UPPING THE GAME TO CUSTOMER I-CENTRICITY

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Digital and social media technologies have the power to make enterprises customer i-centric, delivering value propositions never before imagined. This power comes from a combination of executive minds attuned to customer outcome rather than product push, and new technologies which connect people, data and things, to deliver superior integrated experiences at significantly lower cost. Here is the formula.

CUSTOMER OUTCOME ALGORITHMS BECOME THE CORE CAPABILITY

The core shifts from product or service capability, to algorithms, which make the organisation the expert at a customer outcome, either for an articulated or unmet need. This becomes its intellectual property (IP), not just knowing how to make and move stuff, fast commoditising.

Discovery Insure's (DI) IP is the undisputed expert in the "Great Safe Driving" market space. Intricate connections of telematics and data built into the car or mobile smartphone, combine to correlate indicators of driving behaviour and patterns, fed back to customers to improve their driving.

A burning ambition to be the best at achieving a customer outcome, thereby locking-on customers in a market space, such as "Great Safe Driving" is what directs culture, and decisions, including capital, investments, partnerships and acquisitions.

VALUE IS GENERATED THROUGH REAL TIME CUSTOMER DATA

Legacy models use historic customer data to make organisations more efficient, e.g. pricing insurance policies or managing retail supply chains. With customer i-centricity, it is real time data that produces the customer outcome, and sustainable advantage.

Swedish based SKF Bearings has upped the customer-centric game it began decades ago in the "Trouble Free Operations" market space, using 8 000 smart products connected through mobile interfaces, with 45 applications in a "bearings with brains" seamless network of people, data and things, early detecting, preventing and rectifying, keeping industrial factories productive, and enhancing investments.

At the very least, real time means on-demand as these examples show. At best, it means instant. Uber does this in 'Travel Mobility'. Rainfin, a South African start-up peer-to-peer online platform, connects real time data from large companies and their supplier documentation, supplying credit ratings and interest rate charges to unsecured SMEs, borrowers and crowd investors within minutes, so they can instantly transact in a paperless system.

ANALYTICS TURN BIG DATA FROM PREDICTIVE TO PRESCRIPTIVE

Data means nothing unless turned to customer value. Predictive analytics make big data prescriptive, improving customer decision-making. After two years, Oscar, the start-up online, has 15% of New York's health insurers. Through a variety of applications and wearable technology, customers make decisions that improve symptom recognition, possible treatments and overall health.

Absa Capital improves business client decisions. Algorithms embedded with trader know-how and specific customer behaviours, enable robot advisors (either face-to-face or remote) help customers decide when to do foreign exchange transactions, minimising risk, maximising return.

Artificial intelligence in cognitive platforms links people, knowledge and computers. IBM's Smart Cities is designed so that officials can make better integrated decisions for cities and

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citizens. In the medical arena, IBM's Watson knows over 80% of the medical oncology data, whilst GE's computer vision software tracks and correlates what is happening in a human body. All of which promises to integrate and improve practitioner diagnosis and treatment decisions.

To stay rich, prescriptive customer insights are constantly tracked and updated in real time, irrespective from where they originate. SKF gets this from the engineers, or "brainy bearings". Every patient experience brings deeper know-how for IBM or GE. Uber gets it from customer stories via taxi drivers, or real time supply and demand data. Either way, constant improvement is what maintains the lead, setting up barriers to competition.

OUTCOMES ARE AIMED AT AN INDIVIDUAL CUSTOMER "TARGETS OF ONE"

Customer i-centricity is about multiple communication with individuals in their daily lives, through interconnected channels. DI knows if the driving performance of an individual improves, if an individual car is pushed close to its limit or its driving style alters, indicating theft, and DI reacts accordingly.

Faster, smarter networking technologies make interconnected intelligent homes central to customers' lives. Nest allows its customers to choose temperatures they want in their homes and in which rooms, adjust schedules or settings anytime from anywhere, and monitor and reduce energy to meet their individual requirements.

Individualised experiences are made seamless across products, divisions, companies, industries and even competitors. Uber takes DI customers to and from venues over weekends to avoid post-party road accidents. Uber allows taxi competitors to join its fold. Newcomer Singaporean ConneXionsAsia, (CXA) uses employee benefits as currency to be swapped, traded and redeemed across companies and industries, so that customers can use them how they want.

Customer i-centricity joins applications, improving integrated experiences, continuously converting new data into revenue potential. Nest now has a smart door lock sending individuals text messages if, for instance, a lock in their home is activated or an emergency battery is run down. And next for Nest can come connecting to its already comprehensive network any devices from that person's computer or spectacles to cars.

SCALING IS ACHIEVED AT LOW/NO COST

With Internet-based economics, data is free, growing as it is used.

Consumers or producers can be added at low-to-zero cost, driving a cumulative advantage, as Uber and others demonstrate on a daily basis.

Market spaces can be widened or diversified, capturing added revenues at low cost. The Absa algorithm could easily and cheaply include commodity trading or predictions such as the likelihood of an employee leaving. Uber knowing how to get services to customers where and when they want them has expanded into delivering massage, ice-cream and food at low cost.

Scale is also achieved by cheaply and quickly fine-tuning algorithms with know-how updated for cross-country growth. Look at the vast, speedy geo-expansion of Uber (290 cities 50 countries), or Airbnb (34 000 cities 190 countries).

SAVINGS KICKED BACK TO CUSTOMERS PRODUCE A VIRTUOUS CYCLE

If savings due to customer i-centric economics are passed back to produce customer value, this sustains the competitive lead.

This may be in the form of rewards, but for behaviour, not just buying more stuff. DI sells more policies and has lowered the cost and incidence of its claims. It rewards customers significantly for better driving, as does Oscar for regular exercise targets reached, tracked by smart devices and fitness wearables. Both companies benefit from positive loops.

FNB supplies free data packages with customers buying smart products like iPads (FNB is the largest Apple SA reseller) online, latching the discounted purchase onto an existing account, interest and hassle free. By building use of social media from once digital passive customers, it builds FNB's digital lead, in

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turn allowing it to scoop up more customers and innovate, in an ongoing virtuous cycle.

Chinese Alibaba keeps growing because it kicks back gains, so as to fund, train and fuel sellers, attracting more sellers and potential buyer value.

COSTS BECOME ASSETS TO LEVERAGE CUSTOMER VALUE OVER TIME

Capital spent is leveraged cumulatively over time, because once set up, the marginal cost of upgrading, connecting or adding more data, people or products is low.

The initial layout is an investment in an asset, rather than an expense or piece of the promotions budget to be returned quickly. Who can argue that Apple's investment in its 800 million-strong iTunes customer base, all of whom have credit accounts, is not an asset to be leveraged? Within a few weeks, 20% of iTunes' users were streaming music.

This principle applies equally in emerging markets. M-Pesa's initial investment in Kenya created a life-changing way of storing and transferring money. Now its 20 million customer base, still growing, is buying an array of frugal innovative services from insurance to restaurant transactions.

The initial costs can be leveraged over time for social good as well. DI has significantly reduced road accidents. Thanks to M-Pesa, incomes have been raised, the price of transferring money has been forced down, small business has spawned, and evidently it has been inspirational for young entrepreneurs in Kenya and all over Africa, to do things they would never have considered possible.

THE NEW MIDDLE LINKS DEMAND AND SUPPLY

The new middle is not the intermediary between producer and consumer. It's the branded platform that matches demand and supply.

Demand and supply data aggregated and transformed reveals options, comparing, rating, ranking and matching those who have, with those who want. Oscar directs customers to its 40 000 New York doctor network when they need help. Airbnb matches over 1.4 million home owners, with travellers looking for accommodation. Alibaba's Tmall operates an online, more than 300 million Chinese-strong marketplace for international brands.

LIKE UBER OR AIRBNB, ALIBABA OWNS NO GOODS

The new middle brings crowds together, like-minded customers with something, or seeking something. Peer-to-peer lending or equity groups are typically disrupting banks this way. Groups like Chinese Tuanguo come together voluntarily, leveraging collective power to negotiate price.

The new aggregated middle role is advisory, objective, and seeks to get a good fit not just get rid of stuff, in which they have a vested interest. Rather than a conduit for sales, it is a new world agent or broker for producers and consumers.

In this view of the middle, anyone that adds no value, which actually lands in the customer space, is considered waste, an unneeded cost and opportunity gap for someone.

Objectivity is the currency of trust, keeping customers from multiple supplier search, cherry-picking, or migrating to new entrants.

The customer i-centricity model also reveals unused capacity across the ecosystem, or even amongst competitors. This too is waste, another opportunity to match demand and supply in what has been termed the 'sharing economy'. Here customers get access rather than own. Google's RideWith gets Israeli co-workers and neighbours to ride-share to and from destinations. Uber does the same, allowing competitor taxis into its fold. Friendsurance, a peer-to-peer German start-up, combines crowd power with this collaborative consumption trend. It connects customers online in an insurance pool, redistributing annual savings to the customer network, who share in both production and consumption.

LAST WORD

New technology is no substitute for the minds and models which drive behaviour and make or prevent enterprises from being customer centric. But, if used correctly, it ups the game to customer i-centricity which drives growth, at the same time lowering cost, with exponential effects.

Those who use new digital products and services to dominate market spaces will thrive. Those who fail to, or use technology for the wrong reason, will risk losing out, and find that start-ups, unheard of one day and global powerhouses the next, will be their chief rivals ●