

The executive's guide to digital transformation

An Episerver guide built for manufacturers and distributors

Guide



Introduction

This guide focuses on the crucial role of executive leadership within digital transformation in manufacturing and distribution, and the three key areas of influence that will make or break a company's digital evolution.

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Chapter one

Understanding the role of the executive



Don't feel alone if your organization has experienced some disruption as a consequence of changing market conditions. Most manufacturers and distributors have. Whether the impacts are from buyers' expectations for a self-service experience, the dawn of smart factories, or the increasing use of AI in the marketing cycle, new strategies are required to compete successfully in a rapidly transforming B2B ecosystem.

Many companies have responded by deploying some level of digital technology within their organization with results that can be described as mixed – at best. At worst, manufacturers and distributors have experienced extreme frustration, even questioning the value of digitization altogether.

Yet the success (or failure) of digital initiatives can be tied to one critical factor – the commitment of the organization's leadership to changing the way business gets done. For many manufacturers and distributors, the selection and deployment of digital technologies have been delegated to IT or Marketing leadership, with limited participation by other executives. As companies recognize the strategic value of digital, organizations need a much higher level of executive participation and ongoing commitment going forward.



Definition of digital commerce

Gartner, a leading technology research firm, defines digital commerce as the buying and selling of goods and services using the Internet, mobile networks and commerce infrastructure. It includes research and marketing activities that support these transactions, including the people, processes and technologies to execute at all touch points throughout the customer buying journey.¹

Thinking beyond commerce

To arrive at the right strategy, it's important to think beyond just commerce. In fact, a B2B digital commerce strategy requires that you go beyond a one-to-one buyer and seller transaction, or a responsive website for that matter. Unlike B2C ecommerce models, manufacturers and distributors support endless complexity within the buying cycle, including the many-to-many relationships between people, products and channels.

In fact, manufacturers and distributors often have several personas and many different customer journeys to support. Add to that the customers' expectation of a consistent, smart experience that is supported within both online and offline channels. Leaders need to understand that the impacts of this new ecommerce ecosystem reach far beyond the transactional cycle.

¹ [Gartner.com](https://www.gartner.com)

Executive's contribution to digital strategy

As customers' expectations continue to evolve and become increasingly diverse, executives must set the stage for a commerce environment that is not only always learning and improving, but providing a consistent multi-touch journey. Leadership plays a vital role in an initiative of this magnitude. Executives make three key contributions during the planning and execution of a successful digital commerce transformation:

- Playing an active role in the creation of digital strategy, bringing the greater perspective of the organization's goals and mission.
- Championing the need to invest robustly to achieve a true transformation.
- Setting performance metrics and staying engaged throughout the entire project lifecycle.



“Leaders can’t sit back during any phase of the digital evolution. They must be engaged at all times. This is a mission-critical endeavor that requires constant focus, attention and support of the executive team in order to succeed.”

Mike Bernard

Head of Audience & Product Marketing, Episerver

Chapter two

Business strategy as the driver of the digital journey



94%

of all small- and medium-sized manufacturers in the US have not adopted digital manufacturing.²

30%

of U.S.-based industrial manufacturing senior executives said that their companies were planning to increase spending on information technology in the subsequent 12 months.³

What's driving the digital journey

If the perplexing low rate of investment and adoption in digital technology by mid- to small-size organizations is any indication, it might seem corporate leadership finds the taking the first step on the digital journey intimidating. Or they've underestimated the importance of that journey.

But don't judge harshly. Digital is disruptive. Ecommerce is not a software or IT platform feature. It's an ecosystem with newly emerging business models with their own dynamics, and everyone – everyone – is still learning. What's important is that businesses realize their pains have also changed. Three kinds of pains motivate the need to begin, or continue, the digital journey. These pains need to be examined carefully and fully understood before creating the right strategy.

1. First, **revenue** may be at stake. The manufacturer or distributor may need to retain customers or increase revenue with existing customers or products. Or it may need to find new customers to generate new revenue streams.
2. Second, increasing **efficiency** may be a major driver. This revolves around reducing the cost of serving existing customers, or of finding new ones. Perhaps customers are demanding a higher rate of self-service within the buying cycle, or a new product promises higher margins.
3. Third, **engagement** may be required. As manufacturers move to more direct sales models, and distributors create cloud-based marketplaces, there is a stronger need for digital brand building and automated marketing. Building digital trust and higher digital engagement is becoming vital to retaining existing customers and finding new ones.

² National Center for Manufacturing Sciences

³ PwC, 2016

Executives must be fully vested in the digital transformation

To focus on the right strategy, leaders must acknowledge that digital transformation goes far beyond a simple shopping cart or responsive website. It's about understanding that your company is about to change the way it does business...forever

Leaders need to invest

To be fully vested, leaders need to invest. This means understanding that in order to create a transformational commerce ecosystem, they need to ask some very important questions about the business:

- How do customers want to interact with the business? Determining the right mix of online and offline sales and support, and meeting the evolving expectations in terms of experience are crucial.
- How will this impact sales and marketing? For many organizations, the move to digital means that marketing takes the drivers' seat. Digital marketing can provide performance metrics impossible to get with traditional analog methods. This doesn't mean that sales is not needed, but the value they provide must evolve.
- How do internal processes need to change in the new model? For many manufacturers and distributors, complex pricing and quoting mechanisms must be simplified. Every process, however, should be evaluated for impact from this new digital experience.
- How does this impact our current go-to-market strategy? For many companies, the digital evolution changes the way they introduce new products and services dramatically. This impacts not only process but people as well.

“At Episerver we believe a strong B2B digital commerce environment should accelerate the productivity of every single person involved in the buying experience. When that actually happens, an organization is often transformed merely from improvements to internal and external processes. It's not a pipe dream. We've seen many of our manufacturing and distribution customers realize triple- digit improvements within the first year of implementation.”

Jon Greene

VP M&D Vertical, Episerver



Key components of digital strategy

To go beyond commerce and realize the immense opportunities of fully embracing a digital transformation, successful strategy requires several main components:

Prepare a strong view of your entire digital ecosystem

Identify the core components, marketing components, personas, and sites for both short- and long-term infrastructure needs. Understanding the technology foundation required before beginning your digital journey is gaining desired efficiencies, agility, and results in a hybrid online/offline sales and service model.

Draft the integration plan and gain support from the entire executive team

Too often, leaders responsible for enterprise systems are engaged late in the game. Full integration requires full support at the beginning of the digital journey. It is a critical component of the user experience from both a data and an omnichannel consistency perspective.

Determine requirements for marketing technology and marketing programs

Martech continues to evolve at a rapid pace. The right marketing stack should easily interface with your core systems to allow for smooth launch and greater adoption rates. The faster adoption goals are achieved, the more quickly your return on investment will be achieved and propel you towards your next phase.

Define important personas and create your customer journey maps

B2B commerce is complex due to the myriad of roles and responsibilities involved throughout the buying cycle. Personas must be prioritized, activities mapped, and then all of these interactions need to be prioritized, enabled, and enhanced by the digital buying journey.

Plan for resource requirements

This is where many organizations fail to predict accurately, and as a result fall short of the goal. Minimum resources should include capabilities in:

- Information technology
- Website management
- Content creation and management
- Digital marketing program development
- Digital marketing execution
- Product content creation and maintenance
- Business operations analysis
- Project management

Remember that a digital transformation provides unique opportunities to provide ways to re-allocate resources and create new career pathways for existing employees. Training programs may be necessary to equip internal resources with new digital skills in addition to adding those with digital experience to the team.

Plan out product content

It's imperative that the manner in which product content is created and managed be defined. It's impossible for leaders to overestimate the need for good content management, as more and more of the buying cycle is driven by the customer's need to be informed.

Set measurable objectives and identify key performance indicators (KPI's)

Without some quantifiable measurement, it's impossible to determine whether you've succeeded. Digital channels clearly offer one of the greatest opportunities available today for manufacturers and distributors to drive new revenue and optimize their operations, but this will only happen with a goal-centric approach. KPI's can help determine the building blocks for success so that obstacles can be met and overcome well before implementation occurs.

Determine your partners

For most digital transformations to occur successfully, executives need to seek outside experts to bring technology, marketing, and operational excellence leadership to the initiative. You can reduce risk and ensure success by partnering wisely with a trusted firm or consultant.

“The potential for real-time connectivity with customers, especially through social networks, has generated seemingly endless possibilities for personalized products, services, and communication.”

Chapter three

Invest for transformation



Successful digital commerce initiatives drive business model transformation, a process few organizations have been through. Regrettably, that means those embarking on the transformational path have few role models to follow.

However, the basic premise that business model transformation will occur should make you stop and realize that this investment will be significantly larger than technology projects of the past. And, digital transformation is a multi-year journey, not a one-time project.

Nearly every department in your organization will be impacted by successful deployment of digital technologies. So, the investment not only includes acquiring and implementing commerce technology but must also include an investment in marketing technologies and programs. They provide the drivers behind the identification and re-invention of business operations to support a digitally enabled multi-channel approach – or put more simply, a successful digital transformation.

Then, once a good foundation is in place and adoption is driven upward, looking for and driving innovation will be the next order of business. While the level of investment is different for every situation, a good starting point is to ask what could be accomplished with an annual investment of 1% of revenue for the next 3 to 5 years. Most likely, this is significantly higher than technology related investments you've made in the past, yet it is necessary for transformation. Organizations that invest and transform successfully will survive and many will thrive.

Many experts agree that digital technologies have levelled the playing field, so whether you are small and agile with limited funds or large and inflexible with ample funds, digital technologies let the small play big and the big play small. This is an unprecedented opportunity to reinvent and innovate your business for the future.

Role of technology

Technology landscape

The first step in planning your transformation begins with drafting a solid understanding of your organization's current technology landscape. You can't get there from here if you don't know where "here" actually is. Knowing what you have and where you are is essential for assessing your digital commerce investment requirements. Reaching that desired future state requires you to look at both short and long term demands.

Two areas in particular demand your awareness and intention when assessing your investment needs, existing fragmentation and historical technology deficit.

Existing fragmentation

The history of ecommerce started with companies bolting on new digital technologies onto existing business systems. To add new digital capabilities, those pioneers simply added new applications, systems, and devices in a patchwork of fragmented components to create a nominally integrated platform. Bolt-on technology was the traditional, accepted way to add innovation by division, department, and task, even if some components functioned in isolation. But that was then.

Your digital resources should act in concert, not competition, with each other and with business processes. Similarly, your digital initiatives need agility not possible with fragmented systems to respond quickly in a rapidly changing world. Assessing your organization's level of technological fragmentation is essential for establishing a coherent, sound, and efficient foundation for your digital transformation. You'll know exactly what "here" looks like.

Historical technology deficit

In addition to the bolt-on problem, many organizations are in a technology deficit after years of tight IT departmental budgets. Faced with devising their own solutions, some departments would turn to self-funding their own technology initiatives and managing their own implementations. Those independent efforts may now be entangled with each other, creating a complicated, customized architecture that is expensive to maintain and slow to modify or enhance – even minor changes happen at a snail's pace.

If your organization is in a technology deficit, your initial investment in digital strategy will need to include a plan to get out from under these unfortunate circumstances. A holistic and agile approach will not only lead to improved business processes and new efficiencies, it can generate greater customer engagement, leading to closer alignment of your organization and the market you serve.

"Your customers want to use digital channels to connect, research, transact and socialize with you more than ever before. To not only survive, but thrive, we need to engage them on their terms, not on ours."

Brian Lunde

VP North America Customer Success, Episerver

The importance of metrics

The best thing about digital technology is the abundance of available metrics data. The worst thing about digital technology is the abundance of available metrics data. The right data may be the route to greater company profits and a bigger bonus check, but don't fall into the trap of trying to track too many metrics to drive results. Your efforts will likely be spread thin and could lead to the organization losing focus while your new transformation takes root. In general, driving results with two or three metrics at one time is the optimal approach to achieving results.

Digital metrics best practices start with senior executives identifying and quantifying which business practice areas can gain the most, then establish goals that make the journey and expected outcomes clearly visible. Then you can measure both transformation initiative progress and the business potential created. Good metrics will influence management decisions while supporting specific outcome expectations.

Two schools of thought, each with its own categories to measure, guide the selection of metrics. For those beginning the transformation journey, the first recommends assessing progress in digitizing your current business model by measuring departmental – sales, marketing, operations, etc. – goals, while also measuring new revenue sources representing growth, market share, and margin metrics resulting from a new, digitized business model.

Another view says measure the customer experience, and business operations. A balanced approach will generate the insight to provide customers with value and excellent service while simultaneously optimizing business operations. Measuring the ROI in each of these areas can be accomplished by looking at individual metrics, such as:

- Changes in revenue
- Improvements to operational efficiency
- Changes with customer relationships and engagement
- How well the company adapts to change, and how flexible leaders and employees are
- How effectively knowledge is used and shared throughout the organization



Refine the metrics

As digital initiatives emerge, organizations can refine their metrics in many ways. For example, the following is a list of metrics identified by Martin Gill from Forrester Research in “Define New Metrics for Digital Business Success”:

- Engagement
- Acquisition
- Retention
- Sales by area
- Net promoter score
- Customer lifetime value
- Journey attribution
- Location
- Agility
- Cost to serve
- Customer orders
- Available to promise

Revisit goals every four to six months and establish new targets or even select new metrics. Equally important, as you onboard customers to your new digital platform, ask for and to listen to their feedback on how you can improve their experience, then incorporate this information into your continuous digital improvement program.

The important point is to incorporate metrics and goals as an ongoing part of your strategy as they are key momentum drivers. Relevant metrics will evolve and change over time as your market adapts to new business methods and as new technologies are introduced.

“The biggest limitation [of digital metrics] is the lack of a clearly defined digital ambition...Having a clear idea of your digital ambition will give you some ideas of what you should be measuring to measure your progress. You can't measure something you don't have a measuring stick for.”

Paul Proctor

Analyst, Gartner



Critical moves for a successful digital initiative

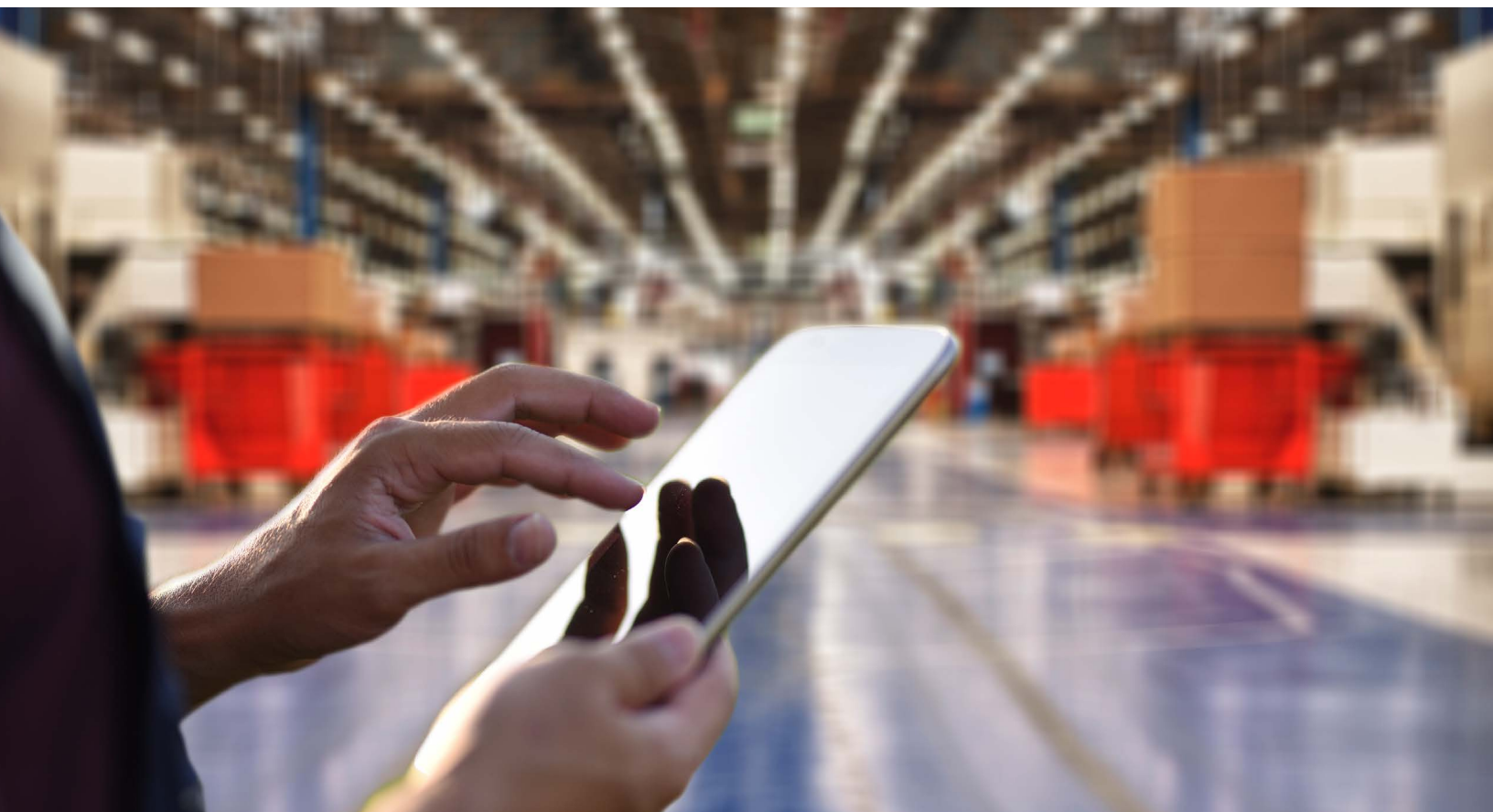
Count on your digital initiative causing change that ripples throughout the organization, but don't let an unfocused transformation add to or replace the chaos of technology fragmentation. As an executive and leader, your involvement in this digital transformation is vital for keeping the momentum going and in minimizing levels of internal disarray possible with any initiative of this scope. Getting people on the same page and leading them to a shared objective can both ease the transition and demonstrate the company's commitment to successful transformation.

Risk is unavoidable in any digital initiative, but you can reduce the risk (and some C-level anxiety, hopefully) by building a digital innovation team of three to four insiders and two to three outsiders. The constituents on that team should represent technology, marketing, operations, and finance on the inside; and technology, operations, and

marketing on the outside. With the right players in place, you can now map out and build your technology landscape, prioritize your efforts in six- to nine-month phases, get the resources you need, and finally, set goals and measure. You'll soon see how what was once "there" is now here.

Solving for the complexities of B2B

You probably don't need to be told digital transformation is a complex undertaking. Successful implementation of ecommerce technologies requires vendors and partners best suited to understanding not just your company's people, products, and sales channels, but your core business systems as well. Our intimate knowledge of B2B technologies and markets combined with a detailed assessment of your organization's specific needs, can bring clarity to quoting and pricing complexities. Episerver can take your business from fragmented point solutions to a seamless, integrated ecommerce engine.



Taking the first step

The path to digitization

Whatever drives your investigation of digital transformation – continuous improvement, an immediate need, or simple curiosity – we're here to help with facts based on our years of experience across a wide spectrum of business types, models, and industries. While you can find an abundance of information on our website, you may opt to request a product demo to see the full breadth of the capabilities available to you and the benefits they provide. If you're unsure where or how to implement the digitization technologies providing the greatest impact, Episerver B2B ecommerce experts can work with you to create a detailed requirement assessment to reveal the areas of greatest opportunity for you.

Get started by visiting our website at [episerver.com](https://www.episerver.com)

About Episerver

Episerver empowers businesses to scale through the most customer-centric approach to digital experiences. Its Customer-Centric Digital Experience Platform™ features best-in-class content management, robust commerce and intuitive data and personalization solutions. The platform has consistently earned industry, analyst and media recognition for its vision, capabilities and customer commitment. Episerver's 900+ partners and 825+ employees in offices around the globe are proud to help more than 8,000 customers enrich their customer lifetime value, increase revenue and grow their brands.

Learn more at [episerver.com](https://www.episerver.com).

