

DIGITAL TRANSFORMATION AND THE CUSTOMER EXPERIENCE

A look at how leading B2B companies are generating ROI by embracing digital transformation with a customer-first mindset

While digital transformation may have originated as a process for improving internal technologies and efficiencies, today it's all about the customer experience. Businesses that invest in customer-facing technology improvements early and often stand to gain the most as e-commerce revolutionizes the B2B space.

In the early days of digital transformation, B2B companies focused on technologies designed to increase productivity and simplify internal processes such as ERP systems, automated payroll systems, basic HR platforms and more.

Soon after, businesses began to view digital transformation as a way to sync information with buyers, and digitally replicate buying processes previously completed by phone or fax. However, these updates did little to change a business's actual relationship with buyers. Instead, they simply digitized manual work (e.g., pen and paper documentation) for sellers.

The first phases of digital transformation essentially allowed businesses to do more with fewer people. At the time, this was groundbreaking. Now, it's a given. Businesses that remain in the early phases are not undergoing true digital transformation as we know it. But what exactly does digital transformation mean today?

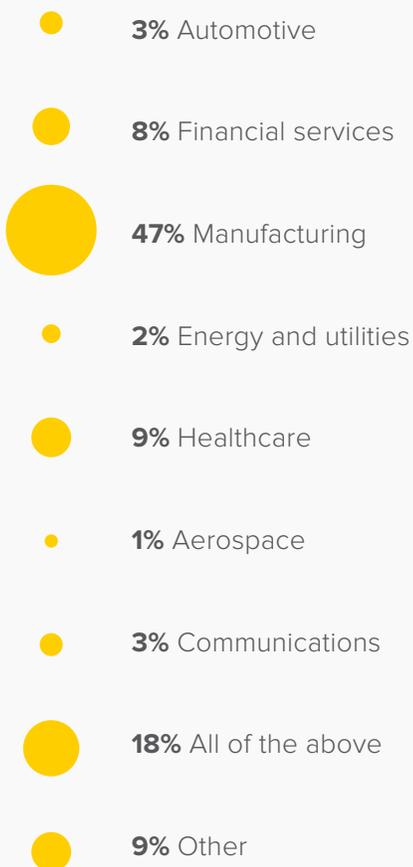
Today, digital transformation means innovating the selling process to better address the needs of empowered buyers through investments in modern customer-facing technologies. The following report, based on a survey of 229 B2B decision makers, shows that businesses plan to spend most of their technology budgets on customer-facing tools, and they believe these technologies hold the potential for the most ROI.

The survey respondents represented a wide range of industries: manufacturing, automotive, financial services, energy and utilities, health care and telecommunications. About half of the respondents identify their businesses as primarily manufacturing.

METHODOLOGY

FPX surveyed 229 B2B decision makers in October of 2018. To reach this audience, FPX worked with Lucid, a survey sample provider with access to more than 250 sample suppliers. The industry, job title and company revenue of the respondents is as follows:

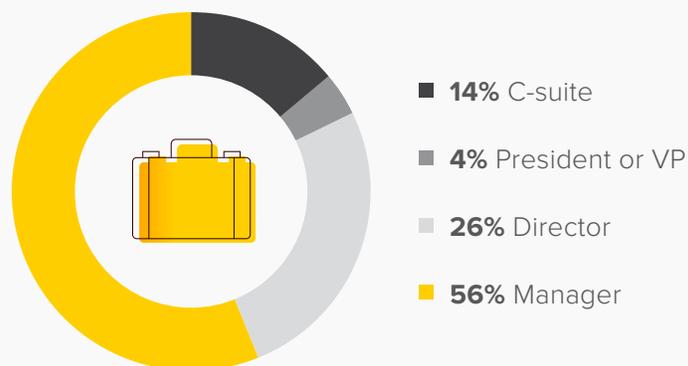
IN WHICH INDUSTRY DOES YOUR COMPANY PRIMARILY OPERATE?



WHAT IS YOUR COMPANY'S APPROXIMATE REVENUE?



WHICH OF THE FOLLOWING BEST DESCRIBES YOUR JOB TITLE?



NO TIME TO WASTE

Businesses that have yet to embark on a digital transformation project are in the minority.

More than two-thirds (68 percent) of the survey respondents say their businesses are currently undergoing a digital transformation process.

Of the businesses that aren't undergoing digital transformation, a quarter (25 percent) say they're delaying digital investments because they don't see a problem with the status quo. This thought process is problematic, and in some cases can serve as a death sentence for B2B businesses.

If the next wave of B2B digital transformation will be anything like that of its B2C counterpart, an industry-wide push toward customer-first digital offerings will happen fast. Companies that remain complacent and fail to invest in modern technologies designed to improve the B2B buyer experience will quickly fall behind competitors and face a major uphill battle to catch up.

“It may feel like a safe bet to stick to the status quo, especially given how difficult it can be for businesses to enact major change. But, digital transformation is hitting B2B as we speak, and those that haven't made moves will feel the consequences”

Mark Bartlett,
Chief Experience Officer, FPX

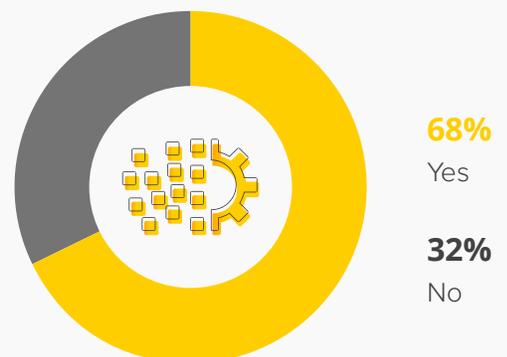
68%

say their businesses are currently undergoing a digital transformation process.

25%

are delaying digital investments because they don't see a problem with the status quo.

IS YOUR COMPANY CURRENTLY WORKING ON A DIGITAL TRANSFORMATION PROJECT?



DIGITAL TRANSFORMATION DEFINED

B2B businesses largely undergo digital transformation projects with the goal of improving the customer experience.

Most respondents say that their companies agree internally that this is the best use of digital transformation funds. As B2B e-commerce becomes the norm, clunky, outdated systems that hinder the buying experience will no longer cut it. Today's business buyers expect seamless buying processes, much like they experience in the consumer world.

Nearly all respondents (94 percent) agree or strongly agree that buyers want the ability to research products and receive quotes without ever speaking to a sales representative.

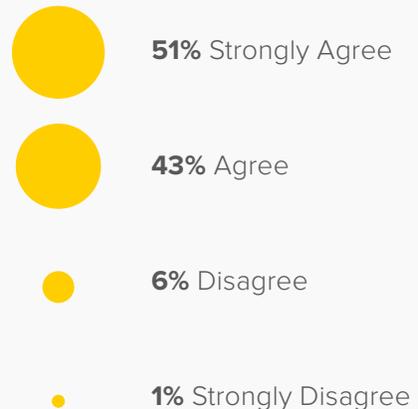
Given customer demands for better buying processes, the survey data shows that B2B businesses are shifting their digital transformation focus toward improving the customer experience. Of those currently undergoing a digital transformation project, 58 percent say one of the goals of their company's digital transformation project is to offer a better buying experience for customers.

This number jumps to 63 percent among respondents from the manufacturing industry -- an industry that typically sells complex, customizable products, yet has historically relied on inefficient buying processes.

94%

agree that buyers want the ability to research products and receive quotes without ever speaking to a sales representative.

“BUYERS TODAY WANT THE ABILITY TO RESEARCH PRODUCTS AND RECEIVE QUOTES”



Nearly all respondents (95 percent) agree or strongly agree that digital transformation funds are best spent on improving the buyer experience, and a similar percentage of respondents (98 percent) agree or strongly agree that the best way to drive more sales is to enhance the buyer experience. Business leaders who still believe that internal process improvements are more important than the customer experience represent a slight majority, and are at risk of losing sales to competitors with customer-first mindsets.

Not only do respondents say they believe customer-first investments are most important, but they also say their businesses generally agree on this concept internally. Most respondents (85 percent) believe they have a strong internal consensus on what digital transformation means, indicating that internal stakeholders (regardless of role) largely agree that digital transformation projects should focus on the customer.

WHAT IS THE GOAL OF YOUR DIGITAL TRANSFORMATION PROJECT?

To improve internal processes with the goal of operating more efficiently



To offer a better buying experience for customers with the goal of increasing sales



Both of the above



■ Manufacturing ■ Non-manufacturing

95%

agree that digital transformation funds are best spent on improving the buyer experience,

25%

agree that the best way to drive more sales is to enhance the buyer experience.

Such initiatives require looking at both what customers are asking for and how a business addresses those needs internally by adapting process, culture and technology.

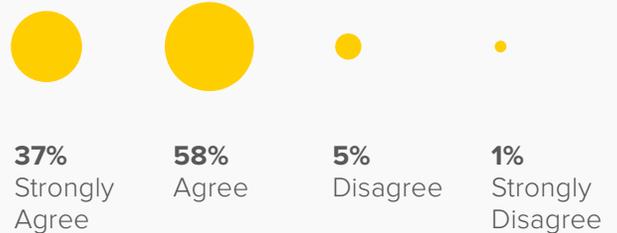
There's no question that digital transformation today is about improving experiences for the end customer to ultimately drive more sales. The most successful B2B businesses will use digital transformation to get customers to spend more than they would otherwise, and reposition themselves as more than just sellers, but rather, true solution providers for customers.



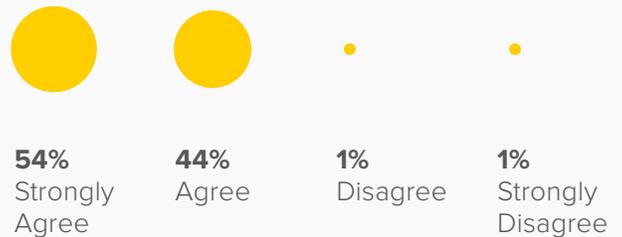
“At the end of the day, keeping your customers happy is what will maximize revenue for your business. Don't just invest in any new technology, invest in the tools that will make your customers' lives easier.”

Mark Bartlett
Chief Experience Officer, FPX

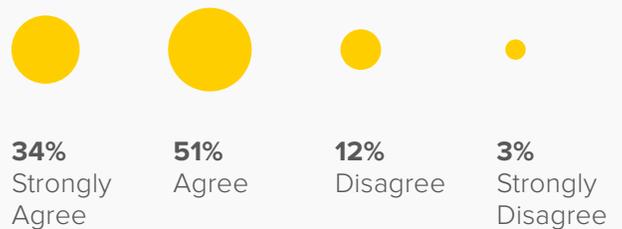
“DIGITAL TRANSFORMATION FUNDS ARE BEST SPENT ON IMPROVING THE BUYER EXPERIENCE”



“THE BEST WAY TO DRIVE MORE SALES IS TO IMPROVE THE BUYER EXPERIENCE.”



“OUR COMPANY HAS A CLEAR INTERNAL CONSENSUS OF WHAT DIGITAL TRANSFORMATION MEANS.”



FOLLOW THE MONEY

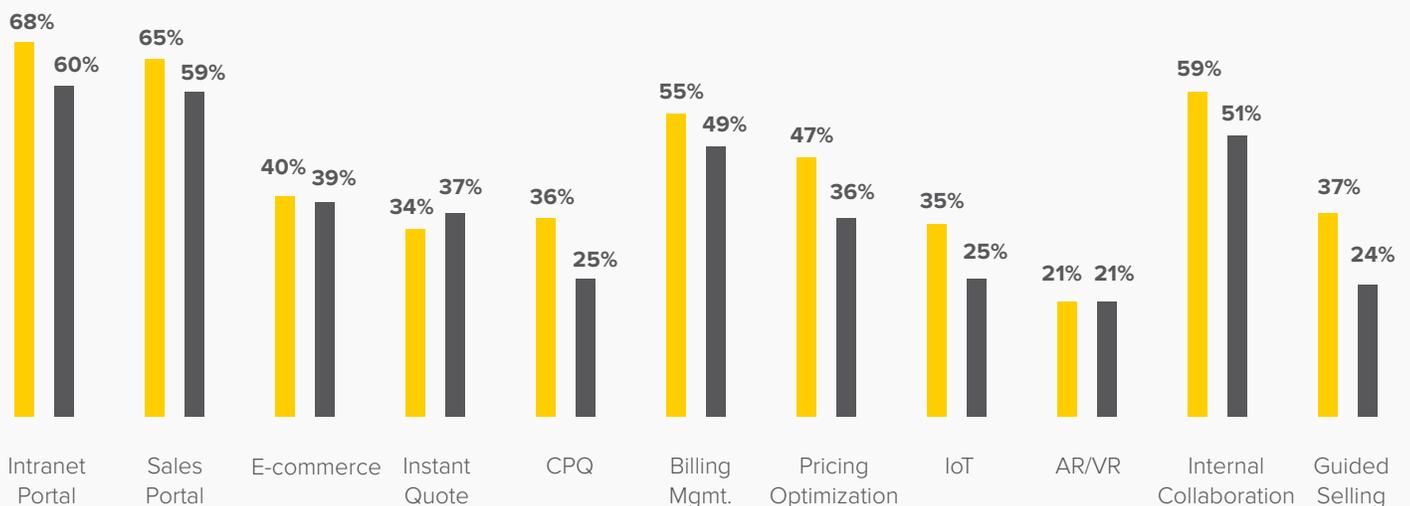
According to the survey, businesses understand the importance of customer-centric tools and are investing accordingly.

The best way to truly overhaul the buyer experience is to invest in modern customer-facing technology, including advanced e-commerce platforms, guided selling technology, quote-to-order tools and more.

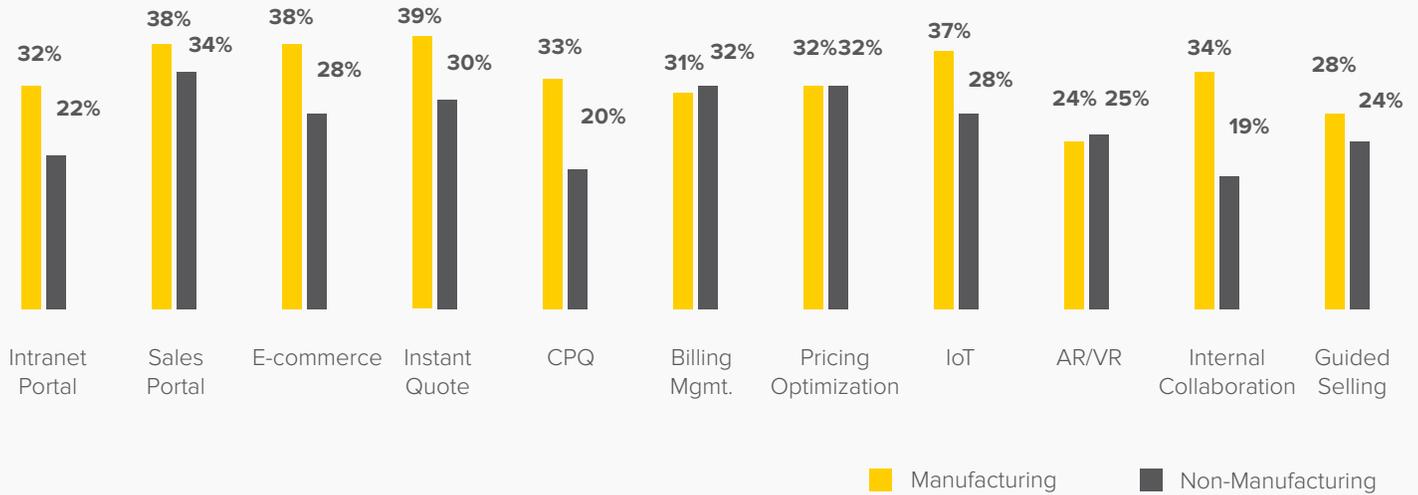
Survey respondents overwhelmingly indicated that they have already invested in and use many internal

technologies like intranet portals and collaboration tools. But when asked about the type of technology they plan to spend more money on in the future, respondents ranked customer-facing technologies higher than internal efficiency tools.

WHICH OF THE FOLLOWING TECHNOLOGIES DOES YOUR COMPANY CURRENTLY HAVE?



WHICH OF THE FOLLOWING TECHNOLOGIES DOES YOUR COMPANY PLAN TO INVEST IN WITHIN THE NEXT YEAR?



Respondents also ranked customer-facing technologies higher than internal efficiency tools when it comes to return on investment. For manufacturers, technologies designed to improve the customer experience filled the top four spots, while internal collaboration tools ranked last.

When broken down by job role, customer facing technologies ranked high across the board with some slight variations throughout. Both external-facing and internal-only employees feel strongly that customer experience technologies hold the most potential for ROI.

RANK THE FOLLOWING DIGITAL CAPABILITIES BASED ON HOW MUCH ROI YOU THINK EACH WOULD GENERATE

	MANUFACTURING	NON-MANUFACTURING	EXTERNAL-FACING ROLE	INTERNAL-ONLY ROLE
1	External customer sales portal	External customer sales portal	External customer sales portal	Advanced e-commerce site with customization options
2	Advanced e-commerce site with customization options	Advanced e-commerce site with customization options	Instant quote technology	External customer sales portal
3	Instant quote technology	Intranet portal	Advanced e-commerce site with customization options	Instant quote technology
4	CPQ technology	Instant quote technology	Intranet portal	Intranet portal
5	Intranet portal	CPQ technology	CPQ technology	CPQ technology
6	Pricing optimization	Billing and subscription management	Pricing optimization	Billing and subscription management
7	Billing and subscription management	Pricing optimization	Billing and subscription management	Pricing optimization
8	IoT capabilities	IoT capabilities	Guided selling technology	IoT capabilities
9	Guided selling technology	Augmented/virtual reality	IoT capabilities	Augmented/virtual reality
10	Augmented/virtual reality	Internal collaboration tools	Augmented/virtual reality	Guided selling technology
11	Internal collaboration tools	Guided selling technology	Internal collaboration tools	Internal collaboration tools

Investments in customer-facing technologies that improve the buyer experience are particularly crucial for manufacturers that sell complex products, such as automotive or aerospace parts. It’s not easy to simply sell a fleet of bulldozers to a buyer with the click of a button. Businesses need advanced technologies that enable complex ordering processes to truly reap the benefits of customer-centric digital transformation projects.

QUOTE-TO-ORDER TIME MATTERS

One of the best ways to enhance the B2B buyer journey is to offer faster quote-to-order times.

B2B purchases are much more complex than those in the consumer-facing space, often involving lengthy and complicated quote processes. However, customers have high expectations for fast ordering capabilities — even for complex purchases.

Despite growing customer expectations for seamless buying processes in B2B, most businesses say their quote-to-order process is slow-moving. Roughly half of respondents (53 percent) say their quote-to-order process is more than five days. As consumer shopping

expectations bleed into the B2B space, five days can feel like a lifetime for a buyer.

Regardless of the speed of the current quote-to-order offerings, 94 percent of respondents agree or strongly agree that a faster quote-to-order process will help drive more sales. Similarly, 93 percent agree or strongly agree that empowering distributors to configure and quote products for buyers without calling someone at the company would help their company drive more revenue.

WHAT IS THE LENGTH OF YOUR AVERAGE QUOTE-TO-ORDER PROCESS?

13%

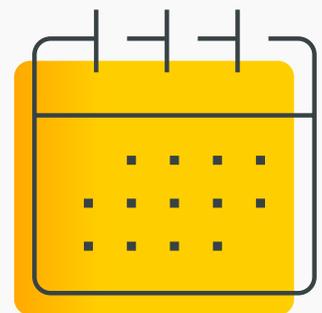
Less than
a day

35%

1-4 days

53%

More than
5 days



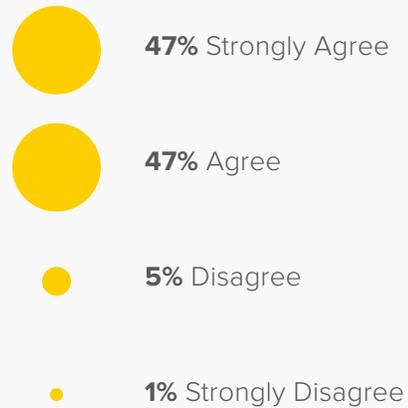
Quote-to-order improvements should be a priority for B2B businesses, especially those selling complex products. When customers request an initial quote, it's often the first interaction they have with a company. If the time it takes for a seller to respond with a quote is too long for a customer, he or she can and will take their business elsewhere.

Configure-price-quote (CPQ) technology can help businesses speed up the time it takes to respond with accurate quotes. These solutions empower all selling channels to close deals quickly, automate the quote-to-order process, make product and pricing updates on the fly, and provide a seamless user experience from any device. CPQ technology is an easy first investment for businesses looking to make a quick impression on buyers.

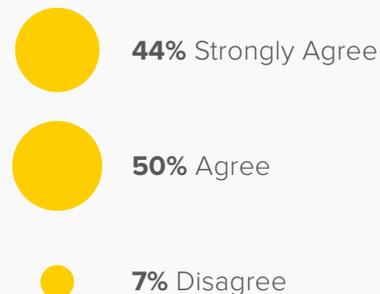
“One of the biggest frustrations B2B buyers face today is the inability to receive a fast and accurate price quote online. CPQ technology is one of the best tools a B2B business looking to improve the customer experience can invest in.”

Mark Bartlett,
Chief Experience Officer, FPX

“A FASTER AND MORE ACCURATE QUOTE-TO-ORDER PROCESS WOULD HELP ME DRIVE MORE SALES.”



“EMPOWERING MY DISTRIBUTORS TO CONFIGURE AND QUOTE PRODUCTS FOR MY BUYERS WITHOUT CALLING SOMEONE AT MY COMPANY WOULD HELP DRIVE MORE REVENUE.”



ADAPTING YOUR BUSINESS CULTURE

While digital transformation relies heavily on technology, a successful transformation must include more than just a technology overhaul.

Digital transformation requires both technology and an emphasis on adapting your business culture and processes to meet the needs of the customer.

In other words, your customers will tell you when they're ready for digital transformation initiatives. So as a business decision maker, don't dive head first into

a digital transformation project without understanding the voice of the customer first. To succeed, businesses need to adapt process and culture to focus on the customer, while adding the technologies necessary to facilitate these shifts across the organization.



“While technology investments are the heart of any digital transformation initiative, your internal culture also plays a major role. The ability to adapt to new technology along with evolving customer needs internally can make your digital transformation projects even more successful”

Mark Bartlett
Chief Experience Officer, FPX

If done right, digital transformation has the potential to radically transform a business's value proposition. B2B businesses that choose to prioritize technology investments that truly enhance the buying process stand to gain the most in an industry that's on the brink of an e-commerce revolution.

Investments in advanced e-commerce offerings top the list among leading B2B businesses. But no two businesses are alike when it comes to the buying process. For B2B businesses in the manufacturing industry in particular, the buying process can be incredibly complex, and standard e-commerce implementations won't cut it.

That's where CPQ can make all the difference. The quote-to-order process is often the first chance a business has to impress a buyer, and if that process is clunky, slow and confusing, buyers will take their business elsewhere. CPQ solutions can drastically improve quote-to-order times, and offer buyers accurate quotes for even the most complex configured products.

As leading B2B businesses embrace customer-first digital transformation, there's no time to waste for those businesses that haven't put a comprehensive digital transformation plan into motion.

ABOUT FPX

FPX helps some of the world's leading and most innovative organizations realize their full business potential. Its Configure-Price-Quote (CPQ) application gives businesses the resources to deliver a better B2B buying and selling experience across direct, indirect and e-commerce channels. Powerful enough to handle any level of complexity, nimble enough to advance your commerce strategy, and simple enough to seamlessly extend and enhance the capabilities of direct and indirect sales, FPX CPQ is integral to facilitating a successful B2B Digital Transformation for Fortune 500 companies including Honeywell and Dover Corporation.

For more information, visit [fpx.com](https://www.fpx.com)