DIGITAL TRANSFORMATION PLAYBOOK

2019

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Section 1 - Introduction and foreword

When IAB Europe and its Education and Training Committee set out to compile this Digital Transformation Playbook it did so as a result of the appetite for guidance and best practices on the market related to this topic. Drawing from its impressive pool of experts as well as those of its National members, IAB Europe has put together this interactive resource that aims to provide insights, examples and tools that can help any organisation, from *any industry* on its path to digital transformation.

This is a living resource, to be updated on a yearly basis by the IAB Europe Education and Training Committee in collaboration with all other IAB Europe Committees, to ensure that it reflects the latest changes that impact digital transformation. In 2020 we will also be launching a survey on digital transformation to complement the guidance in this handbook and to showcase the challenges that organisations face. We will also look further into the solutions they implement in their pursuit for practices better suited for the highly digitised world of today.

The Digital Transformation Playbook 2019 is the stepping stone for future work on the topic at IAB Europe. It provides a high-level overview of what digital advertising and digital transformation are and offers insight and tools for you to assess your organisation's level of digital transformation. The Playbook then looks at a step by step approach to digital transformation as envisioned by our contributors giving the reader a multi-perspective approach in a non-formulaic way. Heavy emphasis is placed on case studies, concrete examples and best practices of digital transformation in practice provided by a wealth of companies.

For our **foreword** we turn to Luis Marinho-Falcao, Director of operations, **IAB Portugal**, who provides an anecdotal, yet supremely relatable perspective on the impact of even basic - by today's standards - technology. He also touches upon the critical cultural shift that is intrinsic to any successful digital transformation project.

Time-Travel, Game-Changers & Culture-Clashes

At the very least, we can all agree on this: Digital Transformation is not about adopting new technologies; it is about Cultural Changes.

Back in the Digital Stone-Age, or circa 1992, I was the creative director of OgilvyOne, then Ogilvy Direct, in Lisbon.

Believe me when I tell you that Lisbon, Portugal, was much further away, at that time, from the cutting-edge, technology-driven business capitals of the world - certainly more than what it feels like today. The world was a much larger place then. London and New York were distant realities for us, tucked away as we were in the southwestern-most corner of Europe.

Because I missed London and its latest trends and topics, and am insatiably curious, I used a *top-of-the-line 2,400 bps* modem along with a screeching analogue phone to access an ancestor to the world wide web - CompuServe (inventors of the GIF, mind you). There was no internet as we know it, not even a browser to speak of, and text-based communication ruled, along with the occasional exchange of GIF's whenever we could afford the time to wait for its grindingly slow (sometimes hours-long!) file transfers. Naturally, most of the people I got to chat with were Americans and Britons, and I found it both astonishing and fascinating to be able to "talk" for hours on end to someone on the other side of the world, in realtime. Yes, there were phones, but International calls were incredibly expensive and it was simply not the same!

Does this feel like time-travel? It certainly does to me, since I was fortunate enough to witness it all first-hand. But I digress.

One sunny afternoon in Lisbon (as most are), still during that 1992 stone-age, I found myself faced with an especially daunting challenge: Pony Sports and Apparel, a brand new account win for the agency, had a new global endorsement deal signed with Carl Banks, NFL Star and Linebacker for the Washington Redskins; and they were flying him to Portugal for a Brand Roadshow. The challenge? Let me list them in no particular order: neither I, nor anyone in Portugal, had ever even watched an American Football match outside of *the movies*. No one knew its rules, let alone have the first clue about what a Linebacker was supposed to be. And naturally, no one had ever heard of Carl Banks!

Having said that, we were supposed to pick him and his wife up at the Lisbon Airport less than a week later. And also plan, and create, relevant and brand-impactful content for the whole 2-week national roadshow. With no internet in existence.

And so it was that I went online - for the first time in my life - for work: I logged-on to CompuServe, searched and located American interest groups, and told the first American person I found there that I had to pick up Carl Banks from the airport and create a whole campaign around him without the faintest idea of what I was talking about. The first reply I got was all-caps: "YOU ARE PICKING CARL BANKS UP AT THE AIRPORT???! YOU'RE SH*****G ME!!" And yes, I was clueless. After a lot of explanations and a heartfelt cry for help, I logged-out for the night.

When I logged-in the following morning, I had dozens of instant messages in my clunky inbox directory (yes, that was a hell of a lot then, believe me!); I had a complete bio of Carl Banks; I had an ascii explanation of the Linebacker position, complete with text explanations of its function and importance in play. *And I learned the rules of American Football overnight*.

After I finally managed to close my mouth, my first though was "this thing is definitely going to change the world as we know it". As it did. The Pony roadshow featuring Carl Banks was a huge hit and Pony sneakers and apparel sold like hot cakes. Instant access to any kind of information, no matter how exotic or outlandish, at the touch of a button; instant reach out to people across the world; virtually instant knowledge. A Game-Changer if I had ever seen one.

> "The required Cultural Change to simply get the digital ball rolling took longer than a decade in Portugal, but as soon as it gained traction, it became unstoppable. We are still in the middle of it and there are no signs of pause in the near future. Digital has transformed our lives dramatically over the past 20 years. It is often worth looking back and remembering how we humans used to live before the internet became ubiquitous."
>
> *- Luis Marinho-Falcao*, *Director of operations, IAB Portugal*

A couple of years later, we founded Ogilvy Interactive Portugal, even though we still could not figure out what its business model would be. The world wide web had reached our Southwestern-most corner of Europe, we were happily typing away URL's into our Netscape browser, mobile phones were finally becoming portable without pulling your shoulder out of its socket, and I decided to make a presentation to the whole Ogilvy & Mather Group in Portugal about the oncoming digital realities.

It was called "Signs of the Times", it predicted that the whole world would be online within 10 years, among other outlandish claims that included the widespread use of email addresses on business cards and other follies. To this day, I don't think I've ever had so many people laughing at what I was announcing with a straight face. It was the first time I realised that this and other paradigm shifts would never be about the technology.

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Like any unstoppable force, it can be incredibly positive, or devastatingly negative. The state of our world - and our planet - today is a living illustration of this duality in its effects.

We believe it is certainly up to the industry leadership to harness its positive power, to try and help our society evolve in a sense that is as sustainably fruitful as possible.

That is one of the essential goals of this playbook.

We hope you enjoy it and find it useful.

Section 2 - Defining Digital Transformation

In this section we take a bird's eye view of digital advertising and try to identify some of the main building blocks of digital transformation as a whole.

What is digital advertising?

While IAB Europe is the European-level association for the digital marketing and advertising ecosystem and this resources taps into its membership comprised of experts in the field of digital advertising, the scope of this resource is not limited to digital advertising alone. That being said, we can not set out on this journey without at least looking at digital advertising, understanding what it is and how it factors into the digital transformation process.

A perfect start for those looking to gain more insight into digital advertising is the first clip in our IAB Europe Explains… series, which deals with precisely this topic. In the video accessible below we have the following industry experts who explain what digital advertising is and how the market is evolving:

- Jade Grant, Solutions Consultant, IPONWEB
- Daniel Knapp, Chief Economist, IAB Europe
- Oliver Gertz, Managing Director, Interaction EMEA, MediaCom
- Pietro Acanfora, Global Platform Consultant, Adform

For more videos explaining key concepts tied to digital advertising in general, and programmatic trading in particular, visit this page.

Delving deeper, we have also put together a deck whose purpose is to provide a clearer understanding of digital advertising, its origins, and indeed, its future. The deck is accessible below so please feel free to download, browse and share.

IAB EUROPE
INTRODUCTION TO
DIGITAL ADVERTISING

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Having scratched the surface of what digital advertising is, let us now take a look at digital transformation itself. In the following section you will find opinion pieces, articles and videos which outline the main coordinates of digital transformation. What the reader needs to remember throughout is that digital transformation as a concept and practice is extremely broad and many routes may be followed to arrive at the same destination - if such a destination can even truly be reached.

Before we move on the *what* digital transformation is, Krzysztof Sobieszek, **Publicis Media**, shares his views on the profound impact digital transformation can have on the online marketing ecosystem and *why* it is critical for this and all economic sectors.

Digital transformation: a chance to reshape the digital marketing ecosystem

Digital Transformation is mainstream!

According to Publics Media "Business Transformation Predictor Report" from 2016 76% of surveyed executives said they have a transformation agenda in place. 81% of them agree that their business transformation agenda is gaining strong momentum. At the same time 67% of executives fully embrace the rate at which the world is changing and 28% of them would be happy if the rate of change were even faster that it is now. This means transformations are run by most of companies and managers have already acknowledged the fact that it is becoming a crucial business activity.

Moreover the change is here to stay as the business environment continues to evolve. Therefore transformation is now perceived to be more agile in a digital word, rather than a journey form offline to online. Of course there are still many differences in particular countries and regions. For example in Poland only 47% of executives confirmed that they have a transformation agenda in place. Nevertheless the course is set and trend is clear.

Not all transformation can be labelled purely digital, in most cases digital is strongly embedded in the process, as a key enabler, most pressing factor in business environment, crucial consumer change vector and many more. This is the "digital" and "digitalisation" in its many forms that pushed companies to the constant process of change.

It is without doubt that the digital marketing was very successful in the early years of digitalisation in terms of generating growth. For example over the last 6 years digital advertising expenditures were doubled, with double-digit growth maintained for over a decade.

Moreover, the digital marketing industry developed a truly impressive talent pool in term of digital capabilities. Last but not least digital activations became necessary ingredients (or event equivalent) for marketing innovation. Overall, for the last 20 years, the digital advertising industry went down the very long road of embedding digital media into the business landscape, and marketing people have played the role of digital experts in many companies.

Yet, the situation has changed. Digitalization and transformation are a must, unquestionably, but at the same time the scope has radically broadened. It's no longer about operational innovations in terms of communication with consumers. It is now spreading far beyond marketing and advertising involving infrastructure and IT, production, business model, customer service, company culture, data management, talent agenda and many more. Digital transformation as vast multidimensional and cross-siloed process should be in fact called "business transformation". As such, it gained great interest with almost every CEO and their board room.

According to McKinsey companies reporting successful transformations in comparison to other companies more often declare that the CEO has spent significant share of his/her working time on transformation (48% vs. 25%) and transformation has been top business priority of senior leaders (41% vs. 29%).

As a consequence all digital marketing experts, marketing departments, marketing service providers, agencies and publishers are now potentially starting to play a more serious "digital transformation" game where the company's future is at stake.

Marketing has a lot to offer in term of leading transformation. Firstly, because consumer-centricity is perceived as a key factor for successful transformation, for marketing people it is a natural approach. Marketing departments, agencies have already (at least to some extent) went through digital insights and new consumer behaviors in the technology context. Now it just needs to be applied to the broader context of reinventing companies to the digital age.

Secondly, marketing is a field where the practical impact of transformation can be relatively visible in terms of business outcomes. It is true for both effectiveness (e.g. data-driven and precision marketing) and efficiency (e.g. automation and programmatic). Therefore, there is a huge role to play for CMOs and their surrounding ecosystem of agencies, consultants and service providers. At the same time many challenges occurs.

Research made on CMOs in Poland by Publicis Media have shown changes in terms of expectations of their roles. On the one hand brand building or sales growth remain crucial but at the same time analytics, orchestrating holistic consumer experience, building company digital capabilities and generating innovation appear to be of utmost importance.

As "orchestrating CX" is indicated as very important by CMOs (average importance 7,2/10), their influence on areas different than advertising like customer service, data bases, distribution channels or product innovation remains limited.

Importance of the innovation in the CMOs everyday agenda is not reflecting his or her actual influence of the subject. Although CMOs agree that they should orchestrate every aspect of consumer and business analytics with corresponding technologies, they see it as a great challenge and don't believe that technology will become one of the dominant expenditures in marketing budget. This outlines major challenges and, at the same time, key operational fields for marketing-led transformation:

Data transformation.

Organizing different sources of digital data and making it actionable for business results is a huge transformational challenge for every company. The CMO should play the part of "Chief Data Officer" role, because in general data will work best if translated into real consumer solutions. This requires a broad "zoom-out" perspective, good definition of different stakeholders business needs and a consumer lens. Marketing departments can definitely prove their expertise in this field.

Precision marketing

Many companies are now going through comprehensive data-driven marketing programs and not without a reason. In short, DDM transformation projects are the complex way to generate value out of digital transformation. They focus mainly on organizing and deploying organizational enablers (like data, technology, structure, and talent), activities (primarily precise segmentation and personalized communication through advanced touchpoints orchestration) and capabilities (analytics, constant optimization and automation). Most of digital marketing maturity frameworks will be described around DDM.

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>
> *- Krzysztof Sobieszek, Practice Lead, Business Transformation & Capability Development, Publicis Media Polska*

Digital experience integration

Integrated digital experience is important yet challenging. Most existing companies are complex and siloed. As it was mentioned before, influence of the marketing department on many crucial areas remains "virtual", but at the same time its predisposition for orchestrating the whole CX is unquestionable. This area of marketing-led transformation usually focuses on: (1) mapping together experiences with product, communication, commerce, customer service, etc. (2) building transformation projects around strategic improvements – usually by usage of digital technologies (3) measuring impact and repeating the cycle.

Innovation

Digitalization can play a major role in every type of innovation: incremental, architectural but also brake-though (discontinuous). In shifting, the ability of the digital environment to create and maintain innovation culture, structure and practice could be a main vector of the transformational effort. This is also a major part to play by CMOs and marketing departments, since consumer-led innovation proved to be most effective business-wise.

These four areas are not distinct and should not be seen as a separate. Precision marketing cannot be seen apart from full CX journey and digital commerce. Obviously, data acts as enabler for both, the same as innovation. One should see it as different angles to approach the same transformation challenge. They can also play the role of actionable starting points allowing every company to adjust their digital transformation journey and make it more actionable in a particular business case. Every consumer-centric, marketing-led digital transformation will eventually touch all of these areas but it is rare for the company to be able to address all of them at the same time. After all, tangible results and quick wins would determine overall organizational support for digital transformation, so it is better to focus on activities.

No matter which starting point or block plays a main role in particular case it will always involve three practical steps that need to be taken to:

1. **Discovery**. Every company needs to start with careful assessment of current technologies, practices, processes, mindset, etc. within the organization. This "health check" is the only way to establish valid stating *"as-is" point* and define barriers and potential enablers for digital transformation. Then by outlining the point to be reached, validating it against competitive benchmarks (which become available more often these days), mapping it to business needs we can see the *"to-be" point*.

   This is the only way to ground digital transformation with a clear vision that can be communicated to the whole organization. It is extremely important that the discovery phase be as close to reality as possible and not reflect "company politics" rather than actual current state.

2. **Design**. Strategy is a next natural steps in the transformational journey. The vision needs to be translated into operational "projects" or "programmes" that are actionable, time-framed, measured with specific KPIs. Of course all defined projects will contribute to achieving the defined "to-be" state but they need to be prioritized in order to define quick-wins, incremental changes, long shots, etc.

   This way organizations are able to make a comprehensive transformation roadmap and decide what they want to focus on, how to deliver value out of transformation process, how to fit it into specific time frame. Every project need to be evaluated in terms of business risk and prepared in a form of a detailed brief that can be used for internal and external partners.

3. **Deploy**. Analysis and strategy are important, but it is the implementation phase that will decide the results of digital transformation. Therefore, careful implementation, hitting defined project milestones and KPIs as well as constant process optimization are essential for most of the companies to succeed in their digital transformation processes.

Nowadays, every business is in fact running in two "streams". The operational stream, which is about delivering everyday business outcomes in the most efficient way; and transformational stream which should be focused on change management through all the organization to be better prepared for challenges of the modern digital world. Both those streams are connected but distinct and now getting equal attention of executives. In this landscape all marketing industry can "monetize" their digital experience, gain influence and deliver new waves of growth.
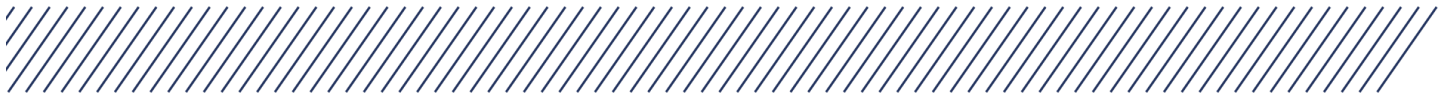
IAB Europe Knowledge Hub

Want to learn more about digital advertising and digital transformation? Our knowledge hub features IAB Europe and member research reports, white papers, case studies and infographics that provide insight to the market on a range of topics including advertising spend, consumer attitudes, media consumption, brand advertising, measurement, viewability, programmatic, mobile and video.

Visit Knowledge Hub

Digital transformation: a journey rather than a destination

Let's start with the obvious: *what is digital transformation?* Simple enough task, seemingly. While digital transformation does indeed mean the fundamental shift of business operations to a digital environment, the process itself is so far-reaching, so complex, and so inclusive of all departments and management levels in an organisation, that it entails practices and approaches extending far beyond the limited scope of just a technological company-wide update.

What was once a focus on solely digitalisation, in today's world the striving for "achieving" digital transformation encapsulates the need for a radical change of attitude and of the way we do business. We are noticing a transition from the material – the software, equipment and technologies equated to digitalisation – towards a metamorphosis of the business mind. In fact, digital transformation is no longer a technological issue; it is a cultural shift. So let's agree that digital transformation is the sum of all practices that an organisation implements on an ongoing basis, at all levels, to maximise efficiency and improve the bottom line in an-ever evolving digital environment.

In a 2017 study by Constellation Research , 64% of organisations identified digital transformation as "essential to driving profits". The same report had nearly 70% of respondents answer in the affirmative to the question of whether they have a digital transformation strategy in place. A 2018 report by Capgemini's Digital Transformation Institute , however, showed that only 39% of businesses feel they have the digital capabilities, and only 35% the leadership capabilities needed to make their digital transformation journey a success. It seems, therefore, that while organisations understand the importance digital transformation can have on their bottom line and are willing to spend a pretty buck to achieve it (to the tune of GBP 1.2 trillion worldwide by 2019), the journey itself is fraught with hardships.

While on the topic of difficulty, let's take a moment to discuss whether digital transformation can ever be fully achieved. You invest all these trillions, you hire the right CEOs and CMOs and all the other C-suite execs to drive your digital transformation, but do you ever come to a point where you go "That's it, I am digitally transformed!"? Experts tend to agree on "not really." That is simply because the digital environment expands, innovates and transforms at such breakneck speed that is nearly impossible to keep abreast and implement all of the technologies that could have a beneficial impact on your business.

Yesterday it was VR, AR, today it's blockchain, ML, AI, IoT, and a host of other acronyms that are probably on the verge of becoming the new digital buzzword. What is clear, however, is that *digital transformation is not an end-game as much as it is continuous evolution* . Quoted by WARC , Rahmyn Kress, chief digital officer at Henkel stated at dmexco that "no one is doing digital transformation particularly well". On a scale of 1 to 5, he rated Henkel at 2 and claimed that "five does not exist," while even four is "incredibly ambitious." Is it difficult? Yes. Is it worth it? The experts certainly think so.

Digital transformation is also as unique as the company implementing it, but there are a series of common areas that are generally seen as pivotal in ensuring a company is well on its way on the digital transformation journey:

> "Perhaps more important than the technological dimension of digital transformation is the company culture one. The shift in the mindset of an employee to one that is in line with the rigours of today's digitised ecosystem is critical. The change needs to be pushed from the top down."
>
> *- Neslihan Olcay, CEO, Wavemaker Turkey and Chair of the IAB Europe Education & Training Committee*

1. Customers – a customer-centric approach is one of the main steps to be taken on the road of digital transformation. In the words of Phil Walsh for marketMogul , "the customer is always waiting to be wowed by a flawless experience. This is true whether the focus is B2B or B2C; this distinction, frankly, does not really matter when it comes to digital transformation"

2. Culture – intrinsic to any digital transformation process is a profound cultural transformation at company level. Starting with the C-level management and down to the juniors, a culture of innovation must become ingrained. Digital literacy and a tech-first approach to business are certainly vital, but to truly embrace digital transformation business models and practices need to be (re)shaped to the core. Education and continuous training at company level will, therefore, play an integral part in any digital transformation success story.

3. Understanding that it is a journey, not a destination – we touched upon this earlier, but it is worth noting again: digital transformation is an ongoing process, something that needs to constantly be carried out at all levels of the organisation. This entails understanding, adopting, and becoming proficient at technologies and practices which constantly evolve, which constantly transform. In the words of Richard Dunmall, MiQ, speaking on training and education at one of IAB Europe's panels at Interact, but words which I feel are very suitable here as well, "We need to become comfortable with being uncomfortable."

Article originally published here

As we've said, almost each organisation whether it is trying to provide support and guidance for digital transformation in other companies or is actually in the process of implementing it in their own, will look at the topic in an individualised manner. While one of the mantras of digital transformation is that there is not just one correct path, it is vital we look at guidance from those who are driving the transformative process in the industry. Below is one example: **Google**'s take on what they feel are the five pillars on which digital transformation rests.

The five pillars of successful digital transformation: key learnings from 2018

Transformation is the new normal in today's fast-moving world. Organisations that want to stay competitive have to keep pace with ongoing innovation, far-reaching disruption and rapid technological change. And making that happen means more than just upgrading IT or announcing strategy. It's about developing the skills, understanding and mindset that teams need in order to stay ahead.

In 2018, while your company has worked on its transformation, we've been bringing you the latest advice to help you on that journey. We believe that there are five pillars of transformation that every organisation needs to address, so we've gone back through this year's back catalogue to bring you the five articles you should read – one for each of them.

Data, technology and automation

In our report Customer focus as the key to digitalisation, we explored how data and automation are helping companies create more customer-focused businesses, and, in some cases, see bottom lines improve two to three times faster as a result. If you don't have time for to read the detailed report, with practical steps for CMOs, case studies and handy visualisations, we prepared an executive summary.

"Look to data to lighten the load. Technology helps us make sense of the abundance of signals now open to us, and leading marketers automate all that can be. Whenever you do something in your organisation more than twice, stop and consider if here's opportunity to free up some human time for high quality, low-volume tasks where quantitative models struggle the most."– Customer focus as the key to digitalisation

Culture of innovation

If culture is as important as we think it is, how can it be measured? The culture experts at Temporall have made it their mission to tackle that question, and their Culture Workbench is a practical answer. Together with Temporall, we produced The Strategic Secret, an in-depth look at how companies should use culture to make their transformation a success, and we caught up with Temporall's founders for a Q&A on the subject.

"Culture is a central part of company strategy, so executives need to engage with it. And for executives to engage with it, they need to see it measured. People think culture is about investing in a ping-pong table, but it's not. It's about investing in a feedback loop. And where that gets really interesting is when you use information from the feedback loop to align culture towards meeting your strategic goals."– Making culture count

People operations

When it comes to adapting to change, who is in your team matters less than how they work together. That was just one of the key findings outlined by Natasha Merrington in The five dynamics of an effective team, drawn from comprehensive research on the way Googlers work together

"Psychologically safe teams accelerate learning and innovation by acknowledging mistakes and exploring new ideas. And not only are they more adaptable, they can also impact the bottom line. Our research revealed that sales teams with high ratings for psychological safety actually brought in more revenue, exceeding their sales targets by 17%. Teams with low psychological safety fell short by up to 19%." – The five dynamics of an effective team

Customer-centricity

A fast-moving world means fast-moving customers, and understanding how consumers change is vital for any company serious about transformation. In Five rules for building consumer journeys in a connected world, Patrick Singer outlined the key considerations: from challenging preconceptions, to recognising the right moment to connect.

"To find that sweet spot between marketing goals and people's well-being, we need to avoid intruding on certain moments. Some moments are too generic ("I want to set an alarm"), some are too vague ("I want to get healthy"), some too personal ("I want to text Jane about my job interview") while others are too specific ("I want to watch a show on Netflix).

Aim instead for moments where you think a user might be open to inspiration or guidance, or those where they are seriously thinking about something you can offer them, whether they're a fan of your product already or not." – Five rules for building consumer journeys in a connected world

Vision and leadership

This year, Squared Online, the award-winning digital marketing course, was revamped with a new emphasis on leadership skills. In an interview with Joris Merks-Benjaminsen, European Head of Programmes at Google Digital Academy, we explored the thinking behind this new focus, and how leadership can emerge from the ground up, when anyone steps us, takes the initiative and champions change.

"Changemakers need to be brave, convincing colleagues that in order to innovate, they have to accept that they can't predict the outcome of something they've never tried. One tactic is to reserve a proportion of a budget for innovation projects and understand that the goal of those is to learn and prepare for the future: invest, test, move it into your regular business and optimise it further,' says Joris. 'It's an R&D approach. We're addicted to measurability, but how do you develop accurate proxy metrics for measuring something new? Create an experimental budget, knowing that it won't instantly deliver great ROI but it will keep you from becoming irrelevant over time.'" – [Why leadership is the new focus for digital transformation](#)

Article originally published [here](#)

Digital transformation: the what, the why, the how

At the end of last year IAB Europe aimed to answer three vital questions tied to digital transformation: what it is, why it is important, and how it can be achieved. With high-calibre speakers from across Europe, discussing not only the theoretical dimension but exemplifying it with concrete case-studies, this webinar delivered vital insight into what is becoming a necessity for companies and organisations regardless of their business focus.

The speakers in this webinar were:

- Neslihan Olcay, Chief Executive Officer, Wavemaker Turkey and Chair of the IAB Europe Education & Training Committee
- Jeanette Duvebrant, Engagement Lead, Northern Europe – Google Digital Academy, Google
- Ilse Vandevyvere, Head of B2C Marketing Design, Proximus
- Christophe Glorieux, Managing Partner – Founder, Digipolitans
- Jonathan Robertshaw, Head of Strategy – Online and Technology, BBC
- Ioana Anescu, Managing Director, IAB Romania
- Robert Anghel, Daily Banking Tribe Leader, ING Bank Romania

You can watch this stellar line-up below

WATCH VIDEO

How much digital is in digital transformation?

Lastly, Zbigniew Nowicki, Co-Managing Director of **Bluerank**, invited 3 top digital managers from Dentsu Aegis, Deloitte Digital, and PricewaterhouseCoopers to share their views on what digital transformation really is.

WATCH VIDEO

In the next section we take a look at tools and solutions that can aid an organisation in assessing their level of digital maturity. With digital transformation being such a complex concept, constantly shifting and evolving, there is no *one* definitive tool, so we encourage you to explore and test, and find that which best fits your organisation.

Section 3 - Young adult or seasoned veteran? How digitally mature is your business?

In this version of the IAB Europe Digital Transformation Playbook, we introduce a first assessment tool that an organisation can use to gauge their progress on the digital transformation journey.

Driving strong business growth through data-driven marketing transformation

Research from Boston Consulting Group (BCG), commissioned by Google, found that best-in-class digital marketers benefit from 1.4 times greater cost benefits and up to 2.5 times revenue impact.

This new research builds on what BCG found in its initial study last year – that just 2% of brands are best-in-class at data-driven marketing. Yet best-in-class brands drive up to 20% more revenue and 30% more cost savings as a result. So there's a lot of value being left on the table.

The initial research also uncovered the specific practices that leading marketers follow to achieve these compelling growth results. Some of these top practices include:

- using advanced machine-learning based technologies,
- connecting data, and
- applying actionable measurement.

To measure the specific value achievable by applying these key practices of digitally-mature marketers, BCG ran tests with six brands.

Through 16 tests, 200 brand surveys, and more than 40 expert interviews, this new research revealed how the most successful marketers are driving impressive results:

1. Advanced data-driven technologies drive business growth.

BCG's latest study shows that after just four to six weeks of tests using advanced data-driven technology, advertisers saw increases of up to 50% in online transactions. These resulted in significant growth results, with up to 33% in return on ad spend, alongside up to 44% drop in cost per action.

2. Advanced data-driven technologies alone aren't enough to secure success: people play a vital role.

While the available technologies are powerful, ongoing input from people remains critical in driving performance. Businesses must have people in place to make smart strategic decisions, optimise the technology, and decide how best to apply machine learning-based algorithms to campaign objectives, category characteristics, and customer behaviours.

According to BCG, companies using advanced data-driven technologies can produce up to 20% better campaign metrics over time, and that adjustments to the campaign by people can add another 15% to performance.

3. Organisational and technical best practices help scale the impact on campaigns.

BCG's survey of over 200 global brands showed that more than 85% of those in the two most advanced stages of [data-driven marketing maturity](#) (Connected and Multi-moment) also have high organisational maturity.

The new study shows that advertisers who apply both technical and organisational best practices get better results. In fact, organisationally mature brands are seeing 1.5 times greater cost benefits and up to 2.5 times the impact on revenue from their data-driven marketing efforts than low-maturity marketing organisations.

4. Sustainable improvements require organisational best practices – but some quick data-driven wins are possible.

The BCG research indicates that before scaling up, marketers need to create momentum by systematically testing, learning, and showing clear value to senior stakeholders. Looking longer term though, companies' success will require breaking down internal silos, embedding expertise with in-house teams, and establishing strategic partnerships.

Download the full report to see how you can realise the true potential of digital marketing transformation to drive your business growth.

And to go a step further, see how your digital marketing measures up. Use the new Digital Maturity Benchmark diagnostic tool to start your own in-depth assessment and develop your roadmap to digital maturity.

Article originally published here

Digital Maturity Benchmark Tool
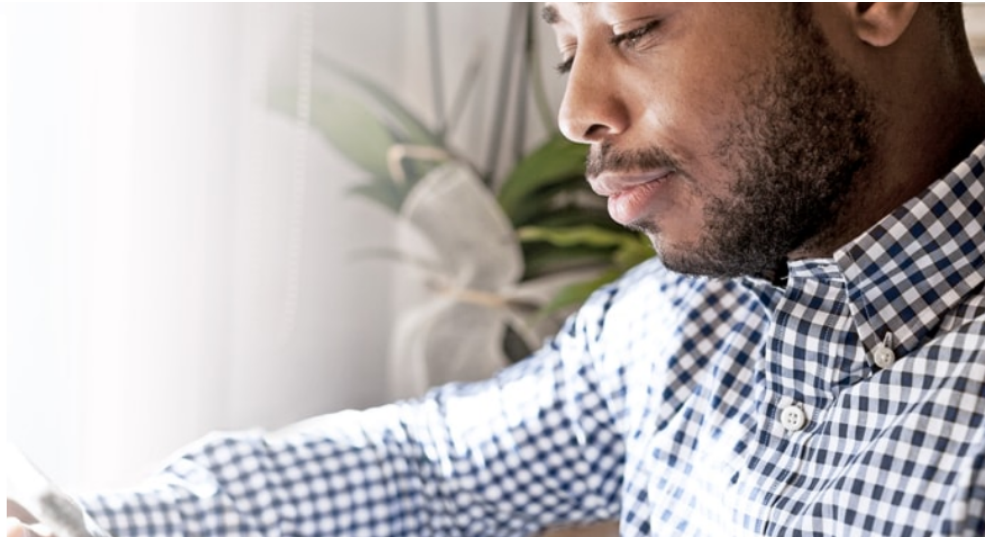
Section 4 - The digital transformation journey step by step

In this section we give the floor to organisations from across the ecosystem so that they can tell their story on digital transformation. As we've seen, there is no *one* solution to digital transformation so it is important to listen to voices from all industries to get a clearer understanding of what they've done done, what they achieved, what can we adopt and implement in our own organisations. We start by drawing a series of general considerations, then look at four key elements: management, innovation, customers and data, and technology.

- Jump to management
- Jump to innovation
- Jump to customer and data
- Jump to technology

A broad look at digital transformation

Before we get started on those steps that translate into a digital transformation success story, it would be perhaps interesting to take a step back, think of the main elements at the foundation of a successful digital transformation project and have a look at why and how digital transformation can fail.

To show us what we should **not** do rather than what we should, we turn to Emil Waszkowski, Head of Consulting, **Future Mind**.

Why Digital Transformation Programs Fail

Are you a board member of a company that undertakes the digital transformation initiatives? Do you struggle to achieve the expected results with your activities? There may be various reasons behind it, but based on our experience, we've identified the five most common ones. You're probably making these mistakes too, just like many other managers. That's why in this article, we'll not only present the most common reasons behind the failure of the digital transformation programs but also explain how to avoid them and what to focus on.

1. Lack of vision and determination

An executive team needs to have a clear and coherent vision about what the company wants to achieve and determination in making the necessary changes. In fact, it's an essential condition for successful digital transformation. If the initiatives are not well-thought-out and the board doesn't believe in them, even the best internal innovation team or external advisors won't be able to break the silos and change the culture and approach to work.

As a result, the organization won't see the attempts of transformation and may even become discouraged towards the change. When the executive team is committed, investors and employees at all levels better understand transformation. That's why an initiative, understanding, and giving the digital transformation the right priority by the executive team are all crucial.

Digital transformation cannot interrupt any current business operations. Moreover, the traditional C-level team usually doesn't have time for managing the transformation actively. That's why to give the digital transformation initiatives some traction; it's a good idea to hire a new middle management member or even a new board member. This should be a versatile person who combines knowledge about the business, customers and technology. Such a person should be mainly responsible for overcoming the main obstacles to transformation, such as:

- Breaking silos between the company's departments to improve workflow and data usage.
- Improving digital skills within the company by creating a development program for transformation leaders.
- Changing the organizational culture, so that employees are encouraged to be proactive, experiment and to propose ideas for improvement.

2. Lack of focus on the value innovation for customers and employees

Of course, digital transformation is not the answer to every problem and implementation of digital tools into the existing products and services won't necessarily help your business. Every digital initiative needs to be coherent with the company's strategy and to bring value. This principle should be the fundament of managing digital transformation initiatives in any organization.

It's very easy to fall into the trap of 'digital transformation theatre'. Implementing technologies that have only helped a company's PR, presentations with no value, hiring 'innovation sherpas' and building startup incubators that are completely detached from the company, won't change anything. The overriding goal of transformation is more difficult as it means to offer more value to customers and employees. How to do it?

On the client relationship side, by analyzing and restructuring the portfolio. In addition to the standard criteria, such as the market size and its growth potential, when analyzing the product portfolio, you should investigate whether there is a chance to personalize the service better, to provide seamless customer experience, and to implement additional services.

In the context of the entire portfolio, it is worth looking for synergies between products or adding a new one to build an ecosystem. It's also important to realize when it's better to build your products or ecosystem and when it's better to use the digital platforms that already exist. Always think about the new data you can collect thanks to these initiatives and how to use it.

On the internal side, every repetitive activity (even if it repeats twice) needs to be automated. Maybe you don't have to treat it literally, but in every company, there are many repetitive processes and automating them would unlock the employees' time they can spend on more creative work. Unfortunately, not everyone constantly looks for a room for improvement and tries to fix bottlenecks. That's why analyzing the processes and searching for the possibilities of digitization and automation should be done by people who own this mindset. Moreover, always remember about data - combine silos in your organization to get better insights.

 In both cases, teams that introduce the change should be focused on a user and leverage the power of User Experience and research. It's always advisable to approach improvements with focusing on users' and employees' needs by listening to them and testing new iterations of solutions together with them.

3. Introducing solutions based on the most "innovative" technologies

Introducing a new product, communication channel or a tech tool should always lead to an increase in the scale of the business or to the reduction of costs. It's not about bragging about the first implementation of technology, but about higher customer satisfaction and profits. Therefore, you should focus on using features of the technology that have already been massively adopted. It will help you increase the value of the offer and the scale of the business.

When analyzing technologies and trends, it's worth using the existing tools and frameworks. To evaluate whether a trend is indeed valuable or it's a buzz, it's worth following the Gartner Hype Cycle.
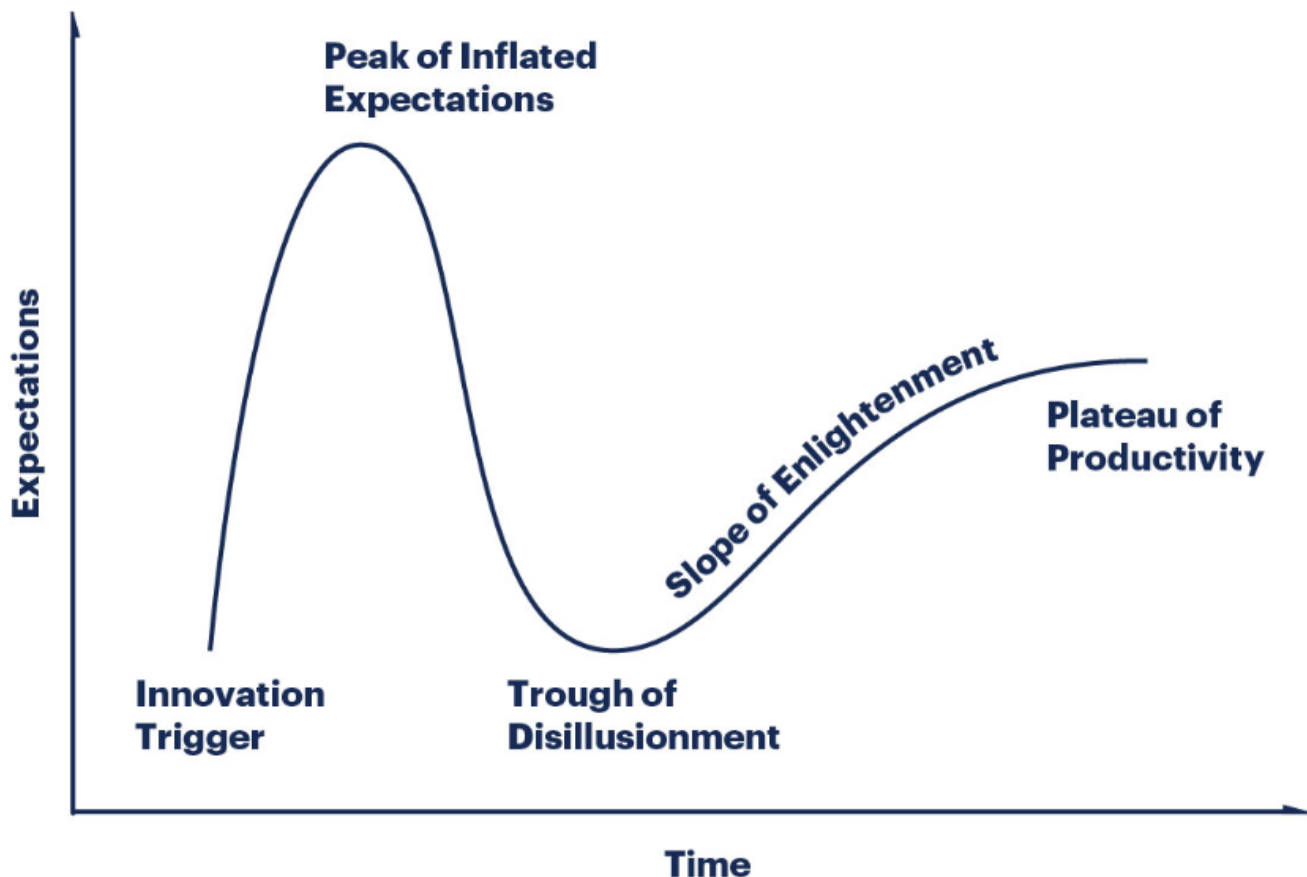
Source: Gartner Hype Cycle - https://www.gartner.com/en/research/methodologies/gartner-hype-cycle

In turn, to assess the scale of technology adoption by consumers, it's worth using the New Product Adoption Curve framework described in the 'Crossing the Chasm' book by Geoffrey A. Moore. The author divides the market into five types of clients due to their attitude towards new technologies. Every new technology can 'cross the chasm' only when it starts to be adopted by the early majority, which means that at least 16% of consumers need to use it.

On the other hand, you can't wait too long, as the theory of S-curve technology cycles proposed by Ray Kurzweil explains. It shows that when a current technology achieves its highest efficiency, another one emerges. In the beginning, its productivity may be lower, but it has the potential to displace the leading technology. Nowadays, mobile is such a technology. That's why it's so important to be aware of how technology develops. Without it, you may not be able to jump on the right wave at the right time.

4. Lack of understanding of how the digital and the digital economy work

The digital economy also enforces different rules. You may compete or collaborate with tech companies that have a different approach to customer relations, that build platforms and entire ecosystems, blur the lines between industries and change the rules of cooperation and competition. Understanding the opportunities and threats related to this new economy will let you use it for successful business development.

Technology companies and those that have undergone digital transformation no longer create new 'baskets' to diversify their businesses. What they do is they build ecosystems of services that provide added value and strengthen customer relationships. Additional services gathered around the main activity not only affect its sales growth but also generate significant revenues themselves. A good example is Ping An Insurance, the world's largest and most valuable insurer that, in addition to insurance, offers 'One account' platform including medical consultations, car and real estate sales and online banking services.

Another advice is to compete skillfully. If a startup has introduced a product innovation or a new distribution method (Sustaining Innovation) that you find viable then don't hesitate to copy it. Your scale will help you to introduce it to the market more effectively. The best example from the technology industry is copying Snapchat features by Facebook and introducing Instagram Stories. However, if a startup enters the market with an entirely new business model (which you find it viable) and creates a new market (Disruptive Innovation), try to take it over as quickly as possible. Otherwise, you'll lose the opportunity if it starts scaling fast.

5. Lack of effective implementation and continuous development

Interestingly, startups rarely face technology-associated threats as developers are usually free to choose technologies and tools and access to countless APIs. However, for corporations that run their business on legacy systems and want to introduce new products, technological limitations are a serious challenge. Moreover, it may be even more difficult with operational improvements.

For the implementation of new solutions to be effective, you need to carry out technical analysis to ensure the most effective integration of data between the latest product and legacy systems and to accelerate the development process.

 Digital transformation is a process. Even after its end, you have to follow the new rules, and for that, you need the right approach and new competences. The broadly understood 'digital market' has to be constantly monitored to search for opportunities for new products or acquisitions. Moreover, you need to develop and iterate the products implemented during the transformation. Otherwise, they will become irrelevant. You won't be able to maintain a sustainable competitive advantage without continuous development, research, and experimenting.

To put it in a nutshell. Define the vision, strategy and choose the right leaders of change. Then equip the organization with digital skills and focus on providing valuable products and services that respond to the needs of digital consumers; and finally, improve work inside the organization. Remember about continuous development and experimenting to stay relevant and maintain sustainable competitive advantage.

To avoid the above, we turn to **Dentsu Aegis Network Poland** Head of Organizational Effectiveness, Karolina Adamowicz, who lists what she believes are some of the key points to keep in mind when aiming to achieve a successful digital transformation.

10 Key Points to keep in mind about digital transformation

There is a lot of fuss these days around the approach to digital transformation. Even the definition of the digital transformation itself appears to be slightly confusing. Yet, from our perspective the most important question one should ask before transforming into digital is: "WHY do you actually need to change?" Answers might vary from "we are behind the market" to "we need to redefine who we are.''

> "As a leader, be honest, be fair and deliver on your promises. Don't limit yourself to the solutions and to the people you already know. Strive for resilience, complexity understanding, problem solving, conceptual skills plus never-ending learning focus."
>
> *- Karolina Adamowicz, Head of Organizational Effectiveness, Dentsu Aegis Network Poland*

1. Find a meaningful purpose. Whatever your case is – remember that the definition of WHY should be your best companion during this journey. Your WHY should reach deeper than just the costs savings, changing competition, or new and fancy tech available.

2. Use the 5 W&H technique by asking: WHAT/WHO/WHEN/ HOW/WHY?

3. Remember that with digital in mind you should expect that besides the "old-usual" challenges (people opposing, miscommunication, different costs) there will be a lot of "new-usual" challenges - from technology to new generations in our organizations. Our recent [Digital Society Study](#) shows how our behaviors, expectations, beliefs and fears are changing. Particularly along with the transformation journey it is worth to address those too.

4. It's not about "being digital" – it is more about "your place in the digital world" (i.e. to be one step further). Being not digital isn't an option anymore. The question is how to position yourself and how to use the right technology, data and ideas to anticipate and always be one step ahead of where this journey goes.

5. How will my clients change? They will have to adjust as you had to. Good news is that – they are probably going through the same journey as you are. This might be an opportunity to tighten your cooperation with them, explore new areas of sales, and to create an exciting customer experience that leads to mutual win.

6. Ensure communication flow with all stakeholders. High level of trust between all engaged parties is more than needed. In The Digital Society Index 43% of the respondents answered that they believed that technology made society more unequal. In our experience the communication between all parties (external/internal) at every stage of the process, will be one of the win-win factors. Being consistent and delivering your promises might be easier said than done but when anything goes wrong – communicating your solution is the right thing to do.

7. From the products' perspective the digital transformation impact might spread from manufacturing through sales and communication to the market. Make sure that you won't forget to ask all parties about their perspectives.

8. We believe that technology combined with data and ideas are the true leverage for this process. Luckily, it means a lot broader knowledge about your clients and your organization's resources. This also means you get much faster data and insights to change. More flexible, more aware organizations to deliver products that are close to clients' needs.

9. How to get on board the right people at the right time? As a leader - be honest, be fair and deliver your promise. Everyone wants to know what is there for them. Don't limit yourself to the solutions and to the people you already know. Seek for resilience, complexity understanding, problem solving, conceptual skills plus never-ending learning focus.

10. Last but not least – go with the change and let yourself to explore, collaborate, fail and win. Digital transformation is a transformation. As complex and as simple as that.
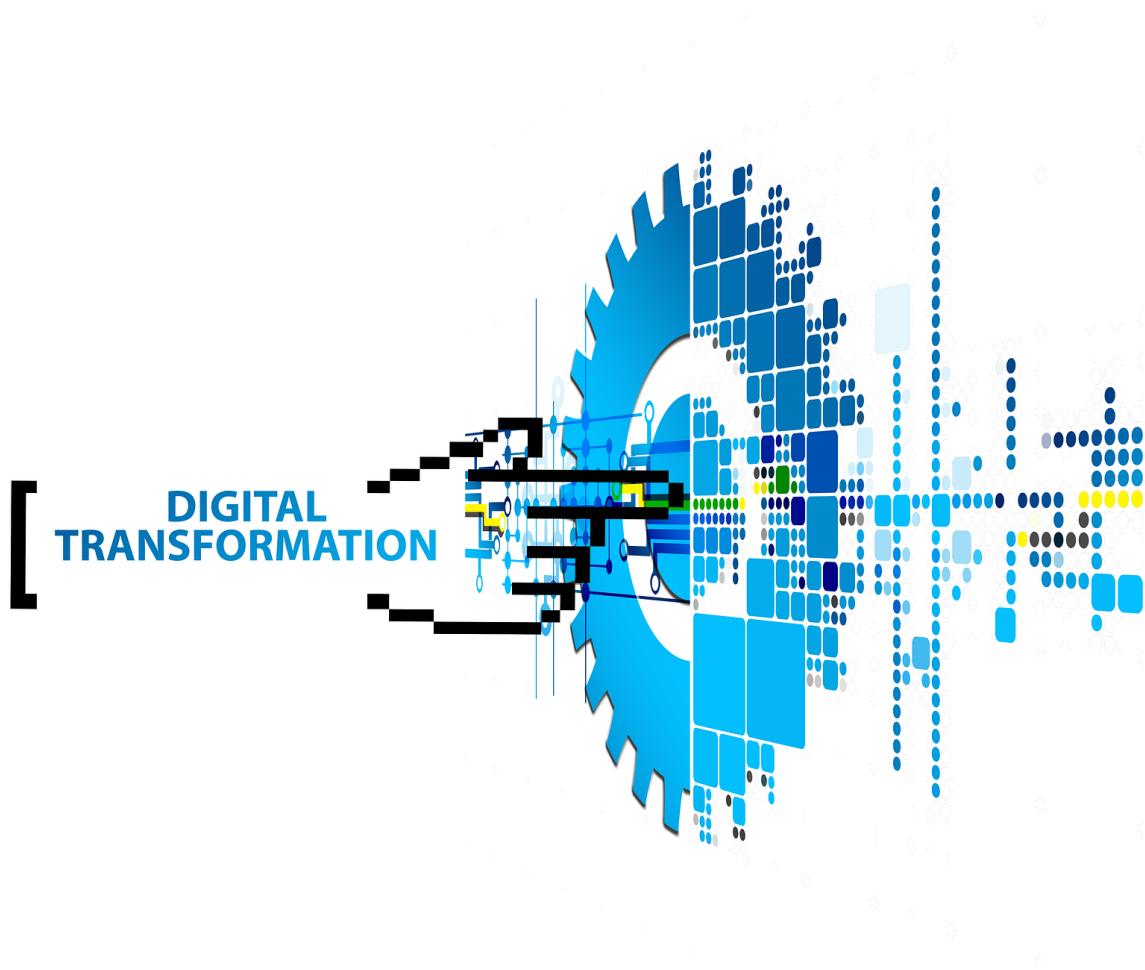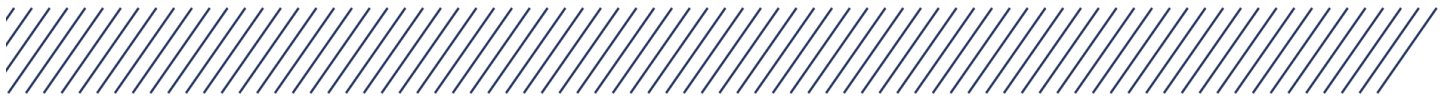
The Management

When we think about digital transformation, usually the first thing that comes to mind is a technological revolution within an organisation. Technology is certainly a key element, but more often than not, digital transformation is driven by **people**. A company-culture shift led by key players within an organisation can do more for digital transformation than the implementation of the latest technologies and innovations. It comes as no surprise that some companies doing work on digital transformation look at the CMO as the key human factor in the entire process.

How CMOs can lead transformational change from the marketing department outward

Is your company truly customer focused? We recently put the question to nearly 1,200 business executives in Sweden and they almost all said yes. But when we asked if they had mapped out the entire purchase journey for their most important customers, the answer was very different.

Technology transforms the way we live, act and make decisions at unprecedented speed. And because customers, cultures and markets are changing fast, companies that want to pull ahead of the mainstream must use customer focus to guide everything they do: from operations to product development.

There's big opportunity for the first-movers here. Brands integrating advanced digital technologies and data to build useful, personalised customer experiences are seeing bottom lines ratchet up 2 to 3 times faster.

As the marketing team is already focused on the customer journey and using customer analytics to create value, CMOs are ideally placed to lead the development of fresh, customer-centric approaches that maximise ROI. This new Google report explores how to go about it, whether you're a CMO or one in training.

Be assistive across the full customer journey

Purchase journeys can be short and compact, long and episodic. They include decisions about where and how to buy, as well as moments where customers want to be informed, inspired or entertained. Consumers hop between devices and sources and it's up to us as marketers to deliver the right information at the right time as they navigate that pathway.

Homing in around the following helps:

Relevance: Know who a customer is and where they are in their purchase journey by collecting and analysing data, so distractions and noise can be filtered out

Convenience: Make choices simple, interactions straightforward and information easy to find will minimise the friction and help consumers get things done quicker

Speed: We know that users start leaving mobile websites that take more than 2 seconds to load, and more than half abandon at altogether after 3. In an analysis of more than 300 major company websites across Europe, Google found that 95% took two seconds or more to load.

Wherever a customer is on the path, smart marketers set themselves ahead of the pack by checking off this list at each journey stage:

- Establish the right priorities, based on understanding customer intent in that moment
- Target the right users, by using data to match the right audience as the degree of commercial intent increases
- Set the right KPIs, with an eye on micro-conversions, such as pages browsed or accounts created, as well as driving awareness and ROI

Measure and automate across that journey

Thanks to innovations in mobile technology, companies can now merge digital and physical channels to deliver an integrated personalized experience across the customer journey. That means more data is available than ever before for companies seeking to pull ahead.

It also means data-driven attribution models to automate media investment decisions are the most cost-effective way for companies to collect, analyse and respond to consumer needs. For example, until recently it has been difficult to measure the impact of online advertising on offline sales. Now, thanks to location history sharing by Google users, retailers can know if a potential customer visits their store days or weeks after exposure to digital marketing.

Data streams now available to marketers are closing the gap between taking action and getting the feedback teams need to learn. By adopting a test-and-learn approach, advertisers can use data to work new media into their communications mix more effectively, whether understanding where to place content, how to make smarter budgeting decisions, or what needs to be done to tailor content to specific platforms.

Because connections between online and offline behaviour range from direct causality to statistical likelihoods, they demand smart, sophisticated analysis. That's why every leading marketer automates as much of the process as possible, freeing up human time for high quality, low-volume tasks where quantitative models struggle the most.

Look to data to lighten the load too. Technology helps us make sense of the abundance of signals now open to us, and leading marketers automate all that can be. Whenever you do something in your organisation more than twice, stop and consider if here's opportunity to free up some human time for high quality, low-volume tasks where quantitative models struggle the most.

Show the way and bring others along with you

CMOs and the marketing team are at the frontline of digital transformation and can role model the way forward, but they can't do it alone. We picked out the 4 make-or-break missions central to setting the wider organisation up for success too:

Connect digital specialists and business leaders.

[In 2016, we did a survey of digital marketing talent at 2,200 marketers and 141 advertisers](#)

We found that despite management claims to have increased their focus on digital approaches, little had changed in practice year-on-year. When digital specialists work outside of existing hierarchies, consulting staff at all levels, they can create solutions with maximum impact.

Rethink work and risk - at the individual employee level. Transformation projects generally require trying new things, so you're asking people to do more work and take on more risk. It's vital to consider how individuals are rewarded for participating in the change process, even if the project does not deliver the expected outcome.

Move everything in parallel to avoid snapbacks to old habits. By ensuring that leadership, culture, operations, technology and customer-centric approaches move in sync, companies can secure lasting change.

Build KPI structures that support the transformation. That means choosing KPIs that create a consistent experience throughout the customer journey, support collaboration between teams and develop a healthy balance between long- and short-term investments.

DOWNLOAD

Article originally published here

More on the topic of how management is the engine behind digital transformation, the below interview with an expert in training and education on the topic at hand, highlights key principles in the human-centric approach to digital transformation.

Why leadership is the new focus for digital transformation

As Squared Online, the award-winning digital marketing course developed by Google is revamped, rebooted and released in a new version, we caught up with Joris Merks-Benjaminsen, European Head of Programmes at Google Digital Academy to tell us why this marketing education programme is putting leadership skills front and center.

Over five years running Google Digital Academy Masterclasses, Joris has witnessed close-up the real experiences of companies looking to undergo digital transformation. "We often find ourselves teaching things people already know but still don't do," he says. "That's the biggest challenge in transformation. Many professionals have an idea of what they should be doing, they know that their company is not doing it, and they're frustrated about it. Companies often come to our Masterclasses and think that they're the only ones with these problems, but actually everyone's coming up against similar stumbling blocks."

So the team adapted their approach to match what they were seeing. "We try to strike a certain tone," says Joris. "We introduce a problem, recognize that people are already aware of it, and then ask why it continues to happen. In almost all cases, people say that their leaders don't support digital change, but if you allow that to be the conclusion of the conversation then everyone walks away frustrated."

That's why Joris believes people need to be changemakers, empowered and active, instead of waiting for change. "Leadership attributes matter so much," explains Joris. "Most of the people we talk to are middle managers, and when they pull together, they have huge influence on the course of a company."

Joris and the Squared Online team examined a wide range of leadership principles in the light of their experiences of digital transformation, picking out four key attributes that are the biggest change-making motivators:

- Be a digital champion
- Be collaborative
- Think customer-first
- Be innovative

Here's how they each make a difference, and the ways they work together.

1. Be a digital champion

A digital champion bridges the divide between digital capabilities and customer and company needs. More than discussing new technical features, digital champions directly apply digital technology to solve problems for colleagues and consumers. Recognize the tools at your disposal, then implement them for maximum impact. "If you want to be a changemaker, you have to go beyond the technical knowledge," says Joris. "You have to apply that learning to marketing strategy, and change the attitudes of people around you."

2. Be collaborative

"Caring beyond your own department is the first step in being collaborative," says Joris. "Someone who works in an online department, for example, should still care about what happens in offline stores and how customers move between those two channels. That means building connections between teams, understanding what they do and respecting it, so that, ultimately, you can raise the right challenges with the right people."

Collaboration is vital in the Kickstart projects that make up an important aspect of the new Squared Online. Kickstart projects are small enough to be executable in about three months, but large and complex enough to disrupt some old ways of working. They are important drivers of transformation; it's transforming by doing. "No one can push a Kickstart project within a silo, it always has to happen across silos, so a cross-functional project team is vital," says Joris. "Everybody chips in, shares in a project's success, and defines the next project together."

3. Think customer-first

Approaching issues from the perspective of a large organization almost always gives rise to silo behaviors. Not only can that obstruct efficiency, it also makes it harder to agree on goals. "Start looking at things from the perspective of the customer, and you are confronted with fragmented behaviors of your organization," says Joris. "Consumers don't care about your org chart, they just want a seamless experience. As a changemaker, if you build your argument on the basis of the way you're treating your customers, that's really powerful. Ultimately everybody can agree in principle that they want customers to have a good experience, so it's a powerful mechanism to get people from all parts of a company to become aligned. It cuts through specialist, technical discussions that can be hard to understand for senior decision makers.

"We're addicted to measurability, but how do you develop accurate proxy metrics for measuring something new?" - Joris Merks-Benjaminsen

4. Be innovative

Being innovative means more than doing things you've never done before, it's about accepting that innovation is uncertain, too. "Transformation often gets stuck when people fixate on optimising something they've been doing in the past," says Joris.

"That happens because leaders want to have proof that something will definitely work, but you can't prove something works before you do it. Some digital transformation challenges require heavy investment over a sustained period of time before you can see any measurable results, and even then, those might be negative results that you need to learn from to nail the challenge."

Changemakers need to be brave, convincing colleagues that in order to innovate, they have to accept that they can't predict the outcome of something they've never tried.

"One tactic is to reserve a proportion of a budget for innovation projects and understand that the goal of those is to learn and prepare for the future: invest, test, move it into your regular business and optimize it further," says Joris. "It's an R&D approach. We're addicted to measurability, but how do you develop accurate proxy metrics for measuring something new? Create an experimental budget, knowing that it won't instantly deliver great ROI but it will keep you from becoming irrelevant over time."

Championing change from any position

All four changemaker attributes need to be in place to drive digital change, says Joris, and though each is valuable on its own, all operate within one simple, essential mission.

> "We often find ourselves teaching things people already know but still don't do. That's the biggest challenge in transformation. Many professionals have an idea of what they should be doing, they know that their company is not doing it, and they're frustrated about it. Companies often come to our Masterclasses and think that they're the only ones with these problems, but actually everyone's coming up against similar stumbling blocks."
>
> *- Joris Merks-Benjaminsen*, *European Head of Programmes, Google Digital Academy*

"We want to inspire people to champion and drive digital-first ideas and principles, wherever they sit within an organization," says Joris. "Being a changemaker is about identifying the mismatch between what a company should be doing and what it's actually doing, then raising that with the right people with the right tone of voice so that they understand the challenge, see the urgency and get things moving."

Article originally published *here*

The Innovation

Innovation is incontestably one of the key elements of the digital transformation process, identified not only above, but again and again in virtually all materials covering this topic. In the next section, **CRIDO**'s Magdalena Zawadzka and Marta Kolimaga take an in-depth look at how innovation can be driven within an organisation through tools but also a shift in company culture.

Digital transformation in innovation management - from a box of ideas to digital systems

Innovation should be part of a job description of every employee, with encouragement and support enshrined in the company's corporate ethos. The company's innovation potential is directly linked to the capabilities of its human capital, so the capacity for creativity is often an assessment criterion for new hires.

However, creativity itself does not translate directly into a higher market value for the company. Only when effectively managed can lead to measurable benefits, be it in the economy or the social sphere. That is why many companies make it easier for employees to come forward with their innovative solutions, especially where these concern improvements to the processes the employees are assigned to control. The question is what next for the innovative solutions: are they fully and enthusiastically implemented?

This is what marks innovation off from creativity. Innovation implies implementation of creative ideas with a view to generating value, which translates into key performance indicators (KPI), such as higher revenue following the launch of a new product or service or lower operating costs being the result of improvements to the company's operational processes. In order to fully capture the innovative potential of its work force and convert ideas into actual business projects, companies must tackle some questions. First: how to identify innovative ideas, what to do to multiply them, how to assess their potential, and finally how to change them into innovation.

There are many ways of generating ideas, from the so-called open box, through theme-based campaigns, start-up challenges, to external innovation channels such as hackaton contests or CVCs. Ultimately, the company's innovativeness will not be measured in terms of the number of ideas it has generated internally or captured externally, but only those of them that have been successfully implemented. That is why it is worth pausing to think how to manage the entire process, not only of idea generation but also of selection and conversion of ideas into profit-earning projects.

One easy mistake a company can avoid in embracing a policy of innovation management is to start over-enthusiastically perhaps by creating the position of Innovation Manager or Chief Innovation Officer or to make itself over-dependent on its cooperation with start-ups in its area of business.

Companies should build innovation programmes suited to their business model and business environment, and promote both internal employee innovation programmes and cooperation under the open innovation model.

Not infrequently, at the stage of innovation campaign planning, do companies focus on acquiring as many ideas as possible and involving both internal employees and business partners (e.g, suppliers, clients, cooperating start-ups, or research centers).

Of course, identification of the likely innovators and promotion of the ideas to the target groups are vital to the success of the innovation campaign. Again, in order to boost the quality and the chances of the innovation campaign being successful, it is necessary to seek improvements in the innovation creation process itself.

A balanced approach to the internal innovation process involves two key stages: front-end and back-end. Front-end focuses on the preparation of the campaign and the gathering of ideas. This stage requires opening the challenge to as many employees as possible, which will hopefully yield a satisfactory number of ideas. It would be good if the employees were encouraged to cooperate closely at this stage, as this often produces better-quality ideas.

The gathering stage is followed by the rather tedious process of assessment, pre-selection, project concept development, flagging up and final selection of the ones that will be implemented, and of course the monitoring stage to check on the extent to which the ideas were implemented and on project progress. This is the back-end of innovation.

It is helpful to have access to suitable tools which organise the process, enable to monitor it and make it possible to run more than one innovation campaign at the same time. Equally important is internal communication, both in the course of idea gathering and result reporting. The latter in particular will boost employee involvement in subsequent campaigns.

Global trends pushing for digitalisation of practically all areas of company activity today compel more and more businesses to use online tools, which are also available for innovation management support. Some companies digitise their traditional innovation boxes, setting up dedicated email addresses where employees can submit their ideas. However, those companies that take a serious and long-term view of innovation are likely to implement comprehensive innovation programmes, controlled by IT tools, ensuring whole process management, from idea to implementation.

Being able to run innovation programmes is especially important in companies with thousands of employees. Managers appreciate tailor-made innovation management tools which, being in digital form, are easily accessible by a large number of employees and inspire trust by being transparent, from conception through development and evaluation, to project implementation.

> "One mistake a company can avoid in embracing a policy of innovation management is to start over-enthusiastically perhaps by creating the position of Innovation Manager or Chief Innovation Officer or to make itself over-dependent on its cooperation with start-ups in its area of business. Companies should build innovation programmes suited to their business model and business environment, and promote both internal employee innovation programmes and cooperation under the open innovation model."
>
> *- **Magdalena Zawadzka**, Partner, and **Marta Kolimaga**, Manager, CRIDO*

Nowhere is this more true than in large multinational corporations, with offices often scattered around the globe, where IT tools allowing employees to work online simultaneously on innovation development are the only effective method of capturing the creative talent in an organization, thus extending cooperation well beyond the physical constraints of individual companies.

Global players such as BASF, Airbus and Siemens use special IT tools for innovation management. The three are among over two hundred organizations worldwide that use Hype Innovation.

Hype is an intuitive online platform spanning the life of an innovation, from the conception of an innovative idea, through project concept development and its ongoing management to implementation. The purpose of the tool is twofold. First, in large companies, where internal communication may sometimes be patchy, the platform brings together many people working on innovation development.

Employees from different departments and in different locations can submit their ideas, which are then refined and combined with others to produce new concepts. These give rise to projects which are then flagged according to their market potential. Many companies are not short of employee creativity - what they lack is the ability to bring creative ideas to the stage of implementation, where ideas are converted into marketable innovations. That is where innovation management support tools come in.

Finally, it is important to realize that IT platforms supporting the innovation process are a vital but not sufficient component of operational efficiency. In order to maximize their innovation potential, companies should understand that this is a long term process. Preparation the whole organization, additionally, combination the implementation of internal procedures and IT tools are really a guarantee of future success.

The Customer and Data

As Piotr Rocławski, CEO, and Łukasz Heine, CMO, **Yetiz Interactive** aptly identify in the piece below, *data* is the cornerstone of a digital mature operation. Particularly in what concerns the customer network (in its broadest meaning), knowing what data to collect is vital to the digital transformation process and key to the commercial success of an organisation.

The right information to collect to make informed decisions

What is water

Before you transpose your business to the digital world, you need to be able to define it. David Foster Wallace aptly demonstrated this in an anecdote about water and goldfish. Click below to watch it.

WATCH VIDEO

One of the main advantages of digitally mature businesses over traditional ones is their precise measurability. You can measure, calculate, and analyze almost anything, and draw conclusions to keep optimizing any business aspect.

To conduct a detailed analysis you need detailed variables. Similarly, to verify the value of a business, you should use more abstract metrics that will allow you to make strategic decisions and verify their effectiveness (the change of metrics in time).

To measure the effectiveness of a business, you use metrics like EBIDTA, EAT, ROI (used in multiple contexts), while in a relationship with a customer a metric of reference could be CLTV (Customer Lifetime Value), also known as CLV or LTV. CLTV is the monetary value that a customer brings to your business throughout their entire relationship with your brand.

During the digital transformation process, the way you build relationships with your customers almost always changes significantly (acquisition, retention, types of communication).

Almost always it's new people that handle the transformation: whether they're newly employed managers or external contractors (consultants, agencies, etc.). CLTV is one of the elements that – when calculated right – can help avoid future questions like „What is water?". Measured regularly, it helps answer the question: „What's the water like?".

This gives you the chance to not only successfully transpose your business to the digital world, but also optimize it in that world as you go along.

This is water

The basic formula for CLTV (for any business) can be:

CLTV = average purchase value x purchase frequency x customer lifetime – customer acquisition cost (CAC) – customer retention cost (maintaining the relationship with the customer).

CLTV frequently goes together with CAC (customer acquisition cost) where CAC = cost of the sale/number of customers. Together these two metrics paint almost the entire picture of the sale profitability: they help establish the amount of the initial investment in building a relationship with the customer and the return it will bring.

Things get a little complicated if we want and can start using factors specific to our business, instead of using average values.

These could be:

- Potential discounts specific to the duration of the relationship with the customer (e.g., discounts for extending the contract often used with subscription services).
- Large variations in revenue and costs related to the relationship with the customer, depending on their profile. A good example can be airlines – selling economy seats is a completely different process than selling business class tickets.

That's when it's better to group your customers into segments and calculate the CLTV for each segment along with its share in the overall business. Common sense is key when it comes to the number of segments to keep the balance between detailed data and the time it takes to calculate the value for each segment.

More complex revenue models require their own specific CLTV calculation models. A general approach can bring inaccurate data.

For example:

Businesses with only some customer relationships generating revenue (e.g. freemium) need to account for the cost of the customers who don't convert into sales.

When some customers pay in another "currency" like personal data (e.g. Google, Facebook), you need an additional algorithm turning the value a consumer brings into money.

For subscription models (like Netflix, Spotify, SaaS platforms) you can use the following formula: CLTV = ARPA x gross margin (for profit) /1-customer churn rate

where

ARPA means average revenue per account

Gross margin means the percentage portion of income declared as profit

Customer churn rate means the average percentage of customers who leave before the end of the relationship.

How's the water

A well built CLTV calculation model helps to make assumptions necessary not only to migrate to the digital world but also to continuously optimize the results later on. Changing the elements of the equation you'll quickly discover the opportunities to increase profitability. Then it's just a "simple" implementation of the conclusions from the analysis and verification. All according to the rule of "Test, learn and iterate (scale if successful)".

This helps you do things like:

a. Limit media losses

b. Increase the financial effectiveness of advertising

c. Segment customers based on the value of the sale in time per customer

d. Allocate resources to upsell and cross-sell

Can't make miracles happen.

Calculating CLTV we might realize that our product in its current form is not good enough to transpose it to the digital world and needs changing before we even begin the migration. It's important to remember, however, that that too is a step forward.

How Data Transforms Organisations

On the topic of data, Zbigniew Nowicki, Co-Managing Director of **Bluerank**, discussed the impact of data on an organisation with five top managers from Douglas, Mitsubishi, Orange, Unilever, and Tchibo.

WATCH VIDEO

The Technology

We looked at the people within an organisation who should drive digital transformation. We spoke about innovation and touched upon the notion of customer. The underpinning current of all these elements, however, is technology. Marketing is an integral part of any business' operations. Transitioning from offline to online is both a challenge and a must on the digital transformation journey. **Ideo Force** takes a look below at how to achieve just that.

From marketing mix and 5 P to Inbound marketing

The main goal of marketing is to define peoples' needs and fulfil them in a way that benefits the company. It is not a sale in the literal sense, but it leads to sales at the end. Peter Drucker, management consultant, educator and author, said that: „The aim of marketing is to make selling superfluous.

Furthermore, the aim of marketing is to know and understand the customer so well the product or service fits him and sells itself." (P. Kotler, K.L. Keller "Marketing Management"). Contrary to popular beliefs, the selling is not the core of marketing communication. Of course, we can't forget that making profits is important. But marketing strategy that bases only on growing company's income, probably will bring opposite effect.

A company cannot talk to a potential customer in a way that suggests its only goal is to sell products – no matter to whom. It is not the way it is meant to be. There is a need of changing the point of view – you need to catch an interest of a potential customer and put valuable content instead typical ads' communication.

To proceed further, let's remind ourselves about the definition of marketing. The marketing bible mentioned earlier defines is as social process in which people and groups get what they need and want through creating, offering and free exchanging of the products or services they actually own.

Marketing evolved through the past years and it met its own breakpoint when the ads went to the Internet. The beginning of the marketing revolution starts when the first advertising banner was published on the HotWired website on October 27th, 1987. Since then, due to the growing global access to the web, the online advertising market has been developing fast, which effects are being observed today.

The first advertising banner

Internet is present in our lives on daily basis. According to data gathered by Statistics Poland (Information Society in Poland in 2018), 77,5% of Polish used Internet in last year and 84,2% households had access to it. As the research of Public Opinion Research Center shows the amount of people using Internet systematically grown. In the 2002 it was only 17%. Commonness of the Internet causes that it is a main tool of marketing communication.
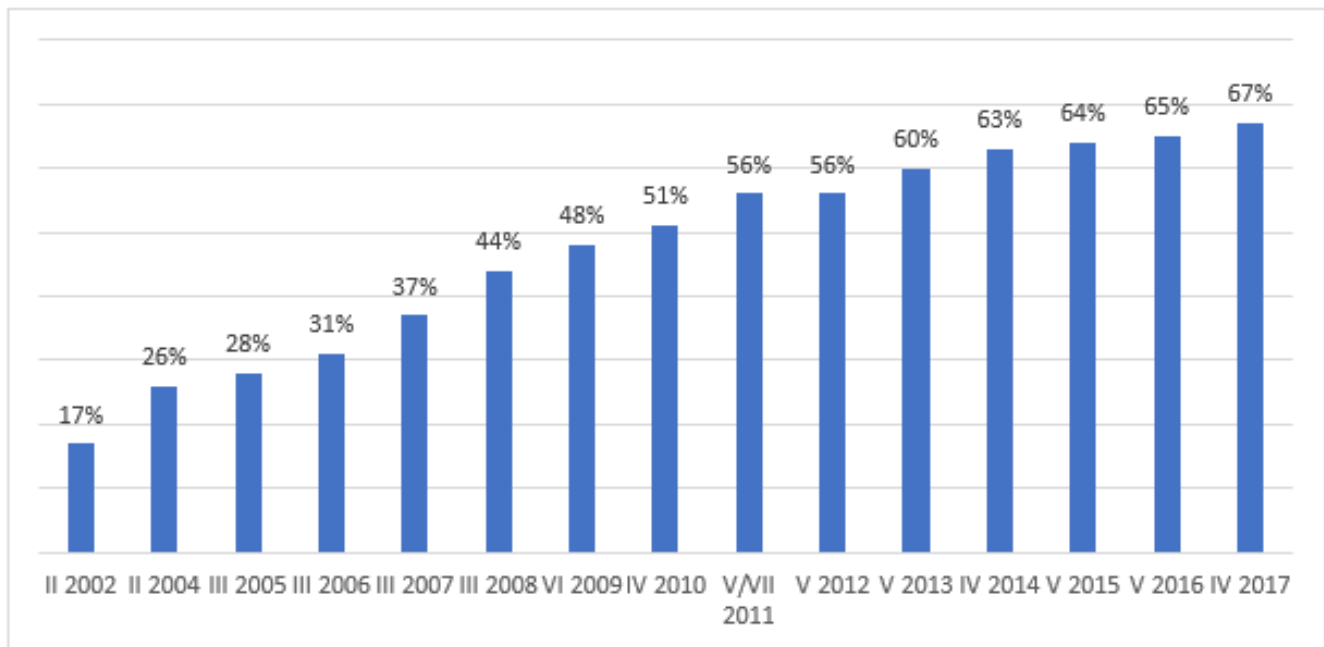
Did you use Internet (web sites, e-mail, chat online etc) at least once a week? Affirmative answers. Source: Usage of the Internet, PORC research nr 49/2017

The number of people who declare buying online proves the power of the internet, and thus the necessity of doing online marketing activities. According to the report "E-commerce in Poland 2019. Gemius for e-Commerce Poland" 62% of Internet users are buying online while opinions about the online store are important for half of the buyers. Customers treat the Internet as a source of valuable information about products and services. The purchasing process includes seeking opinions, asking questions and answering users with similar dilemmas.

Marketing mix – idea evolution

Searching for the business tools that will help a company to achieve its goals is an integral part of every marketing plan. One of the best-known tools is marketing mix – a classic tool that allows planning what and how to offer to the customers (P. Kotler, H. Kartajaya, I. Setiawan, "Marketing 4.0"). **Marketing mix**, known also as **4P**, is a marketing concept, that was presented for the first time by American scientist E. Jerome McCarthy in a book from 60s. "Basic Marketing: A Managerial Approach". This composition includes four elements: product, price, place and promotion. The **product**, which can also be a service, should be value carrier – it is a response to customer's needs.

It is defined by usability, brand, quality and even packaging. Another element is the price – it is an necessary expense for the customer and generates profit for company at the same time. The amount of payment for the product is quality indicator for the customer and in some way suggests its value to him. The price is shaped by the company with the help pricing policy, discounts and promotions. The third element is place, which applies to distribution channels – stores location, methods of payment and forms of delivery purchased goods as well as arrangement of products on the store's shelfs. The last component in 4P model is the promotion, which applies to online and traditional advertising, public relations or personal sales. Due to evolving trends in marketing the idea of 4P undergone transformations. There are several concepts that expand the original version. We can point some of them here:

- **4C** – the idea created by American professor Robert Lauterbom, which includes co-creation, currency, communal activation and conversation.
- **5P** and **7P** – methods that expand marketing mix, to which further elements were added – people as well as physical evidence and process.

Focusing on 5P model, extended by a human factor, it can be said that the client has been given a new role – he has become a participant in a product creation process. The element "People" also applies to human resources which contribute to the creation and distribution of products and services. Their invaluable contribution to building a profitable company and a strong brand was also noticed. The employees began to be seen as company ambassadors. Marketing mix takes the form depending on the goals the company want to achieve. Individual elements in marketing activities can be combined, extend by further components and graduate differently. However, in my considerations I would like to focus on the fifth element, which are "people" – customers, consumers, users – depending on the level of involvement in the dialogue with the brand and the places where such interactions occur.

Attraction strategy is inbound marketing

Marketing communication take place on two layers – **online** and **offline**. Offline marketing is focused on channels such as television, press or radio. Digital (online) creates messages via Internet, including activities like SEO/SEM, social media as well as creation and distribution of a content (content marketing). Online marketing concerns wider area of activities and it needs a multi-faceted strategy. It is not limited in time and space – it is global. Unlike offline advertising, digital messages can be personalized.

The main "difference between traditional marketing and e-marketing lies primarily in the type of communication that takes on a two-sided form in the internet environment." (M. Tobiasz, W. Szymański, „Content marketing. Współczesny poradnik po marketingu treści", wyd. II).

It is worth mentioning that traditional and digital marketing are not mutually exclusive. On the contrary, they can complement each other. It is a fact that marketing, in the moment of moving to online world, gained new dimension. Naturally, the changes are not only about the channel and forms of communication, but also about the thinking and behaviour of consumers.

They have become more aware not only of their needs but also of the laws that rule the market. What remained unchanged is the determinant of purchasing decisions. Consumers are buying goods based on values – the role of the product and service is to intensify them.

Every customer has their own vision of dialogue with the brand, so it is conceited that not always obvious promotion brings expected results. Moving to the virtual world the brand has transformed communication with customers – talking has been replaced by dialogue and activities are focused on learning about and meeting consumer's needs.

> "By transforming the models of communication with customers we can now create multi-level relationships. It is the development of deep relationships between the company and its clients, that becomes the basis for building a business – maximizing efforts directed at brand's recipients will likely lead to increased profits. "
>
> **- Wojciech Szymański,** *Ideo Force*

Typical advertising has lost its significance, associated with disturbing the client or even with unwanted forms of communication – SPAM, pop-ups or so-called "cold phones". All of these are forms of outbound marketing, which is focused on obtaining benefits for the marketer not for the customer. The consequence of such activities is losing attention of potential customer, who is far from making any purchase decisions. This is theory but it is confirmed by data obtained through research.

According to the analysis by Mindshare Poland, 76% of internet users in 2018 avoided ads. The most popular ways to do so was to skip it (46%) and use ad blocking software (38%). Digital Information World statistics show that on the global scale almost half of Internet users (47%) use ad blockers. The reason for this is because they find ads as irrelevant, annoying, bothering or just there are too many of them (VPN Mentor).

However, it is worth paying attention to HubSpot data for 2016, which says that as many as 77% of consumers prefer to filter ads than completely block them. This means that not all ads are unwelcome. It only means that advertisers should change their approach to customers and form of intrusive and generic advertising. And so it happens, which shows the growing popularity of idea of inbound marketing all over the world. It was created and popularized by Brian Halligan, a co-creator of HubSpot – a platform offering software supporting marketing activities.

Inbound marketing is called as incoming marketing. The idea of this form of marketing involves the client's independent search for information about a product or service. In other words, it is the customer who uses a communication to take initiative – he becomes an active seeker and as a consequence makes contact with the company himself.
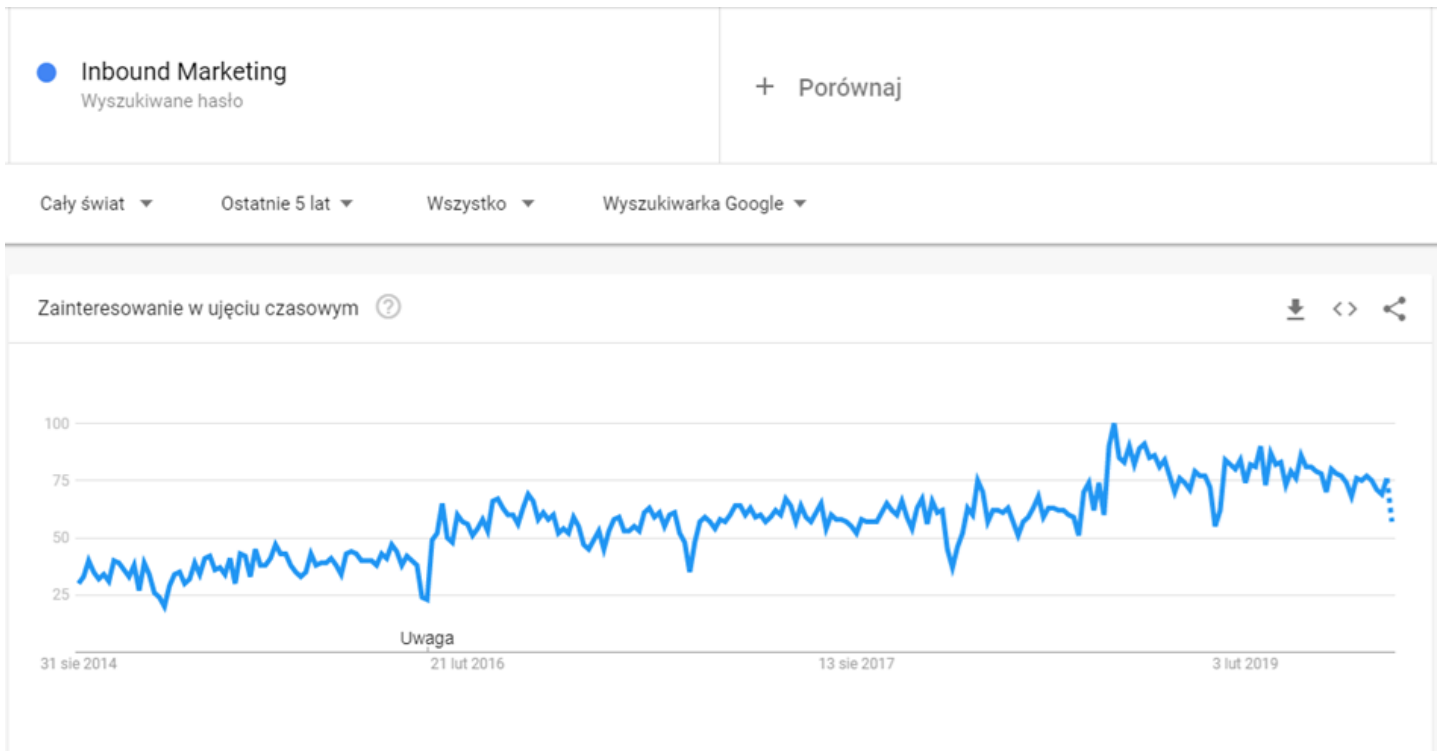
Source: GoogleTrends (August 28th, 2019)

The role of inbound marketing is to make it easier for customer to find a way to the offer using available ways of communication. It is also a response to traditional advertising (outbound marketing), which often attacks customer with the intensity of the communication and is directed to all users. This means that it lose its uniqueness by default and deprive customer of a sense of meeting his personal needs. On the other hand Inbound marketing adapts marketing communication to specific group of people potentially interested in the offer. Displaying information on consumer's "online travel" sites is key to attract his attention.

Attracting client's attention is the first step in the whole process – the next stages are conversion, changing potential customer into lead and building his loyalty to the brand. Many communication channels, including website, social media, e-mail marketing help maintain relationship. However before we can reach the final stage of inbound marketing (building and maintaining relationships) we should focus on activities that will lead to the goal.
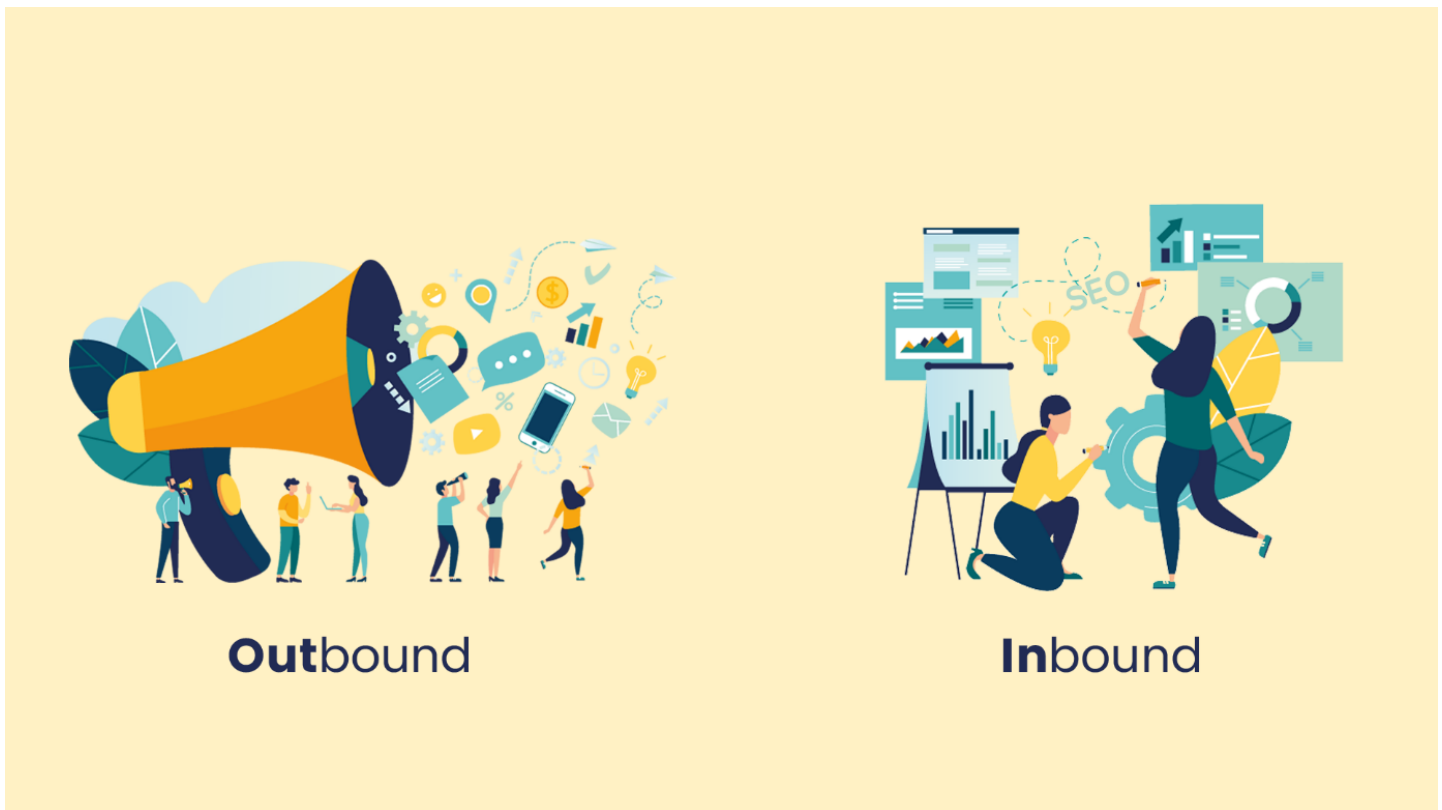
How to make the customer to find us?

There are different ways to reach the potential customer with marketing messages. In this case, it is important to create communication in a way that it makes advertisement practically invisible to the recipient – ads should be natural part of content provided. The main forms of brand message directed to users are visibility of website in search engine (due to keywords), activities in social media or publishing valuable content. Therefore, Inbound marketing activities focus mainly on three areas, which are:

SEARCH ENGINES

Inbound marketing in search engines includes free activities as SEO and paid ones in a form of Google Ads. The user should find interesting content on the web without much effort. The ideal scenario assumes that it is SEO (after entering keyword into search engine) that makes it easy to find an answer related to specific brand.

SOCIAL MEDIA

Social media gives great opportunities to reach specific target groups based on their interests, jobs or demographic data. This area of activity includes also publishing and sharing information on social media discussion groups.

CONTENT MARKETING

Content is a content that should be delivered to the user at the right time, so in the moment when the information needs appear. Most often it is published on company blog in a form of guidance articles, infographics or video. Content creation and publication is called a communication tool, which is content marketing.

Inbound marketing model in company's marketing strategy

Company marketing should be aimed at building and maintaining long-term customer relationships. Defining the marketing concept should be always the first step which leads to creating marketing strategy for the brand. Omitting this aspect will cause chaos, that will prevent you from choosing the right tools of promotion. Company that decides to implement inbound marketing strategy is able to precisely reach potential customers – those most willing to response in expected way.

Of course, there are more benefits such as shaping the attitudes of brand consumers, creating their needs or building the brand's professional, trustworthy image. At the end all this leads to increasing sales volume and strengthening company position on the market. The increase in sales depends not only by acquiring new leads but primarily by taking care of them.

The choice of inbound marketing tools depends on brand's online activities. It is natural that company owns and maintains a website. It is not without a reason that it is said "you are not on the internet – you do not really exist". Marking the presence of a brand should start with a search engine – this is the first point on the potential customer path. So if the company wants to achieve its goals on the web, its website should be visible in search results.

There is a place on the brand's website that regular customers and visitor are particularly fond of – **company blog**. In inbound marketing it is the center of knowledge about brand, offer or even industry. [According to HubSpot](), for 55% of marketers creating content on blogs is essential for successful incoming marketing. Content development and proper presentation is a task for content marketing specialists. The main rule is to create content that meets target group needs – it exists for specific people.

During article (or social media post) creation, you cannot forget that this is not a place for product descriptions or offer presentation. All of this is necessary for your business, however, in places intended for this. You need to remember that "content" is broader concept. It more than just plain text. They can be infographics, presentation, white papers (documents on specific issues), case studies, webinars – which is what attracts the user's attention with an attractive form.

How important is that in inbound marketing communication? According to Content Marketing Institute statement, thanks to proper content marketing activities, the company can gain three times more potential clients than with using Google Ads (statistics from 2017). However, it is a mistake to think that content can works on its own. You need a proper communication/marketing strategy and a good plan of promoting the content you have created. In other cases, the world will never get to know them or even your brand. What is more important you need to verify and evaluate marketing activities om regular basis with a professional tools such as Google Analytics for example.

Conclusions

Companies are constantly searching for ways to run effective marketing activities. This requires a lot of commitment because perception of advertising by the public and their expectations of communication are changing. When choosing a strategy through which a brand wants to achieve its goals, it is worth keeping in mind that:

1. **Marketing is online**. Offering products and services on the internet requires efforts aimed at creating brand's visibility in virtual reality, then reaching potential customers and making them loyal to the brand.
2. **Customers are online**. Not only layer of communication has changed (offline -> online), but also expectations regarding its form. Customers have become aware, have their needs and want brands to meet them.
3. **Inbound marketing is a relationship**. Inbound marketing is something more than just a form of communication with a potential client. Traditional advertising ends its part when conversion occurs, while inbound marketing at this stage still interacts with consumer.
4. **Good content is not the end**. Customers search for content in specific places, such as blogs and social media channels. The quality of content is as important as its proper distribution and promotion.

Summary

The visibility of differences between online and offline communication requires from marketing specialists to use different tools. Internet marketing encouraging customers to take the initiative does not exclude traditional marketing. Both worlds operate parallel despite such significant differences.

The creators of marketing concepts, whose focus was on the product or its price, began to give customers a special role. Advertising has been replaced with a dialogue with consumers, who set the direction for marketing messages. The idea of inbound marketing was created for them.

What is important in the marketing message is its form, presentation, place of publication, and even time. The right combination of all these factors is the key to developing successful and attractive ads. Internet marketing reveals more and more opportunities. By transforming the models of communication with customers it now allows to create multi-level relationship.

It is the development of deep relationships between the company and its clients, that becomes the basis for building a business – maximizing efforts directed at brand's recipients is able to increase its profits. I would venture to say that inbound marketing is kind of an art. In a world of tremendous competition selling has become a form of sophisticated dialogue, that requires both – commitment and precision.

Continuing on this line of marketing technology - an intrinsic part to any digital transformation process -, in the below interview of Peter Krauschar, CEO, **F11 Agency** with Carlos Doughty, Founder, **MarTech Alliance** & **MarTech** we take a look at marketing technology as one of the building blocks of the overarching technological component of digital transformation.

Connecting the dots - marketing technology tools as a major factor of the digital transformation

Peter: Hi Carlos, let's talk a little bit about marketing technology. Isn't it another shiny object that you can find in every agency's offer?

Carlos: The first thing I'd say is that it's important to really get your basics in place first. It's too easy to get excited. Whether it will be about voice marketing or blockchain, it's not to say they're not incredibly important and disruptive technologies that are coming and in part are already here. I think the importance is really just rationalizing first of all.

Actually what you're trying to solve is the customer's problem. What are your marketing objectives? What the business is trying to achieve? There are a lot of easy opportunities to work around. Just, for example, getting the core of your marketing stack in place. Whether that be for example – have you got your thought process flowing from your CRM to your market automation, to you CDP, and beyond.

I think once you start talking about the opportunities that exist around newly emerging tech – I wouldn't say ignore them and I wouldn't say you should be investing time in terms of developing your knowledge, but I think that shouldn't be in place of the core fundamentals.

If you're absolutely on top of your game and things are perfect and you're flying, you know you might be on a digitally mature level and that it's now the right time for you to be thinking further ahead and thinking about those disruptive and new technologies.

I think, for the best part, people aren't doing what they should have been doing from 2000 to let alone 2019. It's part of the market game to connect the dots and to use everything you've got on your disposal and to try to combine the current technologies.

Peter: So how should we start our journey together with a client? Any tools recommendation, solution based on research and strategy?

Carlos: So one of the things we do is we have a 4-piece marketing technology framework. Essentially, when we think about tech we think about it alongside every other core area. We start with the planning of the strategy pace. Then we talk about the people in teams. Then we talk about the technology and there we're talking about platforms apps and ecosystems, all the way to the process and operations. The important thing here for us is that we, first of all, focus very heavily on understanding what the business goals are. What's the marketing strategy and ultimately what's the customer journey and the customer pain points. When we start to really understand that, we can help build out the areas of opportunity for us and to develop and focus on finding solutions.

The conversation is very focused on and around what problem we're trying to solve. What opportunities there are for delivering something that essentially is the tech wrapped around the business objectives. So the conversation isn't about "we need the X tool", but it's about "how do we solve this problem". Are we, for example, trying to make sure that we have a more transparent view of all the rich interactions that a customer has with us in order to make sure that our sales team has a more educated conversation with the client and ultimately can drive conversations at high level in order to do that.

We start to work with the business units to understand the specific business units use case; the teams: how they operate, what's currently in place; how do we streamline it? And as we start to build this all out we have more of an understanding and we're getting towards a point where we essentially create business use cases and scorecards to assess the core problem we're trying to solve. "Here's a list of different providers in that space. And here's the core scorecards and features that match and help resolve that." And then we essentially build a weighting system by way of which we can score a specific provider in a space married to that.

What about if you're trying to make sure you're embracing the very latest tech or the very latest opportunity? We still encourage that. In terms of really driving innovation, we've seen progressive organizations and we certainly support this. We organize quarterly or half-yearly presentation days where they open up and during which we essentially allow a range of different (new or existing) providers to come in and pitch and present.

So sometimes it's certainly helpful to turn it round slightly and go "actually I want to hear from different vendors or different solutions that exist in the market to see if there is something different, unique". However, I would do that only to supplement the core strategy instead of the reverse. So in terms of the initial core focus being around, developing a market and technology strategy and roadmap and applying our 4-piece process is how we normally go about it. But then yes, to your point, we certainly don't discredit other technologies.

Peter: You've mentioned four points: customer journey, business needs etc. I think it's the right moment to describe the difference between martech and digital transformation because many people think they are synonyms.

Carlos: Yes, absolutely! Marketing technology is just one part of transformation. Digital transformation is an incredibly broad term that can mean a lot of things and includes a lot of moving parts. Management and technology are a vital subset or cornerstone of that. We talk a lot about people developing a market in technology strategy but we wouldn't suggest that developing a marketing technology strategy is a digital transformation program. It's a part of it. And to think that having a marketing technology strategy solves everything is wrong.

When it comes to technology and people, ask yourself these questions: Have you got the skill sets to really embrace your tech? Have you got the right consultancy partners or integration partners? We then start talking about the technology, the different platforms that exist and how you might go about actually procuring those. And then it's on to processes.

You need to think about what is it that we can take from the tech world and from the digitized world and operate differently. So we talk about operating marketing operations in a martech-enabled world and that could be things like, for example, looking at the opportunities that exist in terms of adopting agile marketing frameworks – which is obviously coming from a tech world. So with the inception of tech in marketing, there is a lot to be learned and a lot of opportunities in terms of operating with more agile marketing frameworks.

When we talk about operations and how that's changed, from automation to the opportunities that now exist with data and personalization, and analysis and analytics, it's a brand new world.

Section 5 - Tips from the pros

This section is dedicated to case studies and hands-on experience applying the concepts and guidelines presented in previous sections. From advertisers embracing digital, to revamping accounting and archiving, the transformative power of digital is showcased below through a wealth of examples and case studies.

Insight, success stories, and best practices

We'll start by letting Sinem Sandikci, CDO, **L'Oréal** Turkey, tell the story of digital transformation from the perspective of a global brand.

L'Oréal Turkey: *a digital first company*

L'Oréal Turkey has started its digital transformation journey quite early when compared to its industry & competition. In 5 years it has completed the 1st phase of digital transformation & become a Digital First company. The 3 main enablers were all around creating the right conditions:

1. Top down approach:Top management highly committed, important budget dedicated, setting it as a top priority with clear & ambitious roadmap, digital at the core of organization with roles / projects.
2. Decentralisation: Setting global guidelines but empowering local teams to adapt & improvise based on consumer & market needs.
3. Agility efforts: New ways of working for collaboration, speed, exchange of experiences/learnings, test & learn approach not to miss the opportunities.

 After securing these must-have enablers, the action steps were as follows:

- Understanding the global digital priorities and decoding what does it mean for Turkey & how Turkey will contribute to each of them.
- Setting the internationally relevant eco system (this step even included convincing some global partners to open offices in Turkey)
- Initiating the right partnerships with global & local digital companies & agencies (like Google & Facebook) and leveraging them for innovation and progress
- Identifying the key insights & mobilising internal teams (consumer knowledge to engage/creative workshops / identify quick wins)
- Infusing digital insights to all related employers (category coachings, managing a digital Project)
- Creating relevant content , spreading & amplifying
- Setting digital golden rules on briefing, KPIs setting, agency management, coordination, tracking & measurement
- Starting best in class measurement & optimisation based on results
- Fixing the basics (online visibility of owned assets- website for each brand & social network coverage)

In the local digital transformation strategy, the biggest challenge was to define what to start with. The company knew that choosing the battles & prioritising them were the critical success factors. Make up as category & ecommerce as channel were the winners. The strategies on these 2 priorities were crystal clear. In make up battle, the aim was category ownership. It was fueled with differentiation of services /interactions. This strategy required L'Oréal brands to be a content curator vs content creator and transformed brand teams with the mindset of always on native communication. All the efforts were on reinventing the iconic brands and adapt them to the digital age, adapting everything to new consumers behaviours and expectations, new touchpoints, new formats, new contents, new distribution channels, algorithm based marketing

Meanwhile ecommerce was boosted by focusing on few potential partners with e-joint business plans and developing seamless online journey for consumers.

Last but not the least, for L'Oréal digital transformation was only incidentally a tech thing and primarily an HR transformation, a data revolution and totally new ways of working ie agility at scale. This large scale transformation required new organisation, skills/profiles and new ways of working for teams. L'Oréal already had 2 major components of the transformation culture as its core values: entrepreneurship & innovation. The focus has been on forming the digital community & providing career paths and always on upskilling. Digital experts were hired and entrusted with the mission.

Today both L'Oréal Group & L'Oréal Turkey are recognised for their digital capabilities and progress. The results of 5 years are amazing at global level: >10% of sales in Ecom and contributing to half of growth, gathering almost 350M ratings and reviews for its brands, 47% weight of media in digital (& out of which 70% is programmatic), 1,1Bn video views on YouTube per year and capture 1/3 of the total branded beauty traffic on the platform, 1,3Bn consumer data points (first party data), a tribe of 80K influencers. The stock price of L'Oréal has almost doubled to reach historical levels, digital transformation has become a very tangible driver of company's market value.

It has totally transformed beauty consumers, the beauty market and whole value chain from Research and innovation to supply chain and operations and totally transformed the marketing mode. Now L'Oréal is heading fast towards the 2nd phase of Digital Transformation. With the aim of becoming the #1 Beauty Tech Company in Turkey.

> "For L'Oréal digital transformation was only incidentally a tech thing and primarily an HR transformation, a data revolution and totally new ways of working, i.e. agility at scale. This large scale transformation required new organisation, skills/profiles and new ways of working for teams."
>
> *- Sinem Sandikci*, *CDO, L'Oréal Turkey*

What does it mean to be a Beauty Tech company? It's using technology as a tool to serve its sense of purpose which is changing the lives of people by providing them the self confidence to achieve their dreams. It's everything that goes beyond traditional beauty. Technology is enabling L'Oréal Turkey to offer limitless creativity, limitless personalization, limitless agility and limitless tech. It means moving from physical products to digital services, providing personalized experiences thanks to artificial intelligence, augmented reality and voice. Using the power of data to create meaningful relations with consumers.

For L'Oréal, digital transformation is a never ending journey.

We mentioned previously how digital transformation is the total sum of practices that are becoming the norm for all industries, not just digital marketing. Perhaps accounting is not the first field to spring to mind when thinking about digital transformation, but Monika Lewandowska, senior manager, **CRIDO** explains how it applies.

Digital transformation in accounting

"The future is already here – it's just not evenly distributed"* - brave new world for the tax function. There are areas where discussion on digitalization is quite obvious. We discuss how regular business is transformed, how digitalization affects product creation, its delivery and customer experience. We also discuss how provision of services changes and how the middleman is eliminated thanks to a trust-bullet-proof technology such as blockchain. Many of us discuss how the massive amount of data collected by global players and governments is processed and used.

But digitalization does not make any shortcuts when it comes to taxes.

For many years, performance of tax departments has, to some extent, been isolated from other parts of the business, and focused on addressing local risks and compliance. Tax accounting has also relied more on manual work where data input was provided and manually recalculated to bring a relevant tax result. In many areas, such an approach was not only vulnerable to errors but also inefficient.

Today, in a globalized world, there are several factors and changes that tax departments need to face and which heavily influence the shape of the tax function. There are at least two angles to this discussion. The first is how the automation and transformation of the business models influence the global tax policy. The second is how this new tax policy takes advantage of automation and simultaneously puts tax departments out of their comfort zone.

Although in many areas taxes remain local issues, they also follow the business-without borders trends. Because of that, policy makers want to know if companies pay their fair share in taxes in countries where the value of their business is created (which itself is a very difficult task). That puts and will continue to put more pressure on tax departments to better understand and align tax accounting with their companies' business models.

This growing concern of tax authorities with respect to taxes is mainly driven by the fact that current tax rules do not correspond with the way business is conducted in the digital age. It is also driven by MNE's taking advantage of the differences between different jurisdictions' tax systems, bringing a risk of what is called tax base erosion and profit shifting. This leads to changes in tax legislation on an unprecedented scale, most of which require gathering, processing and reporting significant volumes of data.

To keep up with the pace and take advantage of the new technologies, tax administration also goes digital. We are seeing tax authorities implementing xml reporting, more extensive use of cloud-based solutions and analytical tools enabling them to conduct ever more detailed and effective tax audits. This increasing sophistication allows the tax authorities to exchange more information and have a "global" picture of the taxpayer. Thanks to digitalization, exchange of information between authorities in various jurisdictions is easier than ever before. Enough to say that only in the last few years, the tax authorities have exchanged information on tax payers' bank accounts worth 5 trillion EUR.

Advanced detection techniques in turn bring compliance tasks to a new level where getting rid of manual functions seems inevitable in order to preserve the safety of the tax function. More than ever, data generated by the business and its operations are visible at the level of tax administrations and analyzed to detect irregularities in real time. For companies with global operations, this gets even more complicated when global tax compliance and global tax audits are discussed.

All of this leads to the question: what is the level playing field? How can the tax function prepare to cope with the ever closer scrutiny, protect business, and bring valuable and reliable data to the management?

Irrespective of the scale of the business, the answers will have one thing in common: automation. Automation does not always mean reaching for complex IT solutions. Sometimes a simple tool can enhance the work of the tax department and flag up potential vulnerabilities before reporting takes place. Moreover, in many cases, it can simplify communication and management of different roles in the tax processes, monitor the status of compliance and tasks to do. A very good example of how a tax function can take advantage of automation is SAF-T (Standard Audit File for Tax).

While the tax administration requires tax payers to provide data in digitalized form, the tax payer can install a tool which uses a technology similar to that used by the tax authorities to review, correct and consciously manage the tax risks before data are sent to the tax office. Automation will also be very helpful in companies where data needed for reporting purposes are generated through different registers. In such situations, designing a single register that automatically consolidates all data will help limit simple human errors (which will happen if the data are transferred manually) and thus provide more comfort and safety in the reporting process.

Another example are tools for managing tax litigation and tax compliance. Let's take one of the EU Directives, the so called DAC 6. DAC 6 introduced a mandatory disclosure regime which requires tax advisors and businesses to report to the tax authorities certain legal arrangements. As the scope of implementation of the Directive differs between the member states while new laws engage different players (tax advisors, board members, tax departments, non-tax employees), this brings a need for a coordinated approach to prevent noncompliance.

Such coordination can be achieved through a digital platform which reflects the legal framework hidden behind particular provisions. It can allow enterprises to quickly verify how in particular countries the process is managed, what is the status of preventive actions, what decisions still need to be taken, which ones are completed and closed, and to monitor progress in meeting statutory deadlines. Such a platform can also be developed for use by a company operating only in one country.

Irrespective of the area, automation of the tax function is the way forward. It will help companies to react more pro-actively to the digitalization of tax administration and will lead to cost reduction where routine actions are involved. It will also boost tax governance and risk management.

Digitising customer care

Customer care is certainly a priority for many organisations. Metin Çerasi, Head of Digital Strategy and Marketing **Arcelik**, Beko, Grundig, Altus and Leisure brands shares with us a deck that highlights the path taken by the organisation he represents when it came to bringing customer care into the heavily-digitised world of today.

"Digital transformation is in no way tied solely to online advertising and marketing. The case studies and example enclosed in this playbook are ample testament to that."

- Alex Macarescu, *Programme Manager, IAB Europe*

In the following article, Hubert Klekowicz, Partner, **CRIDO**, alongside, Ewelina Grygier, PhD Candidate and Jacek Jackowski, PhD. Head of Phonographic Collection of The Institute of Art, at the **Institute of the Polish Academy of Sciences**, broach an even more niched topic and potential application of digital transformation: archiving phonographic resources.

Documental recordings of Polish traditional music in the digital domain.

Digitization and dedicated system of archiving, developing and making historical ethno-phonographic resources available

The digitization of items of the cultural heritage is commonly comprehended as the process of creating digital copies (reproductions, duplicates) of those items. Transferring data and metadata to the form of a digital record is currently wide accepted and can be seen by the practice of many sound archives all over the world. The digitization process also makes it possible to disseminate digital copies of collections and documents, and enables easy and rapid access to digital information.

Because of the need to identify, catalogue and protect the national ethno-phonographic heritage, Phonographic Collection of the Institute of Art of the Polish Academy of Sciences (Zbiory Fonograficzne) has for the past five years been carrying out the strategic and multi-stage project "Polish traditional music – the phonographic heritage. The current state of affairs, storage and accessibility" (Polska muzyka tradycyjna - dziedzictwo fonograficzne. Stan aktualny, zachowanie, udostępnianie). The intention of the project is to create, develop and maintain the entire digital repository of documental phonographic and film recordings containing Polish songs, hymns and traditional music, as well as folk dances.

The repository is a space where digital reproductions are collected of contents recorded initially on historical sound and image media, but the collection is also being steadily increased by "born digital" items. Digital items generated in the digitization process are archived, and working copies are demonstrated and made available to researchers and other interested persons via applications created under the project, dedicated to the national ethno-phonographic and ethno-film collection aggregated in the repository.

The repository, together with applications and database, creates a system for the scientific development of items and metadata produced during digitization, managing items, data and metadata, as well as making the collection available to researchers and scientists, artists and other interested persons.

LEARN MORE

Not all organisations aiming to achieve success in transforming digitally are giants with endless resources and manpower. Indeed, it's an all-too-often expressed belief of smaller companies that embarking on the transformation journey is reserved to large companies alone. In the next piece, Ionut Munteanu, **WebDigital**, talks about digital transformation from the point of view of a small agency.

Digital transformation in a small agency

When you speak about a digital marketing agency you can easily imagine that we have always been on the forefront of digital transformation. It is rather difficult to quantify our level as we have always been the equivalent of a digital native. But I think we have cheated a little and have had a good start in this process. We started from a certain level of digitalization even prior to being aware of what digital transformation is.

Defining digital transformation

How do you define digital transformation? How do you take apart that digital environment and put it to work for you? Looking back to what actually means to have a digitized environment, I think we also have undertaken significant transformative leaps in our journey as an agency.

In digital marketing we speak about assets. Ads are assets, the creatives are assets, the target audiences are assets, the ad accounts are assets, the pages are assets. Everything is an asset.

With this in mind as a digital marketing agency, we integrate most of the digital assets that build up this digital transformation.

The digital transformation journey step by step

Our transformation happen in all aspects of the agency's life. First, we started by looking at the how we recruit people. A couple of years back, when we first started recruiting, there weren't that many digital assets involvement in this process. Of course, we haven't removed the traditional stuff, like word of mouth from recruiting. But what is actually word of mouth in this digital environment? It is a form of peer to peer digital communication, as it is most of it done digitally anyways.

Today, the word of mouth is spread with the help of social media or direct message. People talking one to one live is only a way that word of mouth can happen, and it is decreasing significantly. So we used a digitized form of word of mouth. And this happened without us being part of the transformation per se. We are a byproduct of what happened with this particular process.

We used job boards too. But today, after almost 10 years of running an agency, we have achieved the level where the only thing that is left from the "physical world" in the recruiting process is the final interview, which is still held live. Most of the times, that is. Today, a lot of the screening and screening interviews that we do are virtual. The interviews, we do it over Google Hangouts, Skype or Zoom, where we connect to people virtually.

Of course, prior to that we check the candidates on Linkedin or Facebook. We try to understand their online presence, activity, their digital persona, their point of view and this kind of analysis is a very intricate part of our recruiting process, which is highly digitized. We have been using online tests that we send to each candidate to complete for a couple of years. These tests automatically make psychological profiles of our candidates and we use these in our recruiting process. We store the information in digital format with, of course, all the GDPR rules applied.

Another good question to ask ourselves regarding this process of digital transformation was "how we got our clients". Only a few of the clients still came from word of mouth, peer to peer that is, the rest, from various forms of digital marketing. We do a lot of content marketing to push our products and services on the market. We collect the leads which are processed by our new business team. But what happens now differently from what happened when we initially started almost a decade ago? We don't use Microsoft Excel spreadsheet or Google sheets anymore. Although, Google Sheets, being online and accessible to groups was a step forward from regular xls files as it is a collaborative way of working, and we have used that for a while.

Now we have come to the moment where we needed to have more control over our data, work collaboratively and process it correctly, that is why we started using a CRM solution. We needed to know how to bill our clients, how much to bill them and how to take control of our cash flow and money, and we needed to know fast.

We have clients that have been working with us for 8, 9 years now and it's very important to keep track of all that history and information and what the clients are doing and to make sure that you deliver for every single client. We manage about 70 to 100 customers per month, and you need to be able to manage those clients effectively. We need help in the sense that you need to follow up with the money that they give you and the services that you provide and for that reason I think that the CRM solution that has helped us in all these regards.

Crucial to the agency life is to project your income and to know what your expenses are and you need to track your expenses in order to be effective in delivering the service while making sure that your agency's life is balanced for everyone. So, in that regard I think that digital transformation helped us in all agency's functions.

In the end, maybe we are special, or maybe we are only as special as other digital marketing agencies that thought that there was nothing on the market out of the those 7000 software solutions to best suit their needs, so we too decided to build our own CRM tool. In the first years, that product started as an in-house CRM software development project. Yes, we developed a CRM, but that wasn't all, we did not stop there. Our digitalization has gone even a little further as we wanted to have control over our budgets as well. So, we did take control over our budgets by developing another software solution and some additional functionalities to the CRM. When we refer to budgets, we mean both the media budgets of the clients that we manage and our agency's expenses budget.

We do smart media buying, as we buy media that is only from suppliers like Google and Facebook that needs a lot of contextualization and a lot of support when acquiring. It's unlike traditional media buying, where you mostly relay the message to the media house or to the website or the web property, and they do the rest. It's much more than that, as you need to understand complex targeting, trading and you need to continuously optimize, monitor, and look for details to see how the campaigns perform in your best interest.

So, we had to tackle two types of budgets, the media budgets and we build a software solution for that, and agency expenses budget and we build a different add-on software for that as well. Initially, we've created a department where we build this very industry specific software to help us in our day to day tasks. And then we ended up building CRM, ERP features, task and time management tools. We had this department that build software apps and was managed as a software development company, where we have sprints, and we work Agile.

At the time when this department had three programmers and coders working together I understood that it was a different business within another business altogether. So this engine of significant digital transformation was built within. But as our focus was media campaigns on Google and Facebook, Instagram and Youtube for customers, this department that actually didn't do any media buying shouldn't be part of the agency as it has nothing to do with the agency's core services. Today, I have completely separated this business from the agency. The ex-software department is a stand alone project that actually serves other agencies as well, having its on legal entity. But the digital transformation of the agency continued. And not only in the support structures of the agency but to the actual media buying services.

In our agency we've realized that we need to preserve value and for that reason we needed to collect all the contextualized experiences of our peers and we put it in some kind of wiki website, where everybody can see the solutions, be inspired by what other people have used. Everything related to the day to day problems that we faced. Situations people confronted while working on campaigns or in different aspects of their life in the agency.

Most frequently asked and answered questions that we have come across with the customers or within the team. This way making it easier for everyone to grow and assimilate new layers of knowledge. We wanted any one to one discussion to be a good opportunity to make a new methodology, shared to others to come. Today we have this huge wiki of over 300 procedures and methodologies that help us do our jobs better, that represent our jobs.

Even from the induction period, that is right after we get someone new on board, the wiki comes in handy. The newcomer looks at the methodologies and learns from past mistakes. This is of intrinsic value for personal transformation and does wonders for one's ability to get moving a lot faster within the organization. This is great on the side of support functions, but when it comes to the way we do stuff a lot of help is provided by using digitalization.

We do this, of course, by using software. We started by using the Google solutions as soon as we opened up shop, and that is why I say we haven't started from scratch. We didn't have too many printed documents or printed project briefs. We did have a gform when we started, we also used a Microsoft Word document where we put down what the client wanted and later we moved to a gform when we started formating the brief and the expectation of the client became clearer. Today, we just add it to the CRM system which synchronizes to all the software solutions we use.

Working collaboratively is essential to our work, and we realized this very early, we used local Cloud initially, moved to Dropbox very early which we combined with Google docs, which we use today as well. This has been a tremendous help for us. Today we combine this type of passive collaboration, to a task management solution and a project management software solution that we have also designed custom for agency's flow where working together is brought to a superior level.

We tried some of the solutions that were on the market at the time, but then, of course, because we had the software development department within our organization we developed our own. Today that is also part of the solution that we are giving to other agencies.

When we started using the task management and time management solution for the product department it felt similar to when the CRM was first implemented. As we used the principles of a SCRUM and AGILE in delivering our services we everybody started from individual self discipline to group and team discipline. And we saw how the bar was raised. The immediate outcome was that a lot of emails were taken out of the inbox, as communication became more structured. Basically simplified, as in the past there was a lot of information that came on email and was sent on email but there wasn't actually needed to be on email, it could have been just shared for each task in the application, when necessary. A history of tasks on projects became clear and available to everyone in the product department. Everything was organized, uncluttered and available without follow up emails. This kind of transformation, digital transformation, in that regard has helped us tremendously on managing our clients and our work.

Today we take for granted some of the things we very much needed in the early days, as our power of adaptation seems to be our enemy sometimes. Reminders, follow ups and all that we have to do or we want to do, opportunities and errors alike are managed the same way, transparent and on time.

Of course there were challenges when we had to change a system with another. But I think we have prepared the people by promoting the Japanese Kaizen concept. By having in mind that always bettering yourself has to be one's motivation and engine of transformation.

The last example of digital transformation that we have undertaken is industry specific, media buying specific. In the beginning we started with 10 customers, partners, businesses to promote and we grow our portfolio to 100 clients every month, to work with month by month. These 100 clients, let's say they have together 100 accounts either on Facebook or on Google that we manage, and we have some objectives within that monthly budget.

The campaigns are different, but all have a common element which is spending. Both Google and Facebook try to make the best of the budget and when they see an opportunity, they take it. The story looks good so far, but if you have a planned monthly budget you might see your 5000 euro budget gone in the first 10 days, opportunities taken and all.

But then you have to either budget some more money or not run the campaign for the next 20 days to not go overboard with your annual campaign budget. And then there is the other scenario where 20 days passed and you still have 90% of your budget left unspent.

Spent even distribution does not happen, especially when you are constantly working on improving, testing and expanding your campaigns. In the early days someone manually had to open every account to see yesterday's spent, if it was ok, wrote down ok, and if not, wrote down the difference, calculated the ideal and made the modifications or in some case, scheduled for a later intervention.

So one person did this every day, for all accounts, 100 accounts. And believe me, there is a day by day view, and also a week by week view, and perspectives change from one to another. Go in the account, look at the spent, make the calculations, adjust budget, repeat a hundred times, every day. Of course, we build a software to help take this burden off.

I do think we are highly digital today and we have come a long way from where we were 4-5 years ago, not to mention 10 years ago. But there are still areas I think we can go one step further, which is RPA - robotic process automation. Becoming even more effective by giving a part of our jobs to robots. We do have a star that shines brightly over that horizon, very close to our neighborhood, UiPath, that inspires us to think ahead.

About us

We are a 20 people agency, we are small to medium size, we are independent, and although we are part of business associations all over the CEE region, we do share our knowledge. I personally have taken on the mission to share this knowledge as a special project in the form of trainings and programs.

There are a lot of tips for digital agencies in this regard, and for anybody who, but in a nutshell, there are so many solutions out that there is basically no excuse for one not to take advantage of this environment.

Although it might be complicated to build software development team within your organization just for this purpose and I think that it might not always come in handy to invest a couple of hundred thousand euros in building a custom software solution, you have to embrace this inevitabile transition.

I think there are many already built solutions on the market, so other people have done this for you and can try and see which of these best fits you and your organization. It might seem possible if you are an SMB and you are just starting. It is complicated to commit to paying a few hundred dollars a month for a SAAS but I think you should do it as soon as possible.

Look into automation, into collaborative work, apps that connect software and devices like ifttt.com or even simpler solutions like Google Script and Docs. We used Google scripts prior to building the CRM and it helped. Alphabet provides a lot of that, there are other solutions on the market as well.

Collaborative work should be the first step one should take into digitalization. It's easy and very productive to collaborate these days.

Case studies

Digipolitans

Serving both the residential and the enterprise market, Proximus is the largest telecom company in Belgium. It offers fixed phone, mobile, internet and TV as well as digital solutions for businesses. Proximus partnered with boutique consultancy Digipolitans in tackling their challenge of eliminating silos to leverage revenue and cost efficiency in a digitising world.

Proximus had the ambition of really changing the way they were approaching marketing, aiming to make their digital marketing data-driven, automated, always-on and end-to-end. They foresaw that a challenge in achieving an enterprise-wide transformation can be visualising the end result. To make it tangible, the team decided to choose one strategic product – Netflix – and build a test case around it.

WATCH VIDEO

Digipolitans put together a "squad" of people from different Proximus departments who traditionally would have worked in silos. The squad also included experts from Digipolitans, Google and other partners. This very small team worked outside of existing company processes to facilitate fast testing and learning. The squad's target was to use substantially less budget than traditionally planned to double sales within just 12 weeks.

The approach followed several steps. First, the team detected the needs of potential customers and figured out how to guide them through a journey leading to a sale. Then they identified how to connect with those customers in the most efficient and valuable way. And finally, they provided consumers with seamless digital experiences to convert those needs into sales. Every step in the process was data-driven, based on real behaviour, rather than declared behaviour. Google Search played an important role in this throughout the project.

For instance, based on searches about Netflix series, the squad generated new content on the Proximus website, including "New Netflix Series" and "10 Best Netflix Series". In all, they created about 40 new landing pages to provide the most relevant answers to people who reached the site. In another example, they found that most people who were looking for Netflix content on YouTube were looking for kids' content in the same session. Based on this insight, the squad was able to alter the marketing strategy to cater to this clear user need.

With the activity spanning search engine advertising, search engine optimisation, YouTube pre-rolls, banners and dynamic remarketing, Google Marketing Platform1acted as the project's "engine". Campaign Manager was chosen as the ad server and cross-channel reporting tool, enabling the squad to obtain a holistic view of results across all digital channels. Google Marketing Platform served as the central buying tool, making it possible to consolidate buying efforts across multiple publishers and achieve optimal frequency capping. Search Ads 3604 was used as the search management tool, allowing the squad to not only optimise and automate search advertising efficiently, but also leverage search data for search-to-display remarketing.

The results were enormously convincing: sales leads (measured by clicks to order on the Proximus website) increased by six-fold over the previous campaign – but at a substantially reduced budget. The acquisition potential also increased dramatically: 72% of visitors were new versus a 40% benchmark. Finally, the conversion ratio improved from 4% to 14%2.

The test case went on to play a crucial role in structural change within Proximus. The results were used to convince the executive committee to approve important improvements, including the creation of new jobs and design of new processes. In effect, the resounding success of the project provided a tangible outcome so that people could have a vision of what transformation would mean to the organisation and its future.
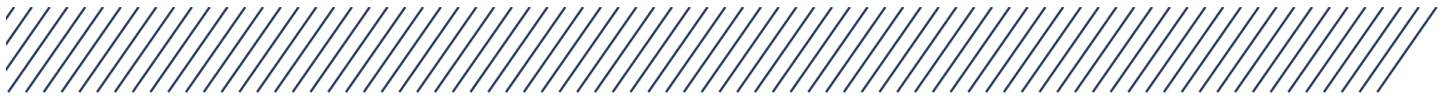
How the HYPE Innovation platform changed the company culture in Airbus and Fujitsu

Digital transformation is currently entering many areas of company life, including innovation management. We can use advanced online platforms for collecting and managing ideas. One of such platforms is HYPE Innovation, with **CRIDO** it's only representative on the Polish market. Below we present the selected HYPE projects which showcase how HYPE helps in building a culture of innovation in the company.

Airbus is one of the world's foremost aerospace companies, with 133,000 employees and revenues of €43 billion. In 2010, Tom Enders, CEO at the time, initiated an effort to increase and structure innovation activities. This led to the creation of the Airbus Innovation Cell, a team dedicated to fueling the innovation engine with ideas, deploying an end-to-end & efficient process, and delivering results through innovation. In this case study, we look at how Airbus has created a successful and sustainable organization-wide platform for innovation management.

LEARN MORE

Fujitsu is an ICT company offering a rich product and services portfolio with all that is needed to help organizations thrive in a changing world. As the largest Japanese employer in the region, they employ 14,000 people. The Activ8 Innovation Framework is core to how Fujitsu's European Services division innovates with their customers. In this case study we take an in-depth look at the program, and how HYPE's Enterprise platform facilitates the co-creation process.

LEARN MORE

> "Due to the breadth and applicability of digital transformation, this is not a process that is recommended only to emerging markets. Indeed, even powerhouse economies across Europe and the Globe can and should align to the digital world of today, if they have not done so already."
>
> *- Ewa Opach, Director of Education and Certification, IAB Poland*

Mash and Bluerank

BACKGROUND

Mash is a rapidly growing international fintech group headquartered in Helsinki, Finland based in Luxembourg, Madrid, Stockholm and Warsaw. Mash Group has developed an efficient payment and financing business model in the market and is a leading service provider in key European markets. Mash´s fully automated and internationally scalable payment services allow consumers to make easy and flexible payments at partnering online and offline stores and service providers. Mash Group also offers real-time credit solutions for consumers under the Euroloan brand, mainly in the form of unsecured consumer loans.

The company's vision is to drive the fundamental change in the financial services industry through customer-centric, easy-to-use, fair and transparent financial services enabled by superior technology for online payments and financial services management.

Bluerank has been providing Mash with marketing services on the Polish market since 2017. The growth in business and service development of both companies has led to expanding the scope of cooperation with advanced analytics provided to support all markets.

MARKETING STACK IMPLEMENTATION FOR IMPROVEMENT

Being aware of how technology can leverage business, Mash has decided to invest in marketing stack implementation. Not only was the new tracking system supposed to track and report marketing activities but also deliver advanced analysis including modelling of conversion, data attribution and budget optimization. All aligned with budget recommendations for online channel coming from the media-mix model.

The concept has also included resigning from Google Analytics in favor of a new tracking tool. The project started early 2018 and as soon as the size of the total project was mapped out it became clear that it must be split into phases, first one being company-wide adaption of the new tool.

FAIL QUICKLY

The main reason for the decision of rescoping was the strategic transformation going on in the group or quick market specific disruption, including marketing. This needed consideration on what kind of people are in the respective teams, what their goals are and who they're trying to reach. Tactics, understood as the efficient use of available resources, whether money, people, time or tools, enables effective implementation of the change.

Without those basic decisions, the marketing stack can become a set of siloed tools that will immerse the team down in complexity. A marketing stack isn't about adjusting the strategy to the technology used. It's about building a strategy and then finding the technology that enables it. What made our co-operation special was the way we embraced the change and the openness to alternative solutions.

THINK AGILE

In the meantime, Bluerank's team was responsible for Euroloan's online campaigns on the Polish market. As a part of analytics consultancy, Bluerank prepared set of recommendations for the use of Google Analytics data to improve marketing activities.

The proposal has gone beyond KPIs reporting, CRO and audience definitions. It included the update of Google Analytics custom implementation and the analysis based on raw data extracted from the account. The aim was to understand users' paths and channels' contribution to acquire conversion. This occurred to be perfectly in line with Mash's marketing goals and laid foundations for a demo project of conversion attribution, media budgets optimization and lifetime value tracking, which later escalated into international, scalable marketing reporting standard.

The idea was to utilize the resources that are already at hand without the need for engaging Partner's developers or implementing new tools. We've focused on Google Analytics, exported raw data from the tool and applied statistical modelling to it. The model used was based on Markov chains, built over several months of thorough research, objective, accurate and efficient, interpretable and - what's important - tested „in production".

Once the model had been ready, we used it to make weekly budgets updates based on reported campaigns' performance. During the 3-month test, we saw a stable growth over the weeks and a 21% increase in the number of conversions YOY. That was the ultimate, though not the only argument to pursue the international roll-out of the new approach and solution.

THE NEW BEGINNING

The new solution's roll-out to the markets became a process of unification and standardization of marketing analytics and reporting used in the company.

The process covered Google Analytics audits, revision of the scope of gathered data, the unification of tracking and data structure across markets. It also resulted in broader knowledge across Mash's team, a better understanding of channels' different roles and the awareness of „other factors" affecting campaigns' results apart from budgets' level and targeting.

Google Analytics serves as kind of a data hub and helps more comprehensive marketing optimization (users' behavior analysis, users' segmentation, media mix modelling, etc). We use raw data for further exploration, better optimization and reporting, getting flexibility in testing different ideas.

THE OUTCOME

The technical outcome of the project was building a tool for conversion attribution modelling and budget optimization (Blueattribution). The practical outcome was that all teams gained the access to a user-friendly dashboard and the common, reliable set of metrics.

All done without the need for prolonged and costly tool migrations or deployment.

Besides increasing campaigns' performance, which may be affected by many different variables like credit scoring or season, the goal was to deploy the unified tracking and reporting system, set foundation for future smarter decisions and for more ambitious challenges like marketing mix modelling.

Additionally, the company benefits from the scalability of the solution which is a great advantage in terms of the company's expansion.

LEARN MORE

Pandora

In cooperation with our technological partner JUST TAG Group we designed and implemented the campaign to measure the impact of the online campaign on a footfall in Pandora stores. Based on Koala Metrics Technology we tracked how many users entered the store, how many were outside of the store and, most importantly, how many of them were exposed to our ad and visited the store later on.

Measurement of the offline impact of online campaigns is one of the most interesting challenges in the consumer-centric era of marketing.

Fortunately, mobile devices are a good source of data which can help us connect the online and the offline world. On the one hand, the data about audience's offline behaviors can be used to reach the right users online. On the other hand, it is possible to go a step further and analyze the offline reaction of those users who were exposed to the online campaign.

In search for Pandora's prospecting consumers we targeted the users who visited offline jewelry stores of different brands and those who have recently visited luxury hotels. Later, we examined the users' in-store visits based on the interpretation of the wi-fi signal levels which were registered by their smartphones.

The identified visits have been divided into two types, depending on the signal level of the scanned wi-fi network:

- at Point of Sale – the signal level which indicates entering one of Pandora's stores;
- exposed to Point of Sale – visits which indicate user's presence in the nearest surroundings of a Pandora store

Additionally, the visits which have been attributed as post-view conversions from Pandora's online campaign were distinguished.

During the campaign 4.800 post-view in-store visits were tracked. The total footfall increased by 9% compared to the pre-campaign period. As a side-result we also gathered information about the offline store visitors' demographical profile. It could then be compared to the e-store visitors' profile and have implications for further development of omnichannel strategies.

Rainbow and Bluerank

Background

Rainbow is one of the leading Polish tour operators selling its services mainly online. It started its operation in early 90's and is currently offering tours to over 250 destinations in the world, sending abroad about half a million tourists yearly. Our challenge was to increase the effectiveness of online campaigns and the revenues from online channels.

Data – our key to effectiveness

Focus on the effectiveness and optimization of sales results - those have been the most important aspects that guided implementation and configuration campaigns for Rainbow. In order to achieve so, we were looking for the latest technological solutions to obtain the largest possible amount of information about traffic channels and users, process the data and use it for the campaign and media budgets optimization.

Implementation

We decided to use Google Search Ads 360 technology, whose server (Campaign Manager) allows to create data-based models of conversion attribution which use machine learning. The combination of Google Tag Manager and Google Search Ads 360 has enabled automatic tracking of all types of website traffic in a manner independent of service providers without the need to use redirect links and related fees.

Owing to the implementation of the conversion attribution model, Rainbow obtained online revenue 86% higher than the assumed target. This model has also been used to effectively manage budgets in Google Ads campaigns.

Key elements of success

A key element of our strategy was to integrate data obtained from various sources, explore it and use in personalized display campaigns. We also focused on innovative approach to analyze conversion paths using machine learning based on the criteria used on Rainbow's website when searching for trips, taking into account Agency's knowledge of users obtained via Google Analytics.

Creations tailored to user's preferences helped us to draw their attention to destinations that were most likely to interest them while planning a trip. Tours offered in served ads were based on recommendations referring to the individual needs of potential customers, even though they may not have been viewed before. Real time bidding in the 1:1 display channel using Google Search Ads 360 technology proved to be so effective that the campaign had an impressive 43% higher conversion rate compared to dynamic remarketing.

Results

Online revenue from all traffic sources increased by 50% compared to the previous year, while the online budget was increased only by 21%. That result is largely the outcome of media budgets allocation based on the data and conversion attribution model. The target return on ad spend (ROAS) on paid campaigns has increased by 271 percentage points.

Online revenue from those campaigns increased by as much as 103% when compared to previous year. That is the result of the advanced bidding strategies in search campaigns as well as the effective budget management and optimization based on the conversion attribution model.

Thanks to the personalization activities, the conversion rate has increased by 43% when compared to standard dynamic remarketing. Programmatic was the channel that most effectively supported online sales. In addition, we were able to build a positive relationship between customers and the brand thanks to ads tailored to their preferences, presenting offers that meet their needs in a very non-invasive, subtle way.

Summary

Technology and proprietary innovative solutions proposed by the Agency followed by close cooperation with Rainbow have changed the approach to managing paid campaigns, ranging from analyzing data from many sources, creating a model of data-driven conversion attribution and ending with 1: 1 display creatives. Those activities were based on data and optimization. Making the good use of data was indeed a key element driving the success of online campaigns. By increasing the media budget by 21%, Rainbow achieved an increase in online revenue by as much as 50% in a highly competitive and demanding environment.

LEARN MORE

Section 6 - Afterword

We hope that the 2019 IAB Europe Digital Transformation will help in guiding you on the path to a successful digital transformation. This is only the beginning, however. The 2020 version will be bigger, better, and with more content from our members, some of the biggest players in the field of digital from across Europe, so stay tuned.

Click below to learn more about IAB Europe and how you can become a member and help shape the industry.

IAB Europe

Our members are at the forefront of decision making about the interactive industry. Members have the opportunity to be involved in our activities, influence the direction of the organisation, as well as to express their views on the major issues of the day and gain additional consultation rights on setting standards. Together with its members -companies and national trade associations – IAB Europe represents over 5,500 organisations.

Learn more

With thanks

The IAB Europe Digital Transformation Playbook 2019 would not have been possible without the contribution of the National and Corporate members listed below. Thank you to all our contributors and looking further to an expanded roster in 2020!

CONTACT

IAB Europe is the European-level association for the digital marketing and advertising ecosystem. Through its membership of media, technology and marketing companies and national IABs, its mission is to lead political representation and promote industry collaboration to deliver frameworks, standards and industry programmes that enable business to thrive in the European market.

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