

# Engaging the Customer

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# Foreword

Enterprises are focused on growth. CIOs have new opportunities to increase their engagement with external customers, and there are benefits for all involved.

This report addresses the question, *How can the CIO use direct customer “touch” to increase value for the customer, the enterprise, the CIO and the IT organization?*

*Engaging the Customer* was written by members of the Gartner EXP research team, led by Richard Hunter (group vice president and research director) assisted by Tina Nunno (vice president and research director).

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# Executive summary

The value of engagement with customers is increasing for all concerned. As both the 2007 and 2008 Gartner CIO surveys show, enterprises are focused on growth. For private sector businesses, this means increased revenue; for nonprofit and public sector organizations, it means mission enhancement—helping the organization more effectively accomplish its mission by increasing the breadth or depth of services, or by better serving constituents. CIOs in all types of enterprises are responding by focusing more effort on increasing the breadth and depth of customer relationships.


In the past, much of this effort has been channeled through internal “customers” rather than through direct external customer “touch.” CIOs, therefore, have new opportunities to increase their engagement with external customers, and there are benefits for all involved.

How can the CIO use direct customer touch to realize value for all concerned? As this report explains, the answer is this: By structuring IT engagement with the customer according to the business’s growth strategy and the customer value proposition, the CIO can reduce dependence on intermediaries and increase value for the business, customers and IT.

## Enterprises are focused on customers

The 2008 Gartner CIO Survey shows that customer intimacy is the preferred value discipline of 54% of enterprises. CIOs have a tremendous opportunity to increase the amount of time they spend in direct contact with customers, and they can benefit enormously by doing so.

For any of their customer segments, enterprises can choose from five customer engagement models, each of which correlates with a particular growth strategy (see figure below). Each customer engagement model also has at least one potential role for the CIO. A CIO becomes most deeply engaged with customers when direct IT support is crucial to fulfilling the value proposition.

Customer engagement models are aligned with growth strategies		
High	Enterprise engagement model	Growth strategy
<b>Customer- enterprise engagement and intimacy</b> 	Partnering	Enable new growth through innovation
	Contributing	Expand current customer relationship
	Personalized	Target new and existing customers more effectively
	Demographic	Expand into new markets or geographies
	Low	Transactional

## Find IT's role in the customer engagement model

IT always has an important role to play in supporting the enterprise engagement model. CIOs can almost always enhance their knowledge and executive credibility by taking time to observe customers wherever the company does business, including online. When customers are deeply engaged and IT is an important part of the value proposition, the CIO and IT organization must play customer-facing roles.

The *transactional* customer and the *demographic* customer have low-level needs, satisfied in most cases by different combinations of price and availability. The customer in both of these engagement models is passive, meaning that he or she contributes nothing to the relationship beyond payment for goods and services. The CIO's role is to supply internal and external data to internal customer-facing organizations, supporting growth via process improvement and expansion into new markets and territories.

The *personalized* customer has a "handshake" relationship with the business—a commitment that gives the enterprise the means to offer the customer more useful products and services at the point of need. Growth in this model is achieved through increasingly accurate targeting. The CIO's role is to supply systems that integrate back-office databases with front-office product and service delivery.

The *contributing* customer has made a decision to engage directly with the company, an important step. As a result, the company learns more about the customer than can be inferred from observation alone. The growth strategy associated with this model is to expand the customer's relationship with the company. In their roles, the CIO and IT personnel may be directly involved with customers, serving as advisors on deployment and use of products and services.

The *partnering* customer has been invited by the enterprise to participate directly in plans for products and services. This relationship is symbiotic at multiple levels. IT personnel are almost certain to be directly involved at multiple levels, from the CIO down—not only as advisors but as collaborators with the customer. The strategy for growth is based on innovation. No enterprise or CIO can support more than a few of these very high-touch relationships.

None of these engagement models is best for all enterprises or for all customer segments served by a single enterprise. The right roles for the CIO and IT are those that align with specific customer segments and the associated engagement strategies and value propositions.

## Fulfill the promise of the engagement model

Change is needed throughout the business when an engagement model changes in depth or breadth. CIOs need ways to discuss the magnitude of these changes with the business. The business perspectives model described in the October 2007 Gartner EXP CIO Signature report *Getting the Right IT: Using Business Models* is an excellent tool for examining the implications of changes in the customer engagement model. It can ease the task of anticipating follow-on business changes, and leads to better understanding of the full impact of change.

Enterprises and customers have the opportunity to know and influence each other more profoundly than ever. CIOs, in particular, have rich opportunities to learn directly from customers, and, regardless of the enterprise's engagement model, they can take the first steps in this direction on their own. Increasing engagement in order to harvest the customer's contribution pays off for the enterprise, the customer and the CIO. The time to start is now.

### Report toolkit—A reference to selected tools in this report

#### Case studies

Chartered Semiconductor—Customer engagement for collaborative development

Chickasaw Nation—Customer engagement through electronic personalized customer awareness

Cisco—Engaging customers as trusted advisors

DHL—New value propositions through engaging customers

Kuoni Travel Holding—Increasing the value of customer engagement

#### Figures

Customer engagement models are aligned with growth strategies

CIO engagement roles

Summary of engagement models

#### Tools

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Choose the CIO's engagement role

Summary: IT and organizational requirements for customer engagement models