

Customer Obsession: Imperatives For IT Professionals

Kyle McNabb, Vice President, Practice Leader
Application Development & Delivery

April 17, 2012

The Forrester logo is a dark green oval with the word "FORRESTER" in white, uppercase, serif font. A registered trademark symbol (®) is located to the upper right of the word. The logo is positioned on a white background that is part of a horizontal bar at the bottom of the slide.

FORRESTER®

Follow Kyle on Twitter: [@mcnabb_kyle](https://twitter.com/mcnabb_kyle)

Introducing today's presenter — Kyle McNabb



Kyle McNabb

Vice President, Practice Leader

- Serves Application Development & Delivery Professionals and Sourcing & Vendor Management Professionals
- Leads a team that provides research, executive-level peer communities, consulting, and other services
- Previously led Forrester's IT research product strategy and development and also served as research director

Welcome, and key takeaways

- Our research focuses on the disruption and change brought by the intersection of business and technology.
- Today, disruption and change are most prevalent at the intersection of how you engage with your customers and technology.
- This change brings a new set of expectations and needs to IT leaders.

The needs of the CFO and the drive to streamline transactions have defined enterprise IT to date

CFO and Operations

Enterprise resource planning

Financial consolidation and reporting

Compliance

Supply chain planning

Purchasing and procurement

Order management and fulfillment

Employee management

But a shift to growth, and customers, is under way

“What are your firm’s three most important corporate business priorities over the next 12 months?”

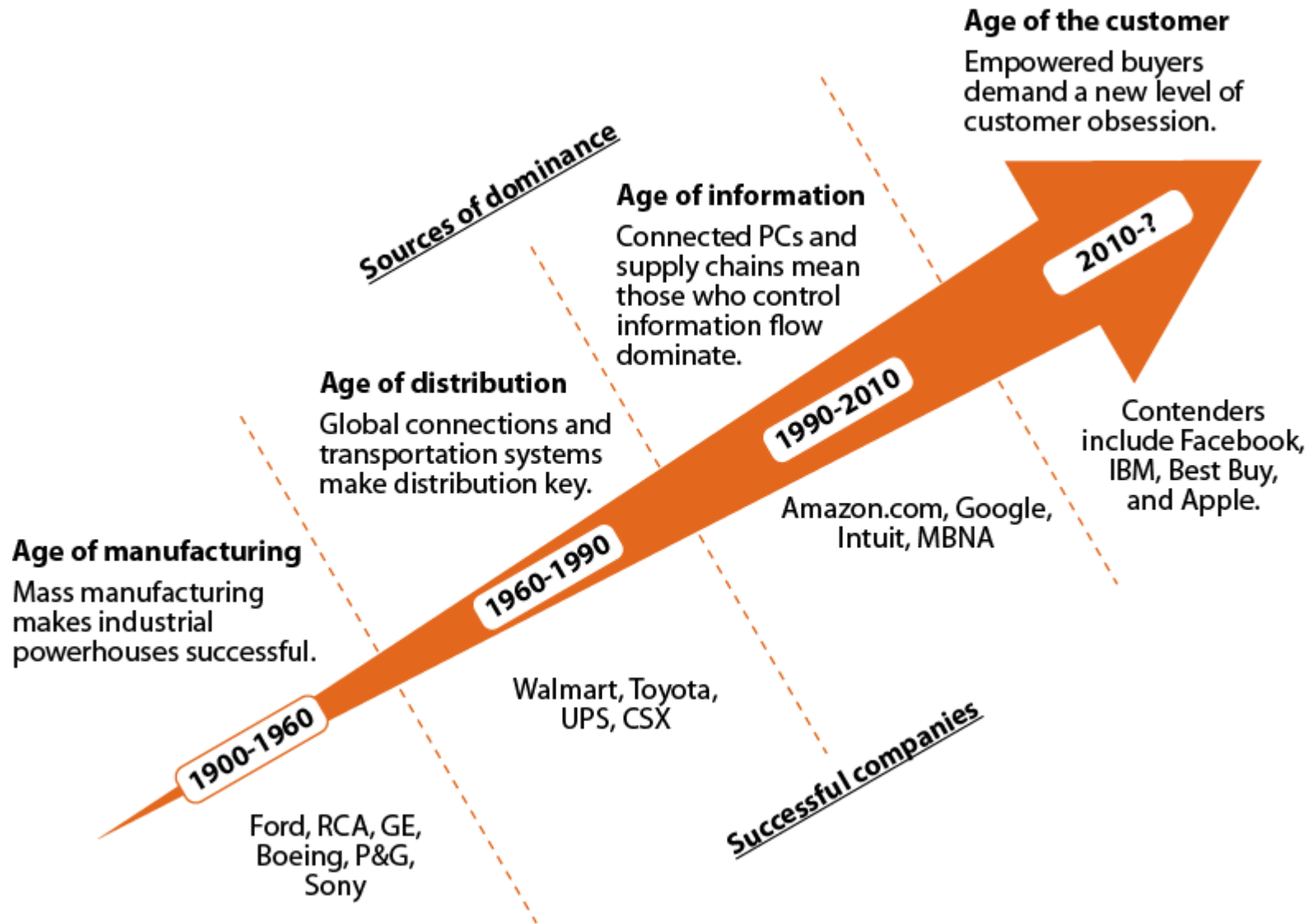
In our previous survey (Q2 2010), 53% of global IT budget decision-makers put grow company revenues and 52% put lower costs among their top three priorities.



Source: December 2011, “Forrsights: Analytics, Mobile, And Collaboration Lead 2011 Tech Investment Growth” Forrester report

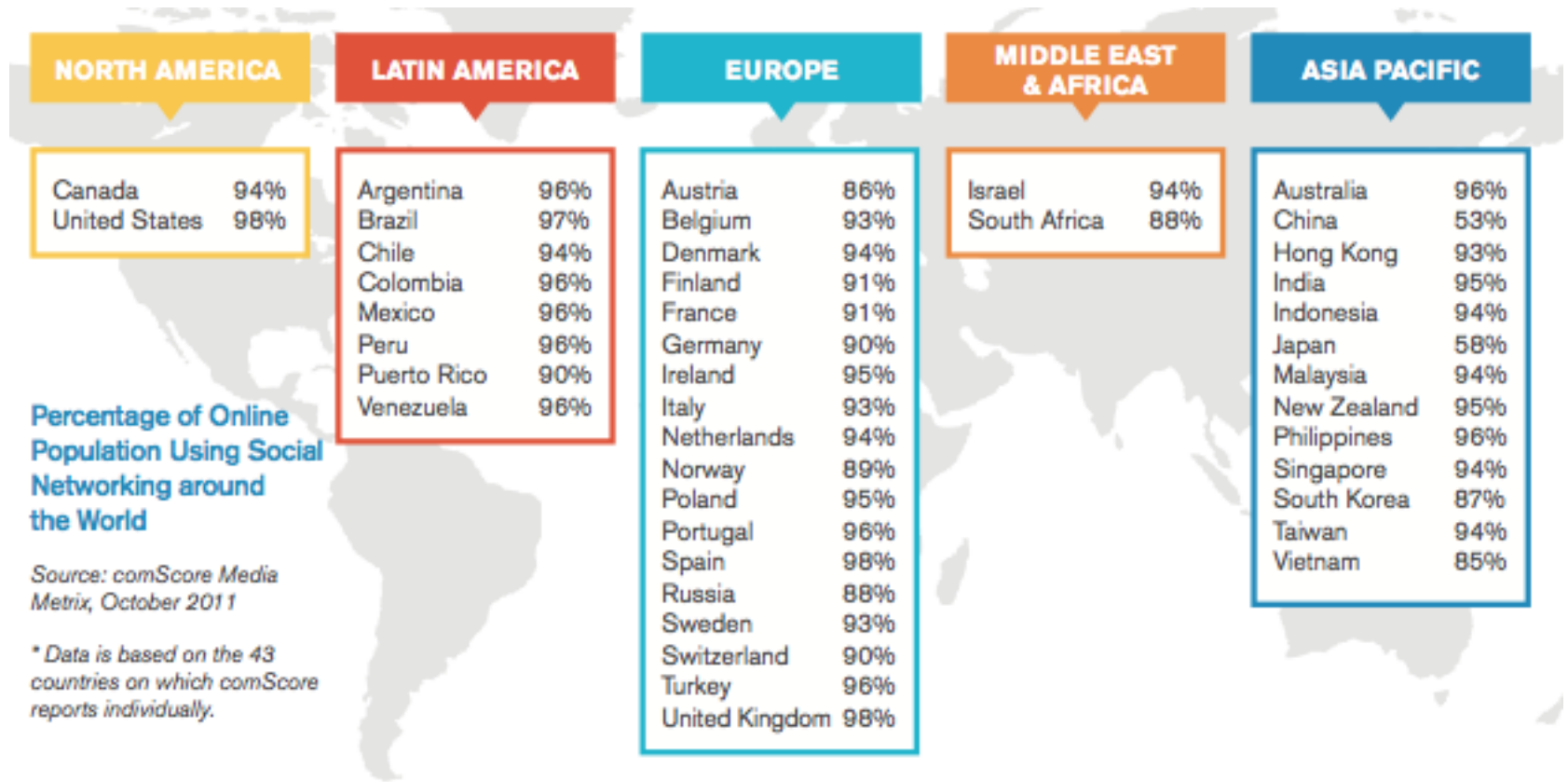
© 2012 Forrester Research, Inc. Reproduction Prohibited

Why? We have entered the age of the customer



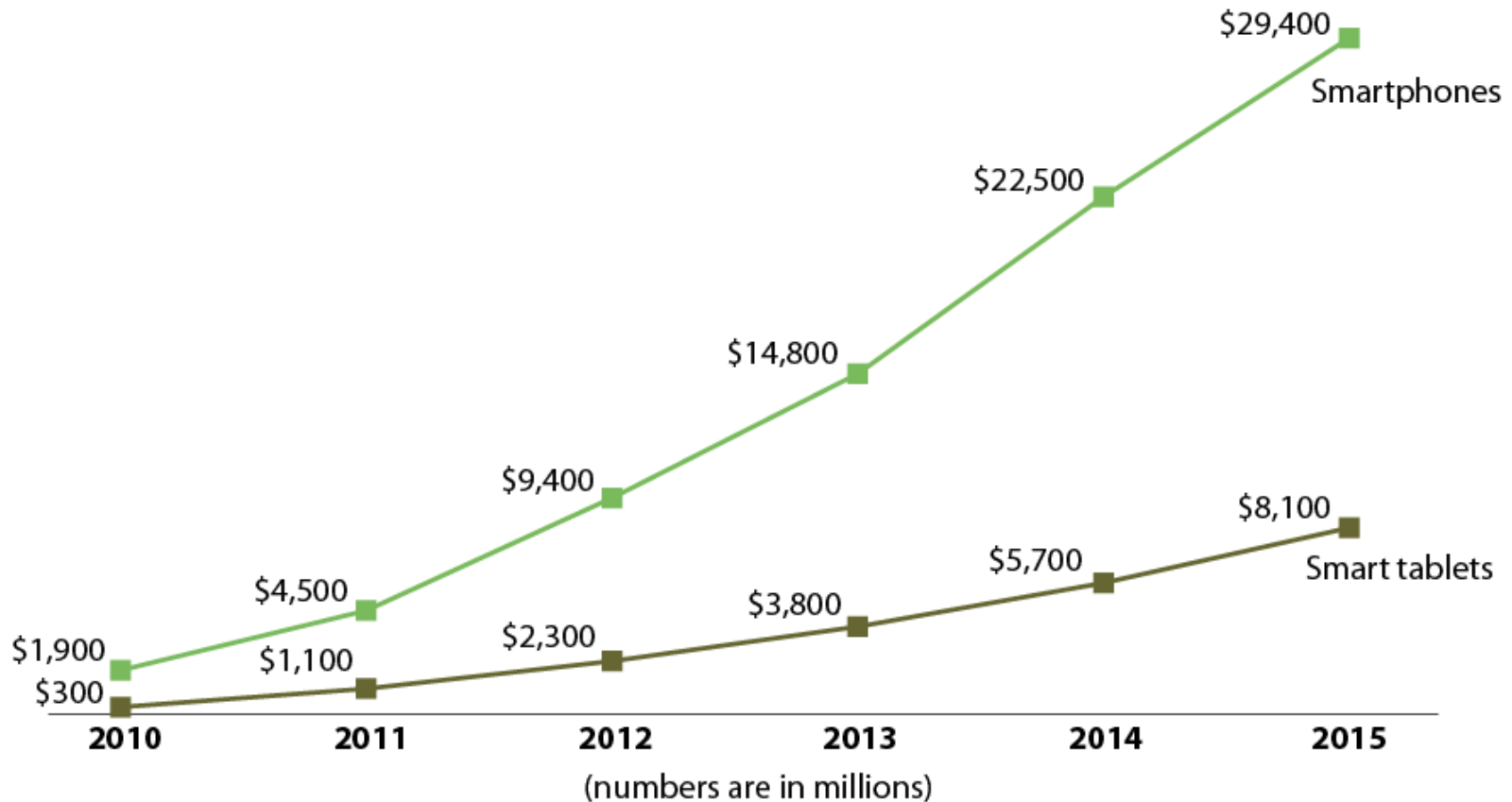
Source: June 2011, "Competitive Strategy In The Age Of The Customer" Forrester report

Social is at 90% online penetration everywhere now



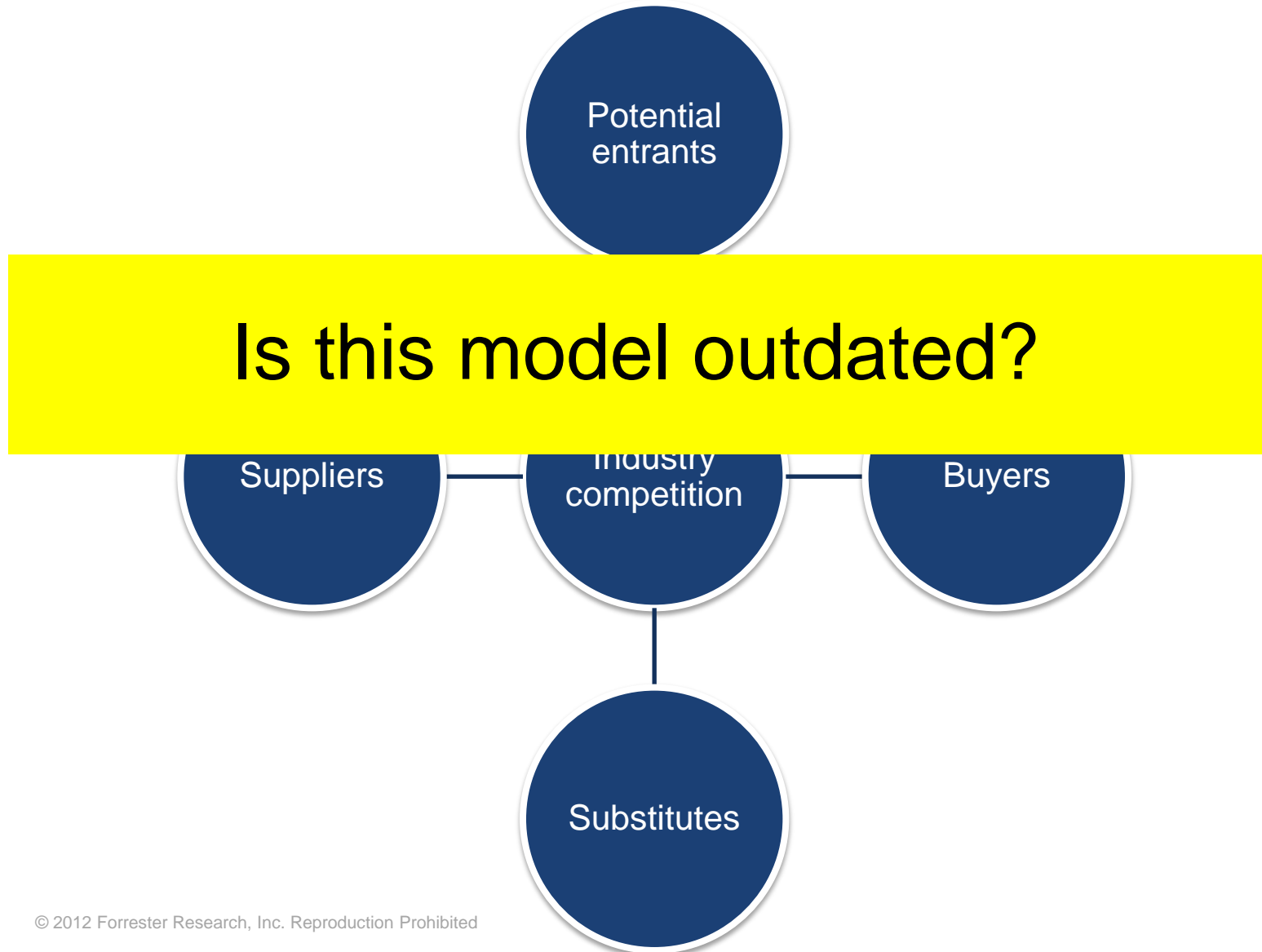
Disruption is accelerating

Global smartphone and tablet app shipments in US\$



Source: February 2011 "Mobile App Internet Recasts The Software And Services Landscape" Forrester report

Your executives must rethink competitive strategy



Our hypothesis: Customer obsession drives strategy

A customer-obsessed company focuses its strategy, its energy, and its budget on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers.

This will drive a shift in enterprise priorities

- Develop real-time insight
- Improve customer experience and service
 - Deliver intelligence about customers
 - Invest in content and interactive

**Marketing, product,
and service
leadership**

Are you prepared to be a service provider to these stakeholders?

This shift brings new needs, and with them new imperatives

1. Help the business keep pace with its customers.
2. Design, architect, and deliver for engagement.

1. Embrace agility.

2. Help turn customer data into customer knowledge.

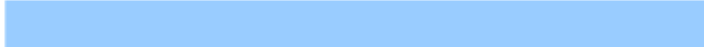
3. Focus on systems of engagement.

4. Build a competency in software design & development.

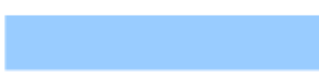
1. Does your current delivery capability keep pace?

“What problems do your current application development and project management organizational structures cause?”

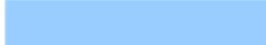
(Select all that apply)

Inability to deliver software fast enough  64%

Agile development is de rigueur in digital projects.

(e.g., infrastructure, help desk, etc.)
Poor transition from development to maintenance/support  29%

Poor quality of software deliverables  28%

Inability to meet business needs  24%

Base: 105 professionals directly involved with the development or support of software applications

Source: Q1 2011 Global Application Development And Delivery Organization Structure Online Survey

Source: January 2012, “Revamp Your Approach To Skills And Staffing For Agile And Lean: Welcome To The Machine” Forrester report

“Agile is a change framework for software delivery organizations because the business needs us to change.”

– General manager of a large energy company



32% speed

46% quality

**“37% time-to-market
improvement” and**

“16% productivity increase”

Source: QSM

37% better business/IT alignment

Source: February 2012, “Determine The Business And IT Impact Of Agile Development” Forrester report

2. Are you helping your firm build customer knowledge?

1. Big data and analytics technology

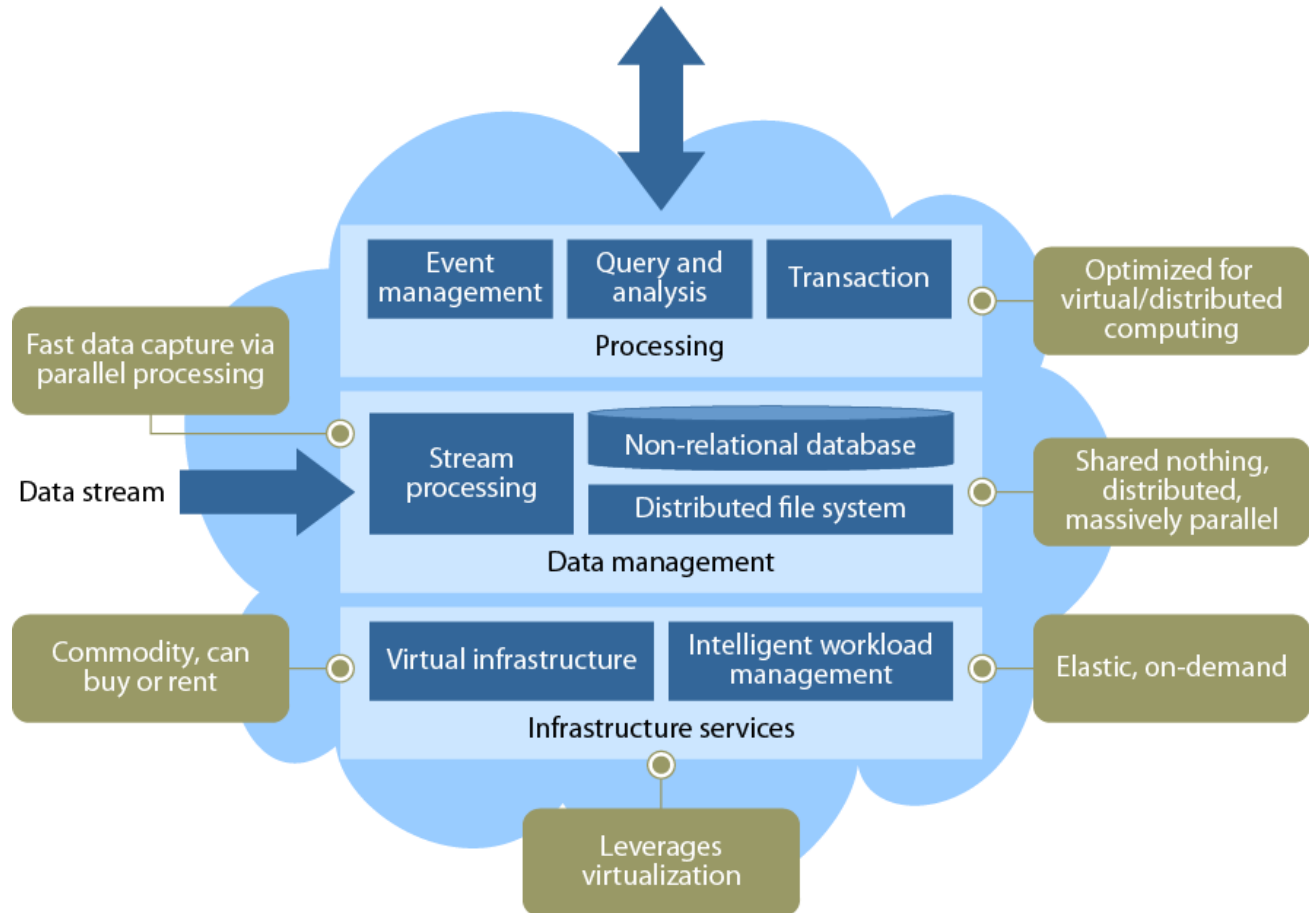
2. Business analytics team

Put “big data” building blocks into context

Customer intelligence decision-makers

Enterprise marketing platforms

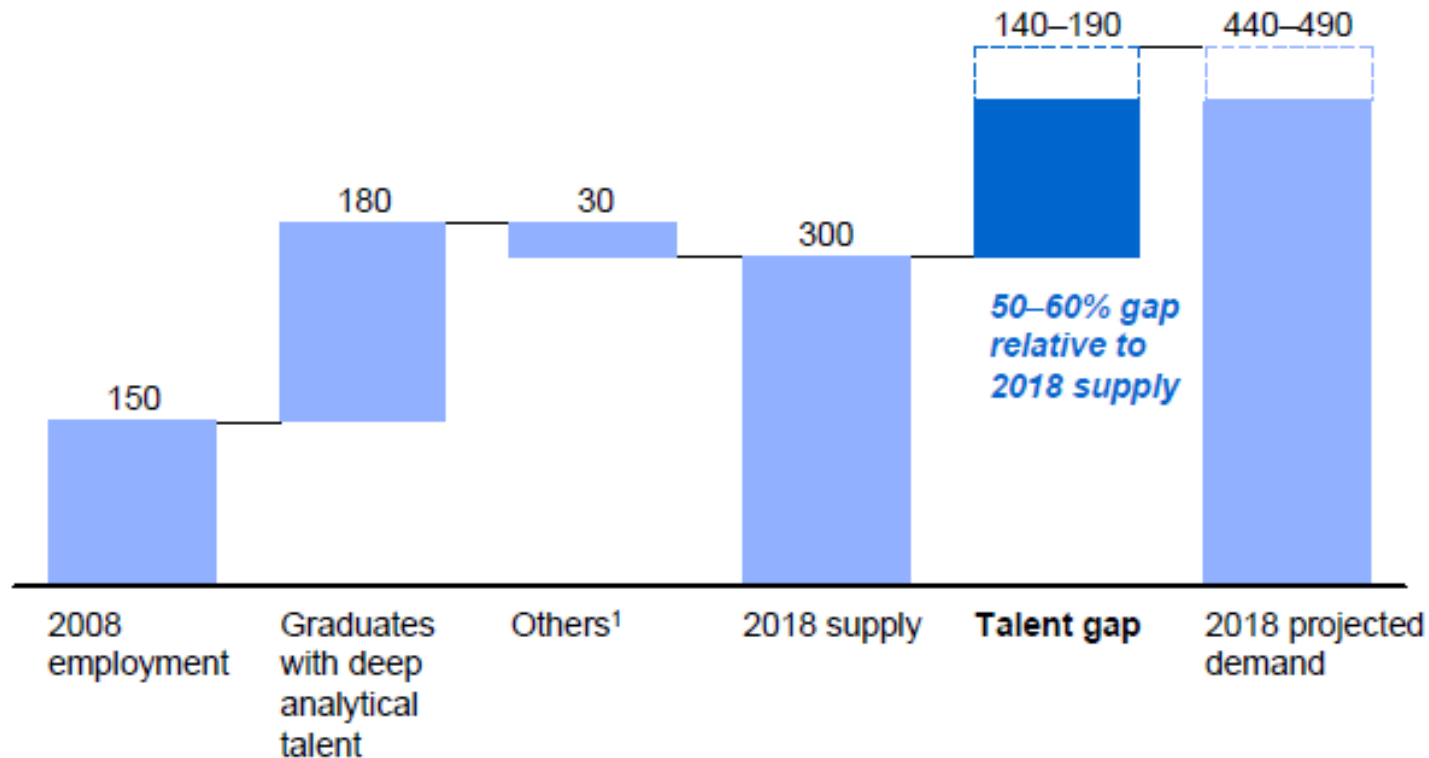
Integration



But, we face an analytical talent shortfall

Demand for deep analytical talent in the United States could be 50 to 60 percent greater than its projected supply by 2018

Supply and demand of deep analytical talent by 2018
Thousand people



¹ Other supply drivers include attrition (-), immigration (+), and reemploying previously unemployed deep analytical talent (+).

SOURCE: US Bureau of Labor Statistics; US Census; Dun & Bradstreet; company interviews; McKinsey Global Institute analysis

Source: McKinsey Global Institute, “Big Data: The next frontier for innovation, competition, and productivity,” June 2011

You need to find, grow, and groom your own

Communication

Translate data into business terms

Collaboration

Peer to customer and market intelligence

Analysis

Data-literate, answers to existing questions, answers to questions not asked

Customer-focused

Understands business, business processes, and data alignment

Curiosity

Willing to explore new concepts, techniques, develop new skills

Results-oriented

Multitask, resourceful, committed to delivering high-quality outcomes

3. Have you shifted your priorities and resources to systems of engagement?



Customers



Partners



Employees



Smart products

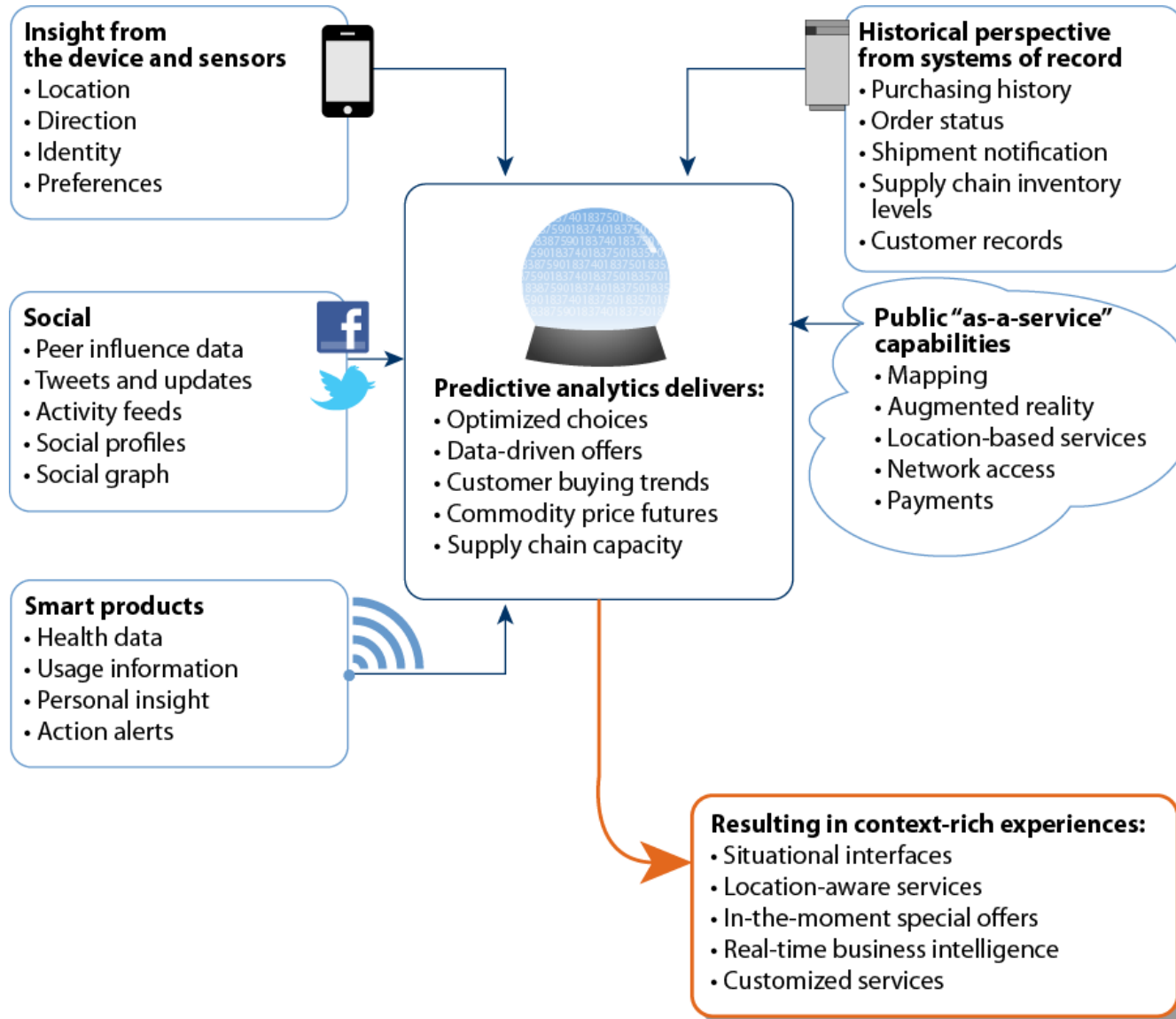
Systems of engagement touch people

- Serving customer, partners, and employees
- Enabled by smartphones, tablets, and smart products
- Focused on in-the-moment tasks and decisions
- Delivering in an individual's personalized context
- Providing analytics-driven experiences
- Leveraging social and cloud technologies
- Short, rapid, iterative release cycles

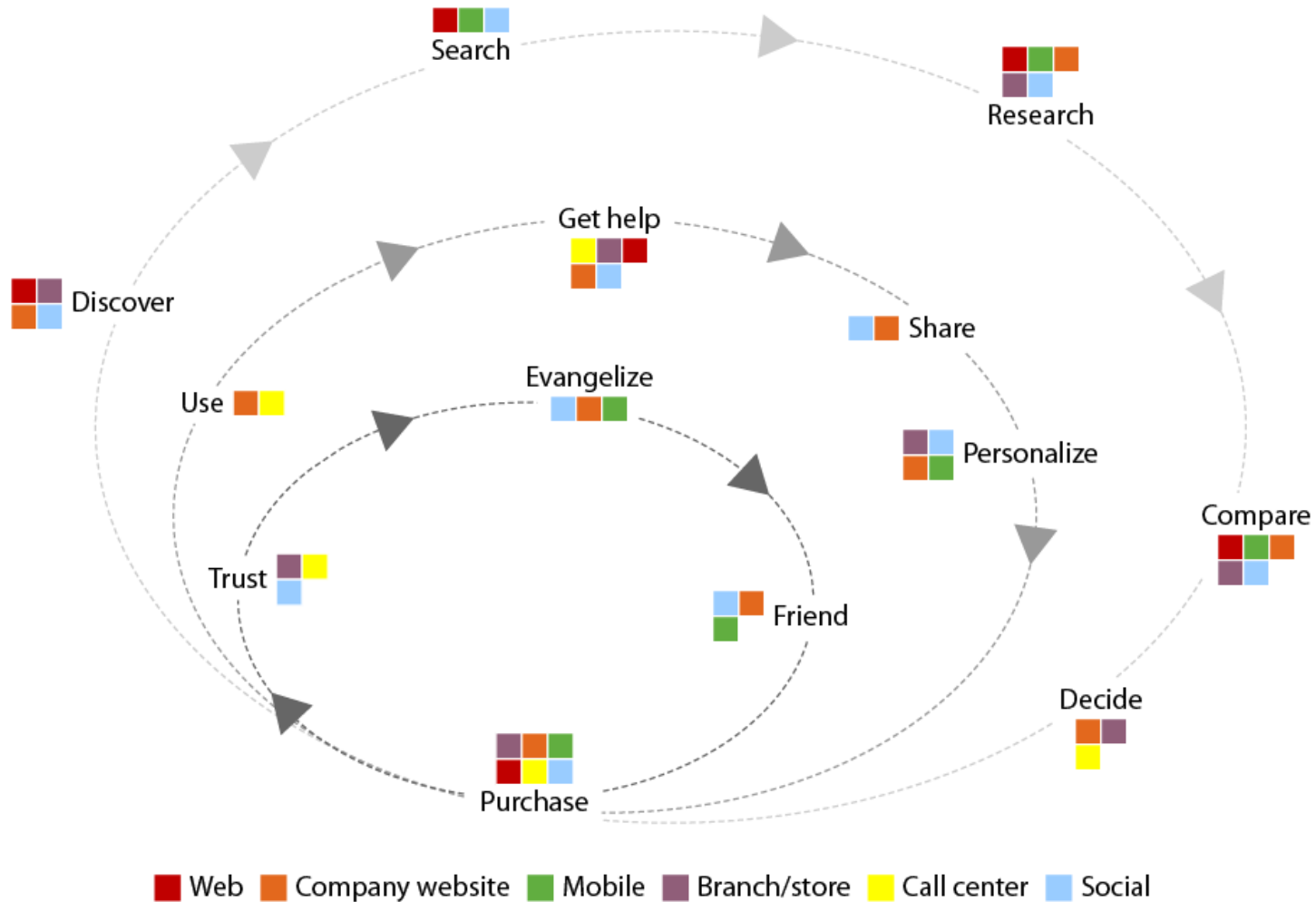
Systems of record host processes

- Targeting employees
- Supported by ERP packages and large databases
- Recording transactions and accounting data as part of core business processes
- Maintain state, status, and history
- Long development and deployment cycles

Systems of engagement center on analytics



Engagement must occur across multiple touchpoints



4. Why build a software design and development competency?



You must demonstrate continually advancing competence in experience design

Use of persona design, customer journey mapping, A/B testing, and storyboarding can lead to extraordinary user experiences

Useful

- People can accomplish their goals.

Usable

- People can easily perform tasks.

Desirable

- People want to use the application.

Experience is more than simply the aesthetic

**What they see
(with agency assistance)**



**And how it performs
(leverage knowledge of your systems)**

Availability

Performance

Scalability

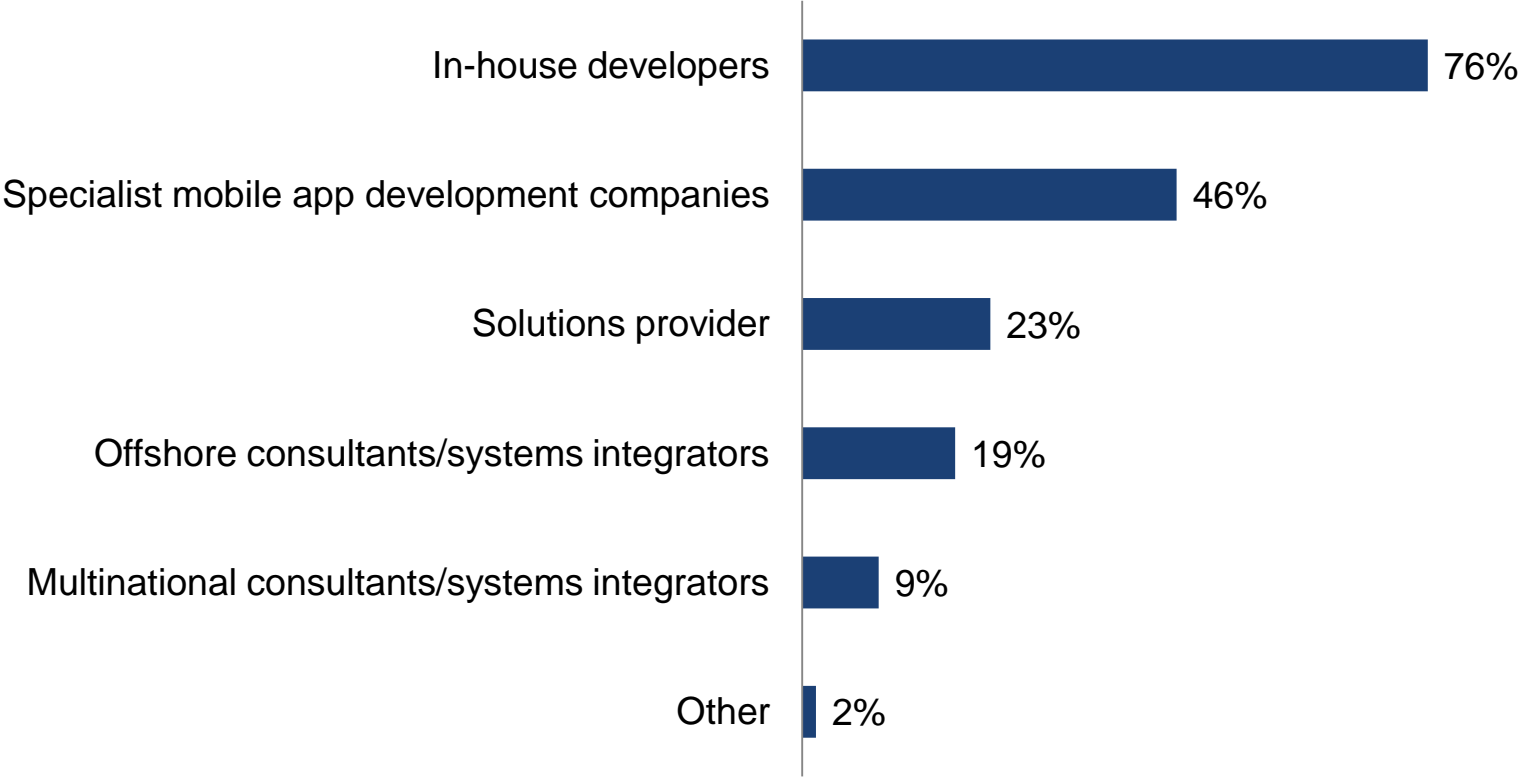
Adaptability

Security

Economy

This need drives increased in-sourcing of development

“Which groups or companies does your firm use to develop mobile applications?”



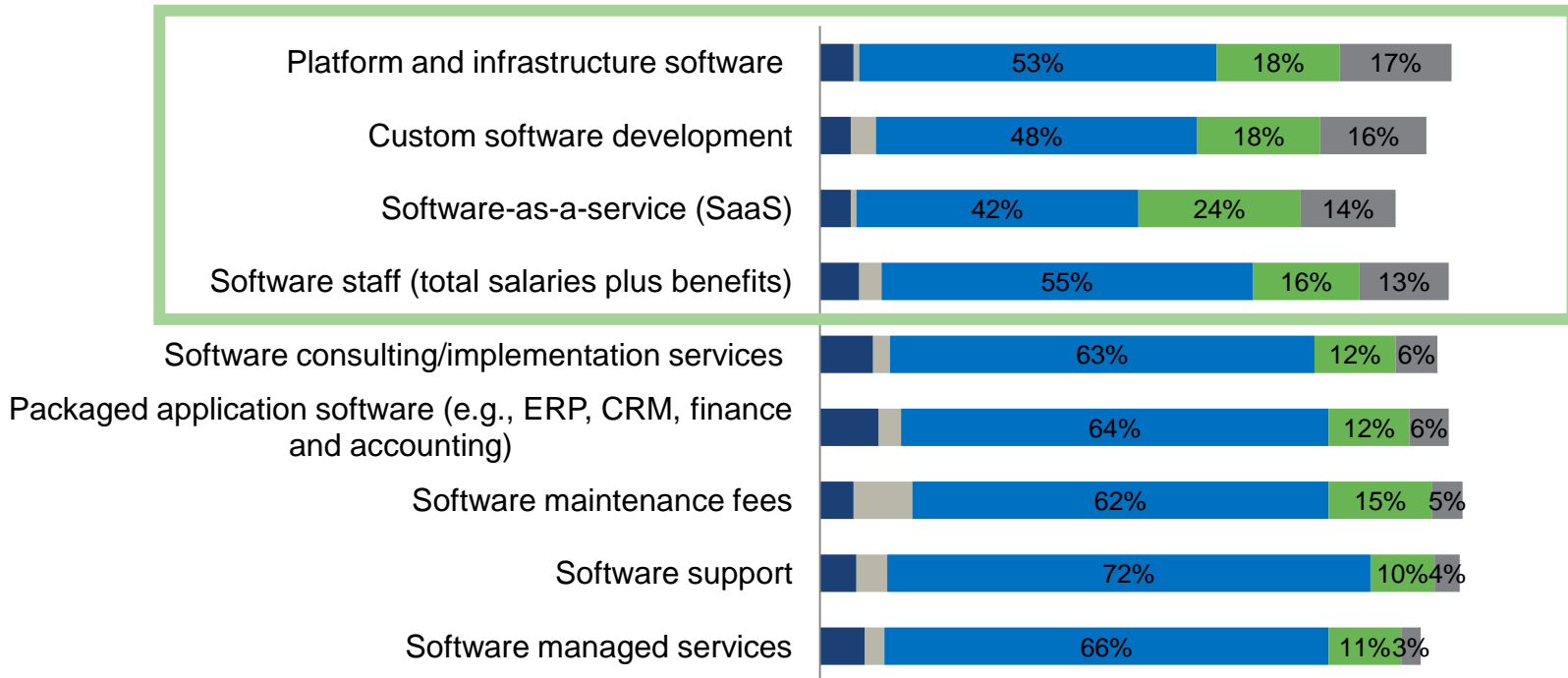
Base: 418 North American and European software decision-makers

Source: Forrsights Software Survey, Q4 2011

And drives increased software development spend

How do you expect your firm's total software spending will change from 2011 to 2012?

■ Decrease more than 10%
 ■ Decrease 5%-10%
 ■ Stay about the same
■ Increase 5%-10%
 ■ Increase more than 10%



Base: 240 North American and European software decision-makers

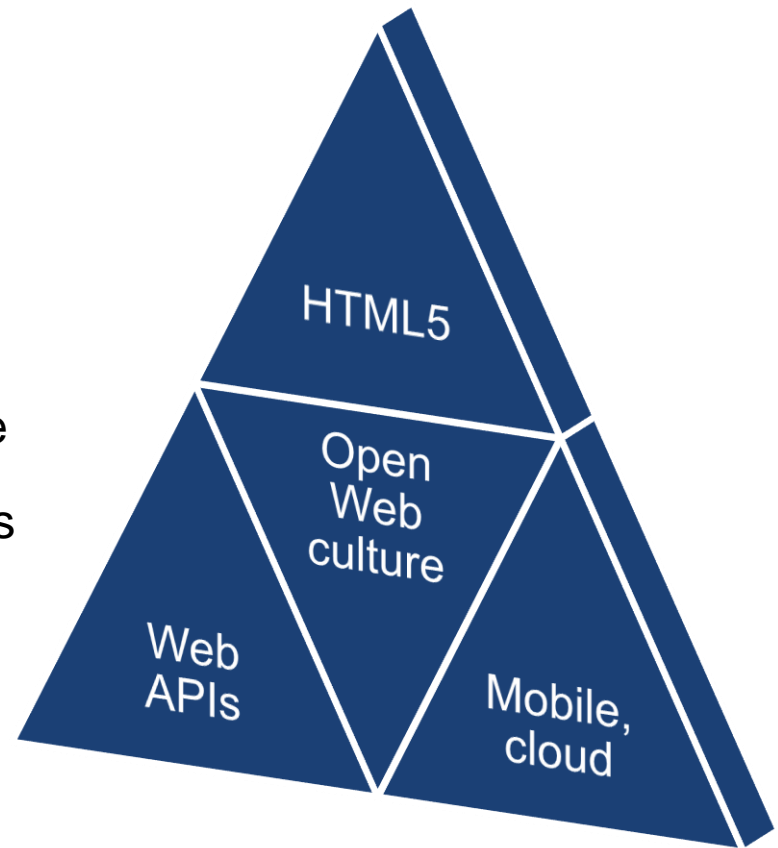
Source: Forrsights Software Survey, Q4 2011

© 2012 Forrester Research, Inc. Reproduction Prohibited

Open Web culture, community, and technologies will inform your development, and developer, decisions

Platform for digital engagement

- Fuels usage of cross device frameworks such as jQuery Mobile, PhoneGap
- Unleashes flood of Internet services
- Leverages cloud capacity and self-service
- Taps into valuable, context aware services
- Changes how developers think about development



What it means: Software is your business

- New business expectations require software delivery change to keep pace with customers.
- Customer knowledge is the foundation for engagement.
- Software is not code; it creates experiences and delivers engagement.
- Technical talent (e.g., template coders) is now table stakes; design is your new focus.

Whatever you need,
we can help.

**DATA-DRIVEN
INSIGHTS**



**FORWARD-LOOKING
RESEARCH**



OBJECTIVE ADVICE



BEST PRACTICES



Related research used in this presentation

- Trends 2011: Staffing And Hiring For eBusiness, Carrie Johnson, January 9, 2012
- Digital Experience Strategy: Follow These Three Mega Rules To Beat The Competition In 2012, Mike Gualtieri, December 15, 2011
- Competitive Strategy In The Age Of The Customer, Josh Bernoff, June 8, 2011
- Here Comes The Open Web — Embrace It, Jeffrey Hammond, John Rymer, January 27, 2012
- BT 2020: To Thrive In The Empowered Era, You'll Need Software, Software Everywhere, Phil Murphy, January 30, 2012
- Harnessing The Convergence Of Customer Experience Management Solutions, Stephen Powers, August 10, 2011
- Expand Your Digital Horizon With Big Data, Boris Evelson, Brian Hopkins, September 30, 2011
- Mobile Is The New Face Of Engagement, Ted Schadler, John C. McCarthy, February 23, 2012

Research-based advice to save time and money

Forrester analysts are in contact with IT leaders like you every day, delivering research that's highly relevant to you and your situation. Forrester's research-based consulting helps you:

- Develop a capabilities map to better link IT and business strategy.
- Assess the maturity level of your technology foundations.
- Streamline the process for choosing a service provider.
- Determine if your IT investment proposal balances cost, risk, and flexibility.
- Negotiate a new vendor contract or increase the value of a current contract.

Research-based advice to save time and money



CAROL ITO
Chief Information
Officer

Forrester Leadership Boards is a premier service level designed to help you solve key business problems by leveraging insight from peers and Forrester's analysts. Make use of:

- A dedicated advisor.
- Council conference calls and meetings.
- Member regional events.
- Member-to-member facilitation.
- Member library.
- Member blogs.
- Exclusive research.
- Unlimited access to Forrester's research, webinars, and analyst inquiries.
- Forrester events.



ANDREA DAVIES
Application Development &
Delivery Professional

CIO Forum AND Enterprise Architecture Forum 2012

May 3-4, 2012 Las Vegas | June 19-20, 2012 Paris | www.forrester.com/events

FORRESTER®

These events will provide you with a vision for the future of business and IT.

From Collaboration To Co-Creation

Forrester's CIO Forum will tackle everything you need to be not just a technology manager but a business manager, and ultimately to shape the future business vision.

Infusing Enterprise Architecture (EA) Into Your Business Strategy

Forrester's EA Forum will show you how to infuse EA into your business to accelerate business agility while streamlining costs and complexity.

Register for one forum and receive complimentary access to the other colocated event!



Thank you

Kyle McNabb

+1 617.613.8867

Twitter: @mcnabb_kyle

kmcnabb@forrester.com

www.forrester.com