

# **FOUNDATION OF DIGITAL BUSINESS**

**Surojit Mookherjee**

**Vinod Gupta School of Management**

**Indian Institute of Technology Kharagpur**

**Week 03**

**Lecture14**

## **Lecture 14: Strategic Planning Tools for Digital Transformation**

Good morning and welcome back to my continuing on my module 4 which is building digital mastery and transformation road map. So, lesson 6 will be talking about strategic planning tools for digital transformation. Like I finished off in my last session I was talking about just introduce to you some of the names of the tools and I said that I will be touching upon some of them in this session. With that we talk about customer service network. So, one of the tool is customer network service strategy generator, I will discuss this in details.

Here, you will understand how basically a tool needs to work or you need to utilize that tool as an example. The more details of it you will get in the book by David Rogers. I will just talk a little bit about the UPI success story towards the end and something on design thinking. So, this is overall view of the customer network strategy generator. It is called basically to do strategic ideation.

So, the things are step 1 what you do is you do an objective setting. What are the direct objectives and some higher order of it. Basic some immediate objectives and some may be higher order I will explain. Second step is customer selection and focusing. Segments.

We had talked about that earlier also that customer the business canvas model map if you remember. We are talk about one of the first thing to identify is the customer segments, because you should know to start with who is your customer for whom you are doing basically and it starts from there. So, you have some unique objectives, some value proposition and then some barriers we are talking about these barriers and value prop in my previous class also and things like blue ocean strategy and judo strategy. So, we are

talking discussing these value props and barriers. And then number 3 is strategy selection.

So, here we will now coming to the real strategy part. We have got 5 components here, access, engage, customize, connect, collaborate. All of this is with reference to a customer, so you and your customer. So, this is about the customer, you are establishing a customer network, I mean customer network and this is the strategy generator for that network, building that network. Then we have the fourth step is concept generation and the last step is you have to define the impact.

So, doing all of this for what finally, so end of the day what is the impact. Now, objective setting that was the step one. So, direct objective is example for a customer service business say speed of response to a customer query for an e-commerce business. or awareness and product discoverability etcetera. So, objectives are one could be awareness and product discoverability, my site is such that you know we can I can push lot of things, add bundle, non-bundle, blah blah do whatever to help customer select what they want or make them buy something which we want to sell I mean.

So, you have to also keep them attractive, if you are buying this why not buy that etcetera etcetera. And another objective is speed of response. So, if I place something order on Amazon will I get it today, tomorrow, day after, 2 days, 3 days, 7 days or the quick economy example Zepto and Blinkit and big basket and all they talk about 10 minutes delivery, 15 minutes delivery things like that. So, that is the objective of the setting, the setting these are our objectives of our business for the customers.

Now step towards customer selecting and selection and focusing that is the customer segments which are looking for most relevant to my objectives, which is the customer segment which is relevant to my objective. To understand them in the context of our objectives you have to answer three questions to that. What is my unique objective for each customer segment? Customer adoption, customer feedback, long term association through contracts etcetera. So, you have to find out what are my unique objectives for you have different customer segments housewife, earning people, students, elderly etcetera you can segmentize them whichever you want for your product and then find out an unique objective for each of these segments.

What is my unique value proposition again for each of the customer segments? Could be simplicity in placing order. For example, your segments are say housewives, not very tech savvy people, elderly. Can I make it very simple to use? A classic example in UPI is

being used by anybody and everybody, starting from the vegetable seller, a rickshaw puller, a small shopkeeper, somebody selling tea

on the roadside, if you go on highways, travelling, etc., irrespective of language, they know English, they do not know English, does not matter. Go to the smallest village, rural areas, you will see people happily using UPI. You must think why? What makes it so easy to use? Better refund policy for example, better selection of products, better refund policy is one which has attracted people to e-commerce like anything because it is very safe.

I have not seen the product, I have not touched the product, I have not felt the product, why I buy it because I know that if when it comes and I do not like it, I can return it at no cost. So, that gives you a tremendous strength to the consumer to the buying power of the consumer. that I can return it free of cost. What are the unique barriers to success for each customer segment? So, what are the barriers you have to identify?

Price sensitivity, technical hurdles, risk aversion. Why will not the customer get attracted to my business or to my platform or to my products? What is the price of course? Technical hurdles, very complex. Selecting the product, paying, payment gateway, OTPs, confirmation, there are so many things which can irritate a user and risk aversion.

Many people do not buy, want to take risk online, etc. The step 3 is your strategy selection. There are 5 components of this as I was discussing there access, engage, customize, connect and collaborate. For each of them you have to develop a separate strategy for them. So, accessing strategy should be faster, easier everywhere and always available for customers.

That is your access strategy. Your engage strategy is offer valued content that customers will seek out, use and share with others. So, you are getting engaged with the customers. Customize strategy, personalize your offerings to fit customer needs or empower them to do so on their own. So, you can configure or customize whatever you are giving.

So, customer can do something with that, change it to whatever he needs. Connect strategy be part of the customer's conversation by using social media. It will be such that customers talk about you on the social media, about you means your product, they like your product, they like your service. And collaborate strategy is to invite customers to help build your business towards the shared goals, you invite them to participate with

you. is a collaborative strategy. Going one by one I will just get into details of this is effective access strategy is some of the approaches

which you can take is say mobile commerce, extensive use of QR codes for airline check-ins, hotel room booking, etcetera. Mobile commerce is one which has taken up in a big way. Omni channel experience, you give the customer an omni channel experience, integration with digital and physical touch points. Same app is being used by Walmart for use in both physical stores and remote stores shopping. Working in the cloud from downloaded songs to streamlining services like Spotify, Netflix, Ghana.com, etc.

Cloud-based services help to lower cost and offers more flexibility and then anytime, anywhere, etc. Whenever I need, whenever I want, I have it. And a simple device like my phone is good enough which I am always carrying any you know everything through my phone I can give them the access nothing like that. On demand services, mobile banking, education platforms, Coursera, edX, telemedicine also these are all cloud based and they are on demand in the sense whenever you need, wherever you want, wherever you want you can get it. The key features for access strategies are simplicity, convenience, ubiquity, available everywhere and flexibility.

This helps create additional customer value and loyalty. I think thing is very obvious, you know that like say Coursera or the Swayam platform etc. So, easy to use and they are available anytime and most of the time it is free. So, it can be used for educational purposes, just to give you an example. The engage strategy is building about building relationship.

So, become a source of valued and trusted content for the customers. So that the customers trust me or my organization. The ways it can be done is product demos for example, you can show videos of products they have dramatic effect and can become viral with large number of views. It is very cheap way of reaching out to customers. L'Oreal's tattoo cover of brand, Dharma blend is one such success story.

I can use VR technology, Metaverse, you can use WhatsApp, viral, etc. and it will just go wherever, all over. It is one of the cheapest marketing tool you can have the social media platform, Instagram and WhatsApp, Facebook, etc. Storytelling, coming up with compelling storytelling without direct reference to the product, specifications can also be dramatic effect. Another example is Corning glass, the famous glass manufacturer they have a video, a day made of glass about screens and touch screens in your daily lives.

They have made a video out of wherever you are using digital screens like this laptop computer and the touch screens on your phone, in your car, audio system wherever. They made a very interesting video which brings engages with the customer. So, they get start thinking about this glass and this what change it has done all these touch screens and all that were the way we work. Utility, businesses bring out some useful needs and utility. example pandemic or flu season trekking etcetera to showcase the value of the product during some difficult situation.

So, you can say influence that if you have say you are a trekker or a mountaineer And then you have can land up in some kind of unknown problem because you do not know it could be anything a landslide or whatever a snowstorm or weather or whatever a hail so many things. And then you can probably use there whatever may be a connectivity device or a solution service your phone etc., something like that which can be used at that particular situation for help or for any assistance or for any information for example, they are seeking for information or whatever. So, such things you can also utility services can be again advertised to get customers engaged with your product or service.

So, the key to this engaged strategy is for business to think themselves as media companies focusing on how to get attention of the customer. So, the media companies their whole purpose is how to get your attention like on a TV screen for example, how to keep you attracted to the TV screen, so that they can display advertisements and what will keep them glued to the screen and interesting event it could be a news, it could be a cricket match, it could be a football match any event which is being or a serial or a film. which is keeping you attracted glued to the TV screen and in the between in the gaps they are pushing advertisements which is giving them revenue that is the business. The business is not about showing you movies, the business is about earning money from advertisements.

The key to this engage strategy is you have to think yourself as a media company. How can I keep my customers attracted to? The effective customization strategy. Customers seek more choice and more personalized experience, businesses need to find ways to meet such demands. If you can help customers customize the product, you will have a happy customer.

One is say recommendation engine, Netflix uses a combination behavioral data likes and other techniques to serve a constantly changing playlist to the user. So you say why do not you watch this or if you have watched this why do not you watch this

recommendation. So the microgenres, mother-son movies, so suppose they know that you like mother-son movies and then they will push all those mother-son movies to you. Some old movies you have never heard about it, but they will say club them classify them as whether famous popular mother-son movies or you like say western movies and they find out they will you like western, so they will try to push other western movies. They are used created to capture users likings over a wide range of.

Amazon for example, if you buy something they will say that if you have bought something others have bought this have also bought this or they club together, bundle together. If you have bought this then if you buy this plus this plus this it will come at a lower price. So, that is nothing but a recommendation engine from the service e-commerce service provider. Personalized interfaces on online sites can allow to try out various beauty products of clothes to find the best match for your skin type. Now AI technology etc., you can literally put on the dress on the screen and see yourself wearing the dress and then you can judge how are you looking.

So, it cannot be nothing better than that it is almost like going to a trial room physically putting it on and seeing yourself in the mirror. Here digitally you put on the dress and see on the screen how you look. That is a limit of personalization and thanks to AI. That is where digital technology is coming in. Personalized products and services, Coke tried printing out names on buyers on the cans in Australia market and this encourage some users to buy Coke.

So, if you can find out some such ideas how to personalize the product or service, then there is another option of affecting your customization strategy. The key to this strategy are identifying areas where a customer sees value when the product caters to his or her personal likings and attractions and gives them a feel good factor. Now the effective connecting strategy. Connect shop business is becoming a part of the customer's conversation like social media has become a huge platform for network conversation. Facebook, Weibo, Twitter, LinkedIn have become platforms to customers to engage with the business.

There is something called social listening which is happening. Even they say you can say that your phone might also be able to listen to you whatever you are conversing and it is getting shared with someone. The well-known product Alexa or Siri your personal assistance which can play song, play do this whatever you want these devices. they can also listen. So, they can listen to your conversation that you are having with your say

spouse or whatever your family and that can be also then analyzed by that company owns that product for getting insights again about you, what you talk about, what are your likes dislikes and then accordingly they can push.

So, next time you login to Amazon probably something you are probably discussing a sofa set that planning to buy a sofa set thinking. But he never told anybody, it was a family discussion and then next time he went logging to Amazon and then suddenly see lot of sofa set advertisements popping up on his screen. How did Amazon come to know that you want planning to buy or thinking to buy sofa sets. There is an old saying that walls have ears. Now it is a reality, all around you there are ears and people are listening to you.

in whichever way and with more and more digital technology more and more such new ways will come out and finally, you will find out there is literally no privacy left. Whatever you are thinking, whatever thought, whatever you are discussing with anybody is a public matter, somebody else or many people know about. Social customer service can be used as a service day platform in addition to call centers. In any response for a complaint can reach out to multiple residents and many of them have facing the same problem. It has been seen that with a new training Citibank could resolve 36 percent of its customers twitter queries on the same platform.

If you are running a call center for service and you get a complaint that same complaint can be with several users. So, the one solution give to one customer also can be shared with the rest of the customers. You can create a FAQ for example, develop a FAQ out of this. I know that my I have probably search go there oh that problem has already been listed and the solution also provided. So, I get the solution and I do it do it yourself service kind of service.

So, that is kind of a social customer service for effectively connecting with your customers. Joining the conversation, Mars line for example, is a very large Danish, Denmark based shipping line company, one of the largest in the world container shipping company. They experimented in sharing of their corporate videos, photos, etc. with their customers over Facebook, Instagram, LinkedIn, etc. Some of the tangible benefits for Mars were new channels for recruitment, new sales leads and improved satisfaction amongst both customers and employees.

You take your regular videos about your employees in your office and then you publish it somewhere, what are the happy place, such a nice company etcetera. Even many

companies do like Google best place to work for or Amazon etcetera. They circulate their videos about their office, their employees enjoying working, having tea etcetera. One of the tangible benefits is new challenge for recruitment. Definitely people are looking for jobs, they get attracted over this nice place to work, so why do not I send my CV etcetera. Then also you can lead to new sales lead and improve satisfaction

amongst both customers as well as the employees because I see on my video in public media being shared with others so many others my day in office by with my colleagues by interacting it is being shared with others. So, that gives me a feel good factor as well. Now effective continuing with this connect strategy is asking for ideas and contents. So, that is one of the common thing now crowd sourcing commonly used crowd sourcing. Can I get some ideas from my customers etcetera feedbacks which can be used again for attracting other customers.

Customer suggestions have always been a very useful tool for getting a direct and valued feedback on the product services. And when the customers get rewarded for the suggestion, it gives them a sense of ownership. So, if you can reward your customers for giving positive good etcetera etcetera, that is another way of doing business and better way of connecting strategy. That is why whenever you go to a restaurant, every time they will ask for a feedback form, you have to fill up etcetera.

So, that is the whole purpose, they want to get your feedback and use it for impressing future customers. Hosting a community sometimes you host a community first you pay for it like for example, SAP is one of the largest enterprise service provider. What they do is they have a SAP community network. Which is a troubleshooting type of community that is if you login if you have suppose you are stuck you are not able to do something on SAP you need an idea help you just float that query in that community just float anywhere I mean it is just open a float then the other community members who are also logged in and often they login and see there is a problem this guy this has this problem I had this problem and I know the solution. So, you type the solution.

So, next time when you log in, you come to see that your problem has been addressed by maybe 1, 2, 3, 4 people. They have given good ideas and you can try them out. In turn when others also pose post problems you can give if you know you can give your solution. So, this is how this community works and it is a very popular amongst any SAP developer.

I was a developer SAP consultant myself and I have used this community very much when I was to work for SAP implementation many years back. That is why I referred to it, I have used it. Procter and Gamble hosted a site beinggirl.com for teenage girls to discuss their hygiene needs. Teenage girls have their own set of problems. If you have a community for them, so they can discuss the hygiene needs and this was all hosted sponsored funded by Procter and Gamble.

Of course, they have their business interest because then people will buy things from and they push all the ads etcetera standard stuff. Now, there is a site called Flickr which is nothing but a photo video sharing community. So, you can post your photos, share photos etcetera and then within the community you can discuss, you can even discuss about technicalities for example, which camera, what camera, what lens etcetera. So, you can have your basically an SME type of discussion amongst co-videographers you form a cohort for example, in today's language you form a cohort people who are interested in all about photography and they get together they could get together because of this community being hosted.

Flickr by flickr.com. That enabled these interested group of photographers to come together in a virtual mode and you are spread all over the world. So, you can get ideas from wherever. Connect strategy brings the community together to solve many of the problems and sometime helping to grow the brand of the host organization. It goes a long way in value creation for the business.

So, end of the day everybody will be very feeling happy about Flickr for giving them tool technology support to interact etcetera. Same is true for PNG, same is true for SAP. So, it goes a big way in developing the brand value of the organization which is hosting The collaborate strategy is two kinds passive active and one of the examples here is Wikipedia one of the most famous example with the whole encyclopedia was developed on a collaborative mode.

So, it was open anybody could contribute you can edit etcetera. It still works in that way, but little bit more controlled, but initially it was freer and much easier to contribute in Wikipedia. So, that is how they could be in a short space of time build up such a huge A database, a huge employees such that even companies like Britannica etcetera were forced to change their way of working. Passive contribution is the example is a maze navigation map, where users by simply driving the car gives useful data points to maze developers for fine tuning their app.

So, when you are using this as a driving app tool and you are driving the continuous feedback is going back to Maze and they can update their product. Duolingo is another common language learning tool many of us use it, a free language training app which gives translation exercises to its students. which subsequently become a part of the translation tool that is like similar to like chat GPT. I open it up you do it and then I use it for my product improvement. So, translation is being done by students because I want to I am learning the language.

I do translation, but I am doing it on the app which means I am doing it on the server it is going to the server Duolingo and they if they want they can use it. There is no copyright here. So, it is their tool, their product and you are using it for learning and they can use that. Now, there is something called as active contribution is often inviting contributions from photographers or amateur videographers and the selected ones are used for the new feeds. Example could be like any media house, like, say, National Geographic or the big ones etcetera.

They invite photographs from amateur professional photographers and they pay for it of course, but they are selecting one. They get all the content very good quality content using the best cameras etcetera National Geographic we have seen it is all most of the contents are provided by these photographers. So, that is an active contribution of collaboration. And the reporters they get paid if they are selected and then the chat GPT 3.0 which I already told you many times. Another example of collaboration is when you go for student competitions is another thing. You education issues MBA, B schools or engineering institutes,

many competitions are floated by companies especially banks, other finance companies to have the students to give startup ideas, some other ideas, product development ideas, new ideas etcetera. They have a competition, they announce a competition, people participate and they give some prize money. And to students may be 50000 rupees or 20000 rupees or 100000 rupees maximum. So, first second third prize. So, just spending a few lakhs of rupees what is the outcome is that you get so many contributions from these young people.

Young smart people giving their ideas to you literally again free of cost because all they expect that they will win the competition. some price money that is all, but the idea is sold it is gone to because the idea becomes the property right of the company who was hosting the competition. This is a kind of a crowd sourcing like Starbucks example I told

you couple of previous class or before that is that they got some 150,000 ideas about their products when they announced a competition for ideas amongst their consumers and users. This is a very attractive and very interesting and a cheap way of getting ideas and customers always feel happy somebody approaches me for idea, then I must be great.

So, that gives a feel good factor the company thinks that I can give the ideas and they use it or sometimes may or may not be I can be also compensated in some way. So, that always is a huge that potential market for anybody if you want an idea go to the is there to give you ideas, use their intellect. The customer network the step 4 was concept generation is fundamentally to create an idea generating effort. You have a team consisting of 5-6 members if you focus on the project objectives, customer segments and the creating value for the customers etcetera to develop the entire concept

and then you have to finally you have to define the impact. So, for each strategy concept you need to answer the questions. How will you know if you have achieved the objectives? So, you have to measure. So, you have to define a metric or KPI which you need to measure. Point is to articulate a measurable benefit for the company and know the concepts developed by you will achieve the outcome.

So, design the metrics. So, what needs to be measured? To find out what I need to measure to know that I have achieved my purpose or the KPI has been achieved. There is another tool is a data value generator. I just briefly mentioned that the data types are business process data, product or service data and customer data. We have some examples here

and some of the utilities are business process data is for managing the business operation, for product service data is for delivering value proposition of business product or the services and for customer is to provide a complete picture of the customer and is buying behavior greater customer insights. So, these are the things which you want to would like to use these data types. So, every business will need a data strategy. One of them the strategies are basically gather diverse data types, business, product, service, customs as diverse as possible, use data as a predictive layer in decision making. Use analytics to give you a predictive value for your decision making.

What can happen or what can likely to happen. Apply data to new product innovation, you get your insights, customer insights, likes, dislikes and use that for developing or improving your product. Watch what customers do not what they say. So, behavioral data collected through net transaction is an enormous asset for marketers and advising agents.

So, what actually they are doing the action part, not what they are saying, what they are saying they cannot be doing it.

So, if you can catch what they are doing the actual transaction. then you can get all the behavioral data. So, which will make that will be much better value add for you. Combine the data across silos give insights and information which is not possible to get from working in silos. In other words you have to break your silos you have to share your data whatever data you are getting across your organization to various function.

So, that anybody needs needing that should get it and make get the advantage out of it. Innovation the last one is the seven principles of experimentation. Learn early, be fast and iterate, fall in love with the problem not the solution. So, this one we understand I will not explain much, but fall in love with the problem and not the solution. Do not keeps you focused on the customer and the needs, describe the customers problem first not your solution. When you try to build a product, we talk lot about the product,

but here it is saying that do not talk much about the product, talk what is actually the requirement for that product, what the customer really needs, what is the problem Talk more about that, focus more about that, so that will keep you engaged or focused on the customers problem. So, you will do a better job. Get a credible feedback. Based on the prototype used in divergent experiments, so that is what the prototype is that you quickly launch the prototype the minimum value product for the market to get the feedback.

Measure what matters now, so try to identify the most important single metric for the success of your innovations. That measurement is very important, what to measure and you will have to measure it. Test your assumptions, this helps minimize risk of failures. So, some of the assumptions need to be get tested before you actually jump in and fail smart, failure is inevitable do not be afraid of failures, smart failure should pass the following four tests. Did you learn from the failure?

Did you apply that learning to the next prototype? Did you fail early and cheaply? Did you share your learning? If the answers to all of this is yes, then you have what we call a smart failure. Failures can also be smart announcement.

So, can I derive some experience out of or intelligence out of my failure? So, to get that I will have to answer these questions. This is an example of story of the metropolitan music of art. One example I gave you, they went to digital. What they did was introduced games.

Young children could do some mystery solving from clues which they can get at some various hidden places in that museum. And you will get guided by your the app in the phone. So, you can find out. Solving a mystery. That keeps the kids very interested in the museum, they follow that and also they move around the museum, see the artifacts, see the things like that and try to find out some clue.

That in the when they can win a game or get gain something or prize or something. MET adopted digital technology well before it could have been forced to it for survival. So, they realize that if we do not do it our revenues will drop, footfall will drop, people will stop coming. So, we have to make this flows more interesting and how to do it? Use digital technology.

How did UPI become a success that all of us we know I just quickly run through, ease of government support, security and reliability, merchant integration, financial inclusion and continuous innovation. Since all of you are using this tool, everybody please go through this. I have just listed all the reasons, but you will realize how this product became so successful, so useful because of some of these reasons. This is what we can try to think of replicating whenever we develop other products.

This is the last slide here is about the design thinking process. You can study that on your own. So, the steps are as follows, you empathize means you try to understand the user pain point the story, then you define, then you ideate and this is the prototype where you develop the minimum value added product and go to the market try to get it tested, use the feedback on iterative mode to improve your prototype and you can go back to any of these stages here that defined stage or that ideate, but basically between prototype and test it will go on a feedback loop till you finally come up with a successful product.

But ideate, iterate quickly etcetera it is all mentioned there is nothing much to explain it is very standard process, but it is a new way of developing software products and other products. So, with that I come to a conclusion. Thank you very much.