User, Customer, and Digital Experience: Where Service and Business Performance Come Together

REPORT SUMMARY

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INDUSTRY ANALYSIS & CONSULTING

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Executive Introduction

This is the third report in EMA's unique exploration of end-user experience management spanning eight years, from 2008 to 2017.[1] While many trends remain consistent, there are also many differences in 2017 that reflecting a growing interest in cloud and cloud-related technologies, APIs, microservices, and an increasingly complex and dynamic infrastructure environment. Trends such as agile and DevOps have also affected the landscape with some similar requirements for dynamic currency and shared digital, end-user, and customer experience management insights between development and operations teams, including IT service management (ITSM) teams. And finally, the move to digital transformation is escalating the need for more effective, diverse, and well-metricized capabilities for assessing application performance, end-user productivity, business process impacts, and customer and partner interactions across the extended enterprise.

Along with these changes in the technology and business landscape, EMA is seeing changes in organizational models around digital experience management in all its dimensions, including internal user experience and external customer and partner experience. But, as our data shows, some things do remain consistent—above all is the continued need to wed an expanding array of technology insights to a similarly expanding array of business and "human" behaviors with greater clarity and currency and improved foundations for self-learning in everything from portfolio optimization to transactional latencies. Moreover, IT is being asked to do all this with ever greater attention to cost-effectiveness and operational efficiency, as our recent data suggests.

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Leading highlights from this research include:

- *Digital experience management* (DEM), a unified approach to both user and customer experience focused on business outcomes, led in priorities over *user experience management* and *customer experience management* separately as a prime area of focus. But respondents indicated meaningful interest in all three.

- *Performance management* led in terms of activity level for DEM, with *business impact management* closely behind it in terms of how many organizations were focused on this area. However, *business impact* narrowly edged out *performance* in terms of criticality. *Change management/DevOps, application design, end-user productivity,* and *service usage* followed as priorities in that sequence.

- *IT operational efficiency* ranked as the number one driver for DEM.

- Most respondents (59%) viewed DEM as a shared technical and business concern while 21% viewed DEM as primarily a technical concern and 20% viewed it as primarily a business concern.

- The IT executive suite was most likely to drive digital, user, and customer experience management initiatives, which were most effective when there was a dedicated, cross-domain DEM team in place.

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[1] The contrasts in time cited throughout this report leverage data collected for the EMA report "User Experience Management and Business Impact: A Cornerstone for IT Transformation" (August 2012).

- Active integration of the service desk and Operations in support of digital, user, and customer experience was one of the key indicators of DEM effectiveness.

- DEM metrics were most likely to be instrumented *within or across the data center*, followed by *at the end-user workstation.*

- *End-to-end transactional reconstruction* followed by *active or synthetic transactions* led for DEM-related monitoring technologies.

- *Isolating browser issues* edged out *application/infrastructure analysis* as the top technical triage priority.

- *External cloud SaaS* was reported as the most critical applications concern for the next 12 months.

- *Overlay teams* (spanning multiple silos) are becoming increasingly important overall, and especially for in-house-developed applications, where Operations and Development both play a role.

- *Level of security/risk* and *response time per transaction* were the top two technical metrics.

- *End-user productivity (processes executed)* and *user effectiveness (success versus failure)* were the top two end-user productivity metrics.

- *Cost-related external SLAs with service providers (including cloud)* and *business activity metrics* were the top two business metrics for DEM.

- The top two challenges for DEM were *identifying the root cause of problems* and *communicating the business impact of IT services to the LOB.*

- *Effectiveness* or success rates strongly correlated with a dedicated DEM team, executive IT and business leadership, and commitments to actively deployed technology, including advanced analytics and advanced levels of automation.

- When asked to choose their top pieces of advice for succeeding in DEM initiatives, respondents selected the following as the top three:

  ◦ *Focus on process and coordination across groups within IT.*

  ◦ *Be selective in your technology investments.*

  ◦ *Prioritize applications and focus on those most critical to the business.*

Methodology and Demographics

This research was conducted in Q4 2016 with 152 respondents. The research targeted North America with the following core priorities:

- **Company or organizational size** – We limited the pool of respondents to professionals at organizations with 250 or more employees.

- **Role/title** – We ensured that 25% of respondents were non-IT, or at least had titles strongly affiliated with business roles. These included *CEO/COO, CFO; Corporate Line of Business Vice President and Managers; Customer Success Director;* and *Customer Experience Director,* as examples.

- **Industry verticals** – The top verticals represented were *high-tech software manufacturing, manufacturing overall, technology managed service providers, finance,* and *retail,* in that order.

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- **Involvement in digital, user, and customer experience** – All respondents were required to be directly involved in digital, user, or customer experience management, and their companies or organizations were also required to be focused on at least one of these three areas (which will be examined in the following section on "Strategic Priorities.") For purposes of consistency, EMA defined these areas as follows:

  - **User experience management** – Targeting internal users

  - **Customer experience management** – Targeting external consumers, including partners and suppliers as well as direct customers

  - **Digital experience management (DEM)** – A unified approach to both user experience and customer experience to optimize business outcomes

    - When questions did not specify unique use cases, *digital experience management (DEM)* was used throughout to capture broader experience management issues, priorities, and requirements.

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Strategic Priorities

As a starting point, EMA examined how IT and business respondents viewed digital, user, and customer experience management. Figure 1 and Figure 2 reflect two perspectives. In the first question, respondents indicated all areas on which their organization focused while the second question asked for the organization's primary focus. While DEM was slightly more common than the other two in the first case, it was by far the leading area when respondents were asked to identify a primary area of focus. This is not surprising given the current industry attention to digital transformation.
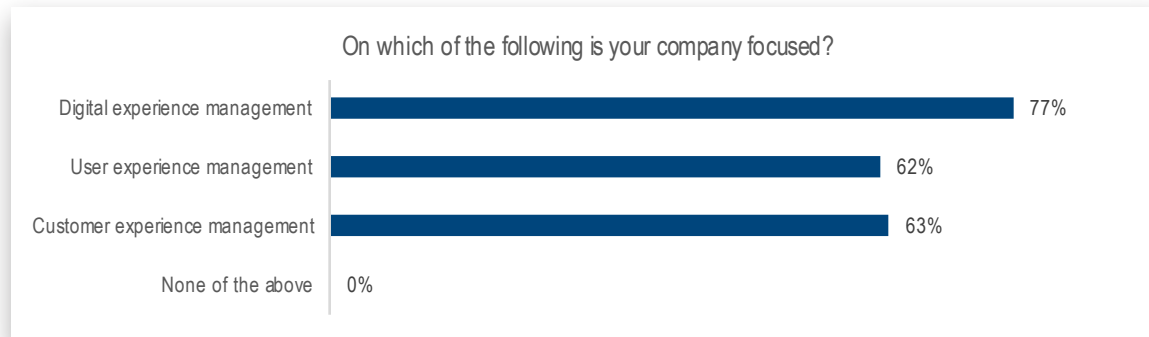

Figure 1. Digital experience management led overall for company priorities, with user and customer experience management virtually tied.
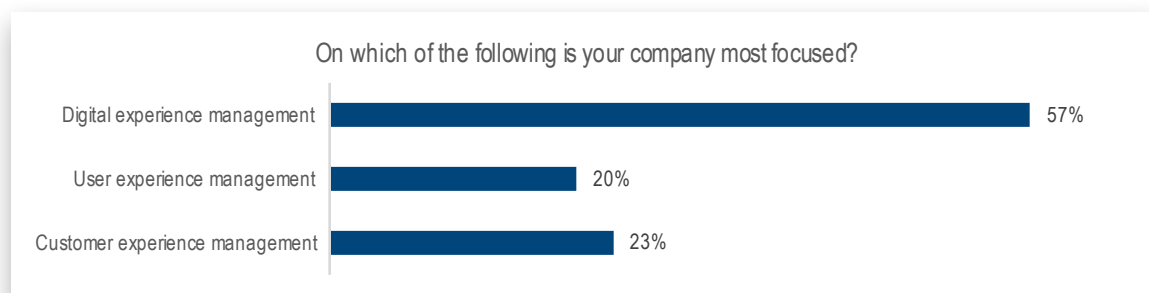

Figure 2. When asked about primary focus, respondents overwhelmingly indicated digital experience management, more than equaling the sum of customer and user experience combined.

Other Priorities and Drivers

EMA also examined the following priorities in terms of both activities (asking respondents which areas they were actively engaged in) and priorities (asking them which they saw as delivering the most value).

Business impact – Monitoring and optimizing IT-delivered business services based on user interactions and business outcomes

Performance – Monitoring and optimizing the effective delivery of business services to their end consumers in terms of performance and security concerns (latency, transactional efficiency)

Change management/DevOps – Validating the impacts of change, including impacts derived from the move to cloud or the introduction of new application releases into production

Design – Monitoring and optimizing the effective design and content of business services for their end consumers (navigation, relevance)

User error/productivity – Monitoring and optimizing end-user interaction with business services, including the efficiency with which the service is utilized in support of business processes

Service usage – Monitoring usage patterns, including the frequency with which users (by type or group) leverage IT-delivered business services

The sequence as shown above was reflective of rankings, as well, with the difference that *performance* led for activity and *business impact* narrowly edged out performance for value.

In a separate question, respondents indicated their **top six areas of interest**:

1. IT operational efficiency overall (62%)
2. Better application performance (40%)
3. Employee productivity (37%)
4. Business competitiveness – revenue (34%)
5. Business process optimization/efficiencies (34%)
6. Business competitiveness/brand protection (32%)

A Business or a Technical Concern?

EMA asked respondents directly how they viewed DEM. The results, shown in Figure 5, reveal that DEM is seen primarily as a shared concern.

How would you complete this statement? "In our organization, digital experience management is

Digital experience management is primarily a business concern.	20%
Digital experience management is primarily a technology concern.	21%
Digital experience management is equally a business and a technology concern.	59%

Figure 3. DEM, inclusive of customer and internal user experience, is viewed strongly as a shared concern between IT and the business. This finding is consistent with EMA research from 2012 and 2008.

Role and Organization

Figure 4 strongly shows that DEM is **primarily driven from the IT executive suite,** with meaningful but significantly lower percentages indicating a dedicated *digital experience management team* or a *cross-domain service management team,* both of which cross IT silos. Beyond this, the scattered and closely ranked other groups show how the challenges of optimizing digital, customer, and user experience span a wide variety of skills and professional teams.

Of the organizations/groups that track DEM within your business, which organization/group is most likely to drive the overall DEM strategy overall within your business?

Group	Percentage
Network operations	5%
Systems/data center	5%
Applications support/management	5%
Application development	5%
Dedicated agile/DevOps team	1%
Dedicated cloud management team	2%
Desktop support	3%
Executive IT	32%
Center of Excellence	5%
Q/A test	1%
Cross-domain service management team	4%
Voice/video/UC support	1%
Help desk or end-user support	3%
Customer experience management	5%
Digital experience management team	12%
Line of business organization	3%
E-commerce, e-business	4%
Process management and compliance	5%
Other	1%

Figure 4. Digital, user, and customer experience are largely driven by the IT executive suite, but a dedicated team for digital experience management comes in as a meaningful but distant second place. Beyond this, the multiple other roles and teams are nearly tied in rank, underscoring the multiplicity of skills required for optimizing both the technical and business dimensions of user experience.

From a **business perspective**, the most likely executive role in driving DEM was *VP or director for enterprise marketing and digital services.*

In a separate question, EMA asked respondents if a **separate team** had been established that was dedicated to DEM. In this case, 52% responded *yes,* a meaningful increase from 2012 when only 34% responded *yes* to the same question. Not surprisingly, having a separate DEM team is a good thing. As indicated in Figure 5, having a dedicated team can strongly help enable a more collective approach to the various technical and business dimensions of digital, customer, and user experience management. Also not surprisingly, these teams are also most likely to be driven by the IT executive suite.

> **Having a dedicated team can strongly help enable a more collective approach to the various technical and business dimensions of digital, customer, and user experience management.**
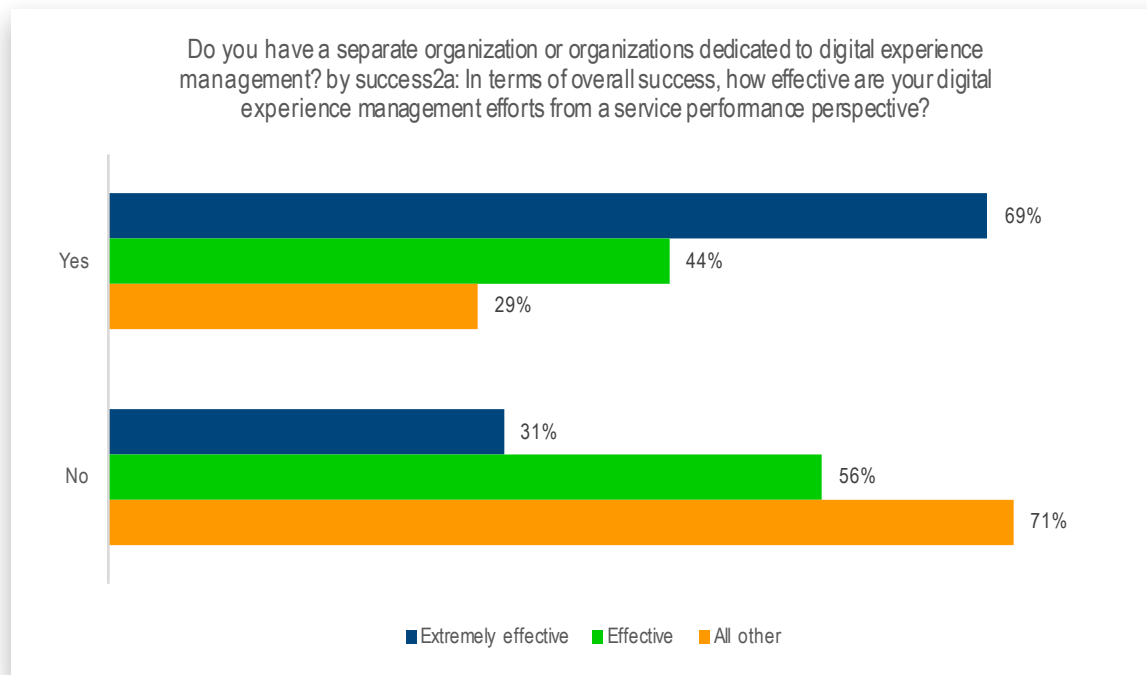

Figure 5. Having a dedicated team for DEM strongly favors more effective outcomes, which is not surprising given the need for shared, collective intelligence, process, and actions across IT and between IT and the business.

Technology and DevOps Observations

- **Analytics** – 88% of survey respondents view advanced IT analytics (AIA) as "extremely" or "very" important for DEM.

- **Automation** – 88% believe "advanced levels of automation" (workflow or IT process/runbook automation) will be "extremely" or "very" important for DEM efforts going forward.

- **Reporting** – Top reporting targets for DEM metrics include public cloud services (40%), requirements management, etc. for service providers (39%), and reports supporting third-party metrics from partners, suppliers, and supply-chain dependencies (37%).

As Figure 6 shows, cross-functional "overlay teams"—called *overlay teams* because they span multiple practitioner silos—are most often responsible for managing the user experience for in-house-developed applications. Such teams go by many different names—DevOps, Infrastructure Services, and Centers of Excellence are some of the most common—and they are put in place to effectively support the multiplatform, component-based digital services deployed in recent years.

Through trial and error, most companies have found that cross-functional teams are necessary to support the complexities of modern applications. Their combined knowledge and skills provide an effective foundation for elevating silo-based management practices to the collaborative approaches that better address the challenges of deploying and supporting today's dynamically changing, massively distributed application systems.

Overlay teams because they span multiple practitioner silos—are most often responsible for managing the user experience for in-house-developed applications.

Which statement best reflects which for your company/IT organization?

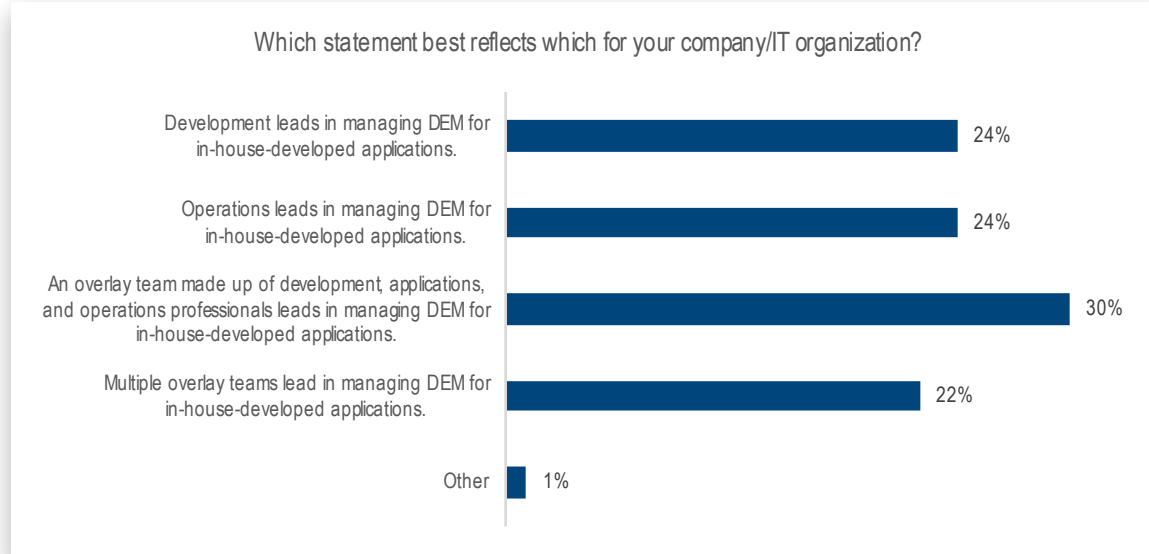| Statement	Percentage
Development leads in managing DEM for in-house-developed applications.	24%
Operations leads in managing DEM for in-house-developed applications.	24%
An overlay team made up of development, applications, and operations professionals leads in managing DEM for in-house-developed applications.	30%
Multiple overlay teams lead in managing DEM for in-house-developed applications.	22%
Other	1%

Figure 6. Overlay teams for managing digital experience for in-house-developed applications are on the rise, with Development and Operations both playing critical roles.

Metrics

Figure 7 shows the top technical metrics supporting DEM. One surprise finding is that security and risk measurements are edging out both "transaction response time" and "availability" as the most important DEM-focused metrics. This is one indication of the emphasis IT organizations are placing on security and risk management, and it underlines the inroads that security factors have made into the DEM discipline.[2]

Which technical metrics is your organization applying to digital experience management?

Metric	%
Level of security, risk, data integrity	37%
Response time per transaction	36%
Availability	32%
Response time per application	30%
Response time for transactions supporting a service	30%
General browser responsiveness	26%
Navigability of applications	26%
UI design issues in general	25%
Performance of third-party components in a web service	22%
Mobile browser responsiveness	22%
Utilization of a given application	22%
Technical SLAs for cloud/third-party dependencies	21%
Dropped transactions	20%
Session quality (e.g., voice/video MOS)	20%
VDI specific latencies	17%

Figure 7. Security/risk levels, transaction response time, and availability are the top three technical metrics supporting DEM.

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[2] EMA, "SecOps: Integrating Security with Operations, Development, and ITSM in the Age of Cloud and Agile," April 2017.

In terms of **business metrics**, which are key to both digital and customer experience management, EMA saw a rising interest in managing costs with external service providers. This metric jumped from near the bottom of the list in 2012 to top of the list here.

1. Cost-related external SLAs (with service providers including cloud) (34%)

2. Business activity metrics (33%)

3. Revenue-specific metrics (31%)

4. Business process impact metrics (31%)

5. Service desk OpEx cost savings (30%)

6. Metrics to show end-user application preferences (28%)

7. Industry compliance-related metrics (26%)

8. Operations OpEx savings (26%)

> **The rising interest in managing costs underscores the fact that the digital age is demanding more diversified services from IT but also increasing levels of business accountability.**

The rising interest in managing costs underscores the fact that the digital age is demanding more diversified services from IT but also increasing levels of business accountability. It also reflects the rising role of public cloud services for more cost-effective options in enabling application delivery.

Challenges, Success Rates, and Advice

Sometimes the best way to understand what's really going on with any strategic initiative is to understand what the **top challenges** are for going forward. For DEM overall, the top five challenges were the following:

1. Identifying root causes of problems (30%)

2. Communicating the business impact of IT services to the LOB (28%)

3. Capturing how often and by whom services are used (28%)

4. Understanding the performance impact of third-party services such as cloud providers or CDNs (26%)

5. Measuring true end-user satisfaction (26%)

As should be obvious from the above, in general the rankings were very close and only ranged from 30% of respondents selecting the most popular option to 20% selecting the least popular one (*supporting mobile end users*). Some of the other obstacles noted were *supporting migrations to public DevOps requirements, supporting migrations to public cloud,* and *addressing security or compliance-related requirements.* This diversity of issues, all of which are clearly relevant, once again underscores the eclectic nature and varied requirements of digital, user, and customer experience management.

Effectiveness and Success Rates

EMA asked respondents to rate their effectiveness in digital experience management in three areas overall:

- Service performance
- User productivity
- Business impact

The responses across all these areas aligned closely, with *business impact* getting the highest rankings, and *user productivity* and *performance management* virtually tied.

In order to get insight into DEM success versus failure, EMA contrasted those respondents rating themselves as "very effective" with those who rated themselves as "effective" and those rating themselves as "somewhat effective" or "ineffective." Some of the differences have already been shown, highlighting, for instance, the value of having a dedicated team to DEM or having operations-to-ITSM integrations.

Some of the other areas of note regarding effectiveness or success include:

- Respondents rating themselves as "very effective" were more likely than other respondents to report an **IT budget increase of 50%** or more.
- Those **actively using DEM-related** tools not surprisingly were much more likely to be "very effective" than those still in implementation or planning mode.
- **Development** was least likely to view DEM as "very effective," along with **Business and Internal IT Planning.**
- **Executive IT** was most bullish about success. Non-business stakeholders were least bullish.
- In parallel, a rating of "very effective" was more likely in those organizations where **executive IT was the driver**, as well as when both the CIO and CEO led in oversight.
- Those focused on **DEM** overall were also more likely to see themselves as "very effective" than groups focused on either customer or internal user experience.
- Those who viewed **advanced analytics** and **advanced automation** as "extremely important" were more likely to be "very effective" than other groups.

> **Respondents rating themselves as "very effective" were more likely than other respondents to report an IT budget increase of 50% or more.**

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Conclusion

As highlighted from many perspectives in this report, digital experience management in all its dimensions is both extending the reach of IT and challenging IT to show relevance and value at the same time. Perhaps nothing could be more on the cusp of digital transformation than digital experience management, especially when viewed both in terms of technology and business requirements and possibilities.

The highlights of this data bear witness to this in multiple ways, perhaps most notably:

- digital experience management continues to be viewed primarily as a shared business and IT requirement;
- dedicated teams that cross IT silos are rising in importance and value;
- IT portfolio planning is rising in importance;
- and communicating the business impact of IT services was viewed as a top challenge.

In parallel, the rising emphasis on cost management, IT operational effectiveness, and performance/technology concerns all underscore the need for IT to navigate service delivery across an increasingly complex infrastructure and application landscape—a landscape with a growing variety of cloud-related options for service creation and service delivery.

The future could hold more than one option for how the industry progresses given these trends. One would be to immerse DEM more and more deeply into cloud, container/microservices, and other options, potentially at the expense of a more progressive, top-down, shared conversation about relevance, value, and business outcome. The industry's self-indulgent fascination with technology for technology's sake often leads to hyperboles that may tend to encourage this trend. However, it's EMA's hope that both technical and business-related dialog, awareness, and focus continue to progress in parallel, with DEM data informing both sides of the aisle in shared conversations that go well beyond speed and performance to focus on relevance, value, and the strategic transformation of both IT and the business it serves.

> **Digital experience management in all its dimensions is both extending the reach of IT and challenging IT to show relevance and value at the same time.**