Surviving Digital Disruption:

FINDING OPPORTUNITY IN THE DRIVE FOR PLATFORM DOMINANCE

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Summit XIII

Leadership Council Introduction

Digital Transformation is not just about doing things differently, but about doing different things. As users view their businesses in new ways, and as disrupters in all sorts of unexpected places introduce new transformative business models, how does this change the way organizations view their technology needs, and consume content capabilities? What vendor competencies and capabilities will be key as user organizations create their platform plays and new information ecosystems?

These are the questions posed to AIIM's Leadership Council members at think tank sessions held in London and Baltimore in June, 2018.

Leading the discussion were:

- *Yuri Aguiar, Director of Innovation and Transformation,* **The Ogilvy Group**
- *Graeme Bodys, CEO,* **nooQ**
- *Dave Giordano, Owner,* **Technology Services Group**
- *Dave Jones, Director of Product Marketing,* **Nuxeo**
- *John Mancini, Chief Evangelist,* **AIIM**
- *Michael Moon, CEO,* **Gistics**
- *Rafael Moscatel, Head of Information Governance,* **Farmers Insurance**
- *John Newton, Chairman and CTO,* **Alfresco**

- *Alan Pelz-Sharpe, Founder,* **Deep Analysis**
- *Atle Skjekkeland, SVP,* **AIIM**
- *Harvey Spencer, President,* **HAS**
- *Dux Sy, CMO,* **AvePoint**
- *Anne Tulek, Managing Director,* **Morae Global**
- *Martin White, Managing Director,* **Intranet Focus**
- *Peggy Winton, President,* **AIIM**
- *David Wood, Futurist and Principal,* **Delta Wisdom**

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AIIM Leadership Council June, 2018

Key Findings

We are grateful to the discussion leaders and to all the Council participants for their insights and perspectives. The distillation of those insights and consolidation of comments into the three key findings that follow is solely the work of AIIM:

❶ **True Digital Transformation leaders are those focused on making it easy for the customer/supplier/partner to do business with them.**

❷ **In the new digital economy, market dominance shifts from one driven by TECHNOLOGY PRODUCT excellence to one driven by BUSINESS PLATFORM leadership.**

❸ **As user organizations create their platform plays and new information ecosystems, they will most likely consume content capabilities in two ways: 1) as a key content component of a larger app, or 2) as the platform upon which new content-centric apps are built.**

Finding
01

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AIIM believes that every organization is on — or should be on — a Digital Transformation journey. The heart of this Transformation journey is understanding, anticipating, and redefining internal and external customer experiences. This opinion was reached in 2017 following extensive research and analysis among the AIIM leadership community; it has since been developed and delivered in various presentations and publications including *"2017: A Digitally Transformative Year"* and *"State of Intelligent Information Management: Getting Ahead of the Digital Transformation Curve".*

Subsequent research conducted by Forbes (on behalf of content platform provider, Alfresco) reaches a similar conclusion. When examining the customer experience aspect of transformation initiatives by a variety of organizations and industries, one common aspiration is present in the most successful: making it easy for customers to do business with them — easy in terms of the product itself (it simplifies/enriches life), easy in terms of removing friction from the process, and easy in terms of the engagement element.

> " We don't need a digital strategy for our business; we need a business strategy for our digital world. "
>
> *– a Prudential executive participating in the Forbes research.*

Kramer Reeves, Director, Global Marketing, Digital Business Automation at IBM suggests that Content Management providers may have been guilty of failing to remember the business outcomes for their solutions. "Have our customer conversations been too edgy and technology focused?" he wonders.

David Jones, Director of Product Marketing for Nuxeo responds: "The business really only wants SOMETHING, or indeed ANYTHING that serves the end user, has flexibility for what the user might need tomorrow, but still leverages what they implemented yesterday," he says.

Mark McGregor, Signavio's Head of Strategy thinks that the reason why certain providers are "eating our lunch" is because their discussions within organizations take place with the ECONOMIC buyer to whom they provide an ECONOMIC solution. He adds, "the fastest growing capture company isn't a capture company at all; it's a process company, and that's how they present themselves to the customer."

Jones adds, "Many of our vendors are focused too much on updating what is there versus intelligently innovating and iterating towards what the customer really needs. We shouldn't say we're in the content business; we're really in the business of 'packaging insights.' "

Some years ago, General Electric (GE) took this concept and turned it into a sales approach. Rather than sell the features of their medical imaging systems, they began to engage their customers (hospitals) in a discussion about THEIR customers (patients). They asked different questions like, "How would your patients feel if you could give them results faster?" and "What would it mean if you could reduce waiting lists for patients?" When the hospitals realized that GE was not selling them a product, but rather, a way to make it easier to do business with patients, their purchases of GE devices increased.

Design Internal Processes for External Experiences

As traditional models for insuring homes, automobiles, and small businesses evolve, Farmers Insurance Group is developing innovative, customized products to meet changing demographics and customer demands. "Families and millennials have different needs; auto habits and home-buying look different. We're trying to leverage as many innovative ways as we can to understand those metrics, using them to drive loyalty and to enhance the customer experience," says *Rafael Moscatel, Head of Information Governance for Farmers.* That isn't an easy task for a highly regulated business.

Anne Tülek, Managing Director of Intelligence and Information Governance at Morae Global, agrees with Moscatel. As she puts it, "Organizational and regulatory constraints can often get in the way of an ideal customer experience, and that can frustrate innovation efforts."

Moscatel describes the Farmers' approach as one that looks for a correlation between internal operations and the external customer. "When it comes to new regulations like the General Data Protection Regulation (GDPR) or recent US legislation, if we just focus on the compliance aspect of it, we miss the opportunity to connect with the customer and have them connect with us. We aren't building a privacy solution, we're building a customer-facing product with privacy built in," he explains. He invites organizations to look for their "broken down jalopies" as a source for improving customer relationships and filling gaps. "Business and process gaps are key customer engagement opportunities," he says.

Capturing and analyzing complete customer journeys to identify gaps and opportunities is as important to vendors as it is to their customers. For insights and ideas on how to perform this analysis, see the AIIM *"7 Steps to Customer Journey Mapping"* tip sheet.

Build a Customer-centric Culture

Futurist, Michael Moon, CEO, GISTICS Incorporated believes that there is both a "Knowing/Doing" gap and an "Innovation/Adoption" gap that are the inflection points at which transformation can occur. Because organizations as a whole learn more slowly than their individual workers, they are more prone to the shutdown effect. That's when good ideas block better ones. Ultimately, the folks that decide what resources get allocated are overwhelmed and will revert back to what they know.

How do we close those gaps? Moon advises organizations to create a talent strategy for imagination, ongoing learning, and wellness. He contends that the top 2% of workers are driving the bulk of value creation for publicly held firms. He suggests that organizations identify those in the top 2% and give them the tools they need. That is the aim of **Graeme Bodys, CEO of nooQ,** a corporate communication platform that approaches workplace productivity by reducing digital interruptions. According to Bodys, when firms enable and empower their teams to focus on innovation, they make them happier. He claims that companies with highly engaged workforces outperform their peers by 147% in earnings per share, and those earnings are a reflection of delighted external customers.

Chris McNulty, Sr. Product Manager at Microsoft, adds, "The biggest defect in digital transformation programs is a failure of imagination. Organizations that establish a culture of continuous incremental improvements are the most likely to succeed — and culture change is by no means automatic."

John Newton, Co-Founder of Alfresco Software and Documentum, reminds us that Digital Transformation doesn't happen as a big bang. True transformation leaders make progress by selective combination. He recommends that we keep an eye on trends and listen to customers, competitor insight, employee insight, research insight, and future insight. "Ask yourself if they are credible, desirable, and actionable," he advises. Put simply, "when you think of what customers want, that's where to start. And, if you start by serving the rest of your organization, you're not far from serving your external customers."

Finding 02

In the new digital economy, market dominance shifts from one driven by TECHNOLOGY PRODUCT excellence to one driven by BUSINESS PLATFORM leadership.

The drive toward business ease is leading to all kinds of platform plays and platform dominance. This is typically a first-mover story or a get-to-scale-quickly story within particular market segments of industries. *Ginni Rometty, IBM's CEO* describes the two waves of the platform evolution. In the first, Silicon Valley firms use cloud and mobile technology to create new markets and disrupt old models in sleepy industries. This platform wave has accounted for the lion's share of recent market valuation growth from technology firms. And, while it has been in play for years, its growth is expected to continue.

In the second wave, it is the established vertical industry players, the "incumbents" that have a huge advantage if they can get their act together. Rometty believes that the second phase has begun, and that incumbents are leveraging Artificial Intelligence and Machine Learning capabilities to provide a superior customer experience by putting their massive volume of data to work. FINRA is an early adopter of this approach because of the amount of information they already have about their customers. Like other incumbents, they are using cutting edge technology platforms/APIs/solutions of other providers to get to scale. In essence, theirs becomes a BUSINESS platform (rather than a TECHNOLOGY platform) story.

Digital disruption is not about taking old processes and putting them into the cloud or bolting on new technology. Instead, it's about taking profitable (and potentially profitable) pieces of a traditional business and applying innovative technologies to make it different. That's where future success will be realized.
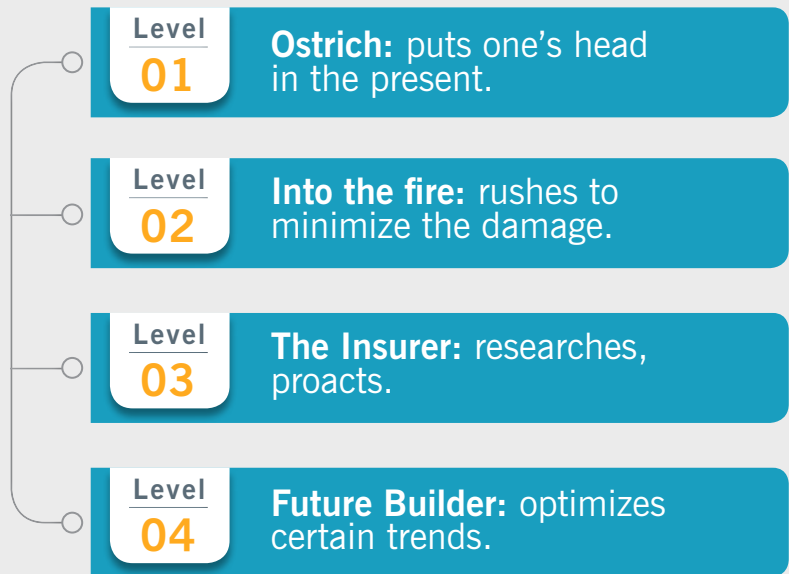
A Futuristic View

Michael Moon believes that the next ten years will bring huge payoffs when software eats the traditional factory, transportation models, and energy grid through the use of voice-ification of interfaces, intelligent assistance of connected workers, and conversationalized semantics. He calls this the world of "connected consumption." Moon declares, "Pratt & Whitney used to be in the jet engine business. Now they are in the power by the hour business."

David Wood, Principal, Delta Wisdom cautions that disruptions can often take a long time in gestation. "We overestimate how much will change in the short term," he says. "However, there is an opportunity to take charge of the change." He cites four levels of a futurist change mentality:

Level 01
Ostrich: puts one's head in the present.

Level 02
Into the fire: rushes to minimize the damage.

Level 03
The Insurer: researches, proacts.

Level 04
Future Builder: optimizes certain trends.

A Platform for Innovation

If organizations want to play in this new platform arena, they need to take all of this seriously by rewiring their own companies. They must build a platform and culture for growth and agility in their own ecosystems. As the technology and platform plays converge, they may ask themselves about the future role of the CIO.

Yuri Aguiar, Global Director of Innovation and Transformation at advertising and public relations giant, Ogilvy & Mather Worldwide describes his personal transition from CTO to transformation strategist. He offers 10 tips for moving from a project-oriented mindset to a vision-oriented mindset:

❶ **Understand your audience:** bring emotion into something that might be ubiquitous (like a microchip).

❷ **Discipline & focus:** when dealing with different priorities in an organization, you need a model or mechanism to "capture the possible."

❸ **Awareness of organizational culture:** all change is part science and part sentiment.

❹ **Hire captains, not kings/queens:** It's really difficult to get momentum from folks removed from the day-to-day process understanding.

❺ **Unintended consequences:** remember what Eisenhower said: "Plans are useless, but planning is indispensable."

❻ **Take offs are optional:** All organizations should adopt the mentality that "landings are mandatory."

❼ **Good execution eats strategy for lunch:** make early identification of tangible benefits.

❽ **Create a culture of innovation:** identify impact, terms, and operational likelihood.

❾ **Every transformation is a digital transformation:** ask tough questions first because if you ask them at the end, money has already been spent (not always wisely).

❿ **Manage the God complex:** nobody has a copyright on good ideas.

Tim Waterton, Senior Director of UK Business at M-Files Corporation poses this question: "If we take the platform play all the way to a business platform, are politics and regulations the handbrake that slows us down?" Newton replies that the US and China aren't hampered by these regulations which is why those markets achieve critical mass, opportunity, and inertia. He asserts that clock speeds have never been faster than they are now, so organizations must deliver quickly and continuously. "Failure to move fast enough is the handbrake," he suggests.

Certainly, the rapid pace of Artificial Intelligence is redefining platforms. Organizations should tap into those platforms to get the heavy lifting and get it faster.

> " As digital networks increase in ubiquity, businesses that do a better job of harnessing the power of the platform will win. "
>
> *– Platform Revolution*

Finding

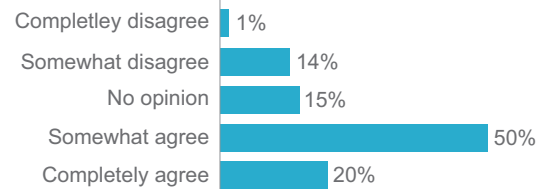**03**

As user organizations create their platform plays and new information ecosystems, they will most likely consume content capabilities in two ways: 1) as a key content component of a larger app or 2) as the platform upon which new content-centric apps are built.

Regardless of whether organizations decide to BE the platform or optimize their presence on someone else's platform, they need content capabilities to be more agile and modular. In order to continue to morph, scale, and adapt their platform offering, they are throwing out the old and coming up with better ways of working by recreating from scratch without legacy drag. They aren't simply shifting an old ECM system to a new ECM system in the cloud.

Our organization wants to pick only the information capabilities we need for each process or application.

For 70% of organizations, the monolithic ECM model has been replaced by a desire to consume content capabilities as needed — i.e., content services.

Completley disagree	1%
Somewhat disagree	14%
No opinion	15%
Somewhat agree	50%
Completely agree	20%

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Nuxeo's Jones concedes, "We went from selling individual pieces of technology all over the floor to selling the assembled solution. But, was it what the customer wanted? Turns out that there were many other options for what they wanted depending on what they were doing/needing at the time. By componentizing the capabilities, users can now assemble what they want, when they need it."

Alan Pelz-Sharpe, Founder Deep Analysis adds, "Intelligent Information Management systems of the future recognize that content will live in a variety of different places and provide broad connectivity to different systems and content repositories."

As businesses are seeking to be more agile in how they develop and deploy new applications, they are rapidly assembling next-generation content services solutions as **1) a key content component of a larger app, or 2) the platform upon which new content-centric apps are built.**

Platform Player or Solution Provider?

The go-to-market strategy is different for each one. If it's the former, vendors need to be selling to the C-suite. If it's the latter, they must sell to the workers/departments. The number of solutions one can sell might be more, but a platform commitment is typically the larger unit of sale.

Is the race to zero a key factor in the race to transformation?

When it comes to procurement, it is hard to put a platform up against a product. If there is a zero-cost solution, customers will race to that. While Council members have differing opinions on this statement, they do agree that, as systems get more and more complex, the interface to connect with them gets simpler. As such, investors are challenging themselves to optimize the value from their collection of "simple" apps and solutions. And, that's where the weak links get exposed.

AIIM's John Mancini cites some tension points between disruptive and sustaining innovations: "There's tension between simplicity and the break points. There's also tension between cutting edge and a sustainable base. Incumbents nearly always win if it's sustaining; new entrants nearly always win if it's disruptive," he asserts.

If customers now have access to amazing cloud capabilities that use unlimited computing power, where do content management providers add value? Pelz-Sharpe offers these suggestions:

❶ **Stop chasing the big enterprise customers.** "Everyone who needs an (ECM) system already has one," he says.

❷ **Go after the data folks and emerging technology suppliers (RPA offers a unique opportunity for capture providers)** because that's where the current sizzle and valuation is.

❸ **Take all your platform capabilities and turn them into services.** Make them easily accessible through open (when you need it, but with full compliance embedded) data/APIs/standards/architecture.

In providing content management consulting and integration services for dozens of large organizations, *Dave Giordano, Founder of Technology Services Group* also sees the impact of cloud capabilities on customers and traditional ECM implementations: "New offerings from the cloud vendors can either be a sustaining or disruptive innovation for ECM vendors," he says. "The successful ECM vendors will be the ones that can embrace and extend the newer cloud capabilities rather than compete and be disrupted."

The New Technology Customer

Moon offers additional advice for providers when it comes to understanding customer purchasing practices. "Most of what you know about how software is sold is obsolete," he suggests. Today, the technology consumer is not an individual. According to Moon, it is a cadre of people that are collectively ten times smarter than the average vendor. Moving with the precision of a Seal team, this crew expects the answer to three basic questions about the product or service:

❶ **What is it categorically?**

❷ **How does it work?**

❸ **How does the team sell it to executive decision makers?**

Vendors need to have a sharable narrative presence, presenting these answers in small bite videos that are curated and delivered for multiple mobile devices. If the customer of the future looks set to increasingly be the economic or business buyer, not a technology buyer, the entire go-to-market strategy shifts. "Everything changes, from positioning, messaging, communication channels, selling practices and even the type of sales and marketing staff employed," suggests McGregor. Moon agrees, urging providers to do whatever they can to "engage trial users now or get steamrolled by the Amazons."

About Peggy Winton

With over 30 years of organizational and business development experience, Peggy Winton is responsible for the strategic, technical, and customer growth direction of AIIM. As Chief Executive Officer, she leads a 21-person team focused on helping organizations meet their Digital Transformation objective of understanding, anticipating, and redefining internal and external customer experiences.

Winton joined AIIM in January 2002 directly from Computer Sciences Corporation (CSC), where she served as Business Developer and strategist for the Consulting Group. Prior to CSC, Winton was Vice President and Chief Operating Officer for TTM, Inc., an international firm specializing in web-based and cooperative marketing programs for tourism development.

An accomplished writer and speaker, she has authored numerous articles, strategic plans and presentations for the Association. Winton speaks regularly at AIIM and AIIM partner conferences on buyer trends, customer intelligence, and information-driven business processes. She holds a Master of Science in Management degree from the University of Maryland.

Peggy Winton,
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About AIIM's Leadership Council

In 2012, AIIM formed a think tank to define, discuss and offer directives on today's emerging issues in information management. This think tank is the **Leadership Council (LC)**.

The LC brings together top thinkers, high performance practitioners and leaders in information management for two theme-centric summits annually. Each summit creates a shared space for dynamic conversations to determine the role of the information management industry in a new era of business.

Want to Participate?
Details of the 2018 summit themes can be found at **www. aiim.org/lc**. Should you be interested in learning more about participating in the Leadership Council, please contact Jessica Lombardo at **jlombardo@aiim.org**