A blueprint for
digital success.

Sam Sage is celebrating. He was just hired as head of digital strategy at a Fortune 1000 company, tasked with re-creating an 80-year-old behemoth into a fast-moving, experience-led enterprise.

Sam knows choosing the right operating model is a key element of this transformation. But with so many competing interests, political battles, and personalities—plus a flood of information from consultants on every corner—it's hard to narrow down just where to begin.

Adobe has worked with scores of companies forging new paths in digital disruption, and we've discovered that the most successful companies begin with the end in mind. By focusing on their digital goals, the right organisational model becomes clear. And by organising their talent and teams the right way, those end goals become much more achievable.

> Experience-led businesses have the highest topline revenue growth, highest levels of customer satisfaction, and the highest levels of employee satisfaction.
>
> *Source: Forrester Research*

A vision of
organisational success.

Our Digital Strategy Group recently completed in-depth research of firms in the financial services, telecommunications, B2B technology, and travel and hospitality industries who are undergoing digital transformation to boil down their keys to organisational success. While technology is certainly a critical part of any digital transformation, the people and processes are just as important.

An effective operating model translates strategy into value by providing the vision and blueprint on how the organisation should successfully function.

Lucky for Sam (and his organisation), we can show him our research on the top operating models and how they map to his goals. Let's follow along as he makes the decision.

The first step is defining the goal and assessing the company's digital maturity. Identify if the company priority is one of the following:

- Develop digital capabilities across the company.

- Deliver seamless customer journeys.

- Drive speed to market to stay ahead of the competition.

GOAL	OPERATING MODEL
Develop digital capabilities across the company	Centre of excellence
Deliver seamless customer journeys	Cross experience team
Drive speed to market to stay ahead of the competition	Agile marketing

Goal one: Build the digital foundation.

Many companies have a goal to "develop digital capabilities across the company." In fact, only one-third of companies in a recent Forrester research report have made the digital transformation journey, so if Sam decides this is his goal, he's in good company.

Those whose end goal is to develop digital capabilities will want to utilise the centre of excellence organisation structure.

> Less than a third of companies have made the transition to experience-led businesses.
>
> *Source: Forrester Research*

Today, centres of excellence (COEs) are the most common of the three operating models we recommend. They are also the most effective in rapidly developing digital capabilities, so we often see it in firms who are beginning their transformation. Sam thinks this sounds like his new company.

A COE is a centralised and concentrated team. Their goals may be broad—to spearhead and implement digital across the organisation—or more focused—to personalise the login page for the website.

There are **two common types of a COE**. The first is a Centralised COE where all the execution is done by the centre. Usually this evolves to become a Governance COE, where the execution is shared throughout the organisation, but the COE sets standards and guidelines to empower the business unit (BU) to succeed.
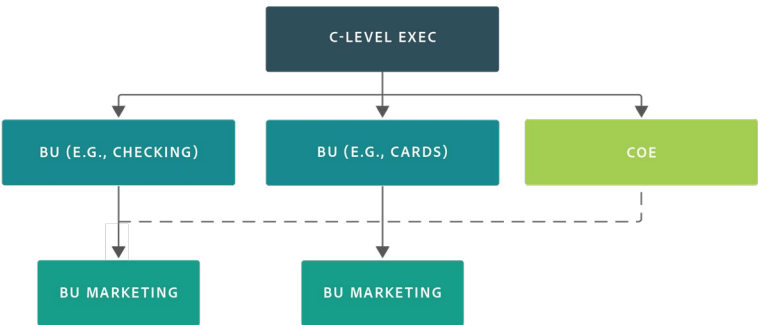
Centralised COE

The COE drives centralised strategy and execution for initiatives related to new digital capability (e.g., data, testing, personalisation, etc.) in coordination with the business unit.
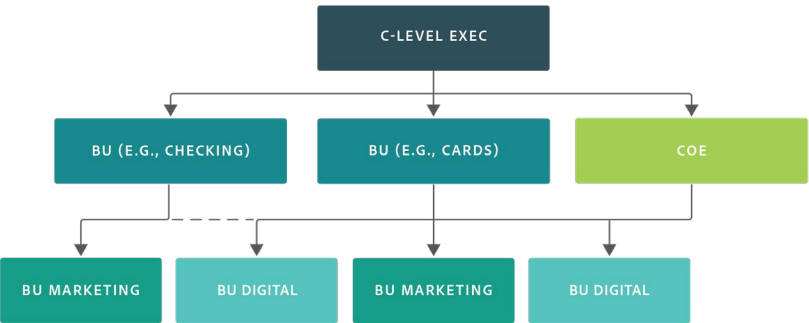
Governance COE

The COE provides centralised digital strategy and governance, focusing on innovation across BUs. BU digital marketing executes digital capability at decentralised BU level.

How to choose the right Centre of Excellence structure?

- Use a **centralised** COE organisation structure when the following is true:

  - Digital capabilities are present in the company, but business units are not yet able to execute.

  - You have a need to prove digital capabilities.

  - Your company has a priority to streamline vendors or partners.

- Use a **governance** COE organisation structure when the following is true:

  - Digital capabilities are present, but coordination across business units would allow for more consistency.

  - The business units understand the value of digital capabilities.

  - There is a need to coordinate different geographies or budgets and raise awareness of best practices.

- **Tips for a smooth adoption of a cross-experience team model.**

  - Implement a dedicated, full-time COE team.

  - Invest in a success story and roadshow to demonstrate value of COEs to BUs.

  - Create a consistent, structured framework to share insights with the organisation.

A multinational telecom brand builds a common digital language.

In the telecommunications industry, retail sales and call centres still drive a significant part of the business. Even while this is true, telecommunications firms are working to understand customer journeys so they can better push customer transactions toward digital channels.

One European multinational telecom brand we've worked with found that their different business units were not coordinating across the company. Not surprisingly, each BU had a varying level of digital expertise, and without centralised coordination, the different groups were not learning from each other. The company turned to a governance COE to promote digital experiences and the value they can have across the organisation, while retaining the autonomy each BU has in the European market.

Their first step was the company's Director of Digital building a company-wide COE. Since marketing is split out among the different groups in this company, they used a governance COE model to build a blueprint from the best-performing and most mature group in the company. The blueprint was then shared with smaller, less mature groups so they could replicate their best practices.

The COE invested in quarterly training for employees across levels so everyone could understand the value of digital and use the same language when talking about the business. As a function of the training and focus on best practices, the company ended up investing in an organisation-wide shift in focus on serving existing customers with personalised experiences rather than on signing up new customers.

This change has netted big gains. Ultimately, the new model greatly reduced operating expenses and revenue optimisation across different markets. With so much success from this model, the company has recently created a new COE to focus on data science.

Goal #2: Become customer obsessed.

For companies who have already achieved a level of digital maturity and whose goal is to "deliver seamless customer journeys", the path leads to the cross-experience team structure.

By embedding the journey within their structure, companies place customers—instead of products or channels—at the heart of their operations. This structure's main benefit is the accountability—and power—for delivering a unified experience.

This structure is much more varied than the COE model, but at its core it uses two components: a centralised data and insights team and a journey manager that coordinates the experience across segments, journeys, or journey stages (whatever is prioritised by the company).
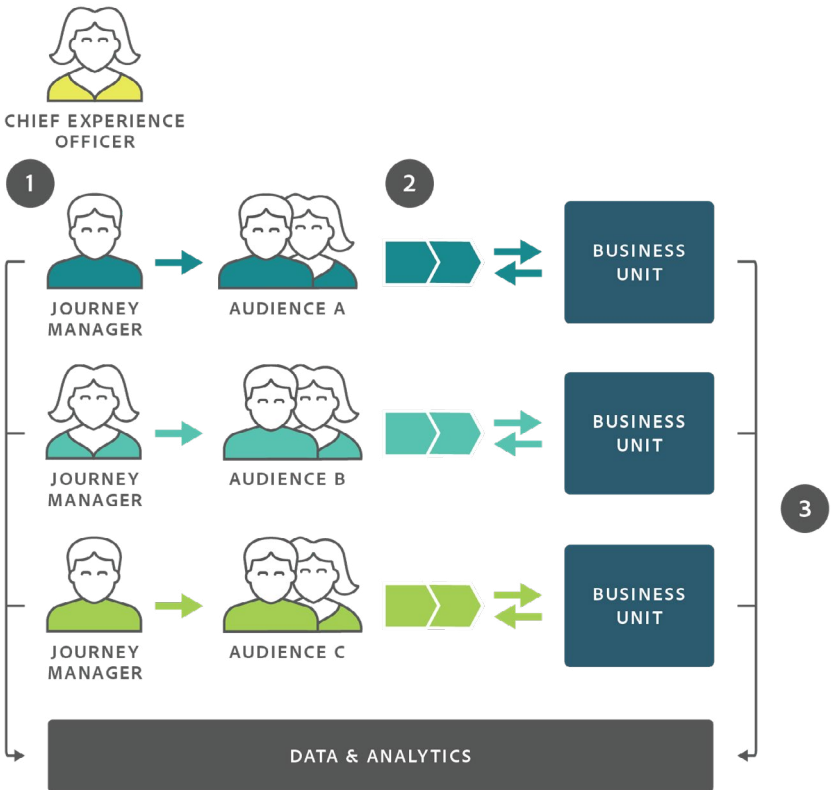
1. Journey managers are aligned to customer audiences. An executive (CxO) oversees all Journey Managers.

2. Journey managers are dedicated owners of an end-to-end customer journey and manage the conversation across touchpoints.

3. Journey managers work across business units to ensure consistent audience messaging.

While Sam eventually wants to get here, he doesn't think his company has the foundation yet to make the leap. But knowing about the structure helps him make the right technology and partner choices to eventually end up here.

For instance, the cross-experience team structure requires a mature marketing and digital organisation—specifically there must be a robust, unified data service that is agreed on by all parties (channels, product teams, the BU, etc.).

Tips for a smooth adoption of a cross-experience team model.

- Before you're ready for this model, you must have a robust, unified data service that is agreed on by all parties (channels, product teams, the BU etc.). The data is the foundation of any work the cross-journey team can recommend or implement, so make sure this is in place before organising this way.

- You need to empower journey managers with real authority to manage internal executors.

- You also need to invest in a flexible marketing architecture and the training to use it. After all, if the technology still thinks in siloed channels, it will be difficult to execute experience in a customer-centric manner.

MGM goes big with experience.
Goal: Deliver seamless customer journeys.

MGM Resorts International is a travel and hospitality giant that has customer experience in their DNA. While most of us think of them as a hotel and casino company, in reality they are much more than that. With 78,000 employees, MGM Resorts is the third-largest entertainment company in terms of ticket sales in the world, and the largest non-chain restaurant company in the U.S.

Recently, the company set out on a mission to "wow the human race." But they found their brands were often competing against each other and their marketing spend was far from ideal. They realised they needed to collaborate amongst their properties to give the consumer a consistent and personalised experience.

Instead of their properties operating as silos in marketing and communications, they transformed into the cross-channel experience structure which they called their "cross-brand team" where they work together—sharing resources, reducing redundancies, and optimising their marketing spend.

The results from this transformation have been well worth the trouble, as MGM Resorts has seen a 30 percent revenue lift and 33 to 60 percent reduction in impression costs.

They see great potential from this new model. Their CXO has a vision for customer experience that will transform the company—from ordering a drink from your phone poolside with an RFID tag on your chair, or presetting the temperature in your room from your mobile app. With this new approach to how they deliver experiences, MGM Resort's personal understanding of the guest will deliver big returns.

Goal #3: The need for speed.

In Sam's new job, he's not just competing against other large companies. He has to contend with start ups who seem to release new experiences every week.

If the goal is to "drive speed to market and stay ahead of the competition"—and the company has a higher degree of digital marketing maturity—**agile marketing** may be right. We've all heard of agile software development, where cross-functional teams work in scrums and iterate quickly. This is the most disruptive model to implement.

The speed gained from agile marketing is born from defeating organisational silos such as creative, marketing, IT, brand, legal that can sometimes slow down delivery in traditional organisational models.

An important part of agile marketing is defining a very clear goal, such as growing digital acquisitions. A pod will be organised around this goal, with scrum teams executing discrete projects toward that goal.

Pods
Pods are composed of agile teams, which have similar core components and are colocated for improved collaboration.

POD

SCRUM TEAM	SCRUM TEAM	SCRUM TEAM

CORE AGILE TEAM

ADDITIONAL ADD-ON RESOURCES

MARKETING SCRUM MASTER

Owns delivery of plan, reporting, and budget. Directs activity to deliver plan.

LEAD

Accountable for setting strategy, leading delivery, and hitting targets.

DIGITAL MARKETING SPECIALIST

Marketing strategy and campaign lead. Manages ideation, planning coordination, and administration of marketing delivery.

PROPOSITION

Liases with propositions team and responsible for delivery of short term proposition actions.

Possible marketing roles

DIGITAL MARKETING EXEC/CONSULTANT

DMP EXEC

PAID DIGITAL MEDIA CONSULTANT

CRM EXEC/ CONSULTANT

Possible non-marketing roles

BU PLANNING AND DEVELOPMENT

ANALYTICS

DIGITAL MARKETING CAMPAIGN DESIGNER/ HTML CODER

PERSONALIZATION

RISK

Most scrum teams include a scrum master, data analytics expert, IT, marketing, and compliance representatives who work as a close, in-person team. But as they scale, scrum teams may share centralised resources such as compliance or IT performance experts.

Sam knows his company definitely doesn't have the maturity to go all in on this model, yet we've seen companies pilot projects to show results and make quick progress. It's something he's thinking about.

Tips for smooth adoption of agile marketing.

- Begin with a strong foundation of data, marketing technology and general digital capabilities before rolling out agile marketing company-wide.

- Be sure there is strong executive sponsorship.

- Start with a pilot scrum team focusing on a singular use case with measurable results.

Aviva becomes a 300-year-old disruptor.
Goal: Drive speed to market to stay ahead of the competition.

Aviva is one of the UK's oldest and largest financial institutions. You don't often hear a 300-year-old company described as a disruptor, but in Aviva's case it's accurate. "We realised to remain relevant in the new digital world, we had to shift from products, to customers," says Tom Daniel, retail marketing director at Aviva.

> *"We realised to remain relevant in the new digital world, we had to shift from products, to customers."*
>
> TOM DANIEL, AVIVA

To power that shift, they looked beyond technology and completely reorganised their internal marketing department in agile teams. Each multifunctional team includes product and media strategists, marketing leads, campaign managers, insight and DMP analysts, designers and copywriters, customer experience specialists, and legal compliance leads. These are all held together by a scrum master who drives the process and keeps everyone on task.

For Aviva, the results have been impressive. Campaign turnaround times have shrunk from three weeks to four days. They are also seeing improvements in cost and revenue associated with marketing campaigns. Their first test case—an email campaign triggered by a customer visiting an auto insurance page who wasn't yet an auto customer—yielded great results, as open rates increased 37 percent and click through rates improved 176 percent.

They also learned that in agile, colocation was very important. They found marketers who were more technical were more successful in agile teams. At the same time, technical individuals in the team had to be natural marketers who understand the business context more than just their technical specialisation. The instant ROI of early campaigns gave the organisation faith in moving completely to the agile model.

Sam's goal. And his next move.

For Sam, the time has come for a decision. He has thought carefully about where his company is today—and where they need to go.

It's too early to jump completely into the cross-experience structure. He needs to build out the execution capabilities rapidly, so he's decided to start with a centralised COE. Sam has considered his resources and has identified a strong internal candidate who can become the director of the COE with experience both in defining business goals and executing technology.

Sam has a plan to conduct training and invest in the team to make a cross-experience team structure an option in the future. The first big project is unifying the data—this is the foundation for everything that follows.

He knows this journey will never truly have an end, just milestones achieved on the steps to digital excellence, but he feels confident in his choices, team, and partners. Sam keeps his alliances in mind as he rolls out the changes across the organisation, including a cross-country road show where he can show the value of these changes, letting his colleagues dive deep and feel part of the process.

By organising around the end in mind, Sam has a clear idea of success today and is preparing for the company's evolution. To his credit, he has begun implementing the habits of other successful digital organisations. The road is long, but the future is his.

Adobe can help with your digital transformation.

Learn more

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