



# HOW CXOS REDUCE BUSINESS FRICTION

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Eliminating complexity from the inside out to provide  
consumer-grade experience to partners and customers.

With the swipe of a finger a customer is lost. The companies that make up FAANG (Facebook, Apple, Amazon, Netflix and Google) have not only reinvented such fundamental tasks as buying, learning, watching, connecting, and creating. They have also reset the relationship between the customer and service delivery with interfaces and tools that allow an individual or organization to easily produce, distribute, market, sell, and build loyalty.

One thing all of these companies share is frictionless consumer experience. Customers can sign up anytime, and anywhere, and begin using software services in a matter of minutes. C-suites around the world, in all verticals, know that this is what consumers expect from digital experiences, and have begun striving to transform their products and processes to meet those expectations.

Cloud infrastructure and data tools such as APIs have been integral to these changes. The effects go well beyond leading organizations to remodel how they

deliver their services to customers. The same technologies are enabling companies to reimagine business processes and partnerships, which in turn is changing the leadership structure of the modern enterprise.

Few organizations offer a complete end-to-end service to their customers. Throughout the process of fulfilling a customer order, partners play a vital role, either supplying raw materials, specialist skills and services, storage, logistics, marketing, or after-sales care. Friction at any point in these processes can change the perception the customer has of an organization.

“36% of businesses report working with double or more partners than they were two years ago,” says Paul Daugherty, Chief Technology & Innovation Officer at systems integrator and consultancy, Accenture.

Dheeraj Pandey, CEO and founder of Nutanix, put it this way: “Organizations want design elegance and frictionless services, as they know what good looks like.”



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## Customer care

CXOs will need to look down new avenues to discover and recruit the new skill sets required to create a frictionless business today. Albert Hitchcock, COO and CTO of educational services and publishing at Pearson observed, “We have built up a team with experience from gaming, [this background helps them understand] how to build immersive digital experiences.”

“For us the most important thing is where we can try to make the customer experience as seamless as possible,” says Stijn Bannier of the Digital Products Team at global airline Air France-KLM. To this end, Bannier and team have adopted the use of application programming interfaces

(APIs) to work with code sharing airlines (their business partners). This enables them to deliver services directly to customers via mobile Apps and to develop a series of applications and services for Air France-KLM staff, improving the business processes of the airline and therefore its customer service. “Our APIs are designed to support the check-in, boarding, and customer services. By connecting your check-in APIs to the Delta system, for example, we can improve the check in for a customer whether they are travelling by the marketing, handling carrier or the operating carrier,” Bannier says.



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## Business benefit

Technology industry analyst Phil Wainwright observed that “Connected digital technologies open up new paths that deliver outcomes far more effectively and with immensely lower friction than was previously conceivable. [ . . . ] It may even mean redefining the business goals of the organization to adapt to new competitors and opportunities.”

Accenture’s Daugherty concurs, arguing that the next generation of technologies will drive major changes in business processes: “Microservice architectures, blockchain and smart contracts are the cornerstone of technology partnerships. Those that invest in these changes today will lead the way to redefine how businesses transact in the future.”

CXOs must focus on creating an organization that is frictionless from end-to-end. A great digital front end may attract a customer, but today’s customer expects great service too. Therefore a frictionless business is one that accepts that digital transformation is not only about creating a digital customer interaction, but also remodeling the operations of the business.

“The enterprise as we know it today was defined at a time when the transaction costs of doing business were far higher than they are in today’s digitally connected world. Frictionless reinvention means sweeping away totemic processes, dismantling functional fiefdoms, and challenging corporate culture,” Wainwright says.

At Pearson, Hitchcock says that “We have been dramatically simplifying the business, to bring it together with new ways of working, a new target operating model (TOM), and ensuring the technology underpins these.”

Hitchcock has led the creation of a shared services business within Pearson, which is underpinned by a new enterprise resource planning (ERP) platform from Oracle Fusion. The ERP was introduced as the basis for a standardized way of working across all business units. “This reduced our technical debt, removing 3000 applications and 63 different ERP platforms, 40 versions of Salesforce and 93 datacentres,” he added. Standardizing business processes, as well as the number of datacenters and applications, enable CXOs to reduce the number of touchpoints in an organization and

therefore the chances of friction building up. Hitchcock’s strategy demonstrates how today’s infrastructure reduces friction both internally and externally.

Air France-KLM’s experience illustrates how microservices and APIs enable organizations to deliver more services to customers, partners, and staff, even while reducing the organizations’ technological underpinnings. Instead, the business can rely on the flexibility and reliability of the cloud to personalize services according to the need.

Daugherty points out that “a microservices approach empowers agility as applications become more modular, enabling rapid integration with many new partners. As each company’s portfolio of partnerships grows, this scale of connections means reimagining the way the business transacts with others.”

Banner adds that “in the last year there [have] been more requests from the business for partner travel organizations for access to our APIs. Business to employee Apps are becoming increasingly important. Our gate agents have their own App, so the APIs are key to ensuring they have the correct information.”

An API and microservices approach not only increases agility, but also protects the organization, its data, and by extension, its reputation.

Jawaz Illavia, Carlsberg Group VP for Global Business Services, uses APIs to expose data to startups and technology partners on segregated cloud services from Amazon AWS and Microsoft Azure. “The power of this means our partners can develop with us while not having to worry about data leaving the Carlsberg ecosystem.”



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## New leadership

To meet the demands of new customer types, organizations are changing technology and business processes and therefore modernizing their leadership approach. Typically this requires the CIO and IT to move into the role of broker, collaborating with peers across the organization to select and deploy technologies that will reduce friction around the business.

The annual CIO survey by search firm Harvey Nash found in 2019 that one-in-ten CIOs is a broker in “a new relationship between business and IT”. The global survey, one of the most accurate available, disclosed how the CIO is now a business-outcome oriented leader, a finding that was corroborated by IDG Connect’s CIO survey.

“After years of trying to wrangle a seat at the executive table, CIOs are finally being recognized for their leadership, joining their C-suite peers in defining core business strategy, cultivating customer and board room relationships, and taking on additional responsibilities as companies prepare for the next chapter in digital business,” IDG concluded. “Many fast-track CIOs have been doing this kind of leadership and management work for years.”

“This is a clear sign that leadership in businesses across sectors recognize IT’s pivotal role, not just in keeping the business functioning, but in enabling change,” says Steve Bates, Global Lead for the CIO Advisory Centre of Excellence at KPMG, the global professional services business.

The Harvey Nash survey found that: “Influencer CIOs work differently from their tech control predecessors; 54% work collaboratively, 44% have adopted a fail fast attitude towards experimentation,” all of which reduces friction as technologists and business lines co-develop outcomes and share the proceeds of success.





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