Technology Management
In The Age Of The Customer
by George F. Colony and Peter Burris, October 10, 2013

KEY TAKEAWAYS

This Is The Age Of The Customer
Customers are using mobile, social, and other digital technologies to take power from institutions -- in particular, corporations. Customers can easily discover pricing, publicly critique products they don’t like, and buy from anyone at any time anywhere. In the age of the customer, only customer-obsessed enterprises will prosper.

Technology Management Has To Get Into The Game By Building BT
Business execs, particularly in marketing, doubt that tech management departments can play a role in the age of the customer. In response, tech management must prove itself by moving forward with two agendas: IT (building critical infrastructure within the company) and BT -- technology, systems, and processes to win, serve, and retain customers.

Four Key Imperatives Guide BT Evolution
BT investments must include key capabilities for: 1) engaging customers undergoing a mobile mind shift; 2) providing superior customer experience in all customer interactions; 3) understanding customers through big data and analytics; and 4) adapting to -- and ideally driving -- digital disruption.

Technology Management Must Crawl Out Of Its Tech Shell
In the fight for customers, technology management must engender collaboration and alignment with marketing and business executives around the BT agenda. Tech decisions should not be farmed out to rogue executives (e.g., the chief digital officer) -- as long as CIOs can astutely and actively drive their work around business technology.
Technology Management In The Age Of The Customer

Only Customer-Obsessed Enterprises Can Survive Disruption

by George F. Colony and Peter Burris
with Kyle McNabb and Andrew Smith

WHY READ THIS REPORT

Empowered customers are disrupting every industry — and CIOs need to understand how technology management must adapt in this rapidly evolving world. This report outlines how the age of the customer will place harsh and unfamiliar demands on institutions, necessitating changes in how they develop, market, sell, and deliver products and services. CIOs and their teams will be called on to support these changes, widening their agendas beyond IT (infrastructure) to include business technology (BT) — technology, systems, and processes to win, serve, and retain customers. This report serves as a clarion call to CIOs. Specifically, it explains: 1) how to achieve the right mix of IT and BT; 2) which methods will help you build a highly effective BT portfolio; and 3) how to improve collaboration with other executives in your company who are also meeting the customer challenge — in particular, chief marketing officers (CMOs) and customer experience professionals.

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Forrester is tracking the evolution of technology management and business technology through engagements with clients and by surveying various industries and roles. Forrester’s Forrsights Business Decision-Makers Survey, Q4 2012, fielded globally to 3,616 participants, is an integral part of this analysis.

Related Research Documents

Competitive Strategy In The Age Of The Customer
October 10, 2013

The Disruptor’s Handbook
October 27, 2011
WELCOME TO THE AGE OF THE CUSTOMER

Don't look now, but your company is losing control. That message may not have reached your technology management leaders and teams yet, but your marketing brethren already live the challenge: Customers are now in the driver’s seat.

Three factors have conspired to put your customers on top: 1) ubiquitous information about products, services, and prices; 2) technologies that make them visible and powerful critics; and 3) the ability to purchase from anyone at any time. As Rick Wagoner, the former CEO of GM remarked at a Forrester Forum, “We used to ‘own’ the customer. Now we hope and pray that they want to ‘own’ us.”

Increasingly powerful customers push all institutions, especially businesses, into the age of the customer, which Forrester defines as:

A 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers.

Using mobile devices, social media, and digital tools to band together, empowered customers roam the globe in virtual packs, extracting price, quality, and service concessions from the world’s most powerful brands. Facebook’s customers forced the social media giant to roll back changes to its privacy policy. Customer feedback compelled Tropicana to abandon a new packaging effort. Customer outrage besieged Netflix and forced it to drop an entire business model.

The age of the customer turns up the heat on 21st-century institutions, causing disruption and discontinuities. Traditional sources of sustainable returns melt in the glare of increasing customer power. That new brand story you spent $18 million telling? It just got undercut by a single influential blogger compiling a list of 12 counter-examples that has been tweeted 1.2 million times and picked up by the newswires. That new, modern plant you built to decrease your manufacturing line costs by 8% compounded annually? Your competitor just made it obsolete by introducing a product that can be enhanced in the field, wirelessly and immediately, in response to customer requirements, and customers now tweet their delight.

Empowered customers increase their market power by using information and technology to demand what they want and decide with whom they will do business. Only customer-obsessed enterprises have a chance to increase market share, revenue, and profit in the age of the customer.

Technology Management’s Role Is Unclear

Your marketing and business executives must build new strategies to acquire and retain the newly powerful customer. They are drawing up plans to deploy new classes of systems to execute these new customer strategies. So where does this leave you — the CIO — and your team? Is technology management part of the master plan, or will executives push it aside?
Unfortunately, the early results are not promising:

- **IT systems fail to adapt.** A large Canadian telecommunications provider set out to build a new experience for customers who moved homes. The company ran a contained pilot in Toronto with special employees, new processes, and designated customers. But the only way to yield the new experience necessitated what the firm called SWIT — “success without IT.” None of the company’s IT systems could adapt or provide value in the new world, so they were ignored.

- **IT systems fail to integrate.** A large retailer sought to extend its brand online. The company tried to integrate its systems for customer data, digital catalog, and analytics under the aegis of its IT organization. After that group failed to design a workable system, the bulk of the effort was moved into a marketing technology operations group.

Marketers’ confidence in today’s technology management has flagged. They have doubts that it can offer the credibility, collaboration, and architecture to drive the business forward. Alarmingly, 32% of marketers believe that technology management actually hinders business success (see Figure 1).

As further evidence, Forrester’s research shows business units accelerating plans to spend their own money on technology (see Figure 2). Marketing is particularly aggressive, increasing its “private” technology spending two to three times faster than IT overall (see Figure 3).
Figure 1: Marketers Are Underwhelmed By Technology Management’s Performance

“To what extent do the following statements describe your firm’s IT organization’s processes and capabilities?”
(4 or 5 on a scale of 1 [does not describe at all] to 5 [describes completely])

- 39% Collaborates with the business on business strategy and innovation
- 37% Delivers high-quality, timely end user support
- 28% Has built an architecture that can easily accommodate changes to business strategy

32% of respondents also believe their IT department hinders business success.*

Base: 402 IT decision-makers who work in marketing, market research, or PR/communications

*Base: 277 IT decision-makers who work in marketing, market research, or PR/communications

Source: Forrsights Business Decision-Makers Survey, Q4 2012

Source: Forrester Research, Inc.
Figure 2 Technology Spending Is Shifting

“How much of your department’s budget is spent on technology?”

<table>
<thead>
<tr>
<th>Department</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>16%</td>
</tr>
<tr>
<td>Sales</td>
<td>14%</td>
</tr>
<tr>
<td>Customer service</td>
<td>15%</td>
</tr>
<tr>
<td>Research and product development</td>
<td>18%</td>
</tr>
<tr>
<td>Finance</td>
<td>15%</td>
</tr>
<tr>
<td>HR</td>
<td>14%</td>
</tr>
<tr>
<td>Logistics/supply chain</td>
<td>11%</td>
</tr>
<tr>
<td>Manufacturing or production</td>
<td>13%</td>
</tr>
<tr>
<td>Procurement</td>
<td>11%</td>
</tr>
</tbody>
</table>

Base: 3,250 business decision-makers

Source: Forrsights Business Decision-Makers Survey, Q4 2012
Figure 3 Marketing Is Spending More On Technology

“How has your group’s/department’s spending on technology changed over the past 12 months?”
(excludes “don’t know” and “stayed the same”)

- Decreased more than 10%: 3%
- Decreased 5% to 10%: 7%
- Increased 5% to 10%: 22%
- Increased more than 10%: 15%

Base: 363 IT decision-makers who work in marketing, market research, or PR/communications

Source: Forrsights Business Decision-Makers Survey, Q4 2012

Meanwhile, Technology Challenges Intensify

Just at the time fellow executives have doubts about technology management’s ability to keep pace, technical demands are accelerating. Four technology imperatives lie at the heart of emerging customer needs:

1. **The mobile mind shift.** Newly empowered customers are leaving their laptop and desktop computers to move easily through time and space with mobile devices. Shifted customers expect that any desired information, service, or product is available on any appropriate device, in context, at their moment of need. Customers are putting access to companies in their pockets and expect to engage with them as long as they can yield the right content, at just the right time, in the perfect context, with the highest possible convenience.³

2. **Customer experience excellence.** If you want to attract and retain customers — especially your best customers — you must provide an excellent customer experience at each and every moment of engagement.⁴ As demonstrated in research from Watermark Consulting, a US-based customer experience firm, companies with high customer experience scores have delivered significantly higher shareholder value than low-scoring companies (see Figure 4).⁵
3. **Big data and analytic insights.** The population of empowered customers uploads terabytes of video, sends billions of emails, generates tens of millions of Facebook posts and millions of tweets, and streams gigabytes of location data every hour. If you want to provide them with excellent experiences, you’ll have to rapidly find the jewels in this data and translate them into better business outcomes.6

4. **Digital disruption.** If you don’t attend to the mobile mind shift, customer experience excellence, and big data and analytics imperatives, some other firm will, prying away your customers in the process. A growing global talent pool of digital inventors has access to rapidly evolving and increasingly inexpensive digital tools. Disrupt or be disrupted.7

Here’s an example of the impact these four imperatives have on banking. Mobile-shifted customers take their bank — all of its services, not just a credit card — with them as they shop for clothes or visit the doctor’s office or buy a used car. Their bank must be able to deliver a wide spectrum of easy-to-use and useful financial management and payment systems in the mobile world. They expect their bank to handle PayPal or proximity-based payments using near field communication (e.g., swiping your smartphone instead of your credit card). They expect their bank to support “smart” payments that encompass and calculate special offers and digital coupons that may be delivered through social media — all guaranteeing comparable security, predictable performance, and fraud protection.

USAA used to require customers to mail checks to San Antonio before they could be deposited and cashed. The company radically increased convenience for its customers when it enabled them to take a picture of the check with their smartphone and email the picture for deposit.

And herein lies the challenge for the CIO and the tech management team. If a retail bank’s CMO wants to offer a range of payment options to customers, she must cooperate with technology management. Why? Because technology management typically builds, runs, and maintains the systems of record and operations that contain customer data. For the bank to offer simple, easy-to-use mobile applications, it must deploy new systems to drive engagement. These new systems of engagement leverage your systems of record and operations to execute quickly and seamlessly in the mobile world, delivering an experience that delights customers and is differentiated from competitors’ offerings.8

Simply stated, in the age of the customer, market share and customer satisfaction for corporations will hinge on the quality of their customer technology.
THE RESPONSE: A WIDER TECHNOLOGY MANAGEMENT AGENDA

How should technology management answer the call of the age of the customer?

We believe existing technology organizations and executives must broaden their technology management agendas beyond infrastructure management and internal operations (IT) to include work centered on acquiring and retaining customers (see Figure 5). The CIO, enterprise architect, head of applications and development, and all other technology management executives must manage two agendas in the future: internal operations (perpetually critical to the business), which we can call IT, and business technology (BT), which we define as:

\[
\text{Technology, systems, and processes to win, serve, and retain customers.}
\]

The IT portion of the tech management agenda remains critical. It includes tools to support finance, supply chain, employee automation, resource planning, and human resources as well as a myriad of systems necessary for regulatory compliance. The technology industry has devoted enormous resources to developing hardware, storage, networking, database, and application software products capable of scaling these transaction-oriented processes. IT strategy will remain focused on lowering costs by successfully adopting superior infrastructure hardware, software, and networking technologies; moving more information technology onto public infrastructure (e.g., cloud); and
selectively sourcing software-as-a-service applications. The mature yet fundamental work of IT will continue to support the financial and operational guts of corporations and other large institutions.

The BT agenda focuses on providing superior customer experiences. It requires new discipline and doesn't follow an easily automated process or formula. Less mature yet rapidly evolving technologies for superior customer interactions — including social, mobile, customer analytics, and customer experience management — drive BT ecosystems. BT will provide the next big technology payoff as companies find innovative ways to intercept and engage empowered customers through digital interfaces, devices, and services (see Figure 6).

Successful IT has always required coordination between the technology management organization and the business. BT amplifies this connection — it cannot be built without cheek-by-jowl collaboration between technology, marketing, and the business. Why? All three fight for one cause — acquiring and retaining customers — and that war cannot be won without a united front.

Forrester believes that total technology management budgets have begun shifting from IT to BT (see Figure 7). Industries with customers who shift to mobile quickly will have to aggressively migrate tech management time and resources toward BT. In many cases, this means that the total tech budget will increase as it incorporates BT agendas and as firms begin the critical work of delivering systems of engagement. Candidates for first movers include finance, retail, and entertainment. But make no mistake: All industries will create and grow their BT work — no industry will escape the grinding forces of the age of the customer.
Figure 5 The Changing Technology Management Agenda

Tech management c. 1998

Tech management c. 2008

Tech management c. 2018

Source: Forrester Research, Inc.
**Figure 6** Comparing The IT And BT Agendas

<table>
<thead>
<tr>
<th>Some of the technologies on the IT agenda</th>
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</thead>
<tbody>
<tr>
<td>Accounting and financial applications</td>
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<tr>
<td>HR software</td>
</tr>
<tr>
<td>General help desk (for internal and external users)</td>
</tr>
<tr>
<td>Desktop hardware and operating systems</td>
</tr>
<tr>
<td>Server and storage hardware and operating systems</td>
</tr>
<tr>
<td>Networks inside the firewall</td>
</tr>
<tr>
<td>Supply chain required for manufacturing</td>
</tr>
<tr>
<td>ITIL</td>
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<tr>
<td>General-purpose development frameworks and platforms (e.g., all of .NET and J2EE)</td>
</tr>
<tr>
<td>Email and office productivity</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Some of the technologies on the BT agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer experience software</td>
</tr>
<tr>
<td>Mobile devices and operating systems for field activities</td>
</tr>
<tr>
<td>Supply chain required for fulfillment</td>
</tr>
<tr>
<td>Customer analytics and metrics, marketing management software</td>
</tr>
<tr>
<td>Development frameworks and platforms for mobile, social, eCommerce, and web customer-facing applications</td>
</tr>
<tr>
<td>Customer content management and delivery, email campaign software, listening platforms, social/collaboration for customer-facing applications</td>
</tr>
<tr>
<td>Security for sharing control across brand APIs, ensuring customer privacy, identity management, and IP protection; risk management for customer operations</td>
</tr>
<tr>
<td>Customer relationship management (CRM)</td>
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</tbody>
</table>
HOW TO DRIVE THE BT AGENDA

Expanding your mission to add BT duties will not be easy for your organization, your business, or you. BT requires an evolution in leadership, organization, technologies, metrics, talent, and executive collaboration. These changes will overwhelm many CIOs, compelling some to stay close to their technical roots and the IT portion of the technology management agenda.

That would be a titanic mistake. If the CIO and her team don't take the initiative to embrace and manage BT, other factions, such as the chief digital officer, will assert their dominion, resulting in confusion, turf wars, and amateur attempts at constructing complex systems. As the CIO of one of the largest mutual insurance companies in the US states, “Do not split the agendas between two different heads — it will lead to chaos.” Historical examples abound — the bloody two-year fight between eGM (the car company’s attempt to “be digital” in 2001) and CIO Ralph Szygenda’s tech management group serves as an instructive but cautionary tale.
The way forward is clear. CIOs, enterprise architects, managers of application delivery teams, and other technology management leaders must step up to the challenge of the age of the customer and reshape the role they personally play in business and the role that technology management plays in building customer value. To make BT work, tech management must:

- **Pursue increased funding.** This is never a popular imperative — especially with the CEO. Tech management has been in cost-cutting mode for years, so lobbying for more money will feel very foreign. But here’s the simple logic: Putting money into BT will translate into acquiring more customers and pleasing and retaining those that you have. Unlike IT, which is and should always be driven by higher efficiency (and lower costs), BT represents an investment yielding increased revenue and increased profitability.

- **Find new hours.** Tech management is going from one work stream to two. This will require CIOs to find new space on their calendars. Forrester advocates the continual movement of IT technologies into the cloud, a strategy that will free up resources that can be redirected toward building BT.

- **Widen leadership capabilities.** Many tech management leaders use mastery of the systems domain to lead their organizations and roles. BT focuses on achieving superior business outcomes — in particular, increasing share of customer. Successful technology leaders will have knowledge of customers and, perhaps most importantly, a passion for the work of attracting, retaining, and serving them. As the mutual insurance CIO aptly states, “Our company is moving beyond the CIO to someone who can take responsibility for customer experience.”

- **Organize to foster customer obsession in tech management.** Forrester believes that IT and BT must remain closely aligned because the two agendas, while generally discrete, are deeply connected. Forcing artificial barriers between them will ensure organizational confusion, decreased efficiency, and disjointed customer experiences. However, the differing basic missions of IT and BT — IT focuses on cost containment, BT focuses on customer attainment — warrant some specialized staffing. One can envision shared staff in applications development to oversee those systems (e.g., CRM) that ultimately serve customers.

- **Adopt specialized BT metrics.** While cost and efficiency will remain critical metrics for IT, BT needs new metrics. Forrester believes firms should deploy three groups of metrics to drive the efficacy of BT: 1) customer metrics that track technology’s contribution to customer creation and retention; 2) financial metrics that link BT to corporate financial goals — especially revenue and profitability growth; and 3) system-of-engagement metrics that track BT’s ability to sustain and serve customer connections (see Figure 8).

- **Forge a tight and substantive partnership between CIOs and CMOs.** These two executives will have to work together to form the BT agenda. Vanguard, the retail investment firm, has taken the unusual, but thus far very successful, step of rotating tech talent into marketing and
marketing talent into tech. As the CIO of an $8 billion US financial services company states, “The relationship between the CIO and the CMO at our company is paramount. IT’s only purpose for being is to support the company’s strategic marketing objectives.”

- **Rationalize technology assets and practices.** Building and sustaining the systems of engagement at the heart of BT will require different talents, technologies, and services. Throughput and processing integrity will not be the key considerations; the magic will center on overall customer experience. IT must still be modernized and maintained, but the need to stay laser-focused on customers will require a separation of IT and BT technology and vendor management duties. At the heart of the BT technology set will be customer analytics systems that reveal customer engagement patterns, mobile technologies that allow your business to serve customers whenever and wherever they need you, and social technologies that facilitate customer engagement across the entire customer journey.

- **Use customer experience disciplines to bring together IT, BT, and customer groups.** While BT specialization will be necessary, working across groups to achieve complex and competitively essential customer outcomes will require a common language for IT, BT, and customer-facing groups. That language is customer experience (CX). Today, CX is most closely aligned with marketing, but many CX concepts and disciplines originated in software development as distributed application development professionals sought to sustain a common vision of the user target. You need to rediscover tech management’s CX muscles, often located in software development, usability, or human factor labs, and start applying them to the critical work of building the software and systems of engagement that will make customers turn to you and away from your competitors.
## Figure 8 Three Proposed Groups Of BT Metrics

<table>
<thead>
<tr>
<th>Group</th>
<th>Metrics</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. BT customer metrics</td>
<td>Customers created per BT dollars spent</td>
<td>Calculated as total customers created in a period divided by the BT expenditures during the period</td>
</tr>
<tr>
<td></td>
<td>Net Promoter Score</td>
<td>Degree to which a customer would recommend your company or product</td>
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<tr>
<td></td>
<td>Customer churn</td>
<td>Percent of existing customers who stop purchasing offerings in a given time period</td>
</tr>
<tr>
<td>2. BT financial metrics</td>
<td>Company profit growth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BT budget</td>
<td>Total expected spend on BT</td>
</tr>
<tr>
<td></td>
<td>Company revenue growth</td>
<td></td>
</tr>
<tr>
<td>3. BT systems-of-engagement metrics</td>
<td>Customer Experience Index (CXi)</td>
<td>Measured on three dimensions: 1) Was the interaction easy? 2) Was an interaction enjoyable? and 3) Was an interaction useful?</td>
</tr>
<tr>
<td></td>
<td>Lead-to-revenue conversion rates</td>
<td>Calculated by measuring the frequency that leads convert to prospects and customers according to marketing and sales criteria</td>
</tr>
<tr>
<td></td>
<td>Service velocity</td>
<td>Total time to reconcile a service event</td>
</tr>
<tr>
<td></td>
<td>Change velocity</td>
<td>Time from recognition of a new need to implementation, normalized for complexity</td>
</tr>
</tbody>
</table>

Source: Forrester Research, Inc.
WHAT IT MEANS

WHAT BT MEANS

As technology management builds the BT agenda alongside the IT agenda, we foresee the following changes:

- **Firms will need to have great software, or they will die.** Market share will hinge on the quality of the software an enterprise uses to win, serve, and retain customers, regardless of whether it’s in the tire, insurance, or banking business. Building and maintaining a cutting-edge portfolio of iOS, Android, web, and social applications will be table stakes.

- **Customers will make the big switch from products to services.** When offered a choice — and the age of the customer is all about offering choices — customers will show a preference for services (e.g., lease a car) over things (e.g., buy a car). Most businesses are set up to move assets from themselves to customers, often asking customers to buy an excess of something now (e.g., buy three, get one free). But the big switch to services is underway. If you sell jet engines, BT will usher you into the maintenance and parts business. If you market insurance, the age of the customer will nudge your company into financial planning — presented through specialized customer software. If you sell heavy construction equipment, systems of engagement will enable you to offer physical asset management services.

- **Customer insight will equal shareholder value.** Companies will compete based on the accuracy, precision, and depth of their customer insight data. Customer insight teams will expand in headcount and budget. You can expect an upcoming war for customer data professionals — Forrester already sees this dynamic in select industries such as retail and banking. Forrester expects that smart companies will curtail their sale and sharing of customer data; these valuable assets carry too much competitive leverage to release beyond corporate walls.

- **The CTO will re-emerge.** As the BT agenda grows in funding and importance, chief technology officers (CTOs) will make a comeback to head the IT portion of technology management’s agenda. Unburdened by outward-facing demands, CTOs will be able to comfortably focus on running efficient and cost-effective infrastructure and operational systems.

- **New vendors and ecosystems will appear.** Steve Jobs famously called CIOs “orifices” — as in, “Apple does not sell to companies because it doesn't want to pass through the orifice of the CIO.” Amazon.com, Apple, Facebook, Google, and other customer-focused technology vendors will hold the keys to many BT strategies. Additionally, powerful digital marketing agencies have rapidly acquired impressive digital chops and have been invited to the BT party by your CMO. CIOs of large corporations will have to court and understand these players and move beyond
their comfort zone of negotiating just with HP, IBM, Microsoft, Oracle, and SAP. Why? Because any software developed by BT — or partners — will run on customer-centric vendor platforms. But be prepared — few of the vendors repositioning to serve BT needs are schooled in the practices of dealing with the CIO and your sourcing and vendor management executives.

**Firms will strive for “tech plus marketing”** . . . Forrester has been saying it for years, but now it must happen: Technology management must truly collaborate with marketing. Why? Because much of BT will be built according to marketing’s specifications and requirements. Simply stated, BT serves marketing, which in turn serves the customer. As the CIO at a large US package delivery company notes, “It’s all about improving relations between IT and marketing. You need a shared mental model to make it work.”

**. . . and fewer “chiefs,” more BT.** Over the past five years, companies have struggled to figure out who would build customer technology. In companies in which tech management turned its back on this challenge or did not have the skills to deliver it, rump tech groups have sprung up, led by titles like “chief digital officer” or “customer technology officer.” As tech management develops its BT capabilities and competently takes on the customer challenge, we expect the stopgap groups will be subsumed back into the CIO’s organization.

**Tech management will need to bridge the skills gap.** All of the executives in the technology management organization — from the CIO to the enterprise architect to the head of infrastructure and operations to the head of application development — will carry two agendas: their work around BT and their work associated with IT. This means that all of them will have to substantially boost their skills and capabilities to take on the new challenge. In many organizations, this will require a retooling of personnel — we believe that only 60% to 70% of top technology management executives will be able to make the transition to the new “two agenda” world.

**SUPPLEMENTAL MATERIAL**

**Methodology**

Forrester’s Forrsights Business Decision-Makers Survey, Q4 2012, was fielded to 3,616 business decision-makers located in Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Japan, Malaysia, Mexico, the Philippines, New Zealand, Russia, Singapore, the UK, and the US from small and medium-size business (SMB) and enterprise companies with 100 or more employees. This survey is part of Forrester’s Forrsights for Business Technology and was fielded from August 2012 to November 2012. LinkedIn Research Network fielded this survey online on behalf of Forrester. Survey respondent incentives include gift certificates and research reports. We have provided exact sample sizes in this report on a question-by-question basis.
Each calendar year, Forrester’s Forrsights for Business Technology fields business-to-business technology studies in more than 17 countries spanning North America, Latin America, Europe, and developed and emerging Asia. For quality control, we carefully screen respondents according to job title and function. Forrester’s Forrsights for Business Technology ensures that the final survey population contains only those with direct oversight of their team’s or group’s budget. Additionally, we set quotas for company size (number of employees) and job function as a means of controlling the data distribution. Forrsights uses only superior data sources and advanced data-cleaning techniques to ensure the highest data quality.

ENDNOTES

1 Empowered customers are disrupting every industry; competitive barriers like manufacturing strength, distribution power, and information mastery can’t save you. In this age of the customer, the only sustainable competitive advantage is knowledge of and engagement with customers. See the October 10, 2013, “Competitive Strategy In The Age Of The Customer” report.

2 A customer-obsessed enterprise focuses its strategy, its energy, and its budget on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers. See the October 10, 2013, “Competitive Strategy In The Age Of The Customer” report.

3 Mobile has evolved into one of the most important, if not the most important, digital touchpoints. Forrester forecasts that consumers will spend more than $10 billion on their mobile devices in 2012, with that number growing to more than $31 billion by the end of 2016. See the May 1, 2012, “Mobile Mandate For eBusiness Professionals” report.

4 For roughly two-thirds of US brands, customer experience ranges from just OK to downright bad. Lackluster interactions occur in every channel — and especially when customers cross channels. It’s unfortunate that companies in nearly every industry disappoint their customers, even though many of today’s largest firms have made customer experience a strategic priority and dedicated teams to oversee customer experience efforts. To read more about this dilemma, see the February 28, 2013, “The Customer Experience Ecosystem” report.


6 Digital technologies empower today’s customers, disrupt every industry, and cause your executives to question their competitive strategies. Competitive barriers like manufacturing strength, distribution power, and information mastery can’t save you. In the age of the customer, the only sustainable competitive advantage you can have is the degree to which you know and engage with your individual customers. See the March 6, 2013, “The Future Of Customer Data Management” report.

7 Digital disruption is about to tear down and rebuild every product in every industry. Thanks to digital platforms, your customers live in a world of heightened expectations and abundant options; they can get more of what they want, in more places, at more times, than ever before. Seizing this opportunity, digital disruptors threaten to make you irrelevant by delivering a more compelling product and service experience.
than you can and at a lower cost, often without even knowing that they're upending you. See the October 27, 2011, “The Disruptor’s Handbook” report.

With more than 1 billion smartphones worldwide, and tablets numbering in the hundreds of millions, the scope of the mobile revolution rivals that of the move from monolithic systems to client/server computing in the 1990s. As in that period, we're now seeing massive changes to application architecture as companies modernize the way they build applications. Modern applications require multichannel clients, elastic infrastructure, and elastic licensing; they’re composed of multiple service endpoints that are provisioned by developers with direct customer feedback on their convenience. This report, which is the vision report of the mobile app development playbook for application development and delivery professionals, focuses on the changes application developers need to understand if they want to build modern applications that deliver contextual customer experiences. It also looks at how modern applications will evolve over the next few years and what development teams should prepare for now. See the January 17, 2013, “The Future Of Mobile Application Development” report.

Arguably, this will be the first industry transition not driven by Moore's Law, which states that hardware cost/performance doubles every 18 months and results in more functional transaction systems. Instead, this transition will be driven by social innovations: insights gleaned about customer patterns as they move through space and time and applied, through BT, to more reliably intercept customers at their moment of need and convert them through superior customer experience.
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