How to prepare for the next generation of marketing

Creating an agile, next-best-experience organization

The demand for better customer experiences on every available channel is forcing organizations to make uncomfortable – and sometimes painful – changes. With an influx of new companies entering an already crowded market daily and top global brands dominating search results with their ad spend, how can you possibly stand out and reach your customers? And when you do reach them, how do you demonstrate value and differentiate your business from the competition?

The answer is to provide consistent, contextual, and personalized experiences that treat customers as unique individuals.

Traditional marketing technologies rely on a campaign management framework. They were designed to only sell products and services to groups of customers with shared attributes through individual (i.e., disconnected) channels via point solutions. The messages were pre-determined and static, unable to change with the customer as they navigate through brand experiences. Technologies that use segments, batches, and campaigns aren't moving the needle anymore – they've become antiquated and unsustainable.

These models might be scalable if organizations only deploy one campaign at a time, but many marketing and customer engagement practitioners are targeting millions of customers with huge product sets, across multiple channels and touchpoints. This level of complexity is impossible to scale within a campaign framework for several reasons:

- **Product-led and pre-defined messages lack empathy and customer centricity.** They simply can't adapt based on a customer's changing mindset or context in any given situation. Brands must earn the right to sell to their customers and prospects.

- **Brands must expand the conversation.** A wide variety of actions and messages need to be available on demand to engage clients based on their needs in any moment. These include retention, service, nurture, and resilience messages. At times, saying nothing at all is the appropriate action to take – silence is often an undervalued treatment.

- **Campaign approaches are heavily siloed.** Teams operate independently, focusing on their own business lines, their own products, and their own KPIs.

- **They lack agility.** Deploying campaigns requires too many people, performing too many tasks, in too many disconnected systems.

- **Results aren't impactful.** How can you truly know if your marketing is working when you can't connect the activity to results? Marketing tech stacks often contain 10 or more technologies – and they don't talk to each other. It's incumbent upon the organization to gather opaque data and analytics and make sense of it, then tie it back to the results retroactively.

Traditional martech stacks
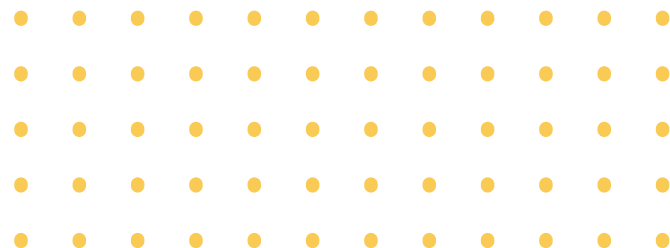
The lifecycle of a traditional campaign approach isn't very agile because there are multiple systems, data sets, and teams that are informing the process. This process can take weeks or even months. And that process can look like this:

Ideation – The marketing organization creates a brief, brainstorms possibilities, and compares content and creative options.

Planning – The campaign strategists review requests, define the audience, add the campaign to the existing backlog of current campaigns, and add all of the necessary inputs into various systems for all of the stakeholder teams to review.

Build – Organizations get ready to activate the campaign, modify the segments to fit the audience requirements, and create the targeting rules and parameters.

Test – The various creative formats are tested to ensure that they will work as desired on various channels once the campaign is in production.
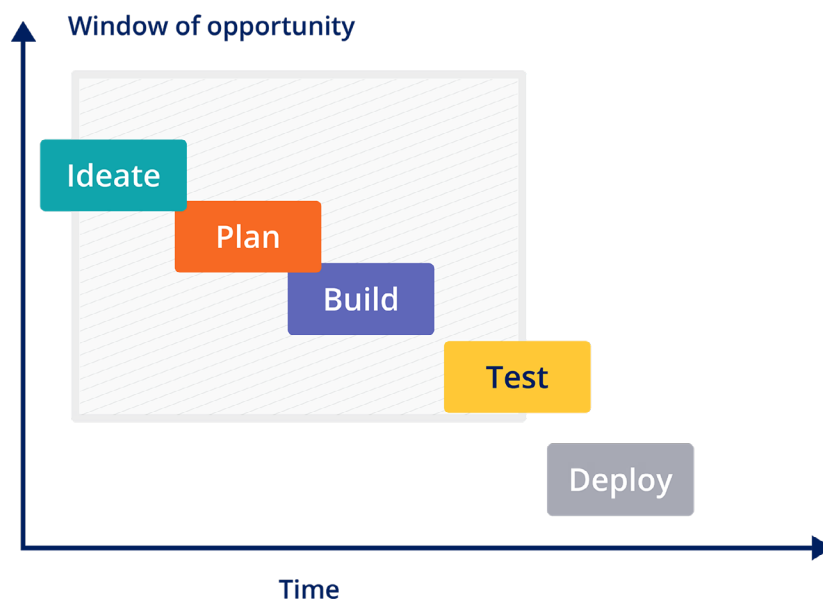
Deploy – The campaign is approved and put into production.

By the time this lengthy process is completed, the customer has moved on or the market has shifted – the window of opportunity to connect has been lost.

Traditional campaign optimization
lacks agility, static, misses the window of opportunity

Window of opportunity

Ideate
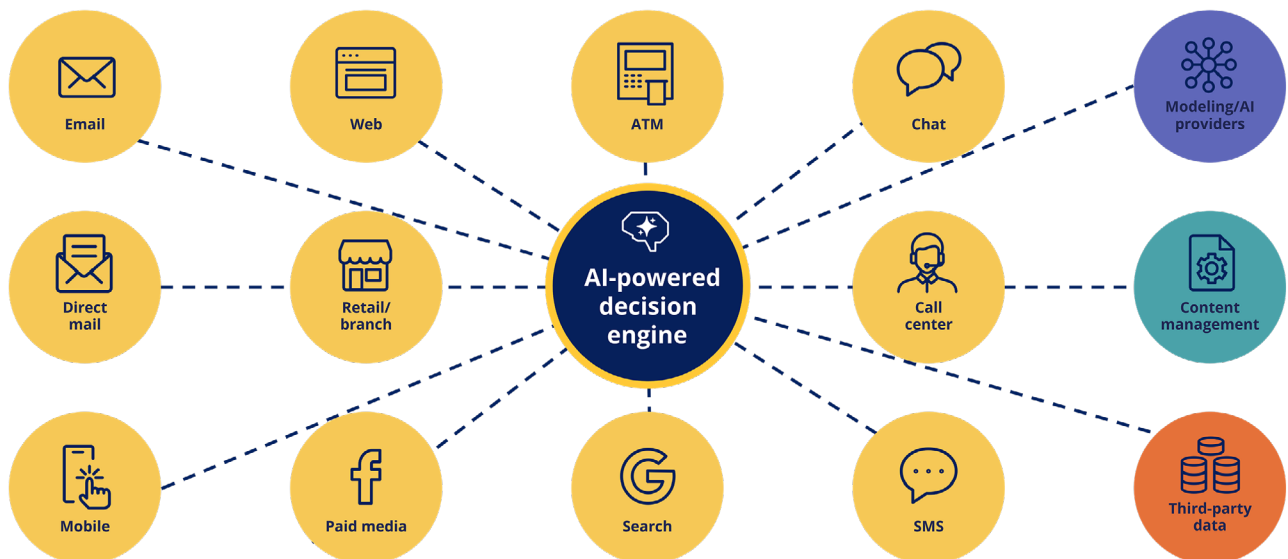
Plan

Build

Test

Deploy

Time

Moving from siloed applications to a unified solution

Technologies that enable a one-to-one, always-on approach are backed by artificial intelligence (AI) that can ingest customer signals and present an offer, action, or conversation to a customer, based on what the customer requires in real time. The AI technology sits at the center of all channels and functions as a central brain to unify customer data and make decisions quickly – regardless of which channel a customer is engaging on.

How fast is real time?

A recent Pega study found that "real time" means different things to different people. In today's market, real time can be anywhere from 20–60 minutes to a few seconds depending on the company and how they're using real-time technologies. At Pega, real time means less than 200 milliseconds – so if a customer suddenly changes direction, so can a brand.

Email

Web

ATM

Chat

Modeling/AI providers

Direct mail

Retail/ branch

AI-powered decision engine

Call center

Content management

Mobile

Paid media

Search

SMS

Third-party data

Moving away from a collection of disconnected point solutions to a unified solution with a central brain will both improve customer experiences and decrease organizational complexity. A centralized strategy gives you one place to design, test, deploy, monitor, and rollback strategy changes. Having all customer interactions governed by a single decision authority makes change management safer, better informed, and more operationally efficient. It offers the following advantages:

- **Customer engagement strategy is defined in one place.**

  Having one set of data, business rules, interaction history, and analytics instances removes the need for manual alignment of data, creative, and other aspects of the traditional campaign framework.

- **Centralization enables consistent and connected customer experiences.**

  The channel that customers interact with the brand on becomes irrelevant because all necessary inputs are streaming through every channel connected to the brain.

- **Centralization promotes agility.**

  Organizations can respond more quickly to changing situations while more effectively managing associated risks. This centralization also lets businesses make powerful changes and exert control over the focus of the solution as they can apply weights and business levers to drive the holistic strategy.

Customer engagement with an always-on environment looks like this:

Ideation – Identify gaps and consider changes, then make requests to address the underlying issues.

Planning – Your team elaborates on their backlog and aligns on priority and work assignments of the requested changes.

Build – Your team builds out the actions, policies, or constraints that have been requested.

Test – Your team executes an array of tests and simulations to confirm that changes align with expected results.

Deploy – Your team deploys those changes through the hierarchy of environments and pushes them live into production.

By using adaptive modeling, the solution is then able to automatically optimize and choose the engagement that addresses the customer need based on the customer's unique situation, regardless of channel. With a deep library of conversations to choose from, customers are delivered offers or content that match the moment and the unique individual.

What is next best experience?

Artificial intelligence now makes it possible for brands to deliver not just better experiences but next best experiences. You may be familiar with next best action, the capability to analyze customer data in real time and engage with customers in contextually relevant, well-timed ways. That's important, but it's just one part of delivering the next best experience. **Next best experience is the capability to determine the next best experience for a given consumer and deliver it at any moment regardless of channel.** It relies on a combination of customer journey orchestration, real-time interaction management, and customer journey analytics.

Business as usual optimization

Ideate

Plan

Build

Deploy

Test
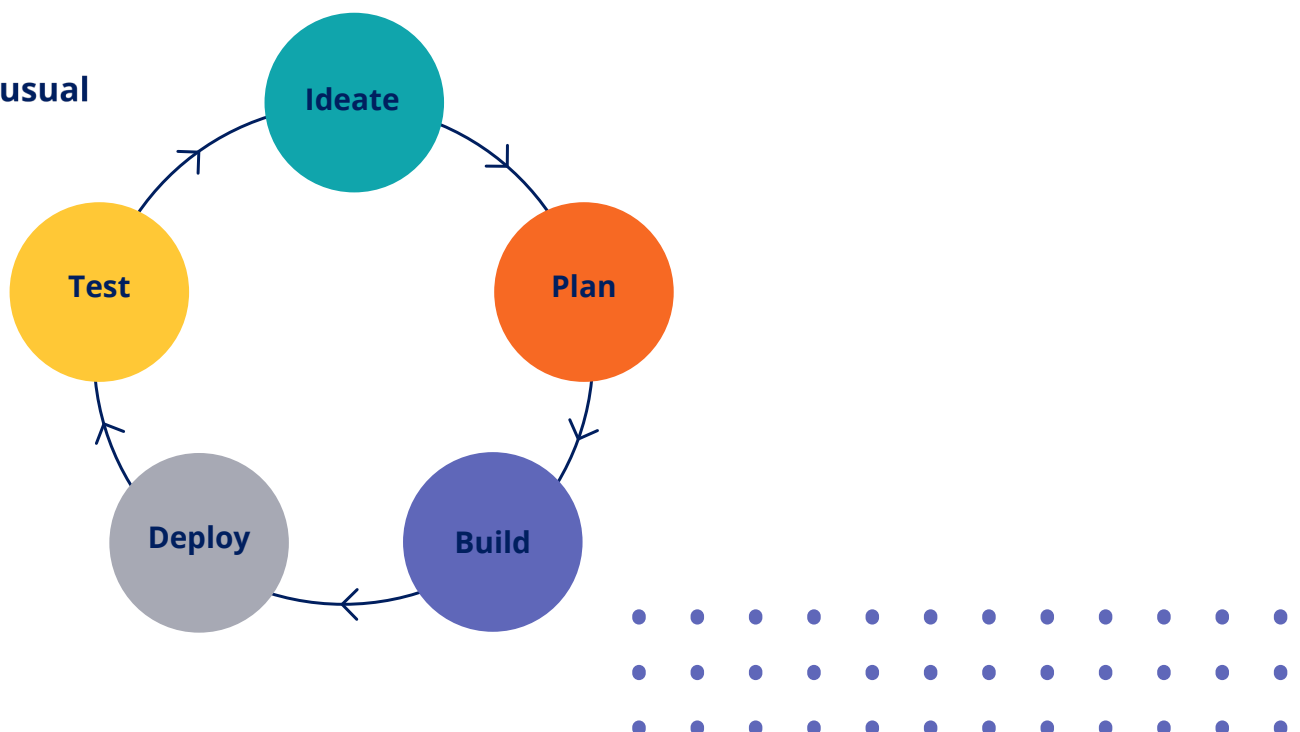
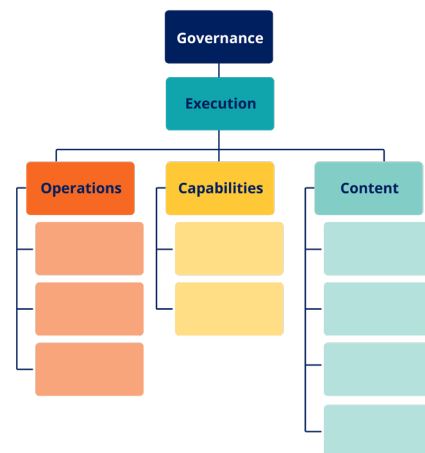# Evolving from functional organizational structures

Traditional
(Functional structure)
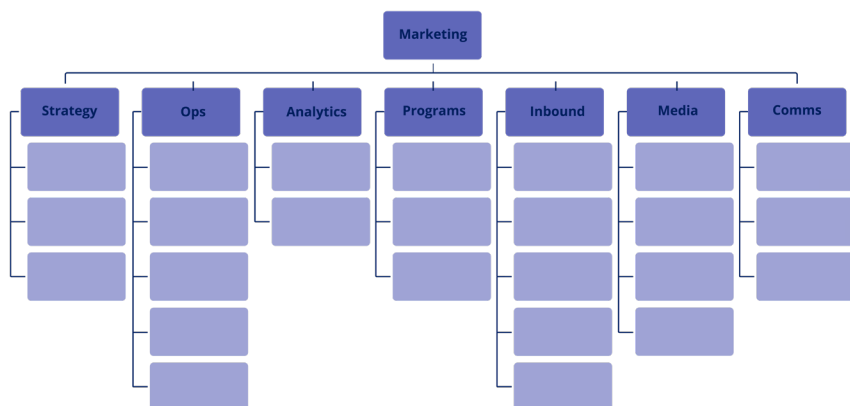
Always-on
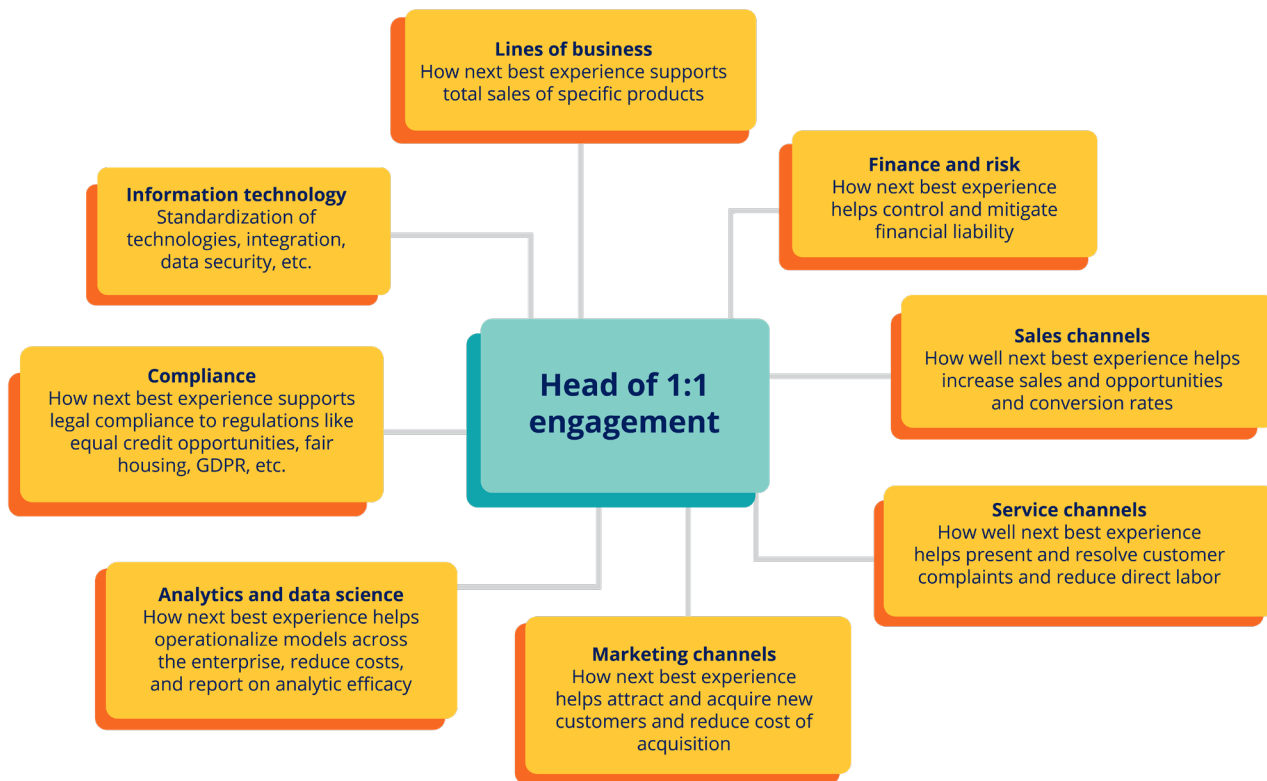**(Centralized structure)**

It's not just an organization's approach to customer engagement that needs to be overhauled but sometimes how the organization itself is structured. Traditional marketing organizational structures make it hard for teams to scale in environments with multiple programs running at once. Each new marketing program may require additional headcount or resources to execute. Using a next-best-experience model is much more efficient because it shifts the burden of targeting, scaling, message selection, and audience updates from the marketer to artificial intelligence. Restructuring your organization is the way to evolve the functional organization structures that most of us embrace in marketing today – all to develop a next-best-action team that's optimized to support hundreds or even thousands of active, always-on actions.

Generally, this has two components: **governance** and **execution**.

- Governance is a formalized collaboration between leaders to establish priorities, adapt big-picture strategy, and monitor progress against high-level organizational goals.

- Execution requires a centralized cross-functional team, which controls the tactical implementation of the goals, objectives, and priorities established by the governance board.

Governance in an always-on program typically takes the form of a high-level board that meets on a regular basis, and which is accountable for the development, monitoring, and optimization of the overall customer strategy. This group has representatives from key internal partners – IT, lines of business, marketing, analytics, and sales. The goal is to align this core group on a strategy that makes sense for the business, review regular reports on performance, prioritize or drop new projects, and navigate roadblocks that get in the way of progress. The governance board is usually led and chaired by the head of one-to-one engagement.

Lines of business
How next best experience supports total sales of specific products

Information technology
Standardization of technologies, integration, data security, etc.

Finance and risk
How next best experience helps control and mitigate financial liability

Compliance
How next best experience supports legal compliance to regulations like equal credit opportunities, fair housing, GDPR, etc.

Head of 1:1 engagement

Sales channels
How well next best experience helps increase sales and opportunities and conversion rates

Service channels
How well next best experience helps present and resolve customer complaints and reduce direct labor

Analytics and data science
How next best experience helps operationalize models across the enterprise, reduce costs, and report on analytic efficacy

Marketing channels
How next best experience helps attract and acquire new customers and reduce cost of acquisition

Execution teams control the tactical implementation of the goals and strategies handed down by the governance board. Structures of these teams vary based on organizational needs, scope, risk tolerance, and change policies but typically include:

Next-best-action strategy development

Decision architecture and design

Performance analytics and reporting

Business delivery

Revision management

There must be a **continuous feedback loop** between governance and execution to keep them aligned. Execution will also provide the metrics and data that governance needs to make decisions.

Each of the highlighted groups in this sample organizational chart have a critical role in ensuring agility, change management, and success:

- **Head of one-to-one enterprise engagement:** Ensures business benefits are maximized through hands-on leadership. Provides guidance to execution teams to align tactics with top-down strategy.

- **Enterprise capabilities team:** Builds and implements change requests for centralized decisioning capabilities before delivering them to operations for day-to-day use.

- **Business content team:** Takes requirements from a specific line of business and translates them into the actions, treatments, and policies used to engage customers.

- **Next-best-action operations:** Monitors "live" next-best-action performance. Ensures both stakeholders and executives understand business performance and trade-offs.

The final aspect of evolving your organizational structure is to develop a process that defines configurations, testing, and simulations, which are required to ensure that the right offers are in market as quickly as possible. And while this varies from organization to organization, Pega has developed a set of best practices. Below you will find a sample transformational best practice plan.
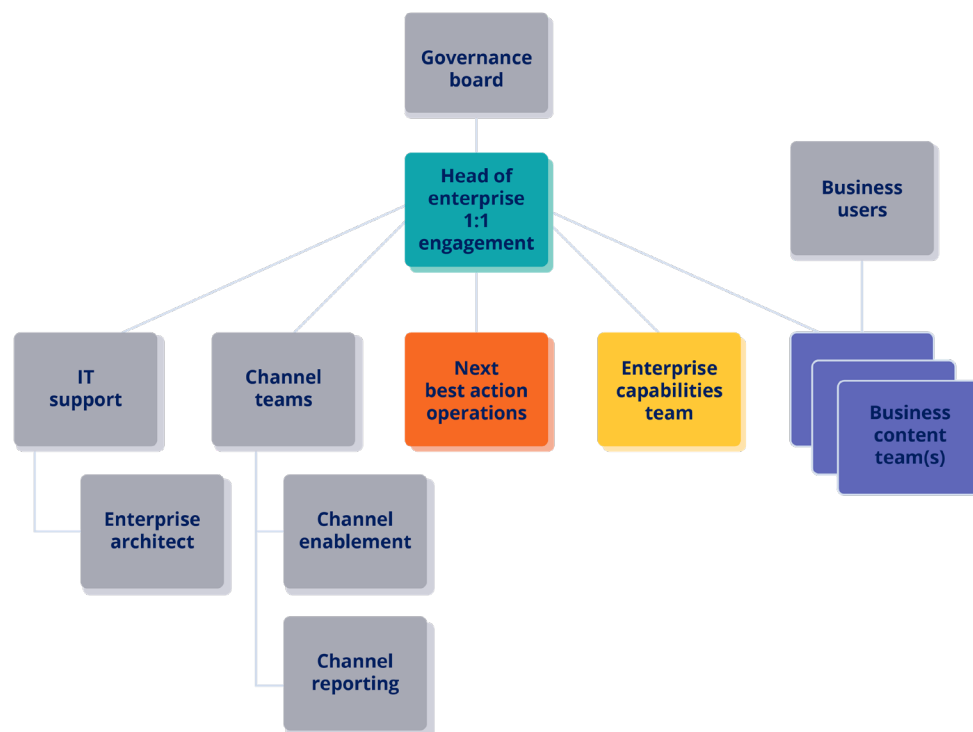
Getting started with transformational best practices

Pega's foundational delivery principles are simple:

1. Limit your scope at the beginning – take small steps, deliver success, repeat, accelerate.

2. Data availability and quality are key to effective decision-making and machine learning.

Vision for scalable delivery roll out

Channels	① Grow	② Service	③ Nurture	④ Retain	⑤ Acquire
Online banking	Contextual offers	Self-service actions	Usage stimulus	Proactive offers	Next best actions
Mobile app	Dynamic bundles	Self-service actions	Usage stimulus	Proactive offers	—
Branch	Dynamic bundles	Service nudges	Benefit reminders	Reactive offers	Acquisition bundles
Call center	Dynamic bundles	Service nudges	Benefit reminders	Reactive offers	Acquisition bundles
Mobile push	Geo-fenced offers	Service triggers	Contextual alerts	Pre-emptive offers	—
Email/SMS	Open-time offers	Service triggers	Triggered messages	Pre-emptive offers	Contextual offers
Direct mail	Contextual offers	Service nudges	Triggered mailers	Pre-emptive offers	Contextual offers
Paid media	Contextual offers	—	Triggered displays	Pre-emptive offers	Contextual offers

Business outcomes

High impact
Moderate impact
Incremental impact

Following the above guidelines, Pega helps organizations evolve the traditional, functional, and organizational structures that have been embraced by most businesses today – all to develop a next-best-action team that is optimized to support hundreds or even thousands of active, always-on actions.

Our customers begin with a commercial pilot that usually lasts 2–4 months. The pilot will focus on a specific business problem and execution channel. Let's start with chat as a sample channel.

12-week rapid delivery

Requirements definition *4 weeks*	Data & ETL *8 weeks*	Design & Build Logic *4 weeks*	Build launch & apply styling *4 weeks*	Test & Deploy *8 weeks*	Evaluate *4 weeks*
Offers catalog	Customer data	Solutions design	Banker desktop integration	Develop test plan	Work with business
Offers eligibility	Account data	Offers catalog	Call reason definitions	End-to-end testing	Intrepret outcomes
Model predictors	Customer interactions	Eligibility rules	Customer budget panels	Training prep & execution	Monitor & tune
		Adaptive model configuration	Summary screen styling	Banker profile build	Repair identified defects
		Prioritization rules	Report configuration	Platform setup & deployment	Build change backlog
				Test & control setup	

Ideally, expansion occurs in an agile fashion and roadmaps are developed for each individual opportunity as the organization works toward a minimum lovable product (MLP). This enables organizations to transform at a pace that suits them. Here is a high-level example:

Initial phase: "Crawl" (MLP 1) – Chat

- Layer Pega Customer Decision Hub™ foundation with an objective in the interactive voice response (IVR) channel
- Initiate adaptive modeling to dynamically identify the best destination for known customers
- Improve service routing by using sophisticated decisioning with advanced analytics

Second phase: "Walk" (MLP 2) – Expand to inbound digital channels

- Expand to inbound digital channels in web and mobile
- Promote self-service and provide preemptive messaging to customers in need
- Deflect call volume digitally, which will provide business efficiencies

Final phase: "Run" (MLP 3) – Expand to outbound channels (digital, mail, etc.)

- Proactively reach customers in need through email, direct mail, SMS, and push notifications
- Use models to identify customers signaling need and actively engage them
- Improve customer experience and provide a real omni-channel orchestration

Conclusion

Big organizational transformations can seem daunting and overwhelming, but with the right support, businesses can transition at their own pace, ensuring that there is a low level of disruption in the business process. Start small and move methodically to integrate channels that are most important to your business and grow organically. These changes will not just make core functions more seamless and agile; they will enable brands to deliver the experiences that their customers deserve and now demand.

PEGA®

We are Pegasystems, the leader in software for customer engagement and operational excellence. Our adaptive, cloud-architected software – built on the unified Pega Platform™ – empowers people to rapidly deploy and easily change applications to meet strategic business needs. Over our 35-year history, we've delivered award-winning capabilities in CRM and digital process automation (DPA), powered by advanced artificial intelligence and robotic automation, to help the world's leading brands achieve breakthrough business results.

For more information, please visit us at **www.pega.com**