

# The Answers to Your Digital Transformation Questions

In the digital age, your business is defined by technology.  
Your business wants to evolve.

Digital transformation is a concept that companies have defined and redefined multiple times in the scope of several decades. For the purpose of this e-book, we will revisit digital transformation as a construct of emerging cloud customer relationship management platforms (CRM), cloud contact center and other software as a service (SaaS) technologies; cloud infrastructure; advanced analytics engines and artificial intelligence. Through this lens, we will address digital transformation as a metamorphic process by which companies improve operational efficiency and depart from generalized marketing, sales and customer service to pursue specific and individualized approaches that improve profits, customer satisfaction and customer retention.

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Digital Transformation Works



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# What is Digital Transformation?



## Our Definition

Digital transformation is the process of adopting modern technology and digital practices to accelerate business activity, improve competency and heighten efficiency.

## What is Digital Transformation?

# Transformation is the Operative Word

Regardless of your company's age, you probably aren't banging away on an old 1980's Macintosh (at least we hope not). Your company has likely made periodic technology updates over the past few decades. But the addition of new technology isn't always transformative.

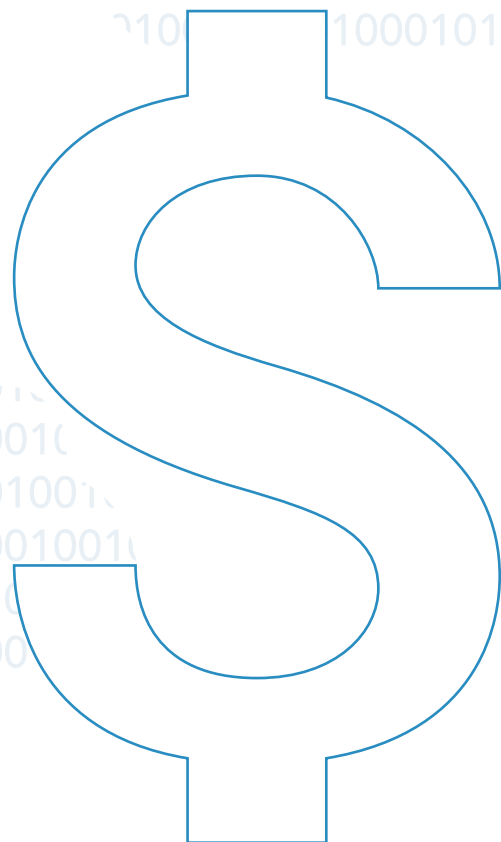
Most large companies add technology incrementally. They phase out old systems and slowly add new ones. They stitch new enterprise applications into their technology stack and hope for an efficiency bump.

For some companies, resource allocation is largely to blame. A survey conducted by CGI revealed that, "On average, 82% of IT budgets are allocated to the mandatory operations needed to run the business, leaving 18% for changing the business."<sup>1</sup> Their study concludes that this behavior perpetuates a 'keeping-up' rather than 'stepping-up' practice. Companies waste a large amount of money trying to make legacy systems and models work.

### Digital transformation is more than an emergency technology update

It occurs when a company adopts foundational pieces of technology that enable a cultural and hierarchal shift. It isn't a quick add-on, but rather a disruption that positively subverts traditional practices in lieu of a better, digital way.

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# What Type of Technology Digitally Transforms Today's Businesses?



## Cloud, Contact Center, SaaS and CRM

Digital transformation is what happens when sales teams discover Salesforce. It's when marketing teams discover Marketo.

# The Cloud Ecosystem is Disrupting Business Practices

The discussion of what technology is responsible for digital transformation is open for debate. But if we look at market trends, analyst reports and technology adoption, there are a few obvious standouts in digital transformation.

Cloud based operations, led mostly by the CRM industry, are rapidly subverting on premises business models. This, followed by virtual contact center solutions and other SaaS technologies, has improved enterprise agility and product delivery.

Companies that have shifted to cloud platforms can leverage a large array of tools that work together. The synergy between CRM, contact center and other SaaS applications in the cloud, enable companies to create an intuitive and efficient digital work environment.

From a unified cloud platform of connected tools, companies can build greater reports, break down silos and advance operational automation.



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# What Does Digital Transformation Impact?



## Growth, Gains and Efficiency

Digital transformation profoundly impacts the effectiveness of resources and accelerates growth.

# Digital Transformation is About Doing More with Less Resources

It leans out company expenses and improves efficiency. With this trim and modern business model, companies can become agile and better serve customers.

According to the MIT Center for Digital Business, companies that have undergone digital transformation are 26% more profitable than average industry competitors.<sup>2</sup> Also, they see a 12% higher market valuation.

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## Digital transformation improves company growth and top-line revenues

According to a McKinsey Global Survey, "Across the C-suite, executives continue to report high expectations for digital's impact on company growth. 71% expect that over the next three years, digital trends and initiatives will result in greater top-line revenues for their business, and large shares expect their profitability will grow."<sup>3</sup>

This shared belief, echoed by analysts and futurists alike, has set a precedent for digital change. Companies believe that there are multiple areas of their business that are either inefficient or not as effective in the modern market.

The McKinsey survey reveals that across industries, companies believe that digital transformation is important for the improved digital engagement of customers, to prompt innovation, to automate and/or improve business practices and to enable big data and analytics to fuel market intelligence and improve the customer experience.





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# Why Is Digital Transformation Important to Your Business?



## The Competitive Edge

Digital transformation enables you to outmaneuver competition and keep pace with consumer habits.

## Why Is Digital Transformation Important to Your Business?

# Chances Are Your Competition is Already Considering Their Own Digital Transformation

It's become an industry imperative. According to Gartner, "47% of CEOs are being challenged by the board of directors to make progress in digital business, and 56% said that their digital improvements have already improved profits."<sup>4</sup>

As companies grow, they inevitably slow down. Just like a large ship is more difficult to turn, a behemoth company sacrifices operational dexterity. Approval processes and systematic administration weigh down departments and prevent quick turnarounds. The anchor for companies often comes from unnecessary redundancies, administrative monotony and impaired departmental vision. Over time, it amounts to significant costs.

Digital transformation lifts the anchors and lightens the boat by making information transparent and ubiquitous and deploying automation systems to remove redundancies and monotonous administration.

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### Digital transformation helps enterprises catch up with consumer habits

Technology is a catalyst for change. Over the past 50-or-so years, digital technology has mixed into society and accelerated the evolution of social norms. People have come to rely on technology that is internet connected and massively computational. Consequently, societal innovation has outpaced many enterprise capabilities.

When we talk about digital transformation, it's important to address how large companies enact change. Enterprise companies are notoriously late adopters for technology. New technology can mean company wide adjustments and training. IT requires the proper backing from the right departments and needs to sell a long-term benefit at the cost of a short-term disruption.

Meanwhile, mainstream society gorges on new tech as soon as it hits the market. Individuals and small companies are dynamic enough to adopt and integrate technology with little concession. Consequently, individual technology adoption and societal innovation outpace traditional enterprise offerings.

A rift forms between consumer habits and enterprise delivery models.



# Customers Are Omni (AKA Everywhere) and They Expect the Same from Brands

They see it as crucial to their customer experience.

Consumer logic: If my friend calls me, shoots me a text and then emails me, he likely expects me to have the context of all three conversations next time we meet face to face.

This mentality is perpetuated by consumers' increasing connectivity and it impacts their opinions of brands. They believe that a brand – no matter how large – is one entity. They see all communication channels as communicating with a single enterprise. It's a key driving force for digital transformation.

Customers expect your company to be available on all the channels they use. Also, they expect you to track all of those channels and deliver a personalized response. It doesn't fit well with the template processes of legacy enterprise.

For example, millions of people quickly adopted social media and used it for connectivity, news sharing and market relevant discussions. However, it took major enterprises nearly a decade to catch up and develop a significant presence on social platforms.

Lack of agility allows digital born disrupters to syphon away customers at an alarming rate

The SMB market can use new technology to supplement the manpower of major corporations. As a result, Goliath companies succumb to agile "David" disrupters.

Slow, incremental technology updates aren't enough to save enterprises from the thousands of digitally adaptive piranha eating away their profits. Businesses need to adopt leaner cloud-based models to transform – match the pace of societal innovation – and return to market in a more dynamic and holistic way, delivering stronger customer experiences.



# How Do You Digitally Transform Your Enterprise?



## Tools and Initiatives

Unify, digitize and analyze data and business processes.

# Digital Transformation Punctuates the Age of Information with a Crescendo of Inputs

Information today flows in multiple directions and through many mediums. How you collect, track, measure and apply this information dictates virtually all of your office functions. However, the siloed and constrained collection and interpretation of information weakens its potential and creates redundancies across the enterprise.



Your business may collect information from several departments through select mediums. But that information may not provide a complete picture. Similarly, your information may only serve a single department. When others need the same information, they may have to spend additional time fishing for a replica.

## Information sources may include the following:

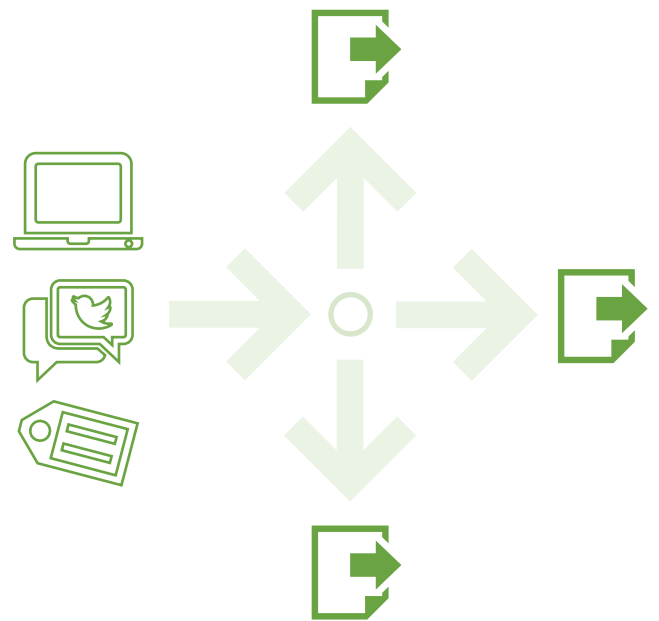
- Website
- Customer Transactions
- Product/Service Usage
- Social Media
- Surveys
- Case/Complaint Systems
- Forums and Online Communities
- Sales Force Databases
- Call Centers



## How Do You Digitally Transform Your Enterprise?

# Digital Transformation Occurs When Data is Collected in Its Entirety, Unified and Analyzed in a Way That Informs the Entire Business

Today, a CRM platform is the best operational tool for unification. The contact center – when properly bridged with website, social and in-store reporting – opens doors to and assembles data. And analytics and artificial intelligence distributes information and automates processes based on the unified inputs in the CRM.



## Prescription for Digital Transformation

### 1 Unify

with a capable platform.

### 2 Digitize

your contact center to fuel your customer data.

### 3 Analyze

customer data, map your customer journey and deliver a personalized customer experience.

# The CRM Platform

## In the IT arms race, platform is king

We've advanced enterprise tech to the point that the actions of sales can inform the actions of customer service and vice versa. CRMs can act as a universal interface for several segments of the business. HR, finance, sales, marketing, customer service, IT, etc., can all work through a multifaceted digital infrastructure.



Tools like the CRM have made traditional operation models obsolete. With an effective CRM, you can enable employees to monitor their performance in context of the entire company. This helps open up opportunity for more strategic and creative collaboration rather than myopic task-oriented behavior. The digitally motivated de-siloization of business is much more efficient and reflective of how modern customers engage with brands.

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## For Example

Say a customer files an IT support ticket regarding an issue with their laptop. They take their laptop to a repair facility where it's evaluated, repaired, and returned. IT enters the customer incident information in the CRM and chronicles the case for later use. IT alerts customer service and the representative notices in the CRM that the listed laptop is an older model that may not stand up to certain modern software criteria. Customer service flags the customer for marketing and indicates they may need a new computer soon. Marketing adds the customer to a promotional campaign offering a loyalty and trade-in discount. Then, when the customer calls sales to claim the promotion, the sales representative references the CRM to provide a clear explanation of why a new laptop might be the best route and suggests additional tools to suit the customer's needs.

A collaborative customer profile enables a better customer experience as well as smoother operational mechanics. Even behind the scenes, employees can view work orders and check inventory against other operational asks to predict resource needs and potential hazards. Beyond sales and marketing, the CRM becomes a boon to operations.

Forbes writer Joe McKendrick explains, "At least 85% of IT leaders report investments in digital transformation are expanding past the front lines (such as marketing and sales) and into core operations (such as business operations and operational agility) ... A total of 93% of IT leaders report the demand for new and innovative business applications will increase over the next three to five years. In addition, the majority of IT leaders surveyed (88%) believe organizations not deploying new and emerging technologies risk losing potential revenue."<sup>5</sup>



# Cloud Platform > On Premises

According to The International Data Corporation (IDC), spending on cloud services will reach \$122.5 billion in 2017 and will grow to more than \$203.4 billion in 2020.<sup>6</sup> It projects public cloud spending will experience a 21.5% CAGR – almost seven times the rate of overall IT spending growth.

Analyst confirm that cloud has a very strong future in the enterprise market. It's not just because of the cost efficiency associated with less hardware and maintenance. The scalability of PaaS, SaaS, and other cloud models is unprecedented. That, and the agnostic nature of many cloud platforms allow for a much more synergistic playing field.

With a cloud CRM, you can create a virtual base of operations anywhere in the world. You can forgo the arduous process of individual installs and instead purchase licenses that quickly scale up and down to support your departmental needs. You can funnel ecommerce, in-store and contact center customer data together for a complete 360 view of your customer. Then, because most CRMs have an accessible API platform, developers can easily access the code of your platform and deploy SaaS tools that augment that information for additional functions.

For example, you could deploy a list building SaaS tool with built-in AI to scan all the customers in your CRM and flag those most primed to buy to your sales team. Or you could use a mapping tool to address geographic based markets and determine high growth areas. With a cloud CRM network of applications, you can harness what was once capable only by a super computer.

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## The Contact Center

A Nielsen survey of the U.S. revealed that that adults in the U.S. spend about 10 hours and 39 minutes each day to consuming media, and about 81% have smartphones.<sup>7</sup>

People are online more than ever, consuming content. This massive uptick in media intake is reflected in how modern customers shop and engage with your brand. Smartphones and vast wireless networks have upped the digital presence of consumers. They still walk into stores and call up vendors, but they also simultaneously browse online inventory, compare competition, text and email your company.

This behavior is perfectly natural for people. In fact, according to an SDL Study, channels are irrelevant to consumers; 60% of millennials expect a consistent experience from brands whether online, in store or via phone.<sup>8</sup> This number is likely to grow as omnichannel culture proliferates.

### How you sell, serve, and market needs to change

Altimeter says, "55% of those responsible for digital transformation cite 'evolving customer behaviors and preferences' as the primary catalyst for change. Yet, the number one challenge facing executives (71%) is understanding behavior or impact of the new customer."<sup>9</sup>

The customer demand for omnichannel and personalized brands requires a direct change to contact centers specifically. When a customer contacts a brand, they are passively and actively providing information about what they want and don't want ... and they don't want to repeat themselves regardless of a channel shift.

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Again, many legacy contact centers pre-date the digital world. As a result, they don't always consider newer channels of communication. It's a great oversight in the scope of enterprise productivity and it impedes a consistent customer experience.

As a central base of operations, your CRM, when augmented by a cloud contact center solution, can take data from calls, emails, social media and unify them in a single dashboard. From this dashboard, customer service, sales and marketing can have greater context to serve individuals.

# Analytics, Maps and the Final Transformation

The CRM is your data hub and your contact center is your data stream, but that doesn't complete a digital transformation

The true transformation happens when you apply strong analytic engines to the data.

Today, the market addresses the application of analytics as an expense of AI, big data and customer journey. It starts with simple measurements of brand engagement. Companies can measure where customers have engaged with your brand. In-store, online and on the phone engagements are time stamped within the CRM. Companies can extract and analyze this data to determine shopping trends.

## Questions to analyze:

- Where do most people first engage with your company?
- Where do you see the most engagement fall off?
- When do people appear frustrated or hesitant?

By looking at this broader picture of individual behaviors, companies can shape their business for greater efficiency and profit. As a result, customers get a stronger, personalized experience.



# How to Fight and Win the Battle for Digital Transformation



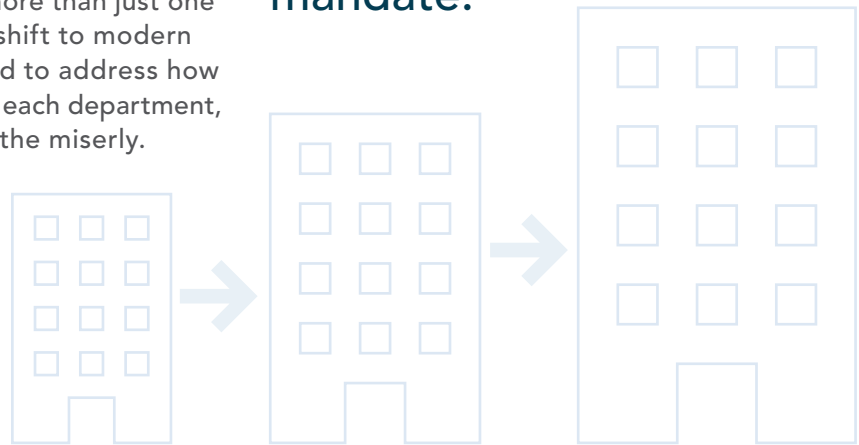
## A Checklist for Success

Use the following three points to plead your case.

# It's Time To Fight the Good Fight

Research by Organic reveals that 62% of staff feel the biggest barrier to digital transformation is not having a leadership mandate.<sup>10</sup> It's imperative to get full executive buy-in when trying to enact digital transformation. To do this, you must outline a plan that clearly shows value across departments. Digital transformation affects more than just one department. It's an enterprise shift to modern thinking. For success you'll need to address how digital transformation will affect each department, and prepare a defense against the miserly.

62% of staff feel the biggest barrier to digital transformation is not having a leadership mandate.



## A Checklist for Success

### I. List out inefficiencies with your system

This first step requires quite a bit of effort and collaboration. Often, we are too close to our own departments to clearly identify all the flaws in our systems. You may need to chronicle issues, complaints, etc. over the course of several months to truly grasp where issues lie.

Administrative tasks are often the most cumbersome and reflect outdated processes. Look at tasks that are monotonous and repetitive. What could be automated but isn't? How much time does your company waste on tasks that are non-strategic?

### II. Explain value vs lost opportunity

Not everyone speaks the digital language, so speak in terms everyone understands – money. Convert inefficiencies into a dollar amount. Chart losses and estimate costs over significant periods of time. Compare these losses against potential gains and calculate an overall value to solidify your efforts.

### III. Outline a transition strategy

The timeline for transformation may take a roadmap that spans several years, but the cost of stagnation far outweighs the costs of a few minor disruptions. Make a plan to move systems in phases. Create a transition plan that clearly defines the goal of digital transformation. Maintain accountability through close management and be sure to encourage adoption starting with key business leaders. Work closely with your technology vendors to identify what is needed and potential timelines.

## Conclusion



# Digital Transformation Works

It's difficult to let go of the past, but evolution is a natural part of business.

# Just Like in Nature, Only Those Who Adapt Can Survive

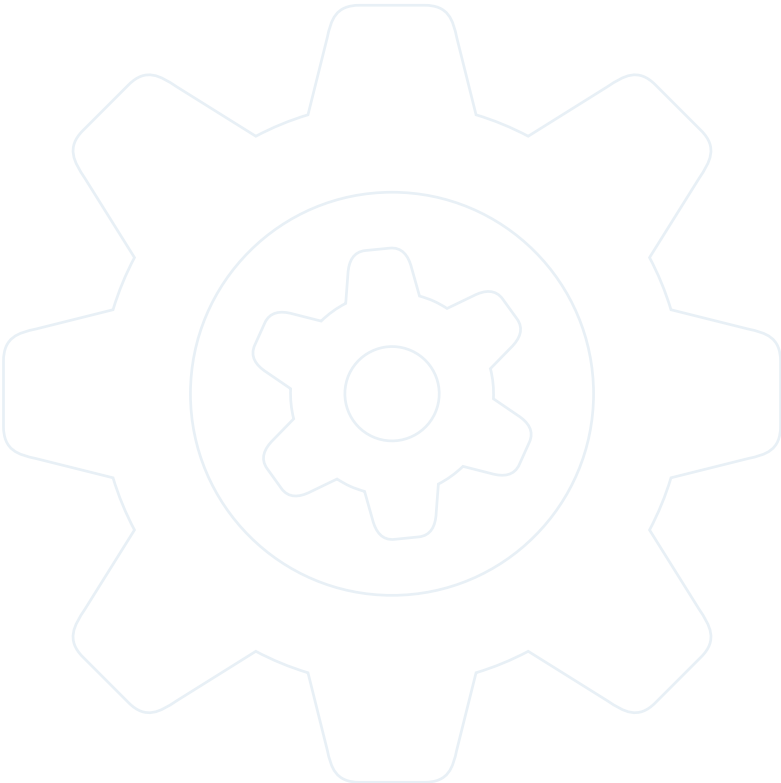
Digital transformation is for the enterprises that want to survive.

According to Altimeter, 41% of leaders surveyed said they've witnessed an increase in market share due to digital transformation efforts, and 37% cite a positive impact on employee morale.<sup>11</sup>



41% of leaders surveyed said they've witnessed an increase in market share due to digital transformation efforts, and 37% cite a positive impact on employee morale.

Digital transformation can distinguish your company above the competition. It won't just keep you afloat, it'll help you thrive.



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## About Five9

Five9 is a leading provider of cloud software for the enterprise contact center market, bringing the power of the cloud to thousands of customers and facilitating more than three billion customer interactions annually. Since 2001, Five9 has led the cloud revolution in contact centers, helping organizations transition from legacy premise-based solutions to the cloud. Five9 provides businesses reliable, secure, compliant and scalable cloud contact center software designed to create exceptional customer experiences, increase agent productivity and deliver tangible business results. For more information visit [www.five9.com](http://www.five9.com).

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