, digital’s speed alone is a huge advantage: a digital product providing only

80 percent of its analog counterpart’s features may still succeed simply by being 10 or 20 times faster. Furthermore, by the time a digital product could reach 100 percent replication, some of those functions would likely be irrelevant. Accordingly, rather than view digitization as a project with an end date, people must understand it as a continual process of finding the right 80 percent that will help customers now.

#### Build talent—and your digital ‘factory’

For the cultural change to last, the organization will need to change how it works. This includes acquiring digitally oriented talent and developing their capabilities. It also includes rethinking and streamlining governance, management, and budgeting processes so that the organization can move quickly and innovate.

As many organizations discover, employees who combine business expertise, digital acumen, and the leadership skills necessary to lead a digital journey transformation are rare. Several solutions are possible. One large retailer acquired a few specialized technology companies. A telco relied on a large digital agency to augment roles in areas such as enterprise architecture, while in parallel it hired external talent and trained internal employees. A bank took an even more comprehensive approach by setting up an internal academy to teach a combination of leadership, digital, and execution skills.

But that talent will become frustrated unless enterprise-wide governance models adapt to an environment demanding rapid iteration, learning, testing, and reacting. The solution, as organizations from banks to telcos have found, borrows the lean-management concept of the “work cell.” In a comparatively simple operation, a work cell assembles representatives from the internal groups involved in the beginning-to-end process of, say, mortgage approval—sales, underwriting, credit analysis, document production—into a single

team, so that each mortgage can be approved much more quickly and accurately. The employees may continue to report into their respective businesses and functions, but their day-to-day feedback comes from the work cell, and they can move between work cells or from work cells to other parts of the organization as needed.

This same concept works at much larger scale to cover all of the specialties that contribute to a digitization effort: product experts, compliance managers, user-experience designers, coders, financial analysts, and the like. A Southeast Asian telco enabled the work-cell idea by reworking its human-resources practices to provide a clear path for people to join work cells, build experience, and move to other positions. What started as about a dozen specialists expanded to become a full-fledged digital factory that quadrupled the capacity of the digitization program: everything that once happened only on a monthly cadence is now happening within a week.

#### [Create a 'game plan' to guide the factory](#)

The digital factory operates as a combination design firm and software hothouse, using the latest methodologies such as design thinking, zero-based process reengineering, and agile software development. But the way the factory works day to day is defined by a “game plan,” a set of standard operating guidelines and methodologies that lay out the required deliverables, governance steps, and working processes—such as which decisions can be made by factory leadership and which require escalation. The goal is a balance between the structured predictability required to transform a large organization and the flexibility and agility required for a rapidly changing digital world (see sidebar “Approaches for execution”).

Ideally, a game plan emphasizes three points. First, rather than describing detailed answers, it sets out

a series of questions for each transformation stage, framed in a way that suggests specific options but allows for a range of possibilities. Instead of describing compliance steps that wouldn't all apply to every product, the game plan would ask a few probing questions: What have the compliance specialists for the product area suggested? Did the team adequately challenge the status quo? Were other geographies consulted for solutions to customer or regulator pain points?

The game plan's second task is to provide a list of templates for important artifacts that should be delivered for each journey, such as market-research summaries, customer-experience design, economic modeling, operational implications, or interface mock-ups. Again, the templates should not be set in stone, but they should balance creativity and flexibility while ensuring that the key questions are answered.

The final and most important requirement for the game plan is to evolve, which can happen only after it is tested. Accordingly, the organization should launch a small-scale factory to start trying the concepts behind the game plan, digitizing real products and making changes to the game plan based on actual experience. Under the best conditions, the game plan becomes a living, breathing asset that is centrally administered while being cocreated by the organization.

One large UK organization tested its game plan for its customer-journey transformations in two very different business units. Even before the transformations were launched, the game plan's streamlined governance approach and clearly demarked roles and responsibilities reduced stakeholder friction, speeding decisions. Moreover, by allowing both transformations to proceed under similar methodologies and deliverables, managers could more easily compare the journeys and refine the transformation process—and the game plan

itself. Continual revisions to the game plan's step-by-step processes mean that the organization can now launch a new journey transformation in a matter of weeks instead of months.

#### Track it all the way

Measuring the impact of a large-scale digitization effort is essential to ensure it achieves the dramatic business results that are usually possible. Yet traditional measures of performance will only go so far in supporting the new culture and work habits.

First, the metrics themselves typically must change. Some measures, such as short-term return on investment, may unintentionally discourage the innovation digital requires by discouraging employees from taking risks. Others may impede collaboration. For example, to allocate resources optimally, an organization should abandon promotion metrics that emphasize the number of reports a manager has and instead reward those who reassign team members to high-growth businesses.

Next, reporting must happen faster: once the metrics are aligned with digital's demands, dashboards will ideally report the relevant data as they come in. Where possible, the organization builds a version of the network-operations centers that govern utility operations. The resulting insights ensure not only that each transformation delivers what it should but also that leaders know where to prioritize their investments. Over time, the organization applies the data for rapid testing and revision cycles to keep improving the digital experience customers actually see.

As part of its digitization process, a manufacturer aggregated a wide range of indicators—everything from batch quality and inventory availability to total full-time employees involved in delivery—into a single, enterprise-wide, real-time dashboard.

Management could then divert resources to struggling areas. For example, when a local transformation failed to improve batch quality, leaders could fly in experts from other facilities that had resolved the issue. And, knowing that each facility's transformation results were highly visible, the new transparency created a constant tension for line managers to deliver results.

#### Putting it all together

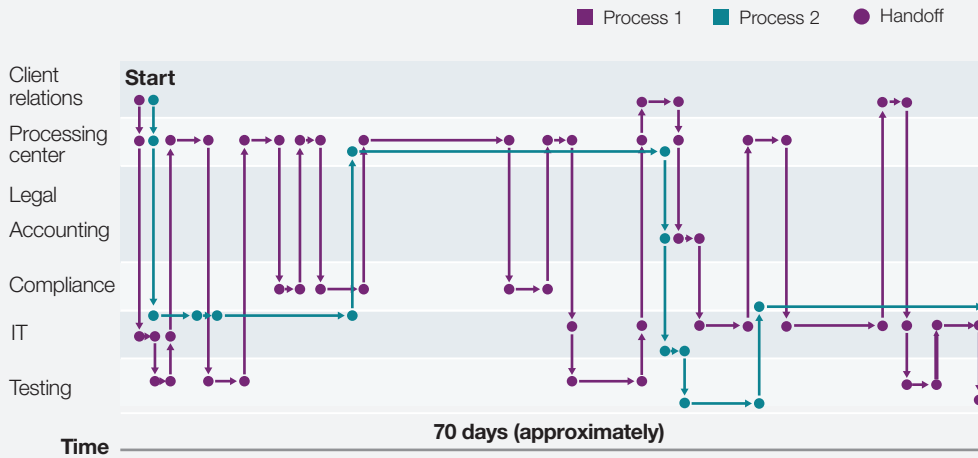
So how does it all come together? One of Europe's largest banks is winning the adoption game after fully digitizing an entire series of customer journeys. The initial focus of the bank's digitization story was on relieving retail-banking customers from their most "irritating service requests"—the lost debit cards, forgotten PIN codes, and similar "minor" problems that have a major impact on customer satisfaction and bank resources (Exhibit 2).

Using standardized components, a small, cross-functional team redesigned the processes underpinning these requests to assemble a mobile solution within six weeks (Exhibit 3). Rapid adoption boosted confidence in the organization's newfound digital capabilities, reinforcing the leaders' message that digitization would dramatically improve customers' experience. And employees reported that the changes reduced their frustration as well.

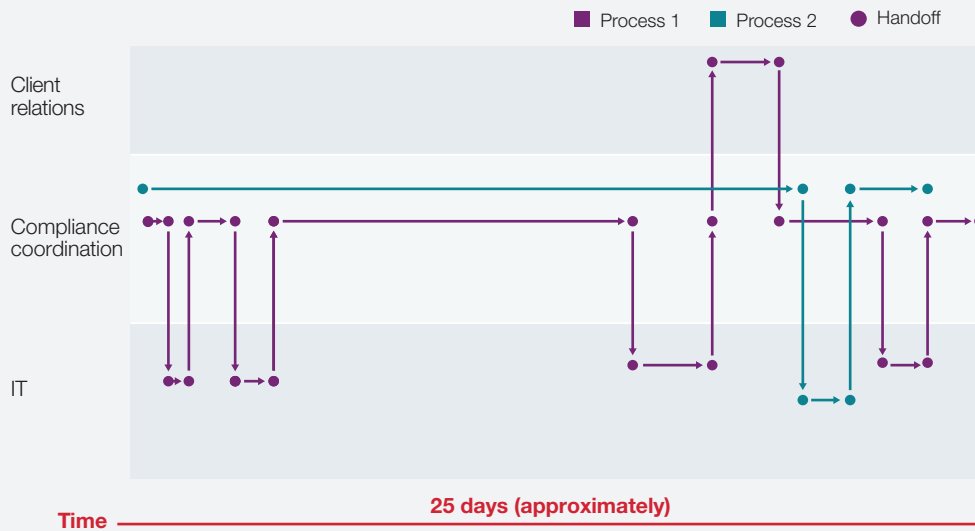
The cross-functional team grew to take on more journeys, leading it to redesign the front end of the bank's digital and mobile channels and deploy analytic tools that allow for more-precise targeting of support and live allocation of call-center specialists. Over a period of 18 months, the team became a combination user-experience center and digital factory, which together employ more than 100 specialists that are now tackling complex journeys in areas such as corporate lending and export finance.

**Exhibit 2    How digitization made bank processes simpler (before) . . .**

**Commercial-client onboarding**



**Exhibit 3    . . . and more than twice as fast (after).**





## Approaches for execution

Depending on factors including depth and breadth of existing digital capabilities, strength of executive alignment and support, and level of technological investment the company is making, we see three basic approaches in which organizations are embarking on digitization at scale.

**A. Create one or two ‘demonstration events’ to build momentum.** When an institution has high clarity on the priority journeys to digitize but is facing high cultural resistance, this is an ideal place to start. Proving that digitization is a success with a journey or two can showcase the benefits that are achievable and the need for a new way of working.

Maintaining the momentum requires clear communication, most importantly that demonstration events are not “the end” but rather the means to the real end, which is digitizing at scale. This message must come both from the top of the organization and from influential leaders at each level.

**B. Launch a full program to build foundational capabilities.** Institutions that have a proverbial burning platform, along with executives who believe in digitization at scale and understand its value, can instead start planning a complete program. But they

must guard against two dangers: first, that everything is a priority, and second, that resources to execute are either insufficient or insufficiently understood. Taking a step back and spending a few weeks or months to build a longer-term structure for driving a digitization program—with a detailed prioritized road map, additional capabilities, and new e-talent—can minimize the risks.

**C. Engage a third-party vendor for a build-operate-transfer approach.** Finally, when moving quickly is of utmost importance and economics prevent a quick internal ramp-up of talent, institutions are beginning to explore “outsourcing transformation” for the highest-priority journeys. They are working with external resources to transform, refine, operate, and when ready, transfer back to the organization. One large financial institution partnered with a global vendor to help fill gaps in the talent pool for the digital factory, such as for customer-experience designers, developers, testers, architects, and project managers. The contract allowed the vendor to provide resources for only half of each transformation. The vendor was then responsible for building the institution’s digital capabilities by recruiting candidates on the open market and training people from within the organization, who together would finish the remaining half of the transformation.

The bank as a whole has completed five of its most important journeys, with the factory now at sufficient scale to work on two major ones simultaneously, each taking between four and five months. The end result, across businesses as diverse as personal credit cards and commercial financing, is that customers report dramatically better experience and higher engagement.

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<sup>1</sup> Driek Desmet, Ewan Duncan, Jay Scanlan, and Marc Singer, “Six building blocks for creating a high-performing digital enterprise,” September 2015, mckinsey.com.

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