

The Era I Enterprise: “Ready for Anything”

April 5, 2016

CONTENTS

- Introduction 3
- Methodology 4
- Demographics 5
- Key Take Aways 6
- Findings 7
- Communications Slides 22



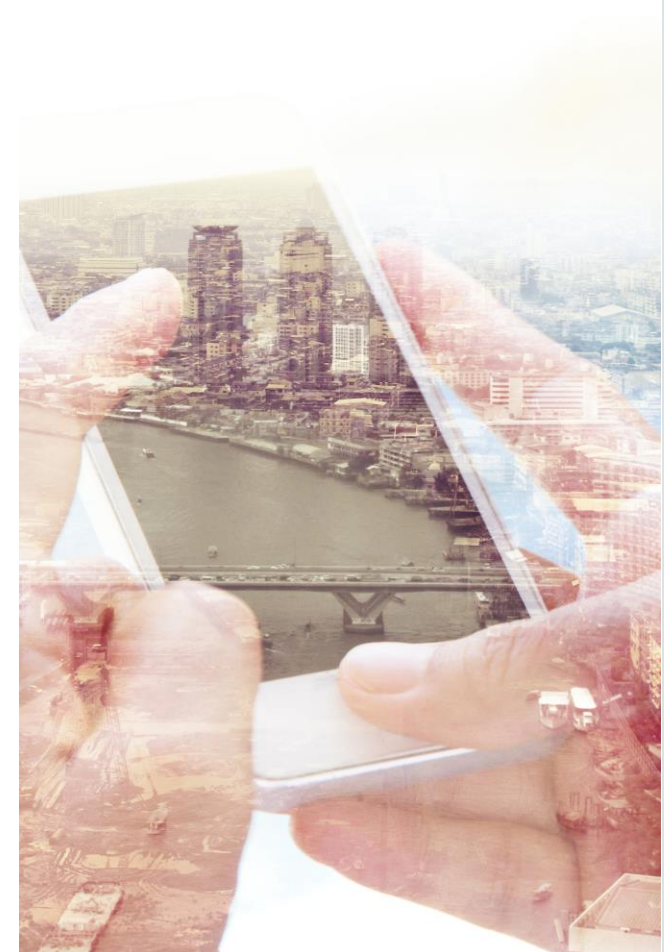
INTRODUCTION

Mass production technologies spawned modern consumerism. While most agree this was a good thing, profoundly changing the human experience – it also presented inherent tradeoffs, namely less individualism and personalization in our products and transactions.

The digital age is turning convention, once again, on its head – as we increasingly expect, and even demand, to have it our way – whether transacting, communicating, working, or simply enjoying leisure time. Welcome to **Era I – the Age of the Individual**. Millennials and Generation Z behind them lead the way, but the impact of Era I extends well beyond these two demographic juggernauts.

What does this mean for enterprises? Organizations must be ready and able to turn on a dime and deliver content, experiences, services, and technology to individuals however and wherever they desire. But how are they doing?

Oracle's "**The Era I Enterprise: Ready for Anything**" report surveyed 300 North American C-level executives to understand the emergence of Era I and, importantly, how prepared organizations are to manage this shift.



METHODOLOGY

Oracle conducted telephone and online interviews with 300 North American C-level industry executives in January and February of 2016 that surveyed the following industries:*



Communications



Hospitality



Education and Research



Life Sciences



Engineering and Construction



Public Sector



Financial Services



Retail



Healthcare



Utilities

*The sample size results in a margin of error of $\pm 5.62\%$ at a 95% confidence level

DEMOGRAPHICS

Sample demographics include:*

Job Titles

| | |
|---|------------|
| Owner/Partner | 10% |
| President/Chief Executive Officer/ Chief Operating Officer | 14% |
| Chief Information Officer/ Chief Technology Officer | 15% |
| Chief Financial Officer | 23% |
| General Manager/Managing Director** | 38% |

Revenue

| | |
|------------------|------------|
| \$50M-\$249M | 37% |
| \$250M-\$499M | 16% |
| \$500M-\$1B | 19% |
| More than \$1B** | 28% |

Size

| | |
|--------------------------|------------|
| 200-499 employees | 23% |
| 500-999 employees | 20% |
| 1,000-9,999 employees | 35% |
| 10,000 employees or more | 22% |

*Job titles and revenue do not include public sector data. Qualifying public sector titles include Administrator, Director, and other agency leadership

KEY TAKE-AWAYS

The Era I Challenge:

- **84%** say their organization has experienced a trend toward customers wanting a more individualized experience and **70%** have experienced this trend from employees
- Nearly **two-thirds** of managers say the shift is a **growing challenge** in their ability to compete effectively

Most Organizations are Unprepared:

- Today **fewer than one in five** C-level executives give their organization an “A” in its ability to offer highly individualized customer or employee experiences
- Their biggest weaknesses are their abilities to: Turn on a dime in response to change or opportunity, offer highly individualized products/services, and respond effectively to changing market conditions

Individualization and Agility are Key to Revenue Growth:

- Organizations estimate that if they were able to successfully offer customers and employees a highly individualized experience, they would earn an additional **18% in annual revenue**. For a \$1 Billion company, that's **\$180 Million** a year
- To get there, organizations say business intelligence tools, customer experience solutions, and other industry-specific applications will play a vital role
- Additionally, **81%** believe there is an important link between cloud-based IT solutions and their organization's ability to deliver individualized employee and customer experiences

THE ERA I CHALLENGE

Nearly all organizations are experiencing a market shift toward greater individualization and the majority say it's impacting their ability to compete

84% say their organization has experienced a trend toward customers wanting a more individualized experience* and **70%** have experienced this trend from employees

Nearly **two-thirds** of managers say the shift is a **growing challenge** in their ability to compete effectively

100% of communications and hospitality executives have noticed this trend with customers; utility executives are the most likely to say it's impacting their ability to compete

*In terms of products, services, content, and how they are purchased/obtained, delivered, or consumed

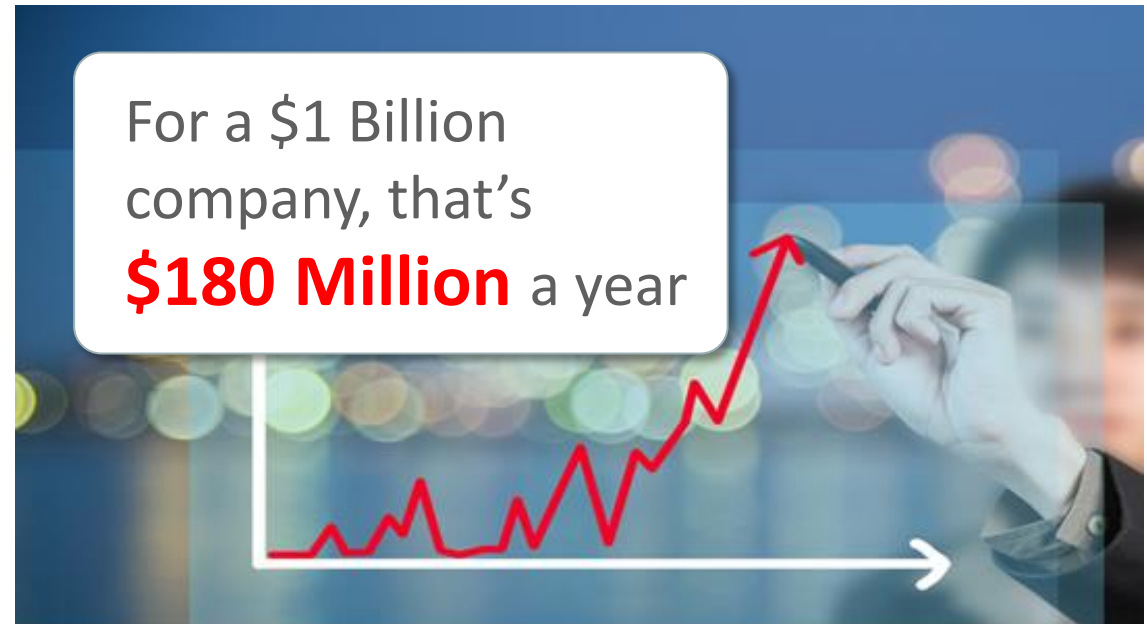
THE INDIVIDUALIZATION OPPORTUNITY

93% of organizations believe they are leaving money on the table by not successfully offering customers and employees a highly individualized experience

How Much?

Managers estimate that if their organization were able to successfully offer customers and employees a highly individualized experience in terms of content, products, and services, they would earn an additional

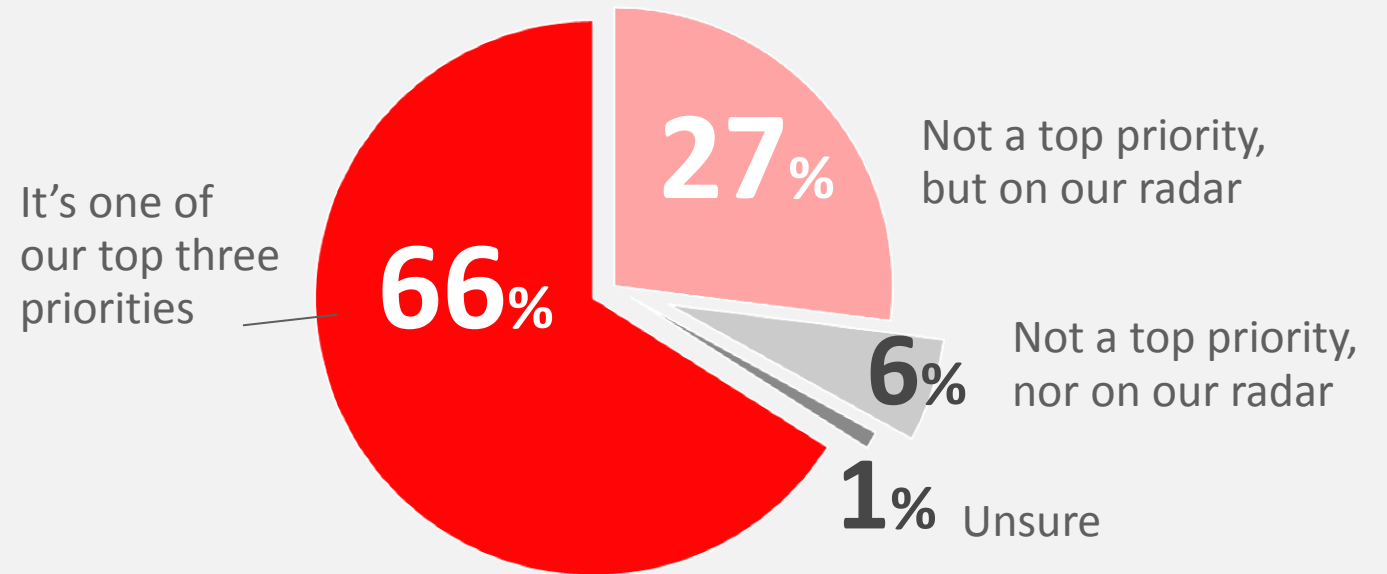
18% in annual revenue



PRIORITIZING THE INDIVIDUAL

Two out of three organizations are focused on improving their ability to offer a more individualized experience

Where does the ability to offer a more **highly individualized experience** (such as tailored products, content, and/or services) to customers and employees rank in terms of your organization's current priorities?



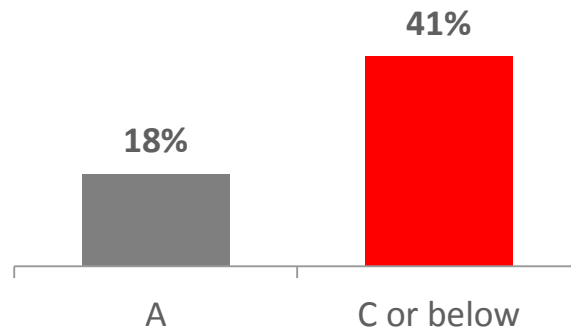
Communications and education/research organizations are most likely to say individualization is their top priority

THE ERA I READINESS REPORT CARD

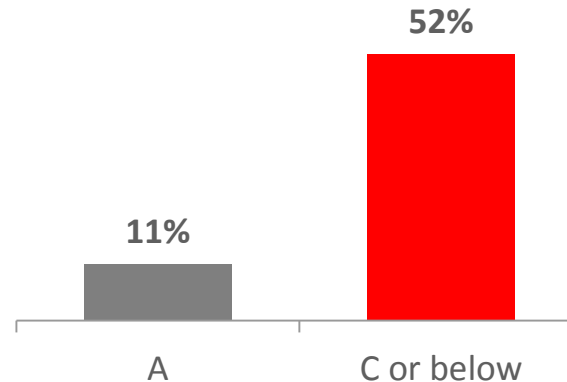
Today, however, fewer than one in five C-level executives give their organization an “A” in its ability to offer highly individualized customer or employee experiences

How would you grade your organization’s ability to...

Offer highly individualized
CUSTOMER experiences



Offer highly individualized
EMPLOYEE experiences













Large organizations (10,000+ employees) are the most likely to give themselves a C or below

Biggest struggles:*

- #1** Ability to turn on a dime (**59%**)
- #2** Ability to offer highly individualized products/services (**46%**)
- #3** Ability to respond to changing market conditions (**44%**)
- #4** Ability to anticipate customer needs (**39%**)
- #5** Ability to act on customer feedback (**31%**)

*Percentage who graded their organization a C or below in each area

INDUSTRY REPORT CARD

| |  Public Sector |  Education/ Research |  Life Sciences |  Retail |  Engineering/ Construction |
|---|--|--|---|---|--|
| Ability to offer highly individualized <u>customer</u> experiences – Rated C or below | 67% | 57% | 57% | 37% | 37% |
| Ability to offer highly individualized <u>employee</u> experiences – Rated C or below | 80% | 37% | 60% | 63% | 57% |
| Biggest struggle: | Ability to turn on a dime | Respond effectively to changing market conditions | Ability to turn on a dime | Ability to turn on a dime | Ability to turn on a dime |
| |  Financial Services |  Utilities |  Healthcare |  Hospitality |  Communications |
| Ability to offer highly individualized <u>customer</u> experiences – Rated C or below | 40% | 40% | 30% | 27% | 20% |
| Ability to offer highly individualized <u>employee</u> experiences – Rated C or below | 47% | 50% | 40% | 43% | 43% |
| Biggest struggle: | Ability to turn on a dime | Ability to turn on a dime | Ability to turn on a dime | Ability to turn on a dime | Ability to turn on a dime |

THE CUSTOMER AND EMPLOYEE EXPERIENCE GAPS

While organizations understand that providing individualized experiences is critical for their future success, very few have made the transformation

The Customer Gap

82% believe the ability to offer a more individualized experience is critical to **staying relevant** in today's market place

But **just 21%** are very well prepared* to deliver individualized customer experiences across content, products, experiences, services, and technology today

The Employee Gap

80% believe offering a highly individualized experience is key to **recruit and retain** the best and brightest

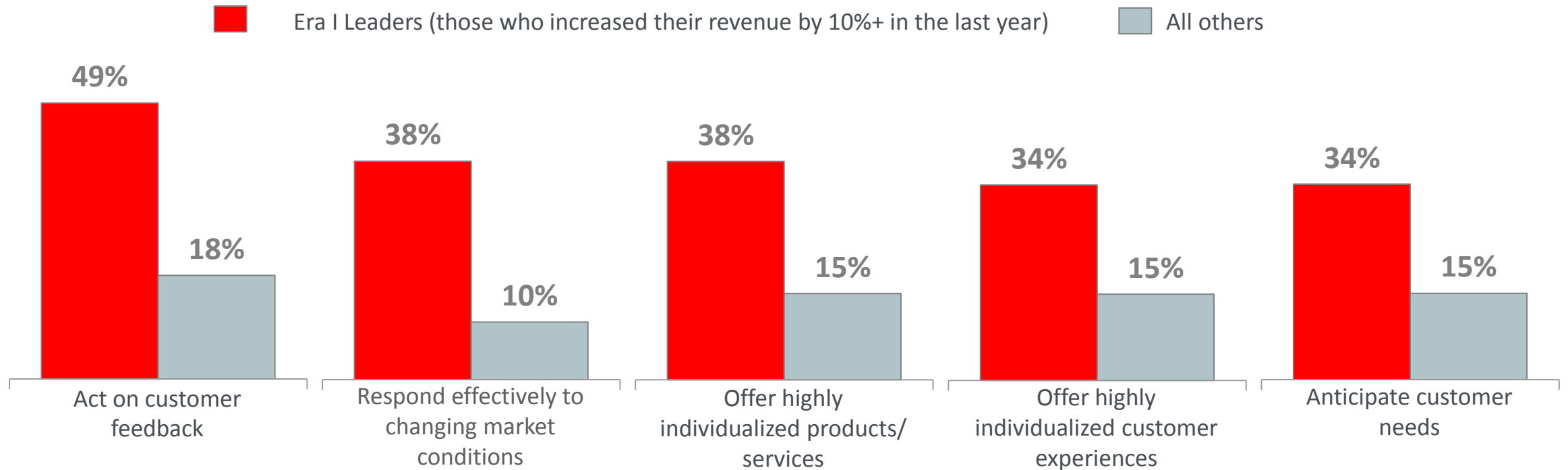
But **just 22%** are very well prepared* to deliver individualized employee experiences across content, products, experiences, services, and technology today

*Rated themselves an 8-10 on a scale of 1-10, where 1 was not at all prepared and 10 was completely prepared

LESSONS FROM ERA I LEADERS

Organizations that have increased their revenue by more than 10% in the last year are significantly ahead of the curve when it comes to offering individualized experiences

Percentage who can successfully do each of the following*:



*Percentage who graded their organization an "A" in each category

IMPROVING THE CUSTOMER EXPERIENCE

68% of organizations do not currently offer customers self-service options and 61% fail to deliver intuitive online experiences

Percentage **not** currently offering the following to customers:*



68% Self-service options from the device of choice



61% Intuitive online experiences



56% Individualized content or promotions



Retail organizations lead with individualized content or promotions; hospitality organizations are ahead of the curve when it comes to intuitive online experiences

*Respondents asked to select all that apply to “Which is your organization not currently offering to meet the changing, more individualized needs of customers?”

IMPROVING THE EMPLOYEE EXPERIENCE

More than two out of three organizations are failing to offer self-service options to employees

Which of the following is your organization *not currently offering* to meet the changing, more individualized needs of employees?*

Self-service options from the device of choice



Data analytics to help employees gain insight and drive innovation



Advanced collaboration tools



Industry-specific applications that enable employees to thrive



Healthcare organizations are most likely to offer self-service options and industry-specific apps; the public sector leads in flexible work environments

Large organizations (10,000+ employees) are least likely to offer employees industry-specific apps

*Respondents asked to select all that apply

LEGACY SYSTEMS HOLD ORGANIZATIONS BACK

While organizations say cloud is vital to Era I success, many are stuck with legacy systems

81% of managers believe there is an important link between cloud-based IT solutions and their organization's ability to deliver the *flexibility* and *agility* needed to deliver more individualized employee and customer experiences

but

Today, only **28%** of mission and business-critical applications are in the cloud

Additionally, **57%** believe outdated technology systems are *holding them back* from delivering greater individualization

WHAT'S AT STAKE?

Organizations fear losing customers and employees if they cannot improve

Greatest concerns if organizations do not improve their ability to offer individualized experiences:*

| | |
|----|---|
| #1 | Loss of customers (46%) |
| #2 | Loss of talented employees (45%) |
| #2 | Loss of revenue (45%) |
| #4 | Loss of their competitive advantage (44%) |
| #5 | Slower growth (43%) |

*Respondents asked to select all that apply



Healthcare and hospitality organizations are most concerned about losing customers if they do not adapt; life sciences and utilities are least concerned

HOW TO IMPROVE

Nearly all organizations (97%) believe investing in IT solutions will improve their ability to offer the individualized customer and employee experiences needed to compete in Era I

Most needed IT for Era I:*

**Business intelligence
tools (49%)**



**Customer experience
solutions (49%)**



**Industry-specific
applications (40%)**



Departments in the most urgent need of IT modernization:

1. Operations
2. Customer experience
3. Sales/marketing

*Respondents asked to select all that apply

BENEFITS

Managers believe individualization will lead to greater employee satisfaction and retention

Managers believe if their organization had the ability to offer a highly individualized employee experience, they could increase employee satisfaction by **94%**



Top benefits from offering a highly individualized experience to customers and employees:*

#1 Improved employee retention (**54%**)

#1 Improved customer retention (**54%**)

#3 Improved brand perception (**52%**)



*Respondents asked to select all that apply

ENABLING ERA I

What do you believe will be the single greatest enabler of your organization's ability to individualize the customer and employee experience in the next five years?

"Developing business intelligence analytics to better analyze customer data and anticipate their needs."

"Implementing IT systems that collect and analyze client demographic data to assist in identifying client needs and then creating service delivery systems to meet those needs."

"Moving off of legacy systems to more web-based applications and services that can be easily updated and managed."

"The ability to make the consumer feel that the content that is being delivered is speaking directly to them, as opposed to a message that they feel is being delivered to the masses."

OUR TAKE

- **The Age of the Individual is Here:** Customer and employee expectations have never been higher. Organizations must accelerate their strategic planning and get on board. The time is now.
- **Give People What They Want:** Despite knowing and understanding the benefits of providing highly individualized customer and employee experiences, most organizations still have not made transforming a top priority. To stay competitive and remain relevant, empower your customers and your organization with the content, experiences, services, and technology that they want...when they want it. Or risk losing them.
- **Prioritize Agility and Flexibility:** Don't wait. From business intelligence capabilities to customer experience solutions to industry-specific applications, organizations need to make IT investments to ensure they are agile and flexible enough to meet Era I needs. There's a lot on the line—managers estimate they can earn an additional \$180 Million annually* by offering highly individualized experiences.
- **Consider the Cloud:** Simplify IT and drive innovation—the true business value of moving to the cloud. Become a cloud leader, and gain the scalability needed to turn on a dime to meet the ever-evolving needs of your customers and employees.

* For a \$1 Billion company

COMMUNICATIONS SNAPSHOT

100%

Have experienced a trend toward customers wanting a more individualized experience

77%

Have experienced this same trend with employees

70%

Say the shift is a **growing challenge** in their ability to compete effectively

Era I Report Card:

33%

Rate their ability to offer highly individualized customer experiences an "A"

30%

Rate their ability to offer highly individualized employee experiences an "A"

31%

Estimated revenue gain if they offered highly individualized experiences. For a \$1B organization, that's **\$310 Million** a year

Missed Opportunities for Customer Individualization:*

Organizations do not offer:

- #1 Self-service options from the device of choice (60%)
- #2 On-demand order fulfillment (57%)
- #3 Intuitive online experiences (53%)

Missed Opportunities for Employee Individualization:*

Organizations do not offer:

- #1 Self-service options from the device of choice (70%)
- #2 Data analytics (53%)
- #3 Advanced collaboration tools (47%)
- #3 Industry-specific applications (47%)

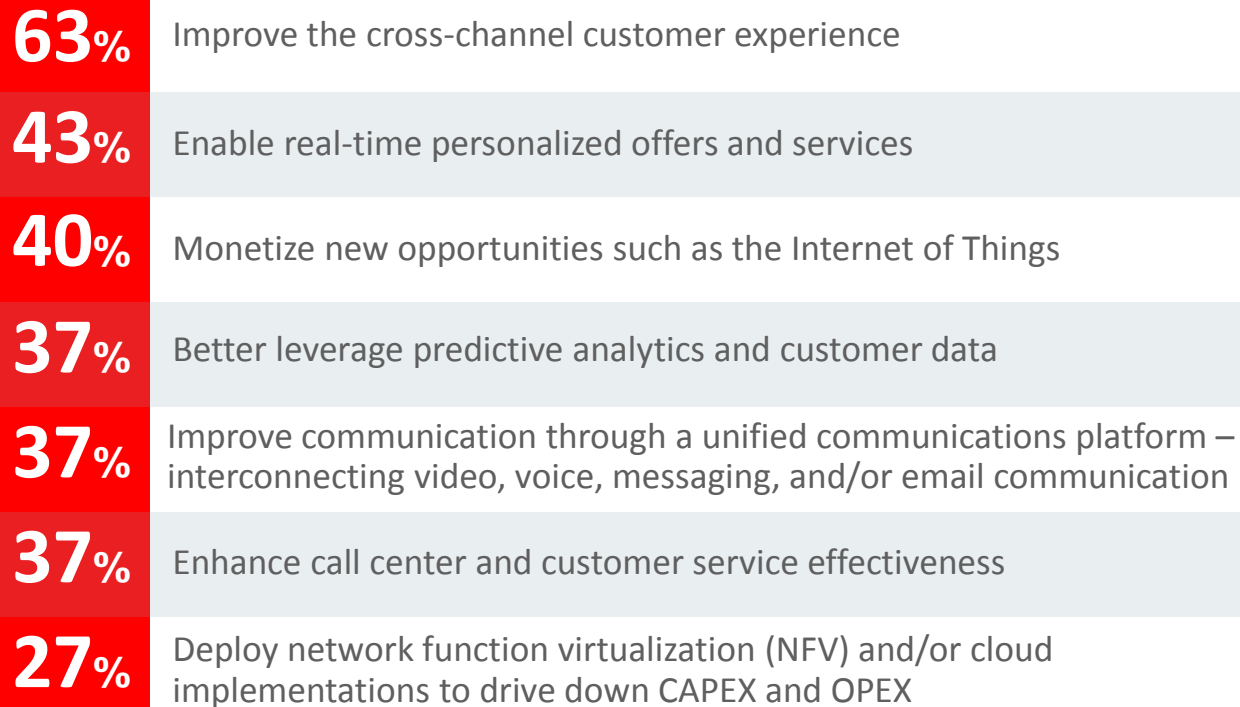
*Respondents asked to select all that apply

100% believe there is an important link between cloud-based IT solutions and their organization's ability to deliver individualized employee and customer experiences

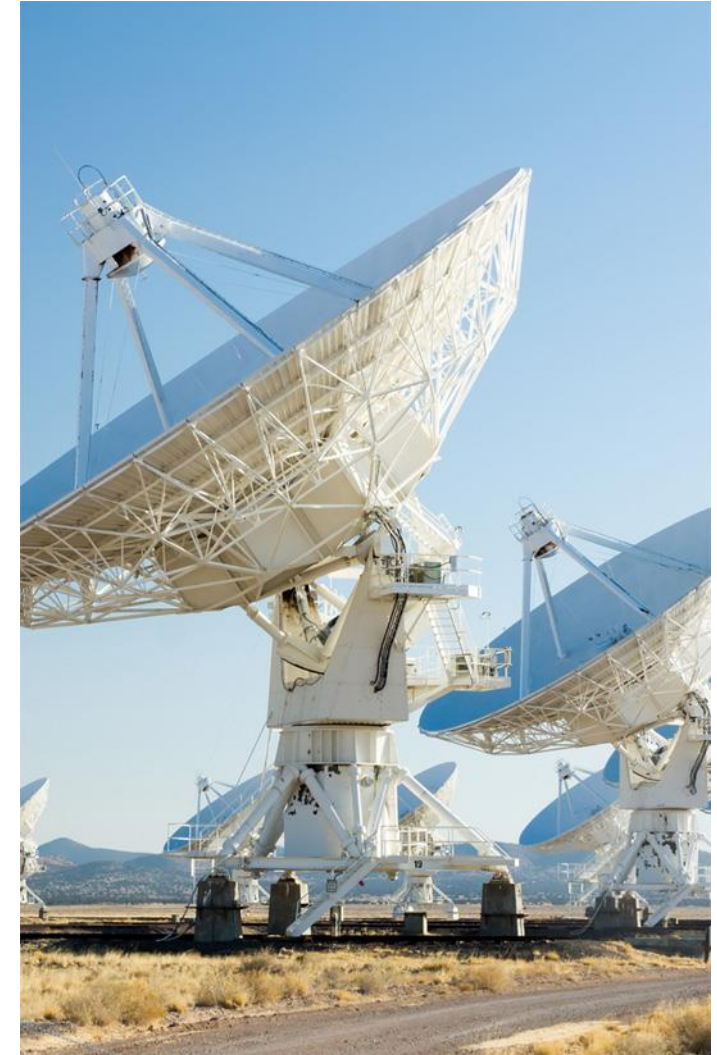


COMMUNICATIONS SNAPSHOT (CONT.)

Where do you see the greatest opportunity for your industry to take advantage of more individualized content, products, and services for customers and/or employees?*

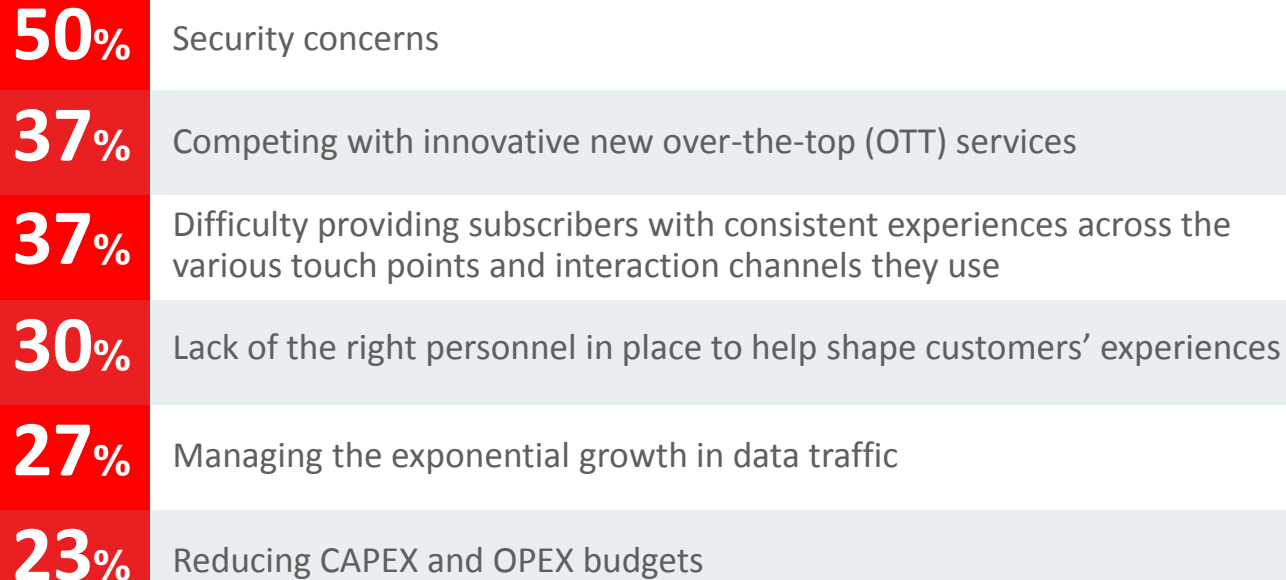


*Respondents asked to select all that apply



COMMUNICATIONS SNAPSHOT (CONT.)

What are the biggest obstacles your industry faces in delivering more individualized content, products, and/or services?*



*Respondents asked to select all that apply

How to do it right?



“Most of the people we are dealing with are looking for content that makes them feel like we are talking to them, and them only. We are doing that better with social media. It has helped the broadcast business go from ‘broad’ casting to more of ‘narrow’ casting.”