

# Driving the Top Line

A Roundtable Overview

Roundtable  
*on* Digital Strategies

# Driving the Top Line

## A Thought Leadership Roundtable on Digital Strategies

An executive series presented by the  
Center for Digital Strategies at the Tuck School of Business

*The European and Americas chapters of the Roundtable on Digital Strategies recently convened in Buchs, Switzerland for a discussion on how information technology can help companies drive top-line revenue. In many companies, the collaboration between CMOs, heads of sales, and CIOs has never been as important as it is now. Similarly, collaboration between production organizations and IT departments is increasing as companies incorporate digital technologies and/or services into more and more product offerings. CIOs joined for a day with their revenue-owning counterparts to discuss best practices, challenges, and opportunities for IT to help drive business growth. Questions addressed included: How is embedded IT changing revenue streams and customer relationships? What is IT's role as products get "smarter" and more network-connected? What are the implications on organizational boundaries and roles as digital technology becomes more and more pervasive? Participants in the session included executives from Caterpillar, Hilti, Telefonica, Tenaris, Tetra Pak, and Time-Warner Cable, as well as academics from the Institute of Computer Science and Business Informatics at the University of Vienna and the Center for Digital Strategies of the Tuck School of Business at Dartmouth. The roundtable was moderated by Mark Lange, Director at Anthro/Capital.*

### Key Insights Discussed in this Overview:

- **Software and software-based services are an increasingly important component of competitive strategy.** Revenue models vary, but software is critical to both the short-term and long-term health of businesses in all industries.....3–5, 8
- **Big Data enables completely new capabilities in business intelligence and analytics.** IT can provide entirely new ways to market and communicate with customers — but there's a fine line between "customer intimacy" and "stalking." .....5–7, 9–11
- **Innovation now comes from many places, both inside and outside the company.** Traditional product development activities are no longer enough; from self-reporting machines in the 'internet of things' to organic customer and developer communities, important new ideas are coming from all over.....3–5, 8–9
- **Web-based interactions and social media are having significant effects on business, but not always in expected directions.** Although web sales have grown, eCare may be having a larger impact. Online communities are fast-developing, but corporations have to be comfortable planting "seeds" and letting them flourish (or not) organically.....6–7, 9–10
- **The application footprint of CRM is larger, more mature, and correspondingly more valuable.** CRM systems and call centers have evolved beyond simple sales automation to be critical repositories of enterprise knowledge and expertise, as well as a key customer touch point for retention and revenue.....11–13
- **The IT/business partnership is more necessary than ever.** Healthy friction remains, but IT is now *the key* enabler for sales teams to drive increased revenue.....4, 6, 11, 13–14

## **Introduction**

To say that digital technology has penetrated every corner of modern business has been a truism at least since the Internet revolution in 1999–2001, and yet every year its role continues to evolve, expand, and increase in importance. Mobile technology has exploded to the point where it's not just smartphones, tablets, and laptops anymore: everything is networked, from bags of cement to three-story earthmovers. Social media has taken off in the business world — but not always in the ways that businesses had anticipated, or even hoped. So-called “Big Data” capabilities allow volumes of numbers to be crunched at speeds that, for the first time ever, allow near-real-time business actions to be taken in response. These new capabilities are being combined with traditional front-end (e.g., CRM) and backend (e.g., logistics) systems to change how companies market, sell, and service their customers, and how they create, develop, and deliver their products — not just as would be expected in the high-tech industries, but also in more traditional markets such as communications and industrial equipment.

Companies are discovering that the data they collect — about their customers and how customers use their products — may hold as much strategic value as the products themselves. And for the first time, IT groups can provide this data to everyone from executives to sales reps in the field to R&D engineers. In some cases the data can itself provide a revenue stream; in others, it becomes a key strategic advantage in fending off would-be competitive poachers. On the other side of the corporate firewall, social media technology provides the foundation for communities of customers and partners to start creating their own innovative applications and extensions of the products provided by their vendors.

Unsurprisingly, these market dynamics are shifting organizational models and relationships, particularly between IT and the revenue side of the business. According to Gartner, a leading IT consultancy, within the next five years marketing departments will spend more on IT than IT departments will. Sales and Marketing are both increasingly technology-based, and the deep analytics available from Big Data are critical to creating and sustaining competitive advantage.

A year ago in October 2011 the Roundtable on Digital Strategies gathered to discuss five key technology megatrends and their impact on corporate IT and the technology industry: Cloud Computing, Mobility, Consumerization, Social Media, and Big Data. A year later, the CIOs convened with their revenue-side business partners to discuss the top-line business impacts of these trends.

The moderator, Mark Lange of Anthro|Capital, kicked off the discussion by asking how IT's contribution to overall business strategy has changed: “25 years ago, IT was mostly a cost center in G&A. IT was something you spent money on, and we asked how it could contribute to efficiency and cost savings. Now we ask, ‘How can we use IT to grow the business? What new markets can it help us enter? How can we use technology to be disruptive?’”

## **A Bit of an Edge**

Randy Krotowski, VP and CIO of Caterpillar, kicked off the discussion: “We’re looking at how to wrap our equipment with both technology and data services to improve the productivity of individual pieces of equipment, and more importantly, the productivity of a worksite that uses our equipment. We collect the data from all the equipment worldwide, its utilization, its service history, and advise customers on how best to use that equipment. Our primary goal is to sell equipment, but if we can wrap it in something that creates incremental value, we’ll have a bit of an edge.”

Marco Meyrat, Executive Board Member at Hilti, asked Krotowski the money question: “Does the customer pay for your software solutions, or is it part of the package?” Krotowski acknowledged the difficulties with selling software in an industrial market:

A big question is, ‘What’s the commercial model’? At one point, our focus was on selling software solutions. The reality is, our profit is from selling machines, parts, and services. And so we’re shifting away from selling software — it will likely be included as part of a machine sale in the future.

The challenge is, ‘How can we differentiate ourselves’? A lot of companies develop software solutions. If we want to compete head-to-head in software and data services, it’s going to be an extremely low-margin business, and very, very challenging. On the other hand, if we provide our software as part of a machine or service sale, our software will be widely available and widely embedded. We will be gathering all that data from the customers and be able to leverage it into other things that we do with our machines.

Meyrat’s colleague Martin Petry, CIO of the Hilti Group, described a second business model of software integrated with more traditional products: “We’ve moved the other way regarding selling the software versus integrating it with the hardware. In some of our products, the software *is* the differentiating factor: Measuring tools and upgrades are done by software, not by new lenses, and so we believe more and more that we need to sell it.”

Per-Åke Tobiasson, the Head of Global Process Office for Tetra Pak, explained the competitive necessity for a free software model:

25 years ago, we gave away filling machines to customers, and we said, “Here it is, free of charge. However, you must buy all the packaging material from us.” But then the European Commission said, “No, no, no. You’re abusing your dominant position. You need to sell the filling machine, and you need to tell the customer that you can buy packaging material either from you or from someone else.” And so today we have what we call ‘non-system suppliers.’ They only deliver packaging material. They don’t deliver the filling machines. They don’t do any service. They say, “We can do it 20 to 30 percent cheaper than Tetra Pak, so here it is.”

So we have really tried to gear for value-selling to customers. We now take end-to-end responsibility for the hardware. We make money from selling machines, but now we make more money from services, and we support the customers in reducing their costs of operation.

But we don't charge for the software. We have it as a value-add so that we can do something. We have software features that are good for customers, but we still make money from the packaging material and the hardware.

Meyrat challenged the Caterpillar/Tetra Pak thesis of free or low-cost software: "Why either/or? You think software-driven services are now taking on more importance, but you're still concentrating on the hardware. Do you risk becoming exchangeable one day because the software becomes more important than the machine?"

Mark Sweeney, Caterpillar's VP of Operations for Europe and South America, emphasized Krotowski's earlier point on competition: "The further we reach into the customer's business to help them, and the more we become engaged in it, the more difficult it is for competitors that have only pieces of the puzzle to push us out, because they don't have the full solution. It's easier for the customer to work with us than to try to break it all apart and work with other companies."

"Besides adding value to the customer-supplier relationship, full service+product solutions have also an important defensive impact," suggested Ralf Plesky, Oilfield Services Sales Director for Europe at Tenaris, "You would eventually add services on top of your product in order to differentiate from low-cost suppliers. And as a consequence the IT support to the commercial department must adapt to new business model. If you move from selling just the pipe to selling a complete solution, then you need a new extended set of KPIs. You will start discussing more in detail the demand planning with your customers. Instead of just getting an order and processing it and sending out an invoice to the customer, now you're selling logistics, maybe even 'just in time', services. It's a whole new set of data that you didn't have in the past that now you have to process, analyze and eventually share with your clients."

"Adding value in this way can be difficult," Rolf Törnblom, Senior Advisor on Global IM at Tetra Pak, pointed out. "Added value has to lead to a cost reduction for the customer. Some 'added value' is just nice to have, and it's not really decreasing costs. That's difficult for us to deliver."

Martin Nemetz, head of Hilti's Competence Center on Demand and Device Services, extended Plesky's idea to the long-term: "We have to think not only about how to use software to sell more of our devices now, but also the other way around: What do we have to do to still sell our products in the future? It's not just the growth imperative, it's also the threat of decline in our products, not in five years, because we're in B2B, but in 15 years."

"I completely agree," added Meyrat. "We don't think enough about our products and what happens with them. We have chips in our machines, and we know what these tools do. When they come back for repair, this is know-how that enables us to develop our products even further."

Phil Jordan, Global CIO of Telefonica, summarized the debate: "It's a paradox. One of the core differentiators is going to be the companies who integrate and aggregate services together in the best way. But, you can't specialize in software *and* in hardware *and* in managed services *and* in

integration. What you offer has to be based on customer need, and you have to be smart enough as a company to snap services together quickly, knowing what you're good at and knowing who's great at certain things in your partner ecosystem. It's a fundamental shift from an IT perspective, because it puts integration and service at the heart of differentiation, rather than in more traditional IT domains."

### **The Devil's in the Data**

"We've been talking about services that have value-added through information technology," observed Hans Brechbühl, Executive Director of the Center for Digital Strategies at the Tuck School of Business at Dartmouth College. "Where do these services apply to new markets, or to customers of an entirely different nature?"

Jordan described how Telefonica's "very traditional connectivity business" is using IT to change the strategic playing field:

Our core business was very disrupted by American software companies; now *our* growth plans are all about disrupting other industries with connectivity. Connectivity is our vehicle to market, but our customer data and the insight we have on our customers is our key differentiator. We've put all our digital assets into a new business called Telefonica Digital, to monetize data in a different way. It is quite a move from the network, but we believe we can disrupt the industries of media, finance, health, and education by providing high value-added services together with connectivity.

Frank Boncimino, Senior VP and CIO of Time-Warner Cable, stated the core challenge and risk to this information-based approach to new businesses: "The key to making money on all the data that companies are collecting is for executive teams to understand the value of the data, or the potential value of the data. One of the risks is that companies may not strategically think through that value, and go out early with a lower value proposition to the market in terms of selling it. The Google model for Caterpillar," suggested Boncimino, "Would be to sell machine usage data to Wall Street to forecast economic downturns."

"It's a bit hard sometimes to see the monetization of these things," Jordan agreed.

We are in a privileged position at the interchange of experiences and services and data. There's a raft of information about consumer behavior, about where they are, what they're doing, who they're talking to. If you think about all the different aspects of data that you could collect, there are many, many use cases for prediction of customer behavior and monetization. There's a danger, though, that if we all adopt a traditional monetization approach in the digital world, we're going to run up against companies who do it completely differently. Google has become the leading digital company because it gives things away for free. They're brave enough to monetize data in a different way. My challenge to all of us is, 'Are you thinking about monetization in a digital way, and not in a traditional way'? If Google is better at this than we are, there's an awful lot of potential revenue and growth that we're going to lose if we don't get smarter about being data companies.

Blaine Altaffer, Boncimino's colleague and Group VP of Sales Channels & Market Development at Time Warner Cable, described one way to use deeper data analysis to drive new revenue:

We get to the level of the individual, and we identify their trigger points. Movers for us are huge. 17 percent of people who move change toothpaste brands — it's the ultimate jump ball. We know when their 12-month cycle's coming up, that's another trigger point. So we dial in our offers relative to who they are, where they live, and if they own or rent.

Another trigger for us is "promotional roll-off." That means a customer is coming off a promo. Beware. Beware. They're going to get a bill in 30 days that's \$30 higher than they've had for 12 months. So how do you take the edge off that? How do you prepare? It's these very emotional points of risk for us at an individual level that we're starting to dial into our preemptive offers to these people.

"We'd love to have all kinds of data like that," lamented Caterpillar's Krotowski, "And we'd love to have every machine connected and tell us what it's doing and when it's doing it and what kind of experience it's having. The advantage the telcos and cable companies have over the industrials is that you sell connectivity, and so your customer is connected to *you*, and you're capturing all that data. The industrials sell a product, and not all those products are tied back to us. We need to get all the stuff connected, first, and that's our primary driver."

"So in that kind of world, you have an 'internet of things'," suggested moderator Lange. "Objects, material, equipment, machines, pipe, things as prosaic as a cereal box with an RFID chip in it. Is that an area of opportunity for incremental revenue, or merely more customer intimacy and efficiency?"

"With everything connected in the 'internet of things', the improvements in product development are going to be huge," answered Carlos Pappier, the CIO of Tenaris. "The partnership between commercial and IT enables you to harness the power of information technology to generate new solutions. The Internet of things plus Big Data is the next big thing that's coming at us."

"You have the proliferation of devices," TWC's Boncimino agreed. "There's a lot of value to the customer when they also understand the usage of the product. They may not be able to quantify it, but you can tell them, 'Here's how much you've saved with this new gizmo, or here's your current usage of this doodad.' Providing that back for all our products could have value. There's something there in the magic sauce."

### **Magic Sauce, or Just Creepy?**

Petry from Hilti asked about the move from pattern analysis to individualized data analysis. Jordan elaborated: "Our intent has to be to get down to the individual. In our core product we do a lot of contextual campaigning, rather than carpet-bombing thousands of people. If we can see certain contexts, then we will make a real-time offer to an individual. We mix location with

preference with third-party products for brand offers and creative services that are slightly unique.”

This level of data collection, however, creates numerous privacy concerns, as Boncimino pointed out: “We go to great lengths to anonymize the data, to summarize it away from the individual, because of the privacy rules. As we ebb and flow with the privacy rules, we figure out creative ways to add value to the customer, so that customers opt in and say, ‘You know what? I’ll let you use my data.’ That’s one of the ways that we’re able to work with the privacy rules to then keep data at a much deeper level, like Google does. And that’s how you get more value for the data, because you don’t have to anonymize it and summarize it.”

“Can you know too much about your customer in the B2B world?” asked Mark Lange. “There is creative tension between specificity in customer data and having a vendor know something about you that you didn’t think they knew, or didn’t want them to know. Are there lines you can’t cross?”

“Maybe there is a line somewhere, but we haven’t reached it yet,” Hilti’s Meyrat answered. “In the B2B world, to go beyond the company to the individual who interacts with our company is key, be it the guy in finance, the guy receiving the goods, or the guy who has to maintain or operate them. So we are moving strongly to individualized customer data, not just having a contact name, but having contact people and knowing these people.”

Krotowski agreed: “When we focus on the individual user of the Caterpillar equipment, they have no concern whatsoever about sharing data, because they’re not the buyer, we’re not selling them stuff. We’re helping them be productive. It’s a very positive relationship, so we’ve had absolutely no pushback on data. As we increase our engagement from the selling side, I expect that we’ll reach the line sometime, because we’ll be targeting more and more narrowly, and eventually, just like in the B2C world, it can get annoying. Even in a B2C context, I’d be more comfortable with sharing information if it was a co-innovation opportunity, rather than just the chance to target me with more junk that I don’t want to see, or to create a level of creepiness that makes me uncomfortable. We have to find ways of using the information that the customers find useful, not intrusive.”

Boncimino presented the state of the art with respect to privacy:

We’re not getting it right, right now. People are feeling somewhat offended, “Big Brother is watching me.” But that’s just a moment in time. People are feeling that way because it’s not 100-percent correct. But as we mature, I believe, that the goal is really to delight the customer.

Because if you’re able to use the analytics and the information and you get it right, then Lowe’s knows that Frank Boncimino puts a hole in his wall once every five years. So when I walk in and say, “I’m looking for a drill,” they say, “I know what drill you want,” because they know me. They know I’m only going to put one hole in a wall every five years.

They’re going to sell me a really cheap drill that’s only going to last for ten holes, and that



delights me, but you've got to get it right. The model today makes it kind of creepy because it spams you too much. But as it matures and gets better and better, customers should be delighted. Businesses should be delighted. It saves time. It adds value.

Jordan disagreed: "I think the drill thing is freaky. I don't want a company reading my mind, but I want a company to predict my context. We don't have to get it down to 'This person is going to want this thing on this date.' What we think about is, Can you get to the point of having a conversation with a customer that says, 'Imagine a dial of privacy. We will set the dial together, and for that point on the dial of privacy, there's a value.'"

TWC's Altaffer synthesized the two points of view: "It is spooky to say, 'We've been watching you and know what you're interested in.' But we also know that over half of the people that buy in non-online channels go online first to research. They want to know, but they don't want to complete the sale online. They want to engage with you in a different way. So the secret sauce is, 'How do you do that and not creep them out?'"

### **It Takes a (Younger) Village**

Moderator Lange returned to a topic that had been mentioned in passing several times, the idea of co-creation, or innovation by community: "Has anyone discovered situations where the application of your product by an end-user was different, sort of off-label? And did that lead to some product refinement or innovation?"

Dimitris Karagiannis teaches Knowledge Engineering at the Institute of Computer Science and Business Informatics at the University of Vienna. He advocated that the community certainly *should* make a difference in product innovation:

When you say the word 'product,' I hear two components: device, and capabilities. Until now, the capabilities were always material capabilities. Now we can also make software capabilities. The companies that make the products aren't always the best at making the software. Therefore, we have to think about how we can transfer our knowledge to our community to help them create software capabilities that they will use.

Telefonica's Jordan agreed, up to a point: "To achieve innovation from within our business is very difficult. We believe it's better to open the capabilities of our technology to consumers, and let them build applications based on our capabilities, rather than trying to think through all the use cases and build our own closed functions. That's a fairly extensible business model, but I think it's a B2C thing. In the B2B world, I don't think it's as applicable."

"But why not?" asked Brechbühl. "Why wouldn't a company love to have that open capability, where they could pull different pieces that they want from Caterpillar or Hilti, and combine them into a software package for machine management or construction worker safety or whatever?"

Hilti's Petry added historical context to that point: "For many decades we were ahead of the market, and we didn't wait for customers to ask for something, because we understood what the

customers would buy in five years. Now, when you look at the IT environment, you also need to have a different road to innovation. So one of the things we do is ask young people, 'How would you make our products smarter'? And we get ideas through the eyes of a 20-year-old for what could actually change our product offering."

Caterpillar has experienced exactly this outcome, said Krotowski: "If you look at the evolution of the controls in the cab of the large machines, there used to be lots of levers and sticks. Now it looks like a videogame. It's got a couple joysticks and a few buttons. People who grew up with the machines, they were happy with all the levers and stuff, but the people who are coming into them asked, 'What the heck is this?' And so that gets fed back and drives product innovation."

"Innovation has changed from B2B to B2C," added Nemetz. "We are somehow now the ones who are chasing the market, rather than being chased. We aren't the guys who can give direction in innovation anymore. We have to accept that innovation is now coming from the outside, and adapt to that." Sweeney from Caterpillar agreed: "The danger is that we are part of the problem, because we're basing all the judgments on our own experience. There's a grave danger that we design yesterday's system."

"The next step," suggested Krotowski, "Is how do you create that development community, with customers, dealers, and ourselves all developing against our platform? Because that will create another connection with the customer, greater customer loyalty, and ideally, a more competitive product in the marketplace."

"We have the potential for that to happen at Time-Warner," said Boncimino. "Take navigation, for example, when you turn on your television and see the guide. We've opened up the platform, and our channel partners are reinventing the guide. We just provide the content, and the companies innovate. So customers will have a choice, and get different experiences. As people start to innovate on that platform, those will be enhancements to the products."

"There's a whole set of customers we work with," continued Krotowski. "They are the most progressive construction firms, who are driving a lot of change, and we'd like to be part of the change."

Brechbühl asked if this sort of customer community was an opportunity for innovative use of social media. Not so much, Krotowski answered: "We serve customers (buyers) and operators. The operators are the ones that would get the most out of a social media connection but they are not always the most technologically sophisticated. Plus, they are in the field and not in front of a device. This will change as we get more onboard connectivity. We have work underway to use social media to understand trends, as well as looking at communities, but we haven't gotten that far."

Boncimino described some of TWC's more B2C community activities: "It's not that expensive to throw a community social app onto the iPhone. 'If you have an idea that will improve our products, then you'll win a car.' Then you promote the customer who won, you get them on a commercial or something. We have another experiment in community, about customers helping out other customers. You see all these customers talking with each other. Sometimes they say

the wrong things, so we're watching it and listening to it to fix erroneous statements, but we're not salespeople. We're getting good ideas. They're helping each other out."

Lange suggested the same model could apply to B2B: "It's not a big leap to go from 'Here's our community of practice,' to a customer-to-customer referral that says, 'We upgraded to this Caterpillar machine, and here's what it's done for us.' The power of that referral must be substantial."

TWC's Altaffer asked what rewards customers get from participating in these kind of online communities. Meyrat answered regarding Hilti's partners: "We bring the product, we train them. We enable our customer to put our name behind his name, and with that, we sell our brand value of credibility and outperformance, and he can monetize that. He looks more competent to his customer. So he's very interested in staying connected with our brand."

"He sounds like a brand evangelist for you," mused Altaffer. "I don't think we're tapping into the brand ambassador capabilities as much as we could be."

Karagiannis highlighted how such customer communities have to come into being in order to work. "The first rule is, no one can monitor a community. As long as you have a boss there monitoring this and that, it's a different kind of community. The end-user communities work because of the expertise of the members, not because they belong to an organization."

"Support, but keep your hands off," clarified Meyrat. Jordan agreed: "We used to believe you need a knowledge management tool but you needed incentives to put things into the community. Then we did nothing, and social networks appeared, and everybody wanted to publish to them. One of the reasons was, it wasn't contrived, it wasn't forced. It is something you facilitate, enable, and put into the enterprise. You have to be brave enough to let it flourish."

Tenaris' Pappier pointed out a difficulty in creating B2B affinity communities: "In a B2B context, the user is one person in a very large organization. These are very small groups of people that would be interested in sharing information and knowledge, with people doing similar activities in companies all over the world. What's our role? What's our exposure? Do we facilitate a community with Shell and Chevron and Petrobras? Or do we not, and then at some point it's going to appear on its own?"

"Enabling the community is one thing," Jordan answered. "But you've also got to be prepared to put the capability in. People want to talk technically, about how everything works and integrates. It's not a traditional mindset, it's not about a sales dollar: 'I do it because I want you to understand more about me, and exploit my capabilities, and with that our relationship will deepen.' It's a very high-context, high-trust kind of relationship that you're creating."

"It's more like farming than anything else," observed Krotowski. "They grow organically. Farmers don't make plants grow; they just create the conditions from which they can grow. We can try lots of different things to help them. You can make them important, you can make them visible."

## **Tying It All Together**

The discussions of deep customer analytics and community-based innovation led to a broader conversation about the state of the art of Customer Relationship Management (“CRM”) systems.

“The challenge was to create an integrated system from back-office to front-office to improve customer data, because the way you deal with your processes in an integrated world is different from what you did before,” said Meyrat. “But the much bigger challenge is to make people aware that one voice to the customer is not the same as one face to the customer. And the direct sales force normally thinks that they are the face, the *only* face.”

Altaffer described how TWC has used information technology to make the sales force more effective: “In cable, the whole CRM is built around in-bound calls. But within the last year we’ve been able to connect the CRM to our direct reps. We’re using iPads as their platform, and now we can zero them in. We call them ‘hunters.’ Rather than giving them green sheets with potentially accurate data — or not — we now have all the customer intelligence. So we’ve doubled our sales force over the last year, specifically by being armed with CRM tool. And now we’re taking the same mindset with our retail stores. It’s allowing us to re-energize a dated sales channel and put it back into the forefront of the growth engine of the company.”

Meyrat described a similar situation at Hilti: “Our business is built on many small incidents. So a rep has interactions with many customers that he doesn’t control. So we give them lots of information in CRM: repair interactions, information about the age of the tool, billings, payments, and non-payments. You cannot keep all that in your mind or your little black book: You need to have a living platform where it’s always updated.” “Without IT, people lose the knowledge of their customers,” noted Karagiannis. “IT gives you back the knowhow to do better business.”

“We see differences in customer intimacy for sure, between different customers, different markets, etc.,” added Tenaris’ Plesky. “Some years ago we implemented the ‘Key Account managers’ model with our strategic customers. In the past, mainly we delivered our pipes and they were then installed in a pipeline or an oil well, and there all the contact finished. But today, many customers allow you to have a higher level of intimate information of their operations, that we capture in CRM and also goes back into our product development program. We load into CRM all key interactions with our customers, to keep track of the relationship evolution.”

Both Hilti and TWC described state-of-the-art call centers, with telephony systems that enable customer segmentation in order to provide better service and more credibility. Telefonica’s Jordan pointed out all the different touch points in the new digital world: “People shop differently. Everybody browses online, and then you go to a shop to feel it, and you ring the call center. If we don’t have the system and the process and the policy, there’s a danger that every time you touch us, we think it’s a new engagement, which is a really frustrating experience for the customer. We have to map the systems and processes to the buying experience, across multiple products and multiple channels.”

Brechbühl then asked the other side of the question: “There’s so much more data available to people, whether it’s B2B or B2C. Consumers have so much more insight. What issues has that transparency brought, and where is it an asset versus where is it an issue?”

“Well, it’s called channel conflict,” said Altaffer. “Why is one channel price different from another, and why do we have so many of them? So we’ve cleaned up all of that. The biggest concern now is, customers can be smarter than our own reps because of the web, and then our credibility goes away. So it’s forced on us to be much better equipped with our new Salesforce tool and tablets with all the right packages sorted properly. Training and rep knowledge, equipped with the right tools, creates legitimacy across the channels.”

Törnblom pointed out both advantages and limits to eBusiness: “We have a lot of eBusiness. And then when the customer wants to change the sign on a package, or the picture on it — you can’t just do that on the eBusiness. Then we have a discussion about the new design and a new collaborative tool where we can send images between us and the customer and discuss colors and images and a lot of things before we settle it. Then we send it to print media suppliers, and it becomes a repetitive business again.”

The group described a fairly wide range of experience with respect to the web as a sales channel. “Our sales on the web have been stable the last 8 or 9 years,” said Tenaris’ Pappier. “It’s a very small segment of our market — we mostly go to end-users with technical sales, so eCommerce doesn’t cut it.” Jordan agreed: “We sell complicated products. It’s quite hard to buy outright online, because you want to feel it, and you probably want to have a conversation with somebody. There was a time when our business believed we would become online companies, and that’s not happening, and I don’t think it will. Product and service complexity is going to be a barrier to us becoming a really online company.”

Krotowski described a web path with somewhat more upside: “We see growth primarily on the parts side, and that’s where we are focusing our efforts, especially as younger people are moving into these fields. They’re web natives, so they go to the web first for these kinds of things.”

“We see lots of growth in the online channel,” countered Boncimino. “Not only for new connects, but also current customers upgrading on the eCare side.” “I can’t share the stat,” added Altaffer, “But I’m blown away by how many people complete the workflow and buy cable service on a smartphone.”

Jordan picked up on TWC’s eCare experience as another key customer/web touchpoint: “We do find a massive demand for eCare — customers don’t expect, and don’t want, to interact with you though an assisted channel. And once you have an eRelationship with somebody, if you have good data, you have a much better chance of retaining them and selling to them again. eSales is not always elegant and simple, but one of the tricks is to get really great eCare and use that as a vehicle to upsell and cross-sell. One of our challenges is to convert all that inbound activity to non-assisted selling through a web channel, because in a generation, people will think calling a call center is as Victorian as sending a child up a chimney.”

Boncimino took the future of the call center one step further: “There’s also online social. For sales or for care, and not on a Time Warner web site, but out there in social applications. There are communities on Twitter and Facebook where they’re all talking to each other and helping each other. So imagine connecting your IVR, and everything you do with it, like scheduling appointments and doing all kinds of care, and connecting it to the APIs of Facebook, and then creating an automated care rep. That’s where it’s going next, and then I can manage millions of concurrent transactions, because it’s all through other channels.”

### **From Butler to Partner**

As the day ended, the roundtable returned to the more general topic of the evolving relationship between IT and business, particularly sales. If IT used to be a cost center that lived in G&A, what is it now? Tobiasson described the change in the working relationship between IT and business at Tetra Pak:

Four years ago, our marketing and salespeople thought they were superior, and the IT people, HR, and finance — they were inferior. “You only support. We are the frontline towards the customers.” They started driving a project, and they wanted to have their own business project leader run it. And it failed.

So then the head of sales management came to us and said, “Maybe if you have a good project leader, maybe she can play the role as business project leader in spite of not having the full business knowledge.” She delivered extremely well, and the sales guys were really impressed. And after that, it got much better — we have found each other. You have certain skills, and we have IT people, process people, and project management skills. This change takes time, but it is moving in the right direction.

“In the old days IT *was* a bottleneck,” stated Hilti’s Meyrat. If you wanted something, it was many years. These days, the role of a CIO is much more a pacemaker than a bottleneck. Before, if sales requested an improvement, it was three months, maybe nine months. Today? ‘OK, next week.’ The bottleneck now is our ability to implement.”

Meyrat’s CIO business partner Petry explained further: “We have to have a very disciplined business process. A few years ago, we said an IT project is not successful when it is running smoothly — it is only considered done when it is being used and we are getting results. We call it ‘execution to the end.’ This was a big step forward.”

“So the implied contract between IT and business sounds like it’s much more of a partnership, with mutual accountability,” suggested Lange. Agreed Petry, “As our CEO said a few years ago, ‘IT has moved from butler to partner.’”

Boncimino and Altaffer from TWC concluded the day by profiling both the current relationship and the future challenge. “We are engineers,” said Boncimino, “And we can help the business understand the limits of technology, or the advancements of technology so that they can innovate. But the business folks need to own not only the customer relationship, obviously, but

really own the strategy around the customer. They should really understand the customer. We can innovate with the business, but they need to make the decisions on what should be innovated, when it should be innovated, and why.”

Blaine Altaffer described how things have changed at TWC:

Years ago it was project by project. It was the ask of the year. “Here’s my big ask, Frank. I’ll see you next year, get it done.” Now it’s a really fluid process. Now I’ve got to make sure Frank looks through the lens of the consumer with me, and that he understands the inner workings and why we need an investment here. And Frank has to help me sell the ROI package to the company.

I’ve got a dream and a vision, but he’s got to see it through the IT side. We’re an extension of each other’s teams. I’m paralyzed without Frank in a lot of ways these days, because the tools, the equipment, and the integration are pivotal. So we have to be more united than ever, and it can’t be year by year. It has to be big brackets of time now, because this is long-term investing across many fronts.

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Driving the Top Line  
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