dataIQ

Research report

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Why tackling data issues is the key to success with digital transformation

In association with experian

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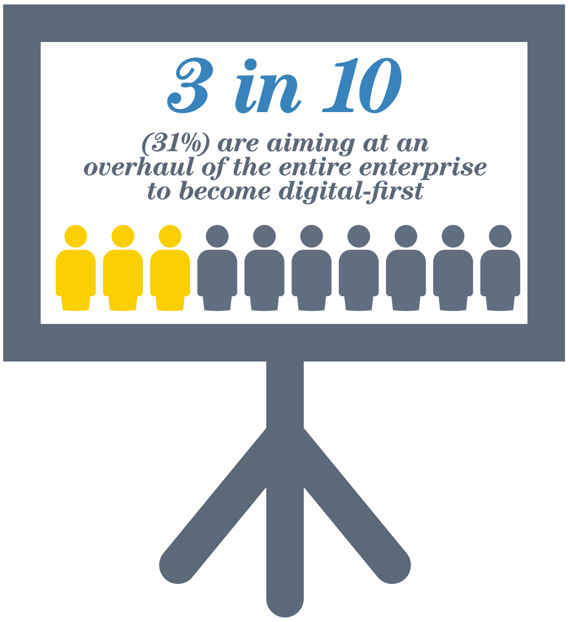
Overview

Boiling the ocean or drop-by-drop? - Digital transformation is a wide-ranging and extensive strategy which has been adopted by 77.0% of organisations. Three in ten organisations (31%) are aiming at an overhaul of the entire enterprise to become digital-first. But more are taking it one department at a time (45%).



88%

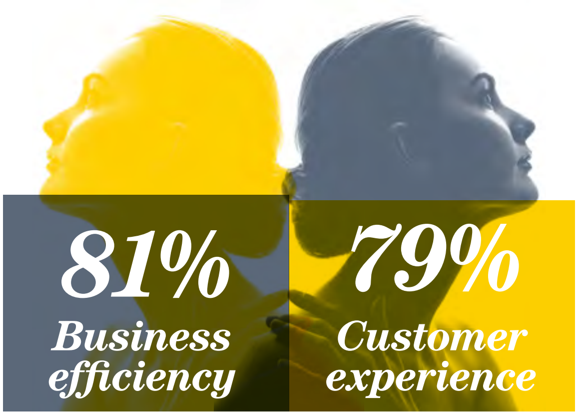
have to demonstrate are using personal data effectively after GDPR

What do customers want? - Nearly nine out of ten organisations (87.5%) say GDPR has changed customer expectations - they now need to show they are using the personal data captured from customers effectively.

Falling into the data gap - Only 33.0% of companies acknowledge that integrated customer data is a foundation of their change programme, although 87% say data quality is fundamental or significant to their success. Yet just 24% have actually built this fully-integrated SCV.

Automation or satisfaction? - Digital transformation has two faces: addressing the need to drive the business more efficiently (81.0%) and ensuring that the user or customer experience is enhanced (79.3%). This is a significant course correction for most companies - 65% admit they did not always put their customers first, but are trying to do so now.

have made data quality tools a focus for investment



It's all about the data - One-third (33%) of companies say data quality is fundamental to the success of their digital transformation, with 54% recognising it as one of the core components. Yet only 44.8% have made data quality tools a focus for investment, meaning the remainder could be building their digital-first processes on sand.

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Transforming with data for the digital age

Grant Brown, managing director - data management, Experian

The digital age is upon us and its impact is front of mind for most organisations. Growing consumer expectations and digital demands require companies to respond faster and with more granularity than ever before.

This is combined with an increasingly complex competitive landscape borne out of ever-changing and disruptive business models. To react, organisations are forced to continue to look for ways to improve the way they operate, become more efficient and put the customer at the heart of everything they do.

Responding to these internal and external pressures, 77% of organisations we surveyed are adopting digital transformation initiatives. We conducted this research, in collaboration with DataIQ, to help organisations understand how they can prevent data quality pitfalls in digital transformation programmes.

It's clear from the research that digital transformation is not a one-size-fits-all strategy and the success of these initiatives relies on tackling increasingly complex data challenges.

While 87% of organisations understand that data quality is a fundamental or significant component of success, we see time and time again, organisations fail because they build their solutions on sand. For example, 68% are currently experiencing this issue first-hand with poor data quality impacting their programme.

What is required is an accurate, up-to-date and actionable view of customers. It's encouraging to see 92% of respondents agree, believing a SCV is essential for their digital transformation.

The report is an extensive look at a complex topic which often involves many departments across an organisation. It's a deep dive into the how and why of digital transformation as well as the role data quality and data management play in its success. For ease, we've divided the research into four sections that can be read separately or collectively depending on what is most relevant to you and your organisation's goals and ambitions.

We hope you find this report useful in understanding the importance of data quality and data management to a successful digital transformation and that it helps guide your thinking as you continue your data journey.

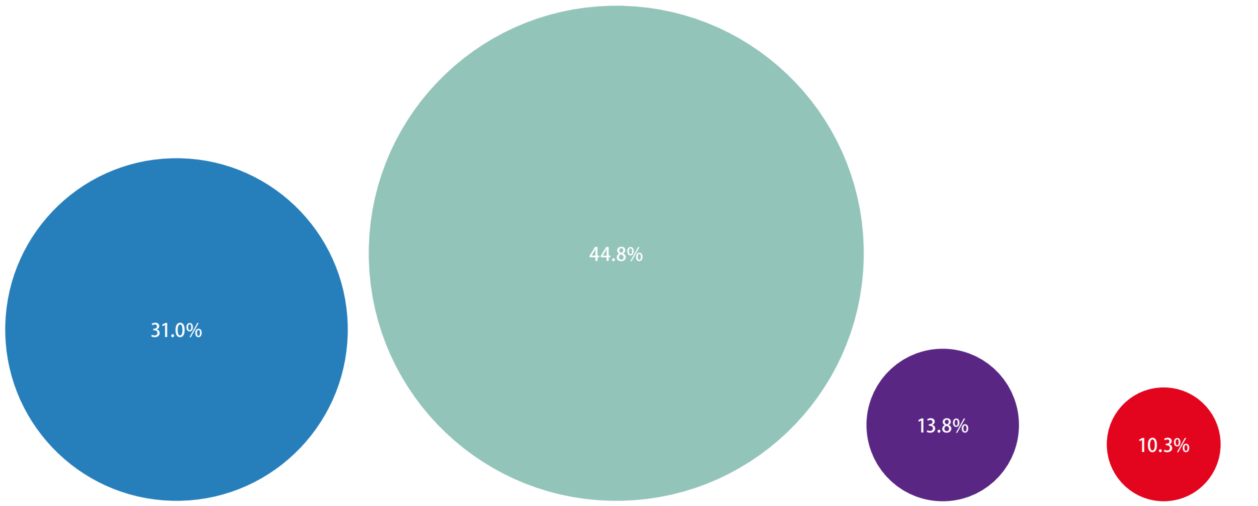
Experian has been providing data quality tools and solutions to organisations of all sizes for over 25 years.

Here in the UK, we're a leader in contact data management and data cleansing. Our solutions leverage the power of our own reference datasets, the most comprehensive available in the market, giving unrivalled insight to our customers.

Section one - What digital transformation looks like

1.1 - The scope of digital transformation

Scope of digital transformations



Digital transformation is not a one-size-fits-all strategy - what it encompasses will depend on the maturity, resources, market and customer base of each organisation.

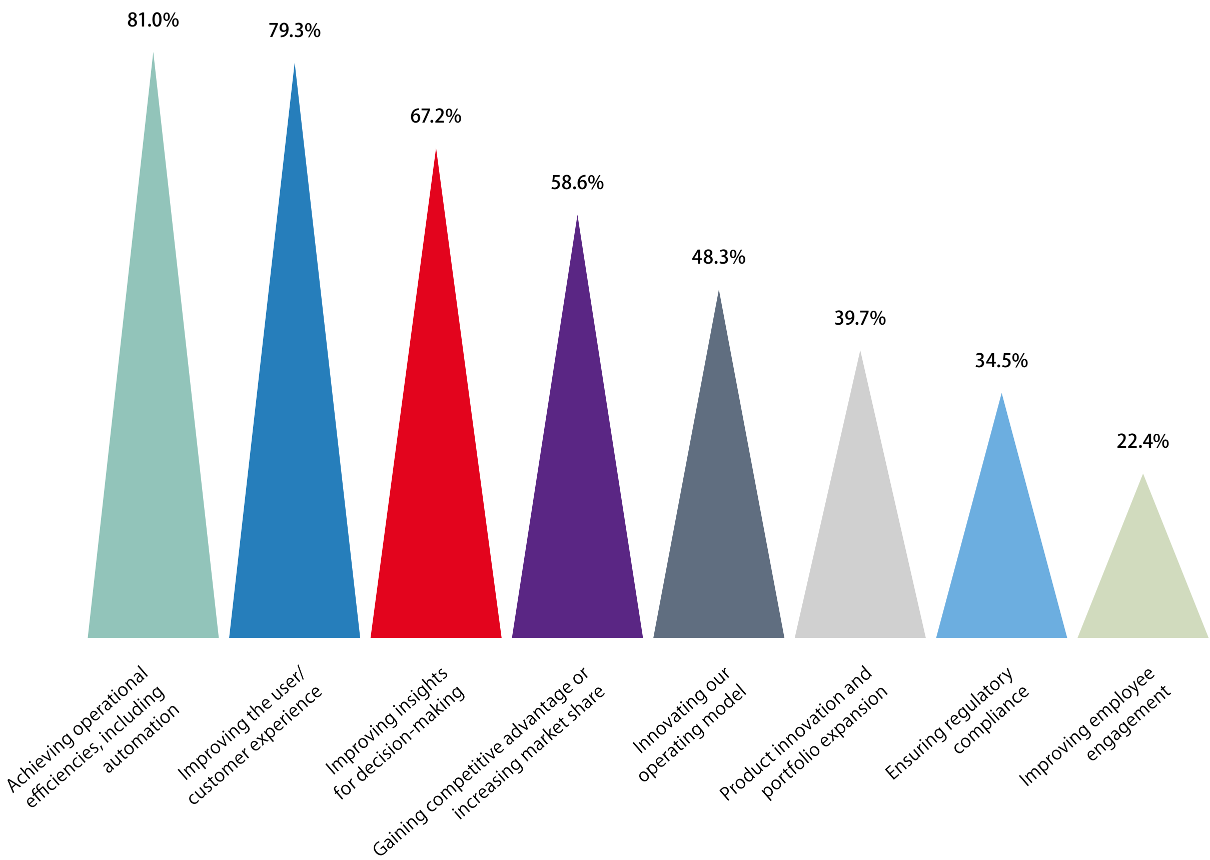
Wholesale transformation of the company to be digital-first is being pursued by just over three in ten (31%). This type of top-to-bottom change programme can take a considerable period of time to achieve.

Prioritising certain departments to be digital-first is being used by the largest number of organisations (44.8%). This allows processes to be tested and transferred, benefitting from increased success and de-risking the project.

Nearly one quarter of companies (24.1%) are lagging behind the curve - 13.8% only have an ad-hoc strategy for becoming digital-first - picking off activities as and when they seem ripe for transformation - while one in ten (10.3%) are starting at the data layer as the foundation for future change.

1.2 - Strategic objectives of digital transformation

Strategic objectives of digital transformation



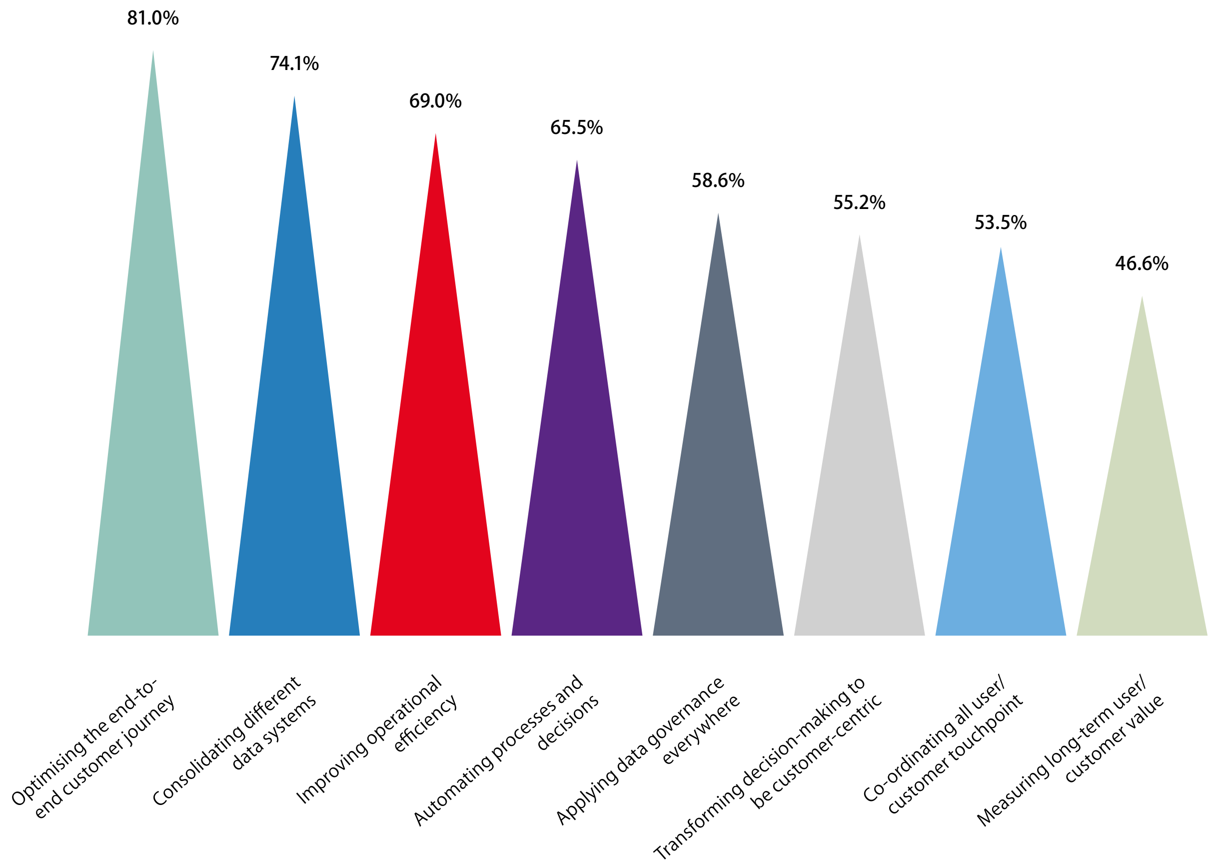
Two key pillars support the goal of digital transformation in eight out of ten organisations - automation and customer experience. Pursuing these is a recognition that companies are not where they want to be in terms of how they operate internally and interact externally.

Despite this, only half (48.3%) are aiming at innovation in their operating model. Presumably, the remainder are simply refining existing processes, which may not prove as effective as they intend.

What is notable is that nearly seven in ten (67.2%) recognise the need to add insight to their decision-making. This is the main calling card for data and analytics which can genuinely drive a transformation in business.

1.3 - Activities involved in digital transformation

Strategic objectives of digital transformation



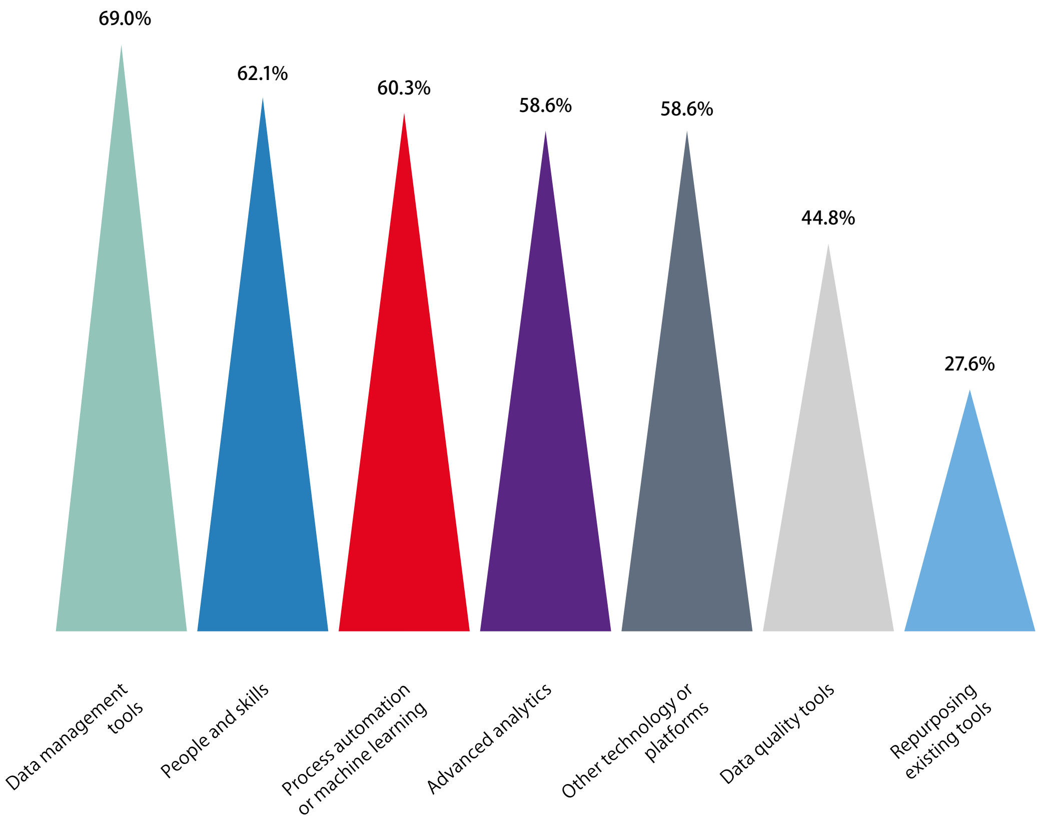
To deliver on the strategic goals of operational efficiency and better customer experiences, companies need to tackle a range of activities across the enterprise. Eight out of ten (81%) are focused on ensuring that the customer journey has been optimised. But, co-ordinating all touchpoints is only being addressed by 53.5%, potentially leaving a gap in the ideal end-to-end journey.

Automation and efficiency improvements are part of the digital transformation for two-thirds (69.0% and 65.5% respectively), also leaving a slight gap to the eight in ten organisations who have this as their primary strategy.

Data-oriented activities - such as consolidating data systems (74.1%) and data governance (58.6%) - are foundational steps that need to be taken for strategic change to be layered in over the top.

1.4 - Investment focus for digital transformation

Areas of investment for digital transformation



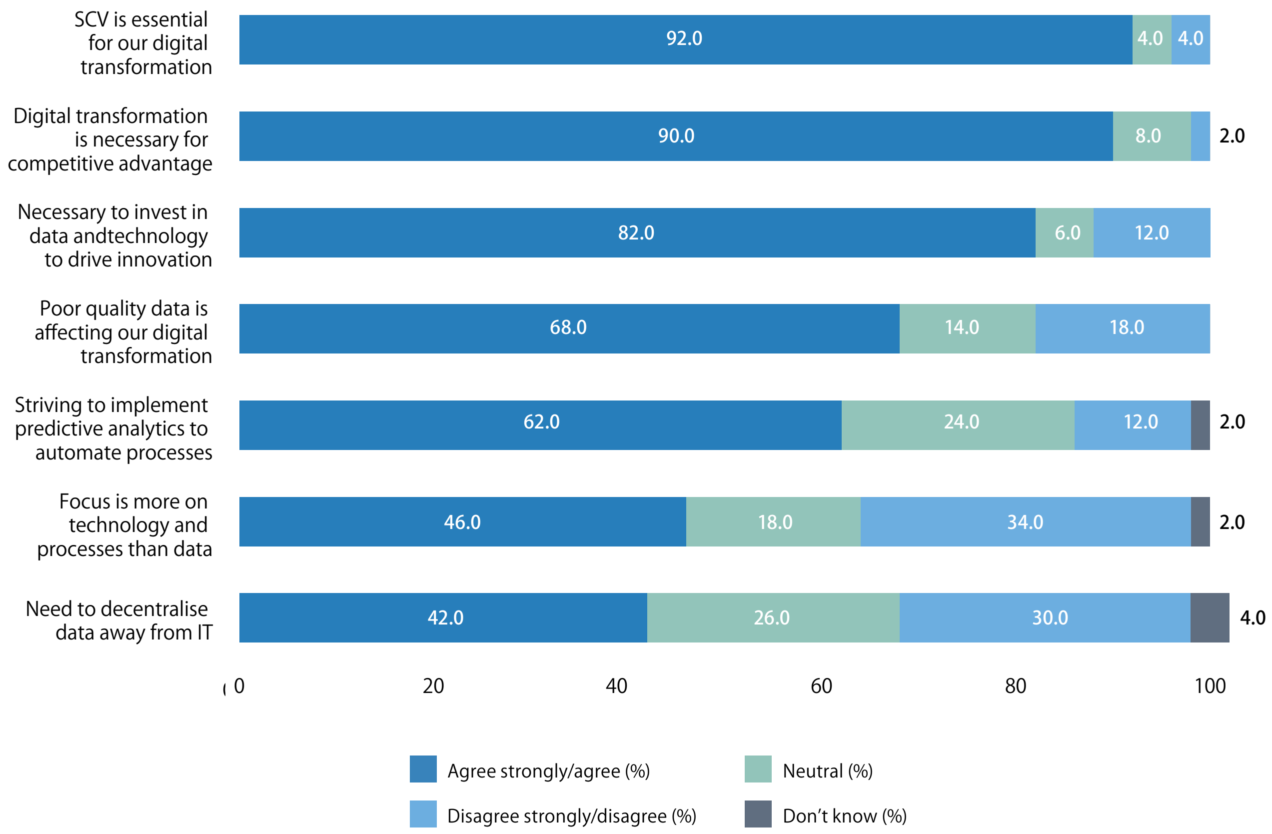
The long-standing mantra of people, processes and technology being at the heart of transformation is clearly revealed in the focus identified for investment. Data management tools are the main beneficiary (69.0%), although there is a risk of building these new solutions on sand, since just 44.8% are investing in data quality tools. While the missing 24.2% may already have these in place, it is important to ensure they have the ability to maintain an accurate and up-to-date view of the data over time.

Investment into people and skills by 62.1% is significant since it suggests organisations understand that digital transformation requires employees to be retrained and up-skilled. Given the relatively low ranking which lack of skills receives elsewhere (see chart 1.5), learning and development is perhaps happening at a tactical level, rather than being part of the over-arching strategy.

Six out of ten are aiming at leading-edge solutions within their programmes, such as machine learning (60.3%) and advanced analytics (58.6%). To genuinely transform an organisation, these need to be embedded into the right processes.

1.5 - Views of digital transformation components

Components of digital transformation



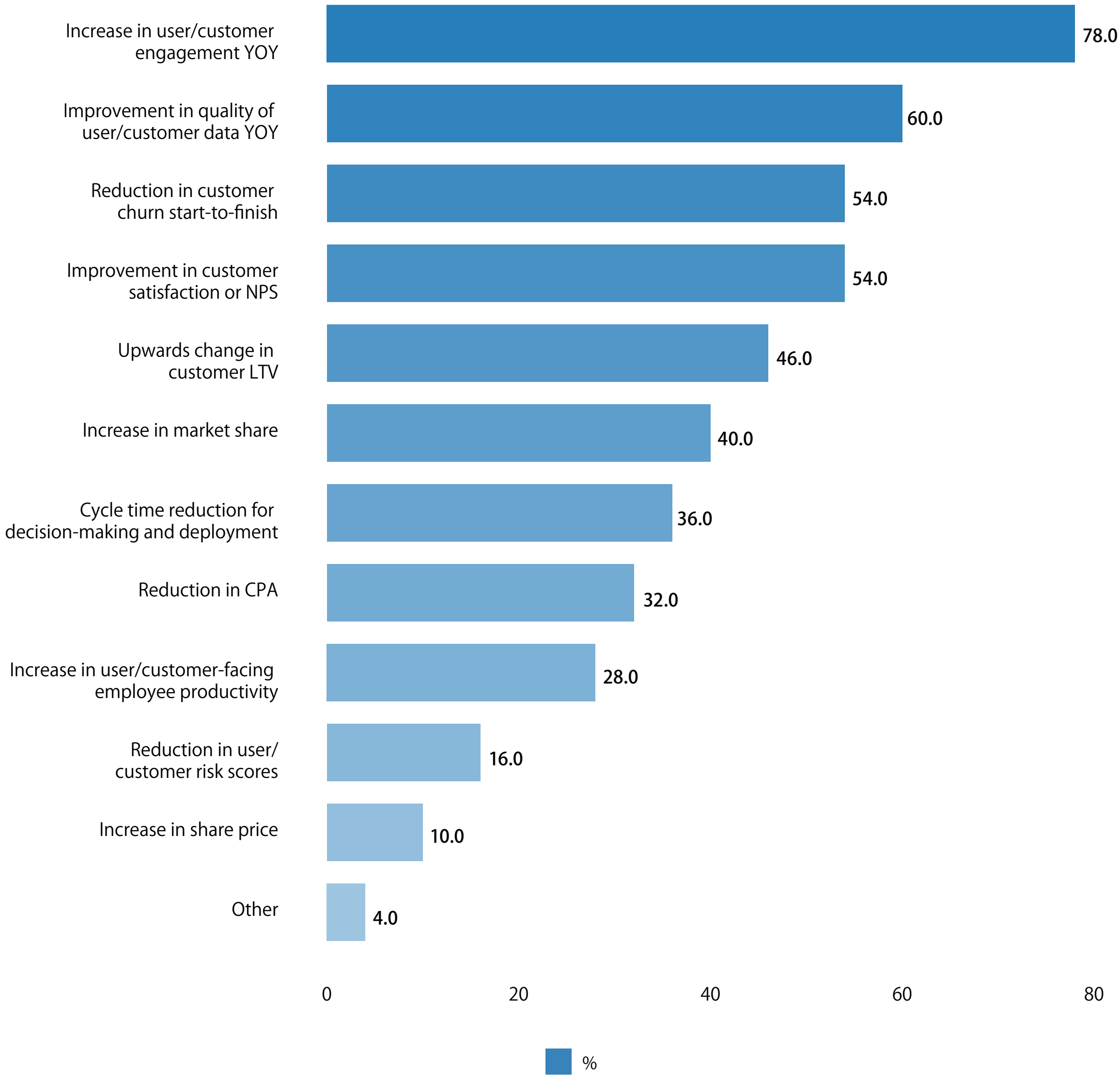
Transform to be digital-first or die. That is a clear view among 90.0% of organisations who see it as necessary to sustain their competitive advantage.

Data and technology are the tools that will deliver this according to 82.0%, with 92.0% seeing a single customer view (SCV) as critical. This is also clear among the 68.0% who have recognised that poor quality data will be a challenge to reaching their goal.

What the balance should be between those components is not uniformly agreed on, however. While 46% say they are more focused on technology and processes than data, 34% disagree about this. In reality it is impossible to tackle any one of these without also addressing the other two.

1.6 - Measuring digital transformation

Digital transformation metrics



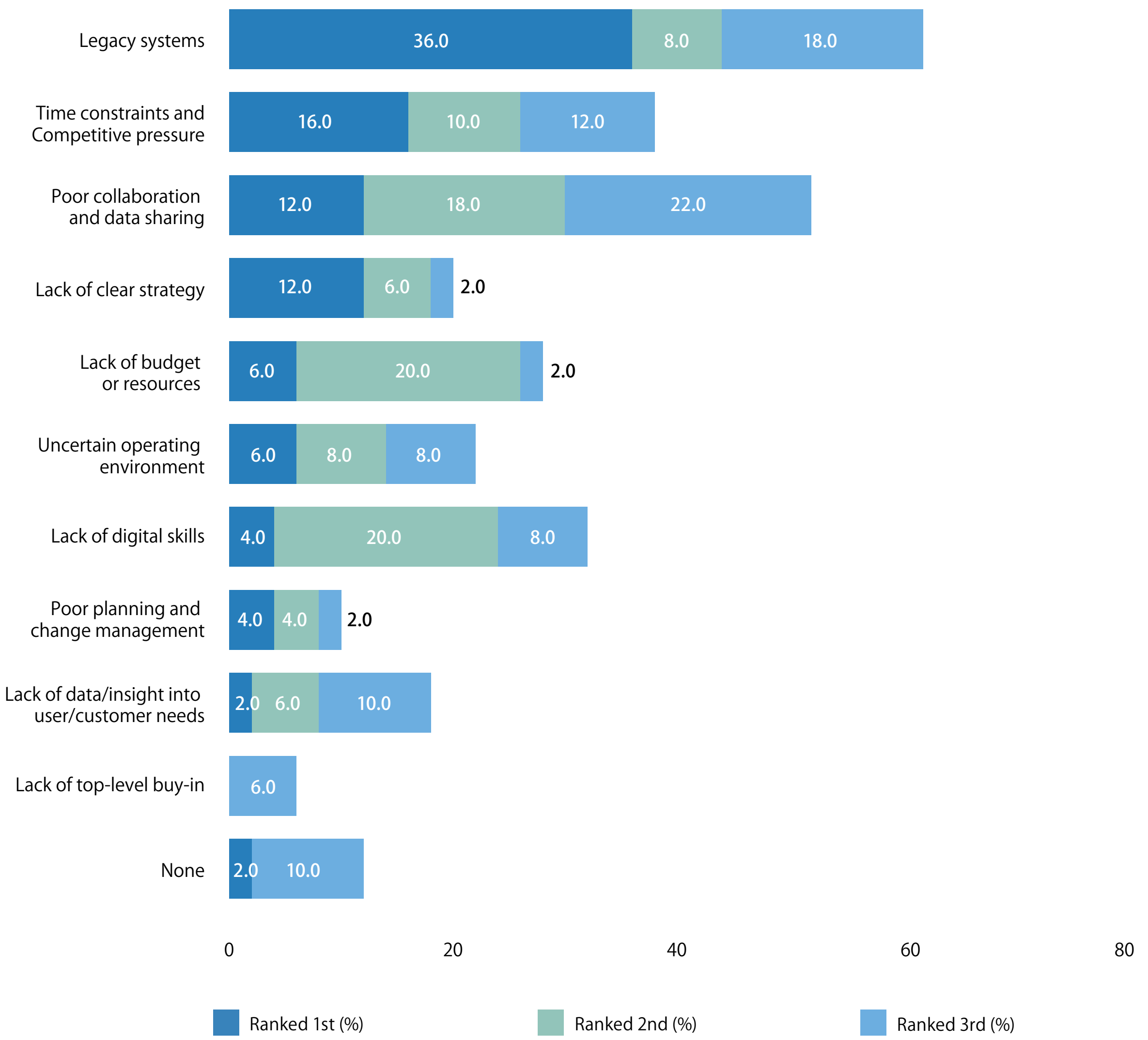
Change programmes need to have start and end-points with critical milestones in-between. Taking the right measures along the way is vital to show to the organisation that it is moving towards its strategic goals.

The desire to become more customer-centric is clear from the fact that three out of four of the metrics in use relate to customer dimensions: increased engagement (78.0%), reduced churn (54.0%) and improved satisfaction (54.0%). With 46.0% also tracking how customer lifetime value is being improved, this puts digital transformations in a good place to demonstrate value.

It is also encouraging that six out of ten organisations (60.0%) have improved data quality as a metric. Despite this, the understanding that data quality has an impact on the success of transformation programmes lag behind (see Chart 4.3), suggesting this measure is not viewed as strategically important yet.

1.7 - Challenges to digital transformation

Ranked challenges to digital transformation



While organisations have a clear view of what they want to achieve through digital transformation, challenges are encountered along the way. Prime among these is the need to deal with legacy systems, ranked number one by over one-third (36.0%) and in the top three for nearly two-thirds (62.0%). Despite the desire to automate processes and build out customer-first systems, it seems that existing platforms can get in the way.

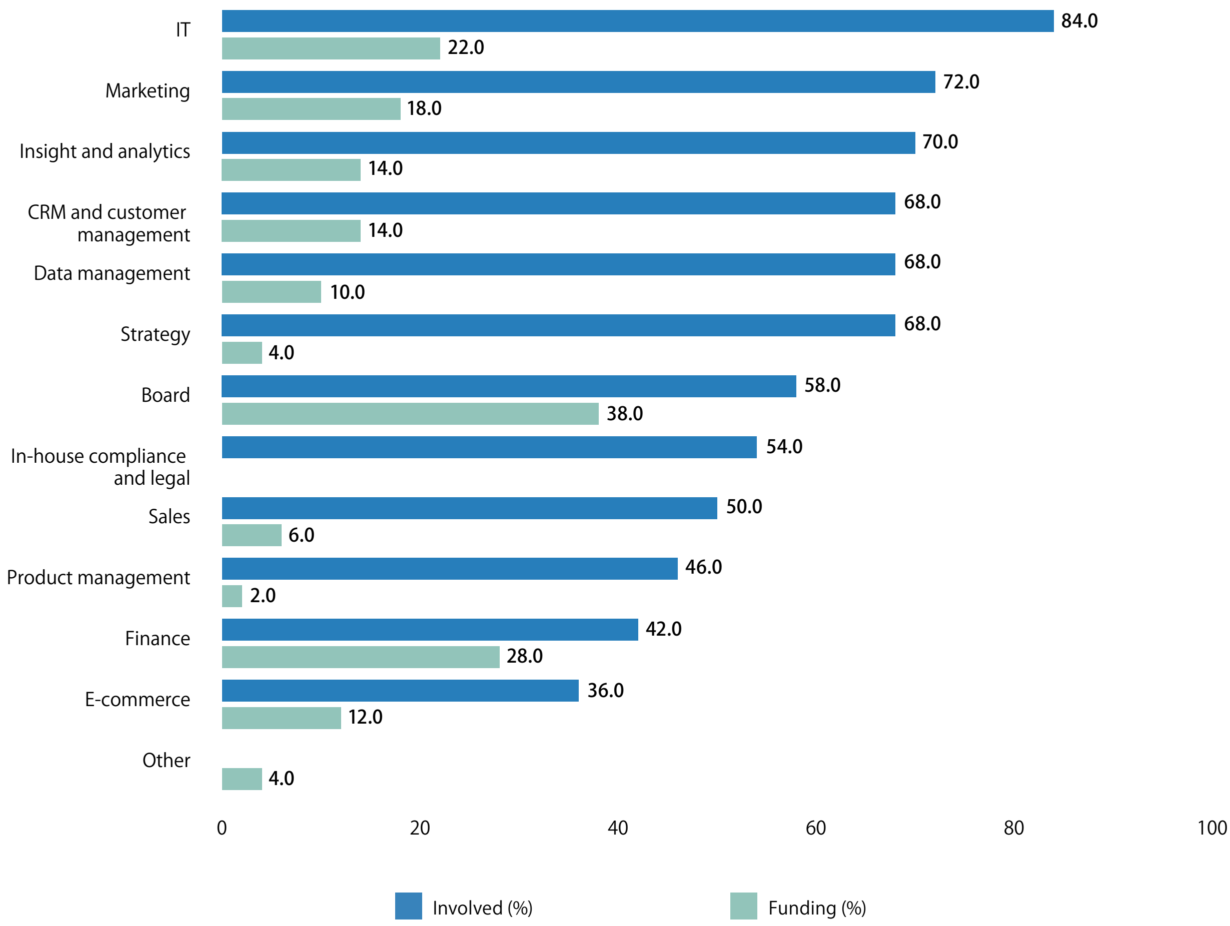
Although only in third place when ranked by first choices, poor collaboration and data sharing emerges in second place when looked at across all top three rankings - 52.0% name it as a serious issue and certainly, one that will make the goal of a single customer view hard to achieve.

Despite the commitment to invest in skills, their strategic importance may be underestimated, since only 4.0% make their lack of digital skills their first choice issue, with 32.0% rating it in their top three.

Bearing in mind that 69.0% of organisations are either transforming some, but not all their functions, or are just running ad-hoc or data-level programmes, there is a very real risk they will miss their target. This is understood among the 16.0% rating time and competitive pressure as their number one challenge (38.0% placed this in their top three). The digital clock is ticking and only companies which are speeding up their rate of change will win out.

Section 2 - Transformation across the enterprise

2.1 - Departments involved in digital transformation



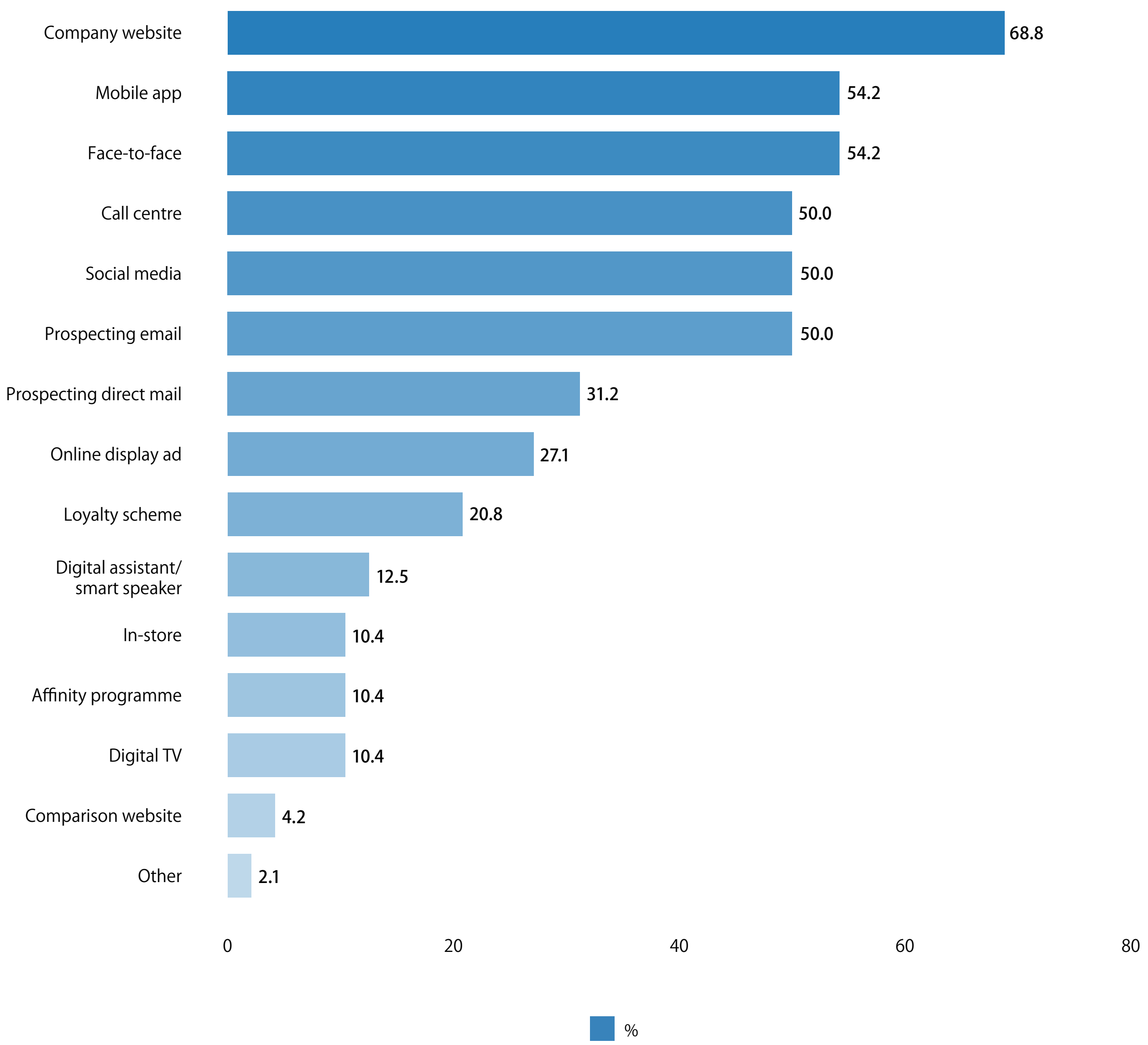
If it takes a village to raise a child, it takes the whole enterprise to deliver a digital transformation. This is clear from the number of departments which are involved covering virtually every significant function. IT is the default partner in almost all of these programmes (84.0%), which is hardly surprising given the focus on new technology, with data management a close partner (68.0%).

It is notable that insight and analytics have such a high level of involvement (70.0%) - digital transformations are pushing this function into the front-line. By contrast, there is a clear issue with the low level of involvement of e-commerce at just 36.0%. It is hard to imagine how a digital-first, improved customer experience can be delivered without this department as a key partner.

Funding for change programmes is also contributed from across the enterprise. Having the board (38.0%) and finance (28.0%) as the primary sources of money is a clear reflection of the strategic importance being placed on digital transformation, rather than relying on one or two departments to take the lead.

2.2 - Touchpoints used for data collection

Touchpoints used collect data and permission

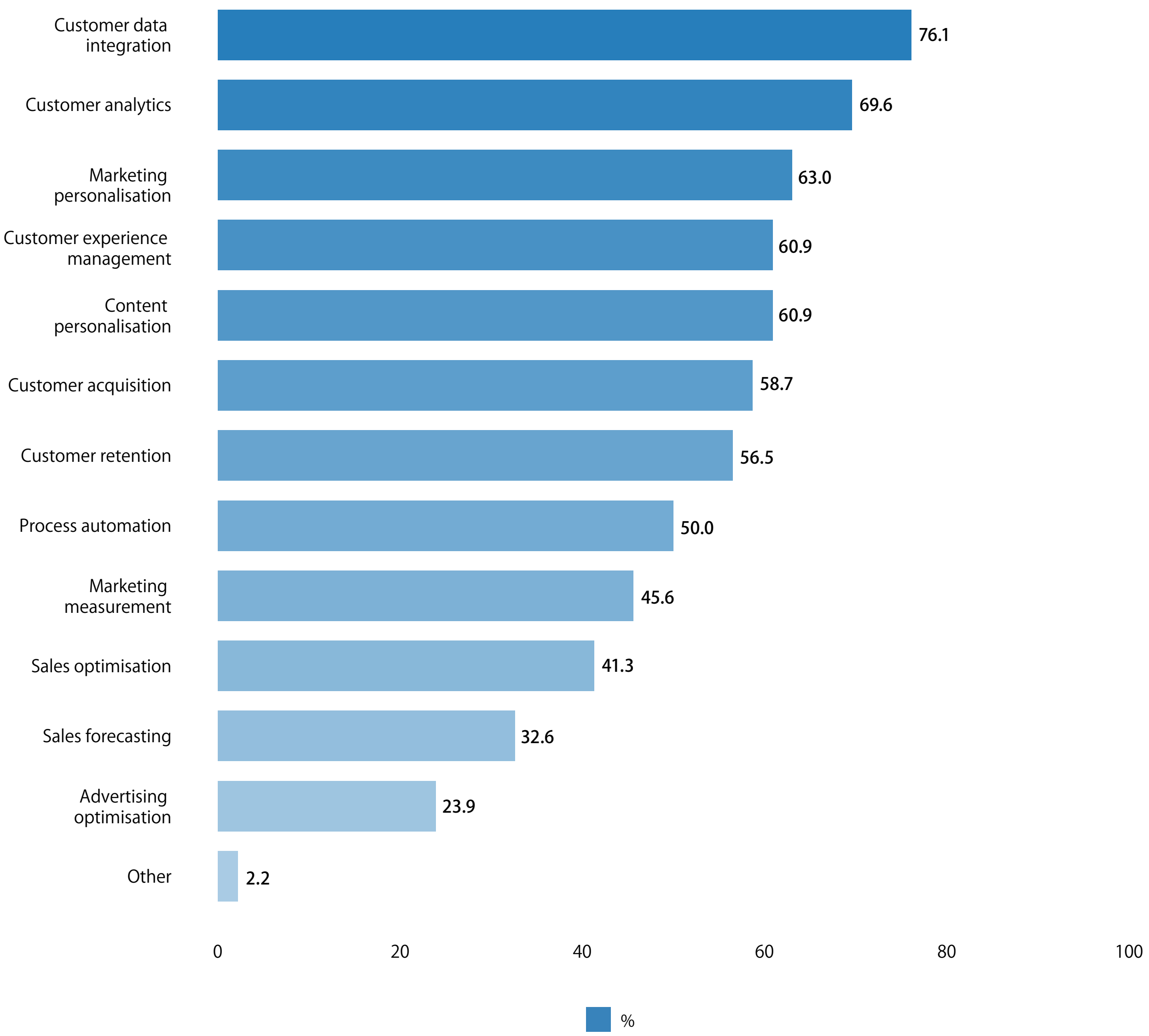


Data is the fuel for delivering a consistent user and customer experience in the digital-first organisation. Collecting personal information and the permission to use it is therefore a critical dimension of digital transformation, especially in the wake of GDPR which may have made legacy data non-compliant.

The range of channels being used for this underlines the enterprise-wide scope of change programmes and includes some surprises. While digital channels lead, especially the website (68.8%) and mobile apps (54.2%), there is a strong dependence on face-to-face methods (54.2%). These provide a more human dimension than when relying on social media or email, which half of organisations have in play, as does using customer contact via the call centre.

2.3 - Data-driven activities in digital transformation

Data-driven activities tackled in digital transformation



The wish-list of activities that require data and need to undergo transformation across the enterprise is considerable. Integrating customer data to deliver that SCV heads the list (76.1%), while driving out value from data through customer analytics runs in second place (69.6%).

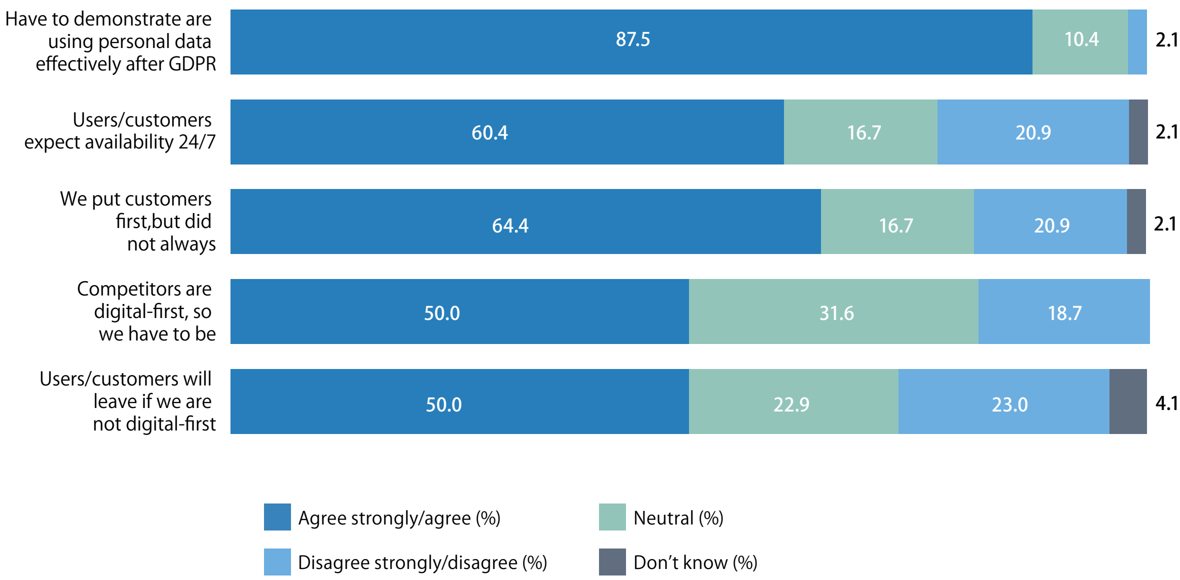
Both of those are internally-focused activities - customer-facing processes also need to be addressed from marketing personalisation (63.0%) and content personalisation (60.9%) through to ensuring the customer experience is being properly managed (60.9%). If this trio gets the right data and platforms, then the goal of improved customer experience and satisfaction should be achieved, delivering against the acquisition and retention goals named by nearly six out of ten organisations (58.7% and 56.5%).

Although eight out of ten organisations have a strategic focus on operational efficiency through automation (see Chart 1.2), only 50.0% specifically identify process automation within their programmes. That creates a gap to the expectations of what digital transformation will achieve.

Section 3 - The user/customer perspective

3.1 - Customer expectations of digital transformation

User/customer expectations of digital transformation



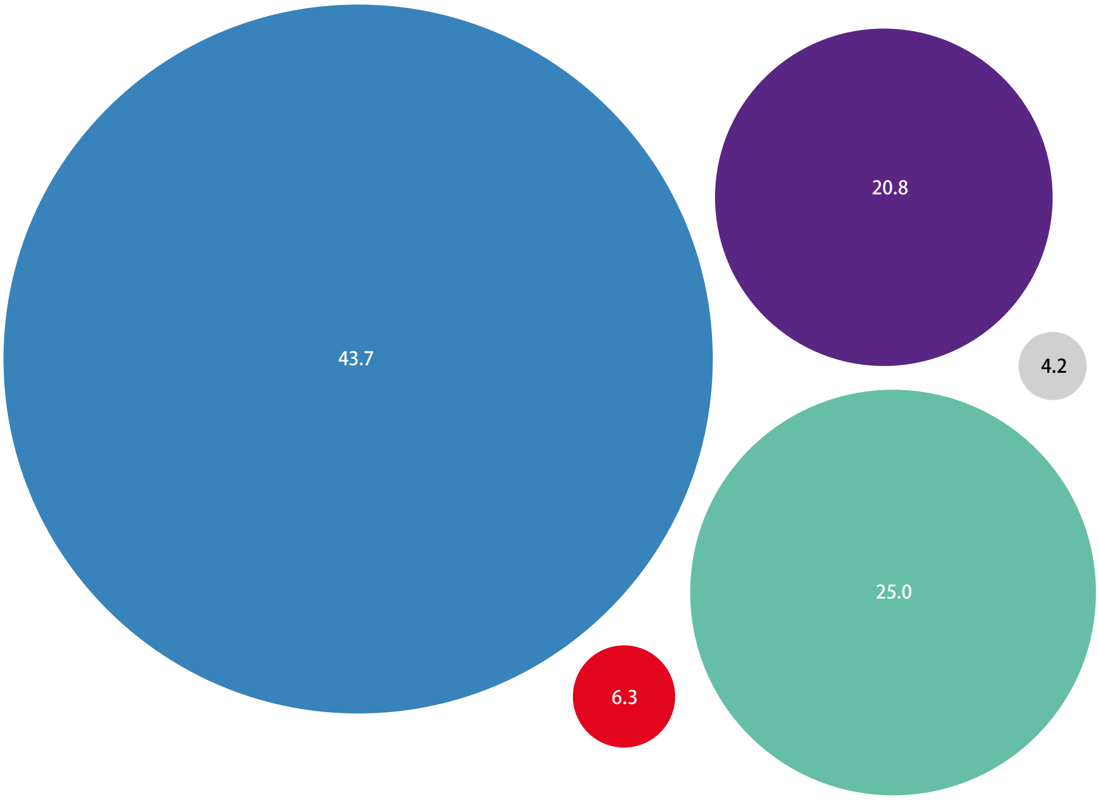
Organisations have strategic reasons for pursuing digital transformation, from needing to become more efficient through to competitive pressure. Customers have their own reasons for wanting to see change taking place. These interests coincide in the wake of GDPR - 87.5% of companies acknowledge they now have to demonstrate that they are actively using personal data for the purposes for which it was collected.

Recognising that user and customer behaviour has changed also sits behind this strategy - 60.4% agree that there is now a demand to be available in all channels 24/7. This is further emphasised by the 50.0% who believe that customers will leave if the business is not digital-first, creating a strong pressure for change. Surprising, 23.0% appear to take their customers for granted and do not believe they will leave.

A reality check is taking place which sees 64.4% acknowledge they have not always put customers first - a telling indicator of how much the market has changed. This is driven home by the view of 50.0% that if competitors have gone digital-first, they will have to as well.

3.2 - Customer expectations of the experience

Expectations of user/customer experience



Should be consistent and personal across every touchpoint
Expect our services to be available in every channel
Want it to be frictionless because we recognise them
Should improve as relationship grows
Do not want us to use personal data everywhere, every time

If the strategic goal of digital transformation is to deliver an improved customer experience, then it is important to understand exactly what customers are expecting. Primarily, organisations see this in terms of being consistent and personal in every touchpoint (43.7%).

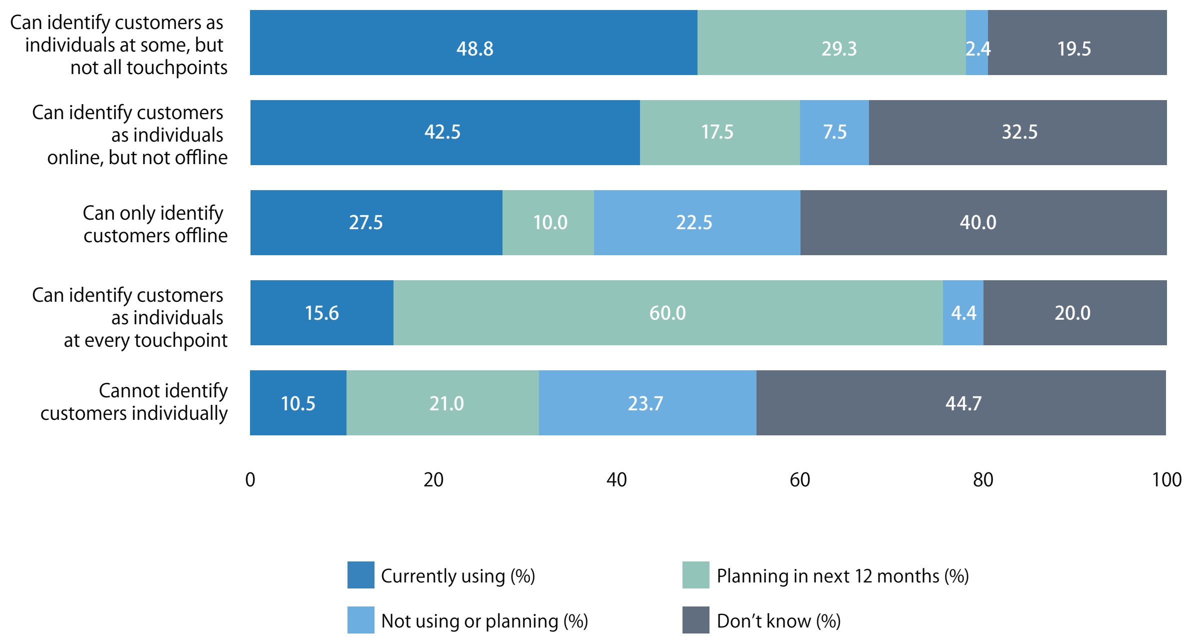
This is a major assumption on the part of companies which is not necessarily supported by other consumer research carried out by DataIQ. This identified a desire for anonymity and low levels of data sharing - something only 4.2% of companies believe their customers desire.

At a practical level, digital transformation is understood to be about ensuring services are available in every channel used by customers (25.0%) and that data is deployed to remove friction in this process (20.8%).

Surprisingly, this is not seen as a long-term strategy which would enhance the experience over the lifetime of the customer - only 6.3% think customers want this. Yet it is this progressively improving relationship that ought to be at the centre of building retention and higher lifetime value.

3.3 - Customer view at touchpoints

Current and planned view of customers

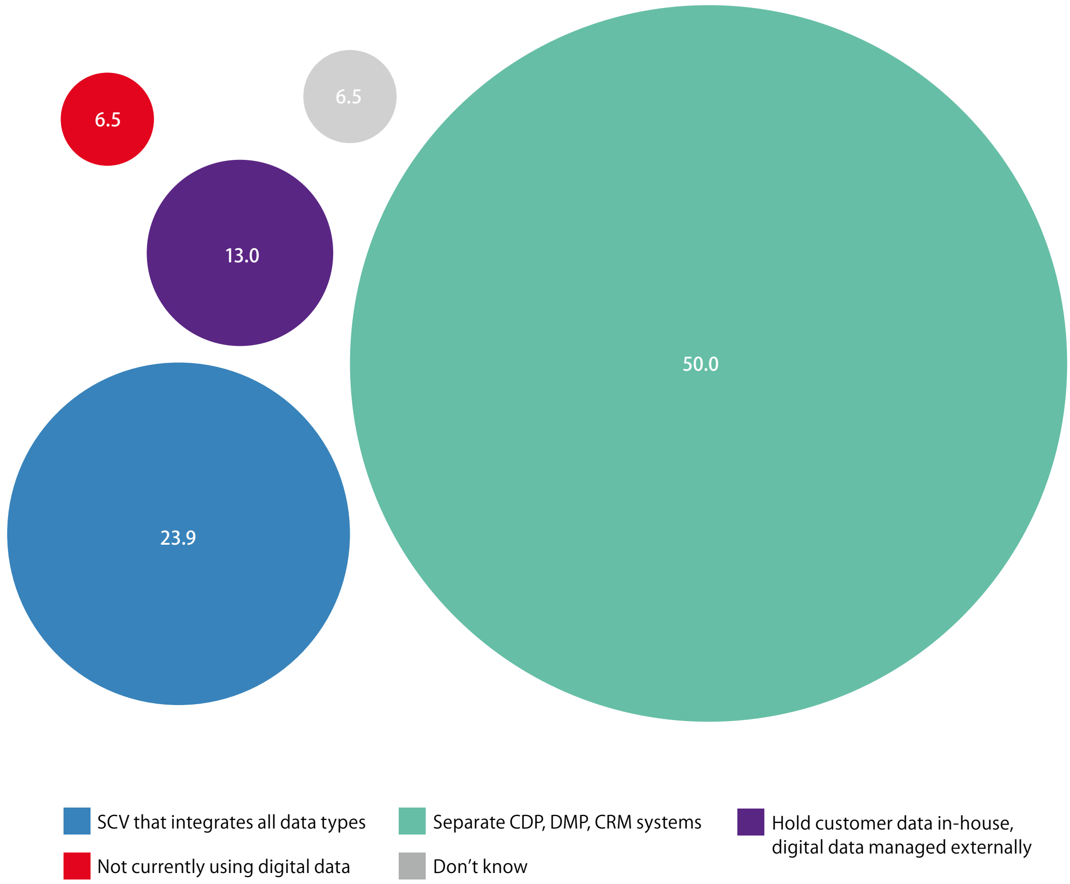


The current reality in nearly half of organisations (48.8%) is that they can identify and recognise customers in some, but not all touchpoints. It is this gap which digital transformations are largely intended to close, but 29.3% are playing catch-up as they will only achieve this partial view in the next 12 months.

The ideal of full-spectrum user or customer recognition is only a reality right now for 15.6% of companies, although 60.0% believe they will get there in the next year. Whether that is likely to happen is up for question, since right now 42.5% can identify customers online, but not offline, and 27.5% only know their customers offline - a considerable gap in which to leave the customer relationship unmanaged.

Section 4 - The data and technology perspective

4.1 - Integrating personal and non-personal data



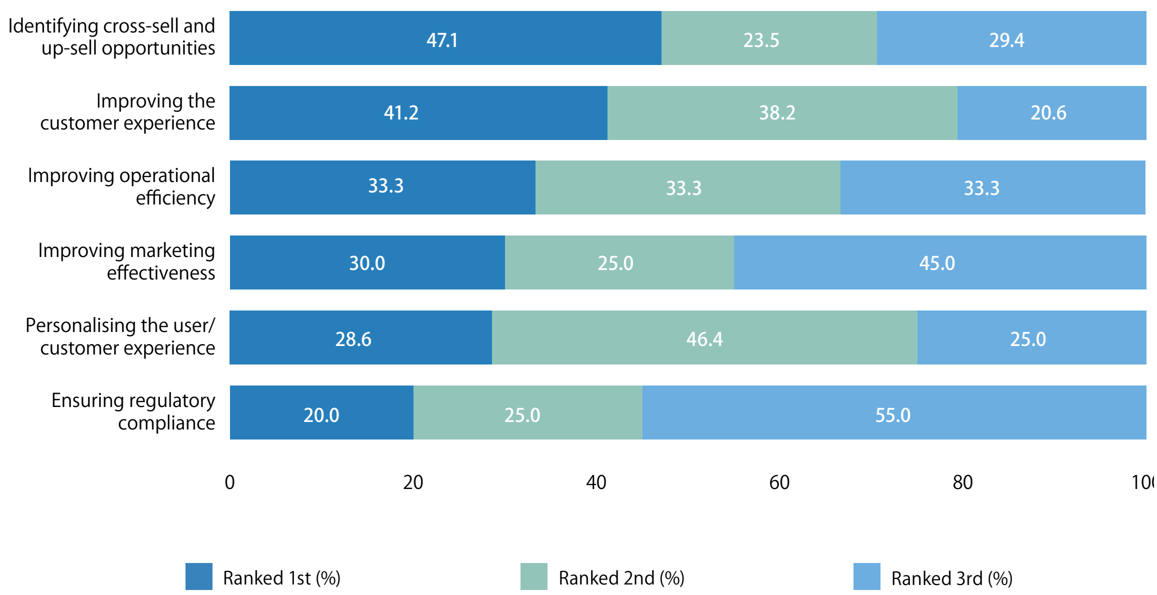
While three-quarters of organisations intend to pursue customer data integration within their digital transformation (see Chart 2.3), one-quarter (23.9%) say they already have a SCV where all data types are brought together. This asset puts them into the leading quadrant for being customer-first.

For others, the picture is a mixed one with half (50.0%) of all companies running multiple systems with different purposes - CRM in-house to support customer management, a customer data platform (CDP) as an interface between customer and digital data, and a data management platform (DMP) to drive digital channels. While fit for each purpose, there is a risk of gaps appearing in the hand-off between each of these.

The biggest challenge of all is faced by the 6.5% who are not currently using digital data and who therefore have no insight into what their users and customers are doing online. But that is not to say the 13.0% who have their digital data managed externally are necessarily better off since they may not be getting the benefit of knowledge transfer from these third-parties.

4.2 - Benefits of integrating data in digital transformation

Benefits of integrated data in digital transformation



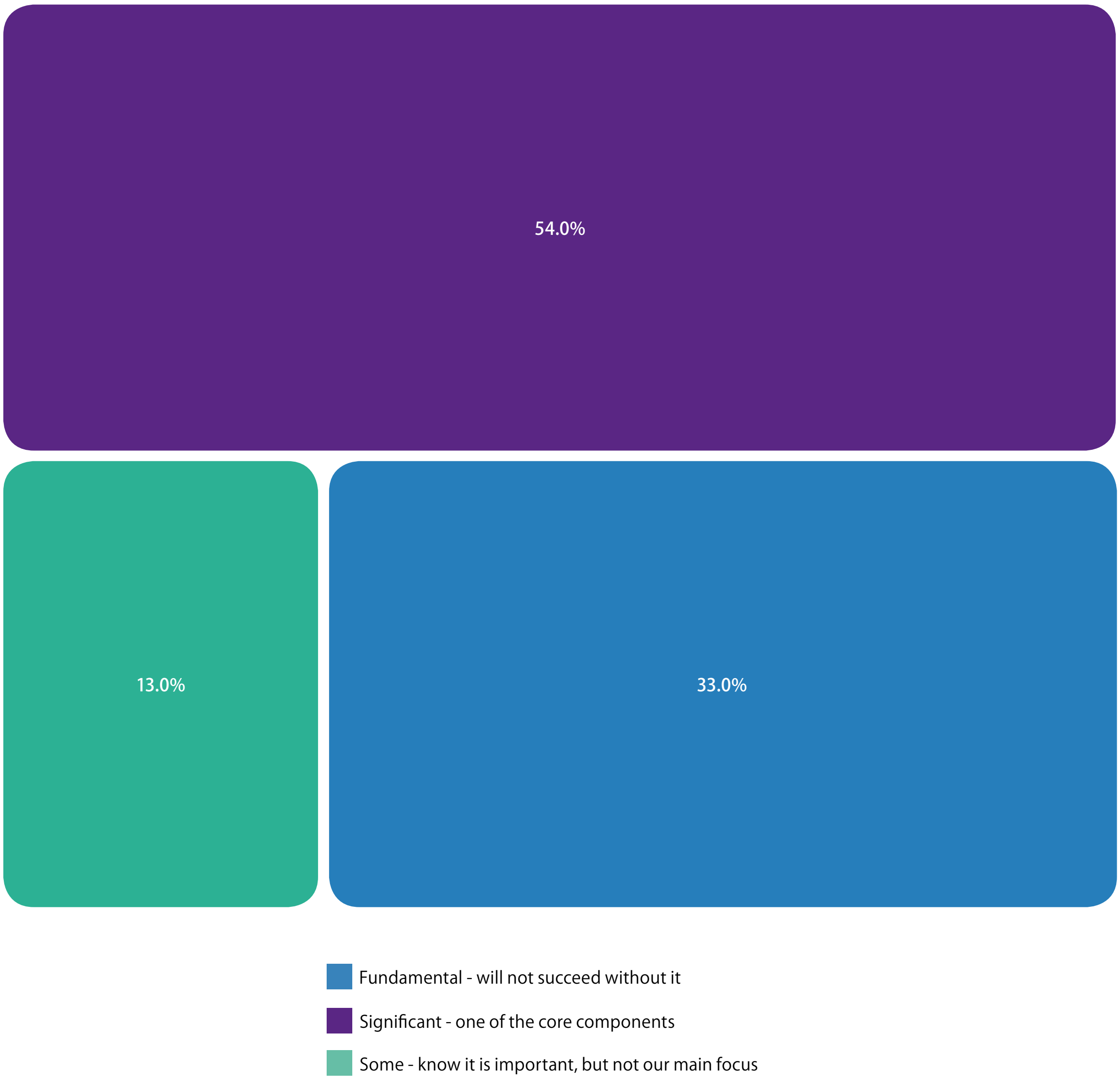
While the ideal of a SCV which integrates all user and customer data may be some way off for the majority of companies, that does not mean they do not realise the benefits which this could deliver. Prime among these is the ability to cross-sell and up-sell which nearly half (47.1%) ranked number one, while four in ten (41.2%) know data integration will improve the customer experience. A further quarter (28.6%) say it would personalise the experience - when second rank votes are included, this rises to be the second biggest benefit.

Surprisingly, regulatory compliance is not as prominent as a benefit (ranked first by only 20%) despite the realisation that post-GDPR, organisations need to show they are using personal data effectively (see Chart 3.1).

If data has not been integrated, not only will this prove difficult, it will also create a compliance risk from data that has potentially not been discovered, governed and controlled.

4.3 - Impact of data quality on digital transformation success

Impact of quality data on success



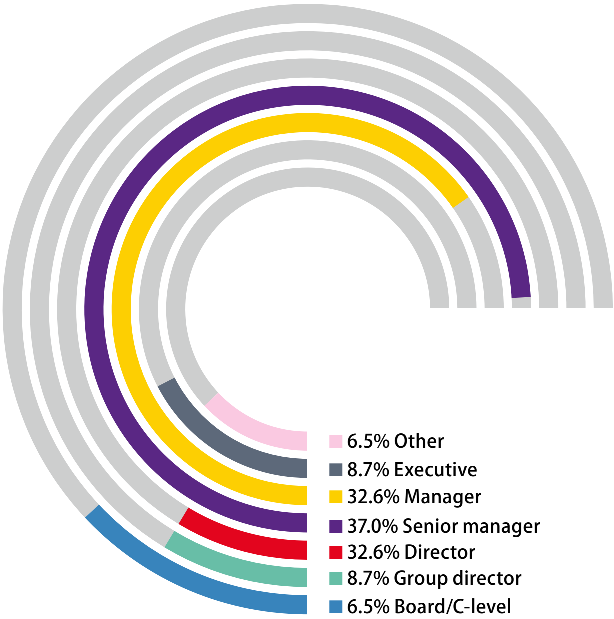
Just as the quarter of organisations who already have a SCV (see Chart 4.1) can claim a competitive advantage, the one-third (33.0%) who understand that data quality is fundamental have a much higher chance of success in their digital transformations. Building digital-first or customer-first systems without paying attention to the data that is required to support them is not only failing to plan, but potentially planning to fail.

At least the majority (54.0%) understand that integrated data is one of the core components of digital transformation, even if not giving it the highest priority. The residue of 13.0% who do not have integrated data in focus are likely to struggle to achieve the goals and benefits they are pursuing.

Methodology and responder profile

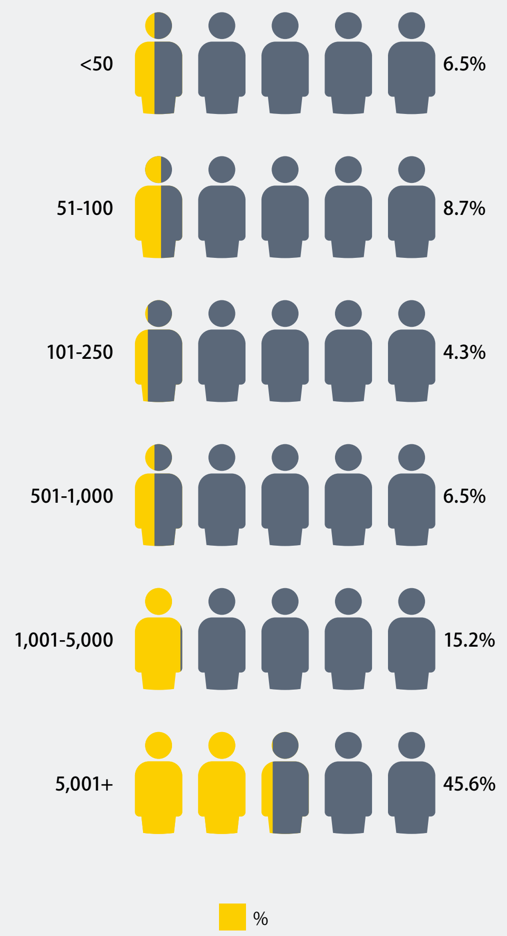
In order to understand the scope, scale and challenges of digital transformation, a self-completion survey was presented to members of the DataIQ community in February 2019. This generated 109 responses.

Position in company



The largest segment of responders to the survey work in organisations with over 5,001 employees (45.6%), with one-third (37.0%) working in senior management and a similar number (32.6%) in management. A wide range of sectors was represented with no one industry dominant, although media and publishing, not-for-profit and retail supplied 10.9% of respondents each.

Number of employees



About Experian

For more than 125 years, we've helped people and businesses to prosper and communities to flourish. And we're not done.

Our 17,000 people in 37 countries believe the possibilities for you, and our world, are growing. We continually invest in innovative technologies and talented people to help create a better tomorrow.

Please get in touch if you'd like further advice on how your organisation can take advantage of the transformational power of data and drive value from your digital transformation.

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About DataIQ

DataIQ aims to inspire and help professionals using data and analytics intelligently to drive business performance across their organisation and in every industry sector.

Specifically, DataIQ helps business professionals to understand the benefits of adopting data-driven strategies, develop compelling business cases, implement best practice, ensure they comply with data regulation, and understand how to use the latest tools and technology to deliver sustained business improvement.

DataIQ achieves this by providing essential insight, help and know-how from proprietary research, analysis, best practice and comment from industry leaders and data experts. All made easily available through high-quality events and digital channels.

Our unique community of business decision-makers and influencers – working across functions in FTSE 100, large and mid-market organisations – is growing rapidly because of this unique focus.

Importantly, DataIQ provides the bridge for ambitious vendors, agencies and service providers to influence this hard-to-reach and unique community.

DataIQ is committed to championing the value of data-driven business and best practice through focusing on the success stories of data-driven professionals with initiatives including the DataIQ 100 and DataIQ Talent Awards, plus many other events and programmes.

We contribute actively to trade and government bodies, including the DMA, IDM, PPA, techUK and UKTI.

For the latest information on how DataIQ can help your organisation go to www.dataiq.co.uk

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