# Calculating the cost of customer experience

The opportunities of open DXPs.

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# COVID-19 and the true cost of customer experience

The IT team has, arguably, the most thankless role within an organization. Tasked with making some of the organization's biggest investment decisions, keeping the organization at the forefront of digital innovation, managing the organization's overall IT footprint and maintaining security in an ever-changing technical landscape, IT teams are often pulled in every direction.

When COVID-19 began impacting organizations across the world, an already highly pressured department was suddenly placed under greater pressure – to do even more, with even less. In a recent IT spend survey, 78% of the IT leaders surveyed admitted their organizations were experiencing revenue declines, while 46% were seeing colleagues being laid off or furloughed.[1] As a natural consequence, budgets were cut and global IT spend was projected to decrease by a significant 8% as CIOs were forced to prioritize "mission critical" services above transformation. [2]

*"The disruptions of the coronavirus have underscored the crucial role of technology, from supporting remote working to scaling digital channels for surging customers... technology is a core driver of value, not merely a support function."*

**The digital-led recovery from COVID-19, McKinsey, April 2020**

But, as pandemic restrictions tightened and in-person transactions became impossible, digital services – and the technical teams that support them – emerged not only as critical for keeping both customers and the economy afloat, but as an organization's best chance of post-COVID survival.

*In this eBook, we'll investigate the new demands on IT spend, the priorities driving IT decision-making and the customer needs shaping digital services and experiences in a post-COVID environment.*

1    BCG IT Spend Pulse: How COVID-19 Is Shifting Tech Priorities, BCG, June 2020
2    Gartner Says Global IT Spending to Decline 8% in 2020 Due to Impact of COVID-19, Gartner, May 2020

# Doing more with less

While many IT departments are accustomed to shrinking budgets coupled with increasingly ambitious business goals, the pressures of COVID-19 have directly forced many to make tough spending decisions.

Nearly 60% of IT decision-makers have paused investments in new vendor technologies (those not currently within their IT stack), 54% have delayed upgrading existing hardware and 44% have delayed feature add-ons or upgrades to existing software. [1] However, not all spend has stopped and, in many cases, IT leaders are prioritising investments that will directly improve competitiveness and digital services, with 70% planning to either increase or maintain spend on digital initiatives and services throughout the pandemic. [2]

*"IT teams have already delivered at a pace they never have before. But for most companies, the changes to date represent only the first phase of the changes that will be necessary."*
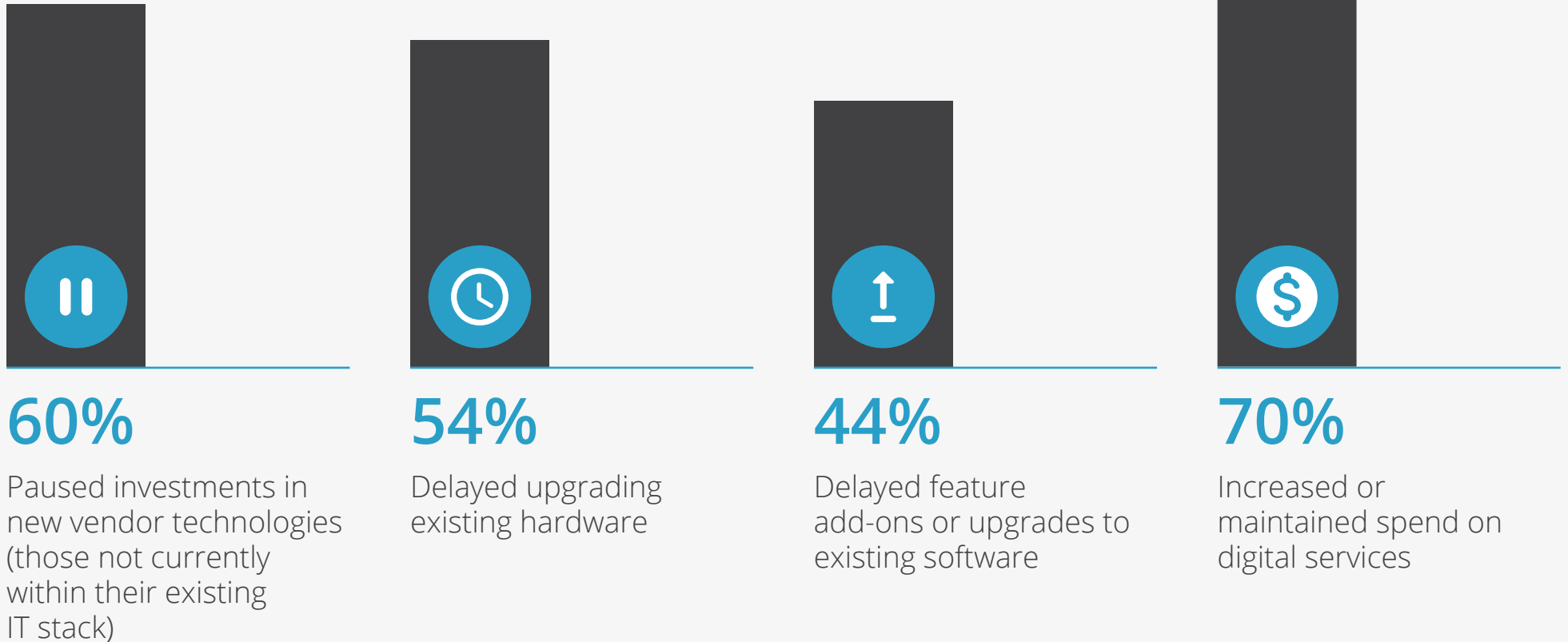
**The recovery will be digital, McKinsey, May 2020**

1    BCG, June 2020
2    Digital Transformation Investment in 2020 and Beyond, IFS, June 2020
3    Four-fifths of consumers prefer digital financial services, COVID-19 study, KPMG, July 2020

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**How COVID-19 has affected IT spending:**

**60%**
Paused investments in new vendor technologies (those not currently within their existing IT stack)

**54%**
Delayed upgrading existing hardware

**44%**
Delayed feature add-ons or upgrades to existing software

**70%**
Increased or maintained spend on digital services

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# Cutting the costs of your digital ecosystem

The combination of rapid customer adoption (and demand for) digital services, combined with an uncertain economic outlook, means that pressure on IT leaders to make the right call, when it comes to selecting CX technologies, is at an all-time fever-pitch. Now, more than ever, all eyes are on IT to lead organizations through the pandemic and into a strong, competitive position with market-leading digital experiences.

The stakes for IT decision-makers are high – not only because a worrying 84% of digital experience programs fail [1] but, according to Forrester, execs who can't link digital initiatives to revenue and expenses will fall victim to reduced budgets and may even risk their careers'. [2]

In order to create fast, flexible and future-proof digital experience eco-systems – without the spiralling costs, there are four key factors that CIOs need to consider:

**1**   Optimising existing tech investments and plug-ins

**2**   Utilizing templates and design systems

**3**   Cloud cost-efficiencies

**4**   Adopting a 'best-of-breed' digital experience platform (DXP).

1.  Is The Data Dilemma Holding Back Digital Innovation? Couchbase, 2018
2.  What Is The ROI Of Digital Transformation, Forrester, January 2020

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## Optimising existing tech investments and plug-ins

Unsurprisingly, at a time where the global economy is predicted to decline by at least 6.5%, [1] investing in new technology is the last thing that most IT leaders are considering; in fact, since the pandemic, 47% are either 'concerned' or 'very concerned' about signing contracts with new vendors. [2]

Despite this sentiment, a recent report revealed that, not only are the majority of organizations (83%) replacing their martech systems almost every year, but the two main drivers for doing so is to make integrations easier and reduce costs! [3] Considering that just the upfront implementation cost of a new DXP can reach up to $1 million, with on-going annual fees of up to $300,000, [4] It's clear that replacing technologies in order to meet changing customer requirements is not a sustainable option for most organizations.

1. A Crisis Like No Other, An Uncertain Recovery, International Monetary Fund, June 2020
2. BCG, June 2020
3. The Martech Replacement Survey 2020: What Motivates Marketers to Change Applications & Vendors, Martech Today, 2020
4. Investigating the Cost, Integration and Other Realities of Digital Experience Platforms, CMSWire, July 2018

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Squiz Connect is a platform designed specifically to integrate with an organization's existing tech stack, significantly simplifying integrations – which account for up to 85% of the cost and effort involved in a DXP program. [1] With a clean and intuitive dashboard to easily manage integrations, automatic alerts to identify errors and a wide range of pre-built templates, components and connectors, Squiz Connect empowers non-technical users to integrate their entire digital ecosystem quickly, easily and at almost 50% of the cost of a custom integration.



1.    Is Your Organization Ready for a Digital Experience Platform?, CMSWire, February 2020

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## Utilizing templates and design systems

In the post-pandemic environment, digital services need to be simple, clear, useful, accessible and fast. In fact, while pre-COVID customers valued experiences that were 'fun' (60%), showed 'brand personality' (32%) and featured modern, 'slick' design (59%),[1] post-COVID customers simply want fast, seamless access to online information.[2] Which is great news for IT teams looking to spin up new sites and services with minimal cost and resources.

Before 2020, there was increasing pressure, within the digital community, to compete with big brands and craft custom sites from scratch; but, increasingly, organizations are realising that similar outcomes can be achieved through working smarter, not harder, and utilizing pre-built templates and design systems. While custom website creation can cost organizations anywhere from $2,000 to $1 million,[3] a template-based website can be spun up within hours at minimal cost.

With Squiz Matrix 6.0, website and form templates are low-code, offer a host of pre-built integrations and use a content API that provides full headless publishing, automatically optimising content for various channels and devices; all of which means that website creation can be delegated to content editors removing additional workloads from technical teams.
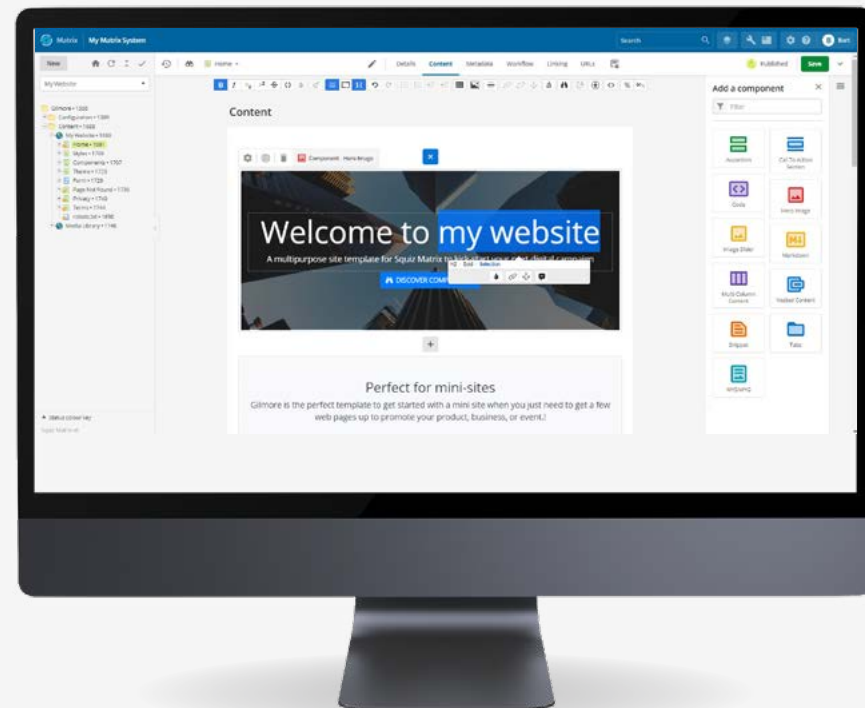
1.  Future of CX Survey, PwC, 2018
2.  COVID-19 customer experience expectations, KPMG, May 2020
3.  Website Development Costs. Pricing and Salaries by Country, Qubit Labs, October 2018

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## Cloud cost-efficiencies

As the lockdown measures came into force around the globe, organizations across every sector were inundated with customers trying to find information, buy products or complete tasks online that they previously would have conducted in-person. Digital experiences that didn't meet the new, increased demands were quickly shamed, with major outages hitting the headlines – and cloud hosting, which had previously been an after-thought for some organizations, became a necessity.

IT leaders were all too aware of just how different things could have been with a cloud-based infrastructure, with 29% citing the inability to easily scale-up as a major technology shortfall during the crisis and a further 61% now listing cloud infrastructure as a top investment priority.[1]

# 61% ☁

of IT decision-makers now list cloud infrastructure as a post-COVID top investment priority.

But far from simply future-proofing the digital experience to be able to cope with the inevitable peaks and troughs of post-pandemic customer needs, cloud-based solutions also offer IT leaders real cost efficiencies. In a recent report, McKinsey cited an example of a financial services provider saved 'a couple of million dollars of up-front investment for each country' when it moved applications in its customer-facing business domains to the cloud, enabling new services to be spun up within weeks.[2]

The Squiz Experience Cloud is a platform as a service (PaaS) solution that provides a single, centralised, accessible environment for every CX technology and system – resulting in an easier, faster and more efficient process for managing and delivering experiences.

Unlike other hosting and cloud options, the Squiz Experience Cloud offers rapid, cost-effective deployment and upgrades, with the added advantage of enabling an open and integrated platform model.

1.  Technology Budgets: Managing Shifting Priorities, Rackspace, 2020
2.  Three actions CEOs can take to get value from cloud computing, McKinsey, July 2020

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## Adopting a 'best-of-breed' DXP

One of the toughest aspects of making technology investment decisions is the pressure to predict which capabilities and solutions available *today*, will enable organizations to deliver great digital services and experiences tomorrow – without spiralling costs. Yet, that is exactly what IT leaders are expected to do.

Before 2020, a dizzying array of new channels, devices and technologies were emerging every year, making predictions about digital requirements almost impossible; then a global pandemic completely transformed customer needs and very few IT leaders, if any, could claim that they were 'prepared' for the months that have followed.

For technology decision-makers, the question remains: how do you prepare, when you don't know what's coming next? The answer lies in open and flexible platforms, specifically designed to enable you to integrate with any digital tool or system of your choice – even those yet to be released.

Open DXPs, such as Squiz, remove the guesswork (and cost risks) from long-term tech investments, enabling IT teams to make future-proofed decisions in an environment where requirements can change – literally – overnight. In fact, 33% of IT leaders actively prefer 'best-of-breed' vendors for DXP technology point solutions [1] and experts, such as Forrester, have highlighted that native solutions win easily in DXPs as "products joined by mergers and acquisitions frustrate customers because they have to force-fit the product integrations."

*how do you prepare, when you don't know what's coming next?*

1.    Digital Experience Platforms: Buyer Trends, Preferences and Strategies, DCG Research Jan 2018

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# Squiz digital experience platform (DXP)
# – fast, flexible and open

When the world turned to digital, it was the IT departments that enabled organizations to meet customer demands and keep many of our essential online services up and running. As the importance of both an organization's technology stack – and the teams that support it – finally start to receive the recognition they deserve, they're also likely to take on even more responsibility for ensuring today's decisions reap rewards for tomorrow's customers.

By selecting an experience platform that is fast, flexible, open, secure and cloud-based, IT leaders will be able to make informed decisions today that they won't come to regret in future.

Squiz DXP is the combination of advanced content management, intelligent search, deep content analytics, flexible data management and rapid integration products, that work together and with your existing technology, to create digital services and customer experiences. Offering a powerful combination of an

*"With budgets under more scrutiny than ever, calculating the ROI for a new DXP is critical. A big factor in ROI is ongoing costs – in particular, integrations – which is where closed DXPs often start to spiral. With the introduction of Squiz Connect, we aim to cut the cost of typical integrations by at least 50%,"*

**John-Paul Syriatowicz, CEO, Squiz**

integration platform-as-a-service (iPaaS), intuitive web templates, an entire marketplace of pre-built plug-ins and cloud-based scalability, Squiz DXP provides organizations with the capabilities to spin up new digital services – without spiraling costs.

To find out more about how Squiz DXP can enable your IT teams to deliver fast, flexible and secure experiences, visit squiz.net/dxp today.

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# Get in touch

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