

Become Digital Podcast - Episode 3: Architecting great experiences for your customers

Alex Metcalfe, Baringa [00:00:00] Hi, everyone, I'm Alex Metcalfe. I work in Baringa's Energy and Utilities Practice, and I'm joined here today by my colleagues, Caitlin and Ben, to discuss our thoughts on how companies should approach architecting great experiences for their customers, bringing together both our sector knowledge and our expertise in delivering digital experiences and customer journeys. Before we dive into the content, how about some intros? Caitlin, do you want to go first?

Caitlin Jones, Baringa [00:00:22] Sure. Hi, I'm Caitlin. I'm a Senior Manager in our Customer and Digital Practice, where I work with our clients to design and deliver new digital experiences across their sales and servicing channels. I recently spent time working with a utilities provider to re-platform and relaunch their digital channels, including their self-service customer portal, and I'm currently working with a financial services provider, looking at their banking app.

Ben Morgan, Baringa [00:00:46] Morning, everyone. I'm Ben. I'm a partner at Baringa, helping clients on their route to addressing what digital means for their business. So that means how do they respond to the different threats they're facing, and what does a good experience mean for them as a brand?

Alex Metcalfe, Baringa [00:01:00] Thanks both. So I've been in the energy and utilities sector for the past 20 years or so, and I think it's fair to say that the vendor and systems landscape relevant to our clients is changing rapidly. At Baringa, we generally believe that to meet the evolving requirements of their customers, companies must ensure that their technology solutions are aligned with their strategy, and are delivering true value for them. At the heart of this is having a great, customer centric vision. So, Caitlin, Ben, in your view, what does architecting a great customer experience really mean for our clients?

Caitlin Jones, Baringa [00:01:31] Well, we've deliberately gone with that title for this podcast, actually, to get people thinking about the architecture upfront. People, our clients, us, get so worried about the specific technical architecture dominating a great customer experience, and they're right to because you shouldn't start there and let technology constrain your experience design, but that doesn't mean that you should avoid architecture completely. It's a bit like building a house, you wouldn't build a house without understanding what foundations you need to build it. So in the same vein, you shouldn't start designing a new digital experience without understanding the foundations and some of the capabilities you'll need to underpin it. But you've got to know that you want to build a house and what underpinning features you want in your house. So you want the basics such as water and power, and room, somewhere to sleep and eat, but you might be feeling fancy and have to have a swimming pool and that's something you'd want to know up front. And it's that level of detail that really helps you understand what foundations you'll need.

Ben Morgan, Baringa [00:02:24] And we see this kind of thing all the time. We see some amazing experiences out there, and brands jump in to great experience design and create beautiful things. But actually, if you look behind the scenes, there's all sorts of pain when it comes to colleague or internal legacy systems, and it's almost like you're papering over the cracks in the underpin and architecture, and that's something that fundamentally needs to be addressed as part of creating great experiences.

Alex Metcalfe, Baringa [00:02:51] And do you have some examples of what might be the root cause of this?

Caitlin Jones, Baringa [00:02:55] Yeah, it's like the implementation of new channels where the channel itself isn't integrated into the overall CRM or engagement platform architecture. So from a colleague perspective, they've got no view of the customer across different contact types and context might be lost between things like a chat and a call, for example.

Alex Metcalfe, Baringa [00:03:13] Yeah, that makes sense, and I think that resonates with some of the experiences I've had with our energy and water clients. Why, in your view, is it important that we talk about this now?

Ben Morgan, Baringa [00:03:22] I think Alex, it's back to the recent history that we've been on. So, we've come through an age of big, amorphous ERP platform programmes, mass data migrations, really complex integration and massive budgets in teams. Without naming any names of clients of course, pretty much all of the retail energy sector have made historical choices between SAP and Oracle, but right now there's new disruptors in this sector with the likes of Kraken that are offering new opportunities. So credible alternatives to, I guess, stop us repeating the errors of past, if you like. These big, amorphous ERP platforms took years to deploy. The business and technology often moved on before they were implemented, and they didn't really bring the agility and the overall benefits that we really need now, in a modern business. Technology has evolved and the race to becoming digital, a.k.a. digital 1.0, has brought massive levels of innovation and opened up many opportunities, but the challenge is that this has also created skunkwork behaviours, where you've had teams going off evolving technology solutions generally outside of the traditional enterprise architecture type level of governance, and now what we're seeing is that organisations need to cement their vision and strategy by defining their ambition and then architect their business and technology solutions around this.

Alex Metcalfe, Baringa [00:04:50] Yeah, I think that's completely aligned with what we're seeing in the sector, and indeed, as you mentioned before, some of our clients are already on a journey of this nature, and examples which spring to mind, which I think you referenced earlier, E.ON's move to set up E.ON Next using the Kraken platform, and British Gas creating the British Gas Lite offering, utilising ENSEK's cloud based platform. And I believe part of the rationale behind these moves has been to create an enhanced offering for customers, but the primary driver has been to reduce costs to serve, for example, E.ON's stated ambition is to have the lowest costs in the industry. So companies are asking themselves whether they should spend large amounts of money implementing and maintaining a significant suite of in-house systems, or whether they should pivot and utilise third party hosted and managed systems. Do you think there's a way to approach the decision making around these architectural decisions, taking into account both configurations?

Ben Morgan, Baringa [00:05:44] The short answer is yes, if you read any digital thought leadership, they will no doubt refer to using an ecosystem approach to delivering propositions, and what we mean by that is that you assemble the right technologies together with business capabilities to deliver the outcomes that you require. But there's also a long answer in that you want to follow an approach like this, but you often don't have the luxury of starting from a blank canvas, and when you find yourself in this situation is where frameworks such as OKRs can come in really handy that allow you to bake your

experience design against some very specific KPIs and outcomes, so that you tackle the hard metrics and build the experience together.

Alex Metcalfe, Baringa [00:06:25] And obviously, I know what an OKR stands for, but can you explain for our audience?

Caitlin Jones, Baringa [00:06:30] So I'll take that one because I absolutely love OKRs, and I use them in every aspect of my life, even my personal life, because I just think they're great. So, OKRs are objectives and key results and those objectives can often be kind of outcome driven, but they're measures that help you track progress against key goals in a measurable manner. So, they provide a set of guardrails that inform the design and delivery of solutions that you choose to assemble and take forward across technology, but also across the broader operating model and experience, and what I absolutely love about them is that they are solution agnostic. So, they shouldn't be about those key outcomes and objectives that the business wants to drive for itself and its consumers and customers, but it gives your teams the freedom to apply the right solution to those objectives.

Alex Metcalfe, Baringa [00:07:18] And I think that's key, particularly from an energy or water supplier perspective, as OKRs can then provide a point of differentiation. For example, if multiple suppliers are gravitating towards the same model, using the same or similar solutions, how can they look to gain market share ahead of their competitors, particularly if regulatory interventions like the retail price cap limit the art of the possible from the perspective of tariffs.

Caitlin Jones, Baringa [00:07:41] So I guess we like to follow an approach, like Ben mentioned, and then couple that with OKRs that provide that point of differentiation, but the approach that we take can be flexible enough and high level enough that it allows you to deliberately specify intent for your specific experience. So we've taken inspiration from Roger Martin's set of strategic cascade choices to provide a solid definition of how these new experiences underpin a client's vision and strategy, and provide the platform for those clients to achieve their brand aspirations and growth plans. So why don't Ben and I unpack those five strategic choices? The first one is, what is our winning aspiration? So, how do we help push boundaries and shape the vision and put a frame around that ambition?

Ben Morgan, Baringa [00:08:30] And really this is around, for me, expanding your thinking, it's framing your ambition, it's creating that guiding North Star, it's really to understand what threats and disruption your business is facing. So, you know, start with the why, describing a high level purpose for why you're designing and delivering these experiences, you should make that a shared aspiration. So describe what that future state is. Bring the whole of the organisation together so they can rally to deliver that experience from front office right through to back office and then really make that definition accessible, so it's clearly understood by your customers, by your employees and by any business partners.

Caitlin Jones, Baringa [00:09:15] Linking back to some of our previous thought leadership on this, "The 12 Shifts of Digital" is a good way to frame those questions, isn't it, around your winning ambition?

Ben Morgan, Baringa [00:09:23] Yeah, exactly. I mean, that's why we created "The 12 Shifts", was purely to kind of demystify what digital means to an organisation, and we think there's 12 things that you need to unpack in order to understand what digital means for

you, and it also provides a really useful framework to expand your thinking from where it may be constrained today.

Caitlin Jones, Baringa [00:09:47] And we can do a bit of a plug for our blog series on those, if you want to read more, there's a load of stuff on our website around those "12 Shifts". The second strategic choice is where will we play? So what's that go to market proposition? What are you not going to do? And how can we use data to confirm what that addressable market is?

Ben Morgan, Baringa [00:10:09] Yes, I think once your ambition is clear, we then look at the next level of detail around the insights that you can get. So that might be competitor insights, it might be insights based on your own business, research based on what your customers are saying, and this is, I guess, where you start making some hard commercial decisions on where you're going to play and also recognising that you can't play everywhere, and there are some segments or areas of the market that you're deliberately going to stray away from, so make some conscious decisions.

Caitlin Jones, Baringa [00:10:43] Okay, so the third one then is we've chosen where we want to play, but how are we going to win? And this is where service design comes in, which is my second favourite thing, second to OKRs, I absolutely love service design because it really puts that user at the heart of the process.

Ben Morgan, Baringa [00:10:58] It does, and I think this is often where we see most organisations, or a lot of organisations falling down because they just jump in into, when you talk about experiences, they just jump straight to journey design. But actually service design, following those two previous steps, is where you really understand the needs of your target audience. That might be your customers, it might be your internal employees, it might be your business partners, and you bake those needs into the design of the experience you're actually trying to create. And yes, of course, you create some journeys as part of this, but really what you're looking at doing is co-creating those experiences and then prioritising the impact of those experiences, and understanding that impact on the broader operating model and technology aspects of what you need to bring together in order to make that experience come to fruition.

Caitlin Jones, Baringa [00:11:57] And that brings us nicely onto the fourth strategic choice in this cascade, which is, what capabilities must be in place to win? So this is that rebirth of enterprise architecture that we've been talking about since the beginning and moving away from that skunkworks traceability that you were mentioning earlier, Ben.

Ben Morgan, Baringa [00:12:15] Yeah, and I think that this is for me is the biggest area that's overlooked when it comes to digital transformation. And for clarity, what we're not saying here is you can go back to the enterprise architecture of 10, 15 years ago, where you have your sort of ivory tower architects that are somewhat disconnected from the experiences or reality, the commercial reality, that an organisation runs within. It's having right size enterprise architecture rather than the world that we seem to have morphed into, when we talk about this skunkworks, is you just do architecture in a project and you have initiative or project based architectures that fundamentally don't create that kind of beautiful canvas of what an enterprise architecture needs to look like in order to support the experiences you want to deliver.

Caitlin Jones, Baringa [00:13:10] And that goes back to that disjointed experiences for customers and colleagues point that we were making earlier. And then the fifth and final

strategic choice is what management systems are required to ensure those capabilities are in place? And I guess this isn't actually about the management systems themselves, but it's much more around how you govern those, how you drive delivery and accomplish the outcomes that you envisioned in your strategy overall.

Ben Morgan, Baringa [00:13:36] Yeah, and it's, I guess this is where things start getting real. We need to understand what that transformation roadmap looks like. You need to understand the transition states to move you from where you are today to where you want to be in the future, and there's a whole heap of things that traditionally get overlooked when you're drawing out that road map, so things like what new support processes need to be introduced because you're potentially introducing new SLAs or new non-functional requirements to support that experience, right through to my favourite subject of decommissioning old processes or systems. So, we often think, see, we're great at creating new experiences and adding new things to an organisation, but we need to switch stuff off because you're just carrying legacy debt from a run and change perspective and frankly, making an organisation's operator model really overcomplicated, and we need to simplify that.

Alex Metcalfe, Baringa [00:14:40] Thanks, guys, that's really interesting stuff and there's definitely some food for thought there. In terms of looking at the success stories from the industry, I think that that can be illuminating. So the likes of Octopus, Bulb and OVO have gained a reputation for innovation, and particularly on the delivery of the green energy market, with a focus on renewables. So obviously, Octopus offers tariffs and propositions which are designed for customers with renewable generation and electric vehicles and Bulb claims to reduce their average members carbon footprint by over three tons of CO2 a year. For many customers, focus on green energy supply is now the norm. So if we take it for granted that all suppliers will continue to move in this direction, how do we see the likes of E.ON and British Gas gain a significant competitive advantage over other uses of the Kraken and ENSEK platforms and other related cloud platforms? What have we seen from other industries that could be applicable here?

Ben Morgan, Baringa [00:15:39] I guess if I look at an example from financial services and the banking sector and specifically looking at the mortgage market here in the UK. If you think about what the mortgage market is, I mean, the way I'm describing that, fundamentally I'm not talking in a customer need perspective because a mortgage is a product, and actually the process, the customer need is that you're trying to help someone create somewhere that they call home. So, it's switching the terminology, first of all, and if you look at that, I guess, home mover process, supported by a mortgage product, there's a great deal of innovation in the fintech space in this sector, with products such as nCino, which is built on the Salesforce platform, really focusing on streamlining the end-to-end lending journey and to make that as automated and as seamless as it can be. However, the secret sauce is to really rethink that end-to-end customer experience as a home buyer, not as a mortgage product, and what the finance, legal, moving, and tying it back to energy and resources, what the utilities support is that I need to assist me in the purchase or moving to a new property. And nobody's really looking at this end-to-end view at the moment, although there is some innovation, particularly around the broker space, with the introduction of customer portals to help you manage that workflow of the lending piece, but it really needs to go broader to look at that end-to-end home buyer experience.

Alex Metcalfe, Baringa [00:17:26] And given how tough it can be to nail this, we must have some lessons learnt to share around the impact of not getting the vision and the architecture right up front.

Caitlin Jones, Baringa [00:17:35] Yeah, I guess I definitely don't want to name any names, but I think that people who jump into the detailed journey design without understanding the context with which the journeys fit or the outcome that they're trying to deliver often "come a cropper" in this. I think Covid's forced organisations into certain practices, and we have delivered some amazing digital front end user experiences through Covid, but it's how do we build longevity into those experiences, given that we've set that expectation now with our customers? And now those digital front end experiences crucially need to be serviced by a backend that's not being overworked. So there's this swan kind of swimming gracefully, but underneath there's a human and organisational cost to creating that facade. And over the longer term, I think that needs reengineering.

Alex Metcalfe, Baringa [00:18:22] Yeah, it's always tricky to call out specific examples, but I'm sure our listeners will likely relate to some of the challenges you mentioned. So that's all for today, thank you both for joining me. This is a really, really interesting subject. And if our listeners would like more information, please don't hesitate to reach out to any of us or find more information on our website. Thanks all for listening.