Introduction

Despite organizations spending significant capital on digital transformation projects, research indicates that a substantial number of these initiatives fail to provide customers with innovative products or services. Most digital transformation projects focus on operational metrics such as decreasing costs, increasing efficiencies, improving communications, and increasing agility.

Organizations should build infrastructure to identify unmet customer needs and leverage that information to create innovative products and services for customers and value for stakeholders.

DATA DRIVEN CUSTOMER CENTRIC APPROACH TO DRIVE INNOVATIONS

Over the course of history, innovative technologies, products, and services have come from companies that were able to identify these unmet customer needs and pain-points. The ability to identify unmet needs is essential to developing innovative products, services, and/or technologies.
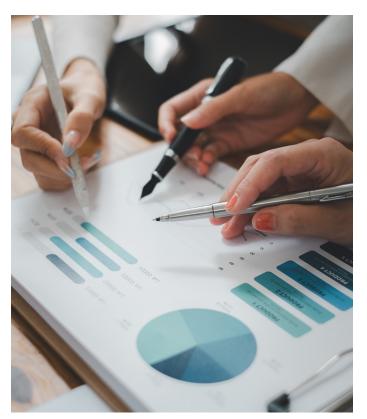
Companies use surveys, focus groups, and other similar tools to evaluate operational metrics such as the quality of existing products and services. While collecting operational data is essential to improve profit margins and return-on-investment, collecting data that can be transformed to knowledge for long term growth of the company is the holy grail. Innovative companies focus on collecting data that will help them identify new products and services based on customer's pain-points and challenges.

Technologies – be it AI, cloud, data lakes, or whatever is the latest and the greatest – should focus on unearthing nuggets of knowledge that can drive product development roadmaps and should be the core of what drives digital transformation efforts.
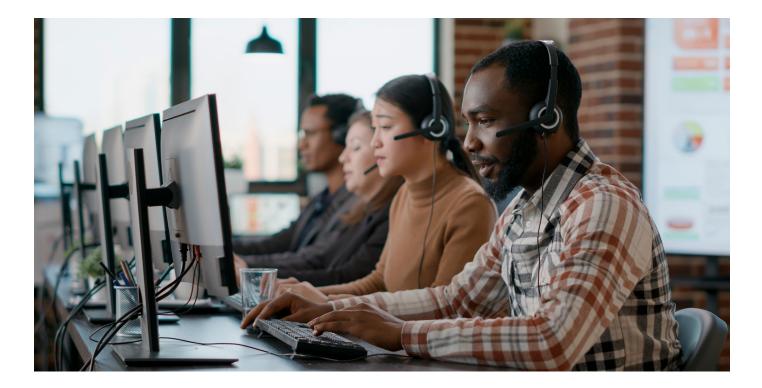
Finding Product-Market-Fit

Identifying product-market-fit requires rigorous customer research. Companies must implement processes, tools, and systems that consistently and constantly enhance their understanding of the needs of their current customers and markets segments. Obtainin snapshots of customer problems and needs may potentially help a company move into new market segments and acquire new customers. By identifying the pain points of their customers, companies can identify other potential market segments suffering from similar challenges. The growth of the 'gig-economy' could be considered an extension of the 'drive-thru' culture. Customers want easier and faster processes to acquire products and services.

Employees who come face-to-face with customers, e.g., customer service and sales employees, can play an integral role in helping identify customer pain points. Companies do not value customer service employees – these jobs are outsourced to third parties whose motivations do not align with the motivations of the company developing the product or services. Companies providing outsourced call-center services are interested in having large call-centers and more operators because they are the

largest contributors to their revenues and profit margins. Whereas, if the company providing the service or making product operated the customer service, customer service employees might be able to provide feedback to R&D personnel on customer challenges and needs leading to innovative products and services.

Information collected by call-center and sale personnel could provide valuable insights. Big-data, data-mining, and other data analytics tools would be used to identify problems their customers would like addressed.

Challenges

Collecting personal data is going to get more difficult as more nations implement data privacy laws. Regulations such as Europe's General Data Protection Regulation (GDPR) are commonly misunderstood to refer to location where data is stored. However, the regulation restricts collection of any identifiable data that can be directly or indirectly used to identify an individual without their permission. Common identifiers such as name, location data, telephone number credit card, driver's license numbers are all considered information that fall under these regulations. So, companies must implement policies to ensure protection of these types of data.

The latest versions of browsers such as Firefox, Chrome and Safari are changing their privacy policies and shifting towards a cookie-free user-experience. Due to regulations such as GDPR, the Consumer Privacy Act, and the California Privacy Rights Act (CPRA), websites must obtainpermission from users before collecting or using their personal information.

Organizations will have to develop new, innovative, creative strategies to navigate this new landscape if they want to obtain information about how, when, why, and who is using their products and services.

Conclusion

Adopting a data-driven, customer-centric approach where data is used to unearth customer needs, which are then leveraged to propel innovations and research and development agendas can be a cost-effective and productive approach for companies looking for growth strategies.

Furthermore, given the intense competition for talent, using this approach can also help companies recruit quality employees who are eager and engaged. Employees care about the work they do, and research has shown that as employee satisfaction increases, turnover is reduced when they are working on projects that address challenging and meaningful issues.