

The Bridge Between CMO and CIO – Roles and Cooperation in Times of Digital Transformation



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PREFACE

by Erich Joachimsthaler, CEO, Vivaldi Partners Group

Technology has always had a strong influence on the business world. But never before have companies been confronted with technological changes as profoundly as today. Never in the history of business has size mattered so little. Major companies no longer supplant minor ones. Today it is the smart companies who conquer the complex and inert.

We are witnesses to a period where companies, individuals and society are changing with unparalleled speed. In the past fifty years, we have only seen three periods in which the development and use of technology had been so dramatic and pervasive and where the impact created and changed entire industries, categories, and companies.

In these periods, the way companies are organized, how they act on the market, and how they innovate, grow and achieve profitability, changes.

Two of these periods have already passed. Today we are facing the beginning of the third period. In the 1960s and 1970s expensive mainframe computers entered the market, which allowed global corporations to automate their core tasks and standardize processes. The computers shrank and became what we today know as personal computers. The first technology period unleashed enormous efficiency and productivity gains for large companies.

The second era developed its momentum in the early 1990s, when Tim Berners-Lee instituted the first web server in a scientific research center in Switzerland: the beginning of the Internet.

The internet opened up an ubiquitous, affordable form of global connectivity. It enabled companies to network directly and interact effectively with customers, suppliers and partners worldwide. New businesses and business models could arise based on new electronic marketplaces: e-commerce was born. The second period brought renewed productivity, growth and prosperity.

We are now at the onset of the third period. But unlike the previous two periods, technology is not just an enabler of corporations, their operations, activities and processes from headquarters to far-flung locations around the world. It is also not just a connector of things, products or processes. This new period is primarily a connector and enabler of consumers and customers. About 39% of the world population uses the Internet, while it was less than one percent in 1995. More than 73% of consumers use mobile phones and 87% of millennials indicate that they have their smartphone with them at all times.

Digital technologies, particularly mobile applications, have changed everyday life permanently. This includes people's daily routines, how they express and perceive

themselves, their relationships, how they make new discoveries, compare prices, make choices and eventually make purchases.

This development galvanizes on the upper echelons of companies in all sectors. The laws of competition change. The fundamental principles of many industries and categories are subject to change. It's like equipping the Middle Ages with electricity.

The new, empowered customer plays an important role but they are not the only ones. In a connected world, everything creates information and data – millions of customers, billions of mobile phones and an explosively growing number of networked devices. This tsunami of data means that companies are drowning in information but thirst for knowledge, as the futurist John Naisbitt established many years ago.

We at Vivaldi Partners aim to help companies meet the challenges of digitalization. Over the past six years we have interviewed 10,000 consumers and conducted interviews with hundreds of executives in the US and in Europe. For three years now, we have organized the prestigious annual "Digital Darwinism Summit", in which we show how industries are significantly altered by new technologies, especially by the changes in how people deal with technology.

Through our consulting, we have built up a wide-ranging expertise.

With this report we aim to summarize our findings and provide new and valuable insights from the joint study with our partner SAP. Our common goal was to better understand the impact of digitalization – especially on the cooperation of the marketing and IT departments.

There are too many challenges to name them all. However, I would like to highlight some topics of discussion that can be expected in this report. These are:

- New methods to understand customers and their use of technology in their everyday life, as well as new digital platforms and services to interact with them
- New business models and ideas on how to generate sales – in a world in which most of the major players in many industries barely have physical manifestations
- New ways to radically speed up processes and to operate entire corporations in a more flexible and agile manner
- New employee skills to be able to analyze data and assess the potential of new technologies – in the leadership team, too
- A new corporate mindset to create a bridge between both the creative and the analytical as well as the digital and the human capabilities

My colleagues have thoroughly investigated these and other topics and built on existing studies to assess the challenges, with some of the most visionary marketing and IT Executives from some of the most important industries in Central-Europe.

The studies' participants were willing to share their perspectives, ideas and experiences with us. To this end, I would like to sincerely thank them on behalf of Vivaldi Partners Group and SAP.

I am convinced that this report will be as insightful and inspiring for you to read as it was for us to create.



Dr. Erich Joachimsthaler is the CEO and founder of Vivaldi Partners Group. He lives in New York City, handles challenging, global consulting assignments in the field of branding, marketing and innovation, and is a thought leader in digital strategy. He is also known as the author of relevant literature such as “Brand Leadership” and “Hidden in Plain Sight” as well as numerous scientific articles which have appeared in Harvard Business Review and Forbes. His academic work includes teaching assignments at the Harvard Business School, IESE, University of Virginia, and Darden School of Business.



“Dedicated to all who choose to build bridges rather than silos, who put personal agendas aside to team up, and who understand that trust is the ultimate human currency.”

Bill McDermott & Jim Hagemann Snabe, SAP Co-CEOs

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BACKGROUND & METHODOLOGY

Categorization of the professional discourse

As a consulting company for growth strategies in the digital era, one of Vivaldi Partners Group's main tasks is to support marketers by finding new ways to successfully position and lead their brands in the digital age.

“Digital Marketing” is the term of the moment, implying that two areas encounter each other, which traditionally have little in common, namely marketing and IT – represented at the highest corporate level by the Chief Marketing Officer (CMO) and the Chief Information Officer (CIO). In a variety of studies, the perspective of CMOs and CIOs and their respective functional areas have been viewed separately. Most recently in 2014, Vivaldi Partners Group has examined the current changes and challenges for CMOs in Europe and the US, as published in the study “The Changing Role of the CMO.”

However, the intersection of these two areas is attracting interest within professional circles. Until today, the objective of the majority of studies was mainly to examine partial aspects of the cooperation between CMO and CIO. In contrast, this study will address the CMO/CIO tandem based on qualitative, explorative in-depth interviews. Based on the results of this study, the authors were able to

uncover concrete success concepts and identify different strategies relevant for a productive relationship. The unique facet of this study is that the authors were able to examine the marketing and IT interface within the same companies from both sides, by interviewing CMOs and CIOs in charge. As opposed to quantitative studies, this approach allowed to gain deep insights on the perception and importance of the evolving relationship as well as the respective roles, responsibilities and boundaries.

The participants of the study are CMOs and CIOs from leading companies in the most important industries from the DACH region such as automotive, financial services, trade, pharmaceuticals and online. Although the study cannot be viewed as representative with a sample of thirty participants, it provides a deep insight into the relationship between CMO and CIO.

This report is aimed primarily at decision makers from the marketing and IT/technology field. However, it is also relevant for CEOs who are looking for concrete starting points to better understand and coordinate these areas.

Hereinafter, we are pleased to present the findings of this study in order to

provide an inspiring perspective on the situation at hand.

Our thanks go to all study participants interviewed within this period, for their exciting insights, and the confidence they have placed in us. We also thank SAP for supporting this study.

LIST OF PARTICIPANTS

Overview

In order to take account of the different organizational structures of the companies, senior executives from the fields of marketing, brand management and IT were pooled under the terms CMO and CIO. Accordingly, only board level executives were interviewed. At this point, it is crucial to note that the perspective on IT and Marketing significantly varies among industry and departments. Apart from a few exceptional cases, marketing and IT perspective could be represented by the participants from almost all companies.

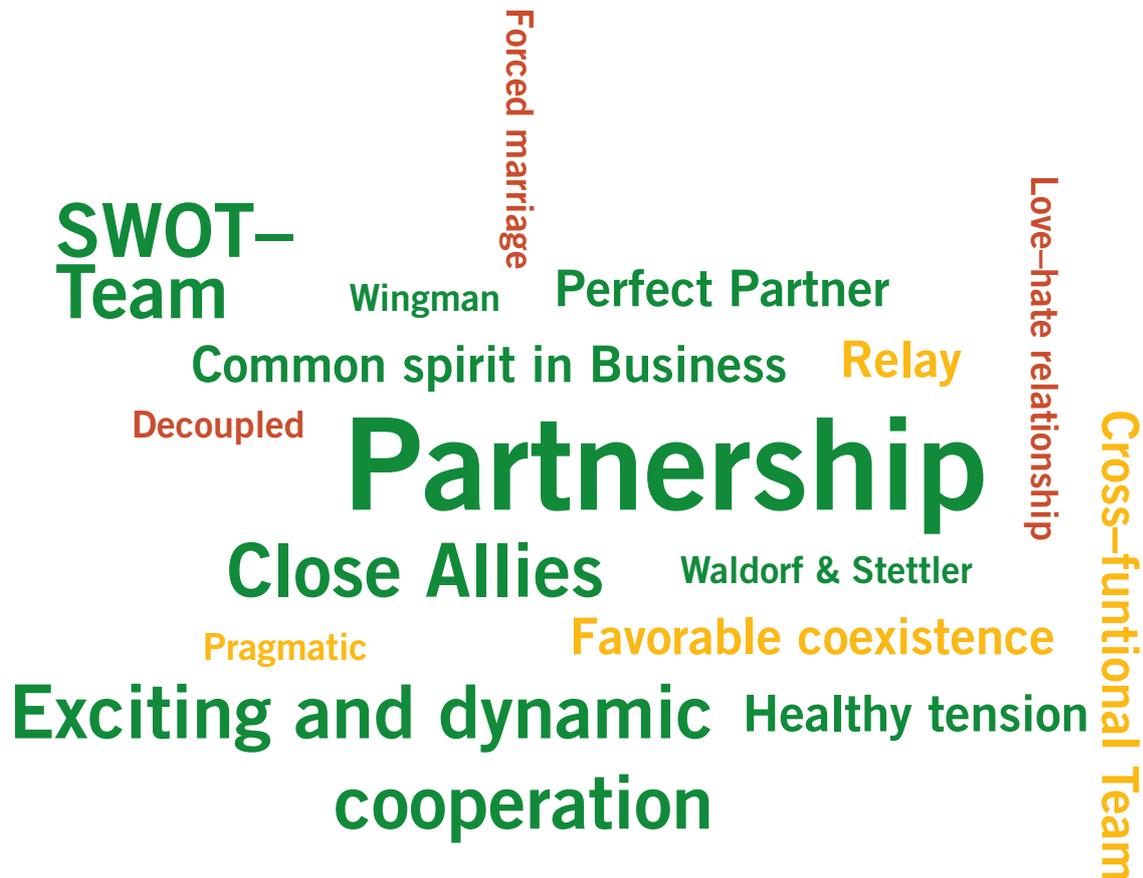
Brand	CMO Perspective Represented by top-level executives from marketing & related positions*	CIO Perspective Represented by top-level executives from IT- business intelligence & operations*
Allianz	Joseph Kumar Gross Head of Group Market Management	Dr. Christof Mascher COO
BMW	Dr. Steven Althaus Director Brand Management BMW and Marketing Services BMW Group	Dr. Hartmut Wagner VP Information Management
Commerzbank	Anja Stolz Head of Marketing & Communications Private Clients	
E.ON	Josef Nelles VP External Communications & Brand Management	Edgar Aschenbrenner CIO E.ON SE and Chairman of the Management Board of E.ON Business Services GmbH
FC Bayern München	Benjamin Steen Head of Digital Projects and CRM	Michael Fichtner Head of IT
Globus SB-Warenhaus	Julia Porath Former CMO	Dr. Ralf Jung Departmental Head of Innovation F&E
ImmobilienScout24	Andreas Assum VP Marketing, Member of the Executive Board	Andreas Hankel VP Technology, Member of the Executive Board
Lonza	Dominik Werner Head of Corporate Communications	Dr. Diane Bitzel Head of IT
MAN Truck & Bus	Björn Loose Head of Marketing	Dr. Andreas Feil VP IT Sales, Marketing & Aftersales
Migros	Roman Reichelt Head of "Migros" Brand Marketing	Dominic Bossard Head of BI Solutions, Migros IT-Services
Otto Bock HealthCare	Christin Gunkel CMO	Mike König Global Head of IT
Ricardo Group	Lars Hanf Head of Marketing	
SIX	Dr. Alain Bichsel Head of Corporate Communications	Chris Landis CEO ad interim SIX Swiss Exchange, (Former CIO)
Swarovski	Thibaud Gigandet Senior VP Brand Management	
Swiss Post Solutions	Dr. Sandro Principe Head of Strategic Marketing & Sales, Member of the Executive Board	
Tank & Rast	Oliver Hopf Head of Brand Management	Gerhard Göttert CIO
Zurich Insurance Group	Carine Andrey Marek CMO Austria	Andreas Heidl COO Austria

Affiliation of the participants characterized as follows: **M** und **I**

* All job title in accordance with the role of the participants at the time of the interview

SELF-ASSESSMENT

Of the CMO/CIO tandem



Collaboration between CMOs and CIOs has increased significantly over the past five years and the two roles will continue to further converge in the future according to the unanimous opinion of the participants from both fields. The associations – as outlined above – already reflect a positive interplay between these two groups today.

THE 5CS OF DIGITAL TRANSFORMATION

Changes in 5 key areas

CUSTOMER

The Always-On Customer a major driver of the digital transformation

CMO

Three ways to encounter the Always-On Customer

CIO

Between 'infrastructure developer' and 'architect of change'

CAPABILITIES

Transformation of internal skills

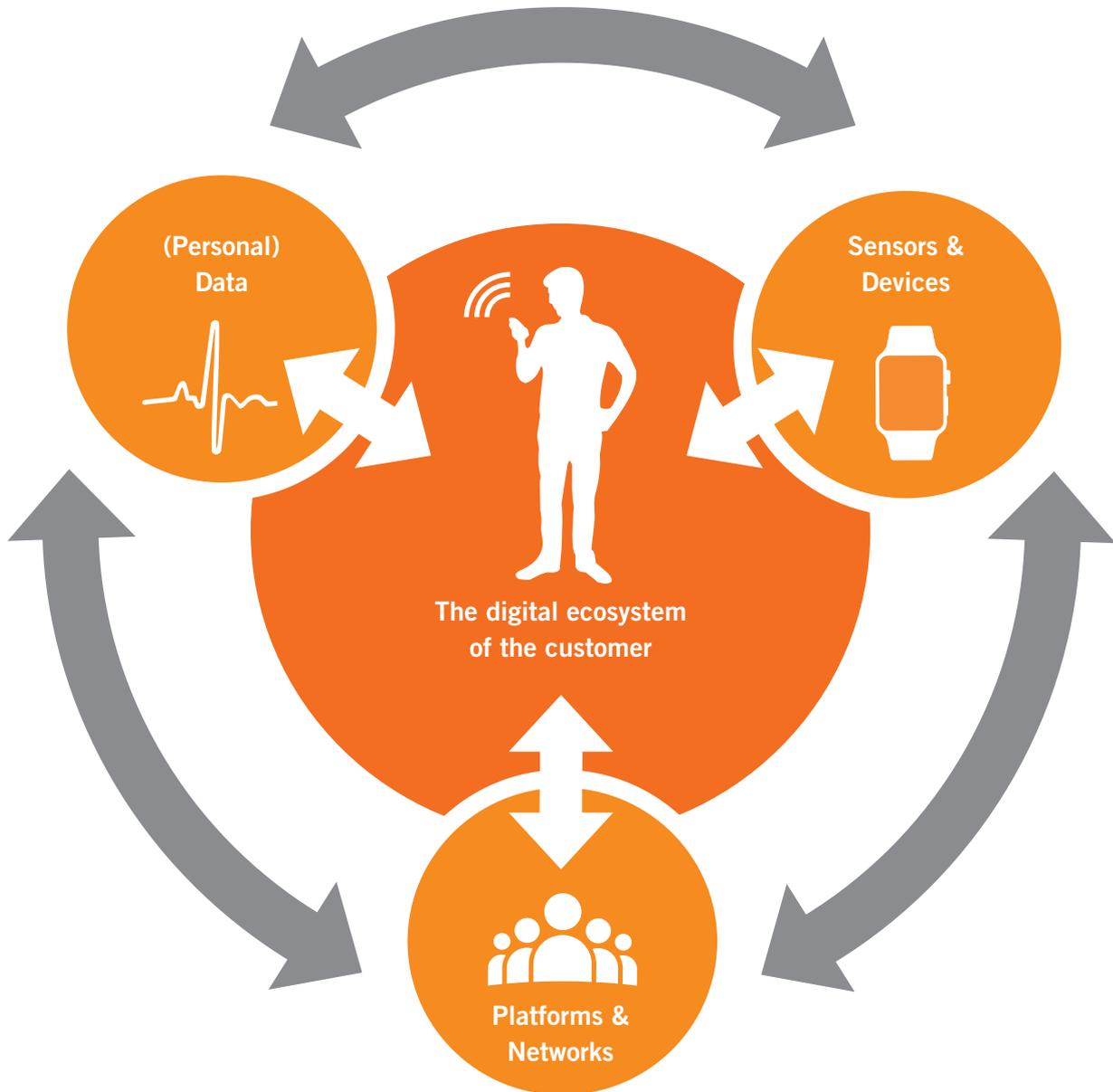
COLLABORATION

Principles of cooperation

The changing relationship does not only affect the functions of the CMO and CIO. In fact, the implications of changing conditions, origins and correlating effects are also visible across other areas, and to all relevant decision makers.

CUSTOMER

The Always-On Customer a major driver of the digital transformation



“We observe that coherent, digital ecosystems are formed in our customers’ lives. To remain successful, we must succeed in adapting our products and services to these ecosystems. A decisive factor is the ability to merge and analyze data from connected and smart devices.”

Dr. Christof Mascher, COO, Allianz SE

Always–On

The new customer is always–on and is changing everything.

Last year, Vivaldi Partners Group estimated the share of the Always–On Consumer (AOC), finding that 48% of the US population is now Always–On. This number has doubled within the last four years.

AOCs are customers that are online via multiple devices several times a day from different locations. They use digital technologies and social media to connect with their communities and brands to enter into a mutual exchange.

Mutual exchange

AOCs proactively declare their opinion and tend to increasingly share their experiences with their personal social network of family, friends, and colleagues via digital platforms. In this context, customer expectations towards brands and companies are changing. This is a decisive driver of digital transformation.

AOCs tend to expect large product offerings, flexibility, customized offers, a high response speed, and a clear price transparency. Furthermore, they search

for information that provides a practical use in their everyday lives and are less susceptible to undirected advertising messages.

“For us, the need for change arises mainly from changing customer expectations.”

Josef Nelles, E.ON (M)

New Customer Journey

The new customer journey has a direct impact on the purchase decision. Instead of a relatively linear path from the information intake to the actual purchase customers pass through an increasingly personalized journey, being exposed to different touch points. Customers use these touch points to selectively absorb information relevant to their situation or simply recommending a brand to a friend.

“The customer journey and customer life cycle are fundamentally changing. The number of touch points continues to increase, while at the same time customers’ expectations regarding consistency and connectivity across all devices and channels are rising.”

Steven Althaus, BMW (M)

Digital ecosystems

In customers’ life, the digital ecosystem plays a particularly important role.

New “smart” devices with a variety of sensors from GPS, motion sensors and cameras to tracking devices for fitness and health generate vast amounts of personal information. In addition, new digital platforms and networks allow customers and consumers to use this data in a variety of ways. Consequently, companies today face the challenge to offer a distinct added value within this ecosystem and to seamlessly integrate their brand within the daily lives of the consumers and customers.

BMW is an excellent example of the advantages of tapping into a digital ecosystem. With its BMW i-Series sub-brand, the automotive manufacturer has managed to seamlessly immerse into the digital world of its drivers. In addition to the two models i3 and i8, all services are bundled, which address the new mobility requirements of the Always–On Customer.

The car-sharing service DriveNow, the parking service ParkNow and the App Life360 are successful elements of this holistic and interlinked approach, which enables BMW to offer a seamlessly integrated experience along many touch points.

In order to identify relevant touch points for the brand in the customer’s digital ecosystem, it is crucial to obtain a

comprehensive understanding on how they interact with the customer's digital environment.

Thus, the key objective is to understand the underlying needs, obstacles, goals, and frustrations from a customer perspective and to subsequently address these with relevant product and/or service offers along relevant touch points.

"We want to understand what makes our customers tick, and what their needs are. Thus, the use of digital tools and activities play a crucial role. Therefore, digitalization is, for E.ON, a trend that pervades almost all business sectors."

Edgar Aschenbrenner,
E.ON **(I)**

Customer relationship

To reach the customer successfully in their increasingly digitized everyday lives, marketing and IT inevitably need to merge together.

This is essential to build sustainable, individual customer relationships, which represent more and more value for brands and companies.

"The customer relationship is our greatest asset. In the process of digital transformation, we now have the opportunity to further develop this relationship."

Anja Stolz,
Commerzbank **(M)**



“Customers are increasingly using digital platforms as contact points for our brand and our offerings. This digitalization of the customer journey, of course, causes the convergence of Marketing and technology.”

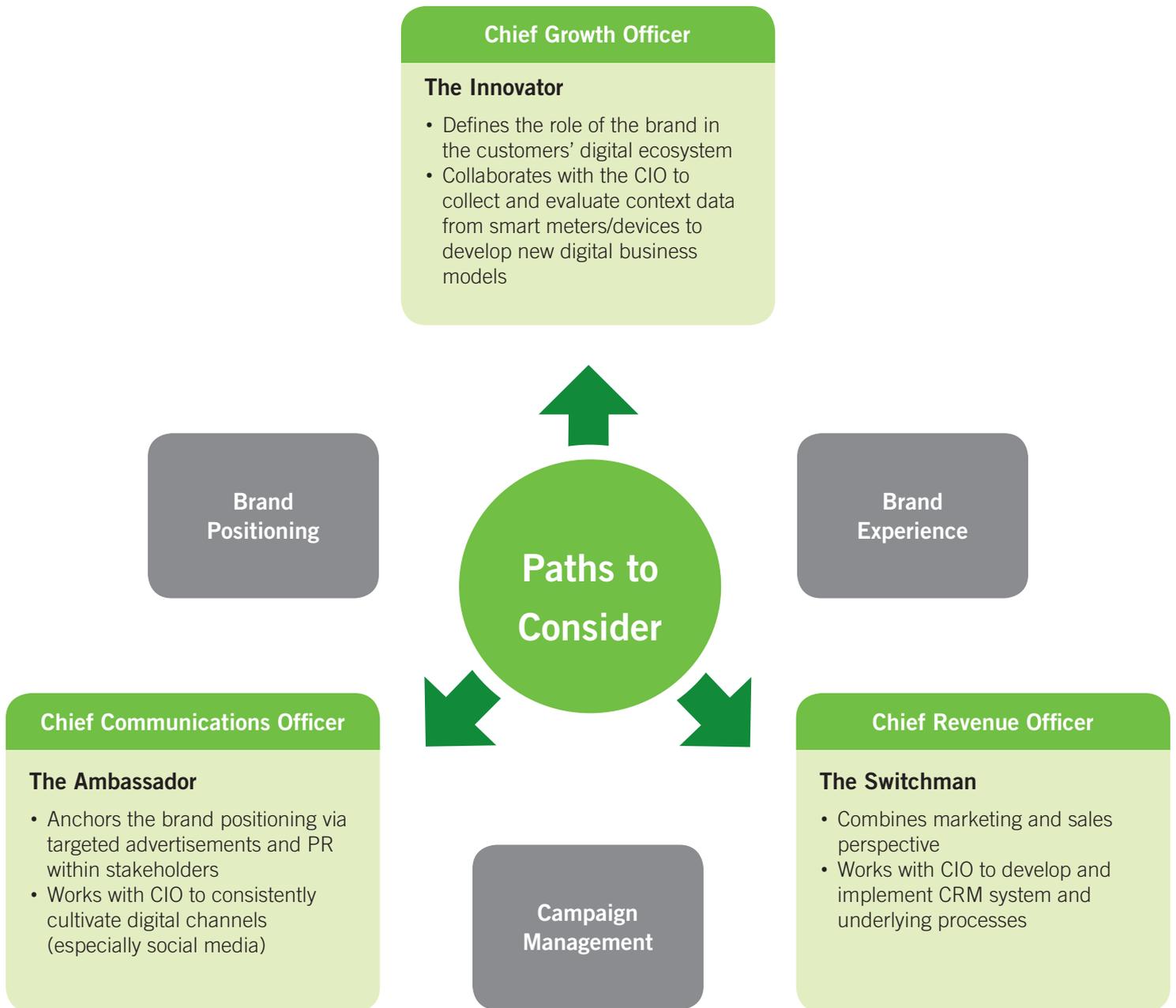
Andreas Heidl,
COO Austria, Zurich Insurance Group

“There is an interplay: with the help of our digital marketing systems, we are able to analyze the customer journey for various segments in more detail. This in turn provides insights for further digital developments.”

Carine Andrey Marek,
CMO Austria, Zurich Insurance Group

CMO

Three ways to encounter the Always-On Customer



“Marketing is not just an abstract megaphone or research initiative to generate insights. Marketing is the direct path to the purchase decision. It is about influencing behavior in a measurable way.”

Roman Reichelt, Head of “Migros” Brand Marketing

The interface to the customer

Traditionally marketing is responsible for building and maintaining customer relationships.

“In marketing we closely worked with customers. However, nowadays preparing the company for digital transformation and the creation of a common mindset across the company also belongs to the main tasks of the CMO leadership team.”

Julia Porath, Globus Warenhaus (M)

Therefore, CMOs want to make the digital transformation of the customer relationship tangible across departments in the company.

In order to engage with the Always-On Customer, CMOs increasingly utilize digital technologies within their field. The usage of digital technologies allows companies to personally address customer in real time and offer tailored products and services that fit seamlessly into the digital ecosystem.

In particular, CMOs prefer CRM solutions as these solutions facilitate a comprehensive performance review and controllability of marketing activities across all touch points. Due to the recognizable business value, the marketing department is gaining importance within the company.

“In the past, the influence of marketing on the overall company's success was almost impossible to prove. Today, we are able to accurately demonstrate how an outcome was derived, how much it cost, and the like.”

Anja Stolz, Commerzbank (M)

The stereotype of marketing as the ‘creative people making pretty advertisements’ or the ‘abstract megaphone’ thus appears to be outdated. Based on the results of this study, three distinct roles of CMOs can be derived. Overall, it can be stated that these three manifestations use different strategies to respond to the needs of the customer. Accordingly, the usage of technology and the interface with the CIO varies among the different roles.

1. The Chief Communications Officer

primarily uses digital technology as a new channel to foster more targeted communications. Thus, the main focus is to consistently engage in communication with an increased number of relevant stakeholder groups across various touch points, including customers and employees, business partners and the general public.

“I personally think that digital is primarily a digital channel topic. What is new with these channels is that the dialogue takes place with and within the target groups. My job is to ensure that the messages of the brand are incorporated coherently and effectively into this dialogue.”

Dr. Alain Bichsel, SIX (M)

2. The chief revenue officer combines the marketing and sales perspective, with CRM as the unifying element. The aim is to optimize the corresponding processes in both marketing and sales, which in turn offers the organization the opportunity to externalize this unification and broaden the internal infrastructure into a competitive advantage.

“In fact, CRM can be driven much more by marketing and sales, if these two functions do not operate separately throughout the organization. A better name describing the leading function above would actually be ‘chief revenue officer’ and not necessarily CMO.”

Dr. Sandro Principe,
Swiss Post Solutions (M)

3. The Chief Growth Officer pursues the identification of new growth potential in the digital ecosystem of customers. The transformative redesign of products and services is only possible through close cooperation with the technology department.

“Digital Transformation includes the development of new business models and a reorganization of the value chain. The interface between marketing and IT operations therefore plays a central role. This requires new expertise and leadership skills in order to deal with the various stakeholder groups.”

Joseph Kumar Gross, Allianz (M)

Requirements

Regardless of the different manifestations, the role of CMO is becoming more and more analytical and data-driven. The use of digital technology in many cases requires a close interaction with the CIO. As a consequence, the CMO faces two key requirements:

On the one hand, the CMO is responsible for continually adjusting the use of technology in line with the context-specific needs of the customer. On the other side, and besides understanding the underlying needs of the customer, they need to foster internal change, and ensure that the company keeps pace with the changing behavior and needs of the Always-On Customer.

Given this changing environment, the CMO needs a deeper understanding of the underlying processes and the required integration efforts of technology solutions. Only then will the CMO be able to successfully assess the

benefits of strategic actions in view of the increasingly complex feasibility.

“With regard to IT, we are accustomed to thinking in clear business processes. However, marketing and communications are much fuzzier fields. Here, both sides are called upon to jointly develop clear and useful requirements and measureable criteria.”

Mike König, Otto Bock HealthCare (I)



“I expect my employees to be able to imagine our customers as digital people and how they behave in social networks, what devices they are using, what apps they use and so on.”

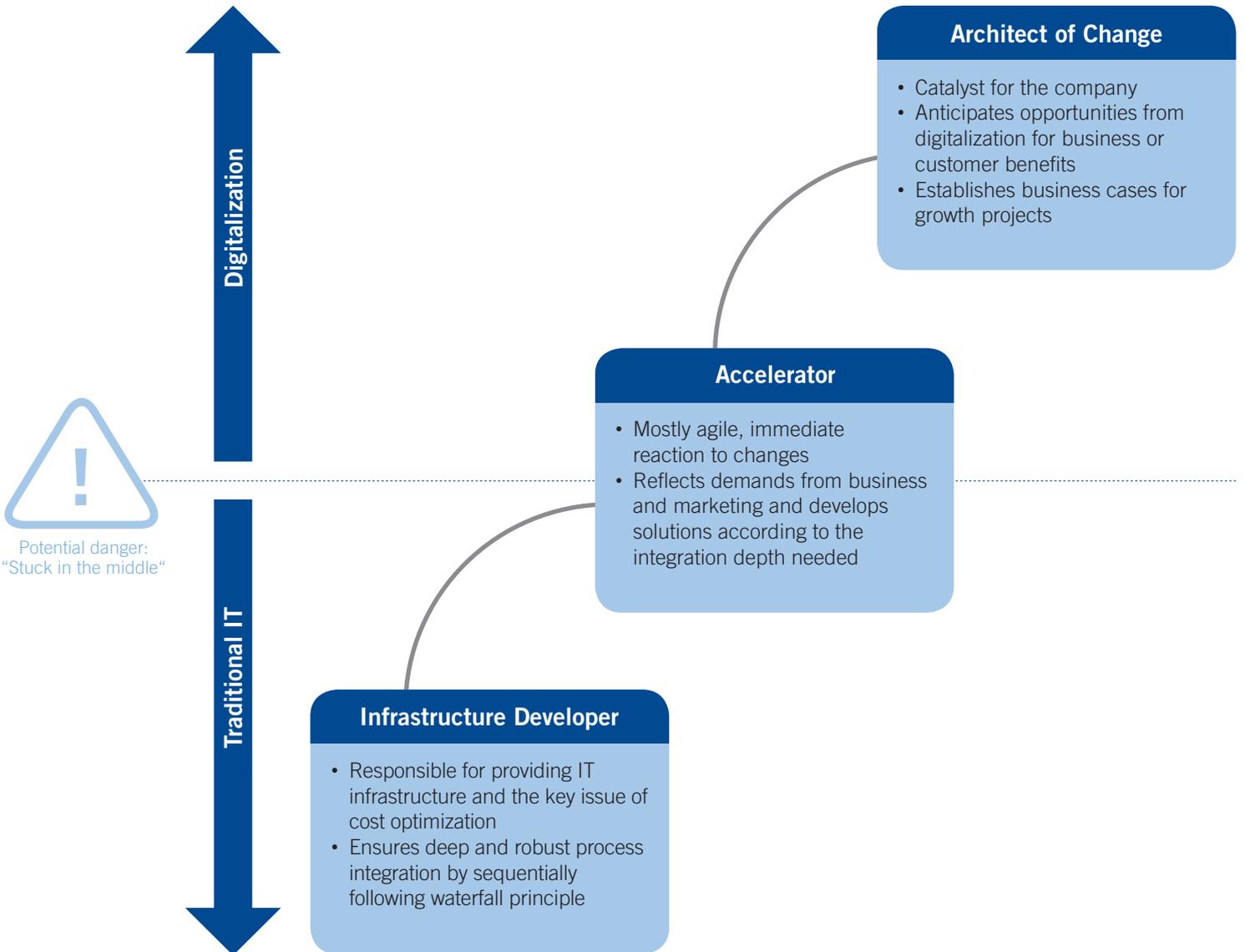
Oliver Hopf,
Head of Brand Management, Tank & Rast

“The biggest opportunity in marketing today is to connect the dots and ask how can I use digital solutions to gain new customers?”

Gerhard Göttert,
CIO, Tank & Rast

CIO

Between 'infrastructure developer' and 'architect of change'



“We are moving toward a bimodal IT, which means that we differentiate between traditional IT dealing with issues such as ERP and digitalization, which requires a high degree of agility.”

Dr. Diane Bitzel, Head of IT, Lonza

Need for speed

With the increased interaction between marketing and IT, the business focus of CIOs has grown. As a result, new expectations for a cooperative partnership are evolving.

“Particularly when it comes to innovative topics – such as mobile communication – we need IT as a strong partner who can deliver momentum.”

Dominik Werner, Lonza (M)

Firstly, the demand for speed has changed dramatically within the context of digitalization. The continuously changing needs of the AOCs require companies to act quickly and flexibly and to iteratively develop and implement technologies relevant for marketing purposes. Therefore, the key objective is to constantly monitor and evaluate the value of the customer relationship.

“The more one looks at the customer’s needs, the more diverse, and complex the requirements become. In this dynamic environment, you have to be willing to test and discard what does not work.”

Joseph Kumar Gross, Allianz SE (M)

For example, this comprises the ability to establish micro services – which typically starts with limited functionality and integration depth, but may develop gradually over time.

Bimodale IT

Traditional IT including topics such as stability, robustness and security are still of high priority for the CIO. Due to the comprehensive integration, depth and complexity of this field only slow changes are possible.

Therefore, the fundamental challenge CIOs are facing is the balancing act between traditional IT tasks and digital transformation, which has defined as bimodal IT by Gartner.

According to Gartner, CIOs are confronted with the challenge to simultaneously establish the two modalities, “stability” (Mode 1, traditional enterprise IT) and “agility” (Mode 2, digitalization) within the organization.

In this context, Gartner warns of the “Stuck in the Middle” phenomenon. This phenomenon refers to a situation in

which the two modes merge unprotected together and thus compromise the usefulness of the concept.

According to the latest Gartner forecast, 75% of all organizations will have introduced bimodal IT by 2017

“The traditional understanding of IT’s contribution to the company’s success needs to change. Yes, one part of our job is to ensure that the basic infrastructure is reliable – a commodity, so to speak. In particular, in close collaboration with marketing, we are able to provide strategic foundations for long-term business success.”

Mike König, Otto Bock HealthCare (I)

Apart from the requirements for agility, also the demands on the CIO have changed. Today, CIOs are asked to provide impetus and take a leadership role at the interface between IT and marketing.

“We have degrees of freedom on the technology side. In return, we must prove that our projects provide value for the business. Now and again, we take the lead as IT even though it is often not dealing with traditional IT projects such as efficiency or cost reduction, but rather to grow and increase in sales.”

Gerhard Göttert, Tank & Rast (I)

Stages of development

Against this background, the path of development can be described along three stages:

The infrastructure developers can be classified as the traditional starting role for CIOs. In the role as an internal service provider, they allocate the basic technology needed by the business side. Thus, the main focus lies on securing the stability of IT systems in the long-term and to continuously increase its efficiency.

The CIO in the role of an accelerator is mainly responsible for increasing the agility within the IT department. Ideally, they simplify the legacy environment while developing innovations within the scope of digitalization and big data. This stage

of development is likely to be threatened by the “Stuck in the Middle” phenomenon.

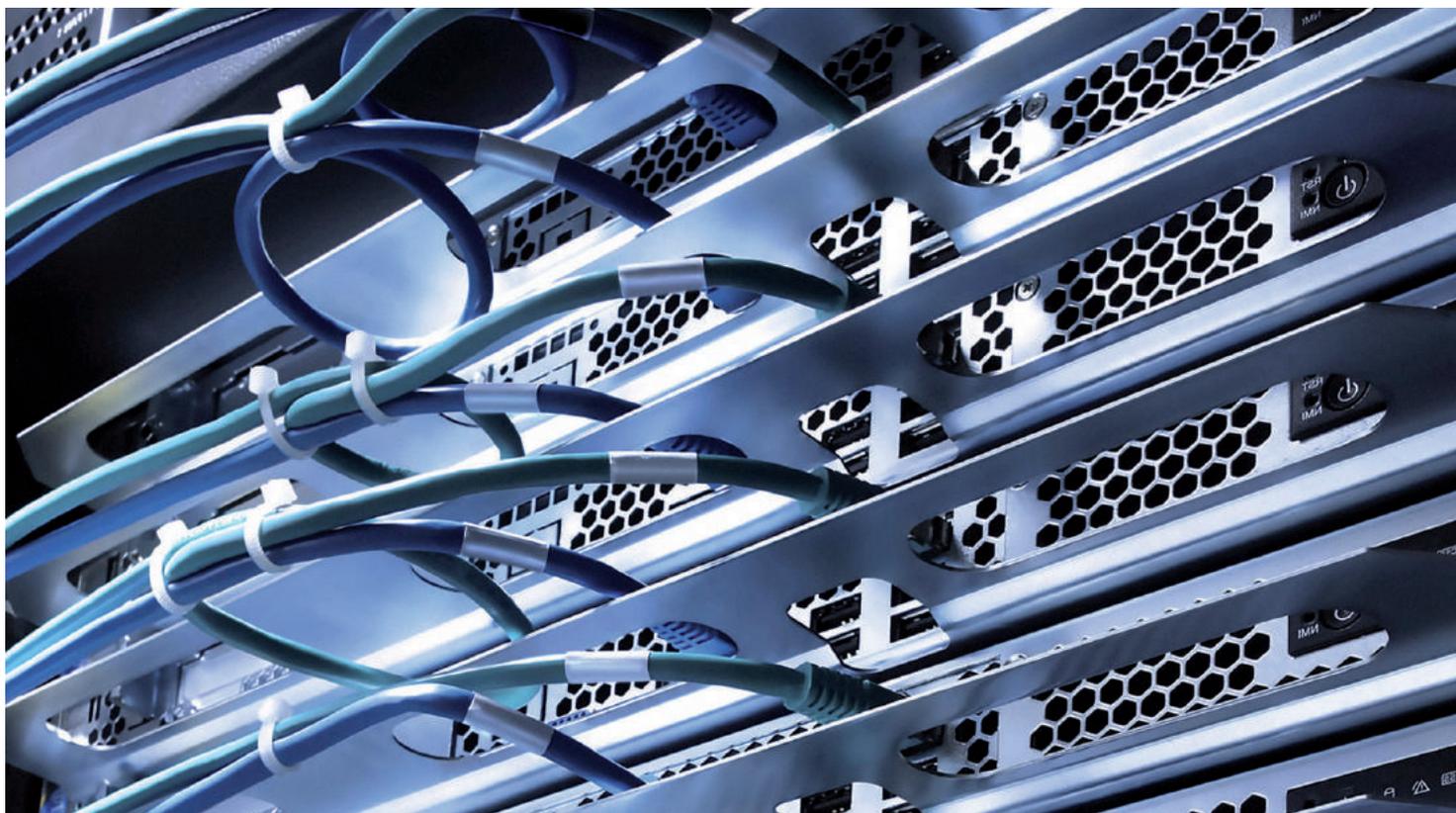
As an architect of change CIOs are portrayed, which proactively promote the development of new digital business models. In order to accommodate for different development cycles, a clear separation between carriers, enterprise IT and topics related to digital transformation are necessary at this point. Moreover, it is the task of the CIO to foster the understanding of technology across the marketing department and to jointly develop the IT roadmap.

“Obviously, we are interested in increasing IT savviness among business functions. This would in turn allow the CIO to focus more on governance and security issues.”

Dr. Diane Bitzel, Lonza (I)

This way, the CIO increasingly supports departments including the marketing department to operate IT applications autonomously, in particular those based on cloud solutions.

Due to the growing focus on digital related topics across organizations, the creation of new skills at the interface between marketing and IT becomes indispensable.



“The vision of marketing is to create customer value... Delivering this vision requires involvement of the IT department and ensuring that they understand the ‘why’.”

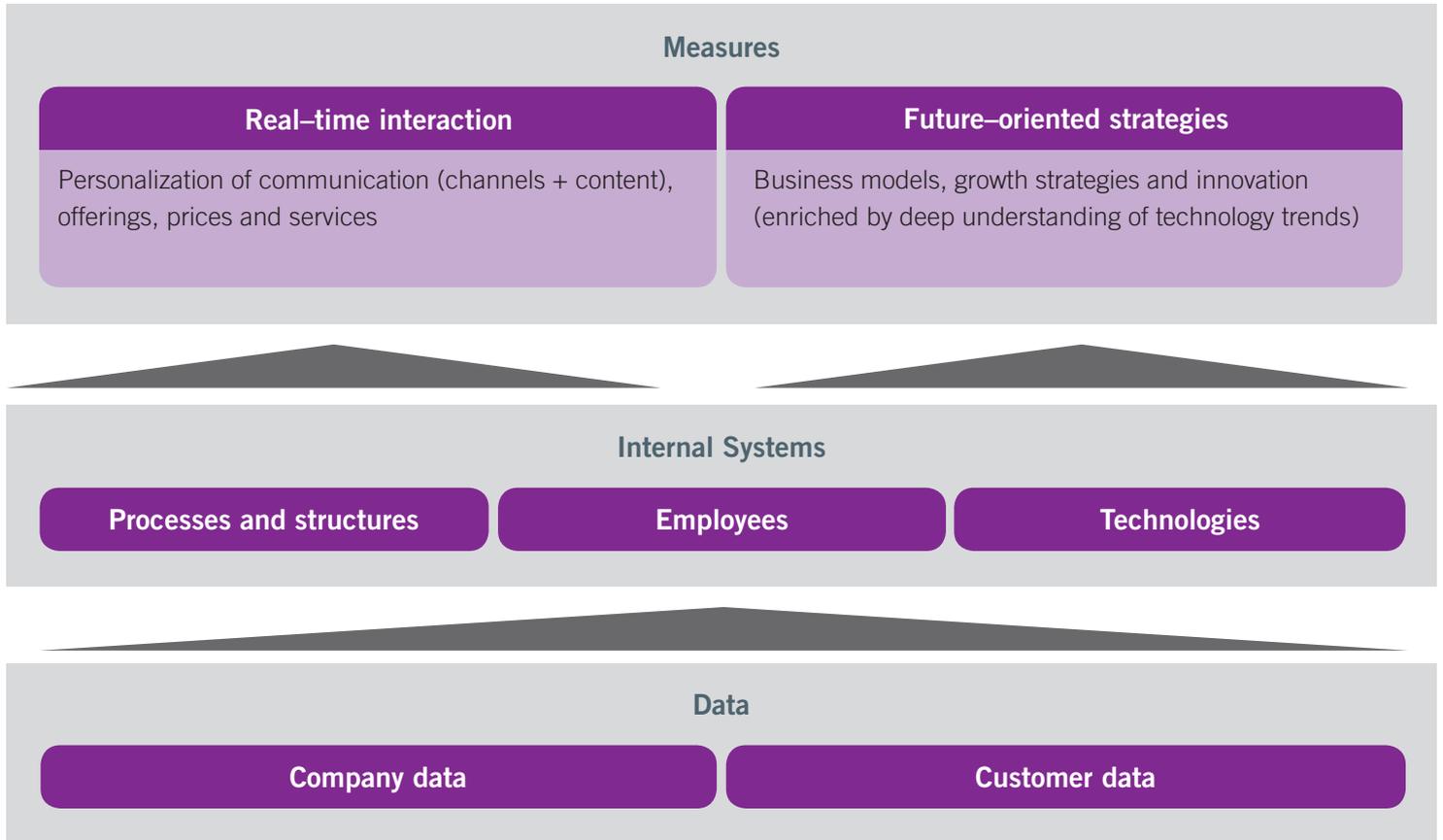
Roman Reichelt,
Head of “Migros” Brand Marketing, Migros

“The CIO function is always less of an IT specialist. That expertise is not so much the bottleneck. In fact, the key today is the ability to demonstrate the added value for the business and develop solutions based on these two aspects together.”

Dominic Bossard,
Head of BI Solutions, Migros IT-Services, Migros

CAPABILITIES

Transformation of the capabilities within the organization



“In particular, we need to develop capabilities in the field of analysis, data mining and content development.”

Dr. Sandro Principe, Head of Strategic Marketing und Sales, Member of the Executive Board, Swiss Post Solutions

Data analysis

When building new skills at the marketing & IT interface, two overarching objectives can be observed: first, the interaction with customers in real time, driven by, for example, automated and personalized campaigns. Second, the development of forward-looking strategies is paramount to developing new digital products and services.

Both objectives require analysis of large amounts of unstructured data (big data) and the realization into targeted marketing activities.

“Data Analytics and big data play an important role for us to better understand the behaviors and needs of our customers and to subsequently provide them with more personalized offers.”

Lars Hanf, Ricardo (M)

Before analyzing data, the availability and collection of useful data is crucial. Data can be sourced from two distinct sources: 1) company data, drawn, for example, from enterprise resource planning, finance or logistics and 2) customer data

collected through, for example, customer research, or the use of smart meters.

As a consequence, the CMO/CIO tandem faces the commonly shared challenge to achieve an effective reconciliation of business and customer intelligence.

To provide guidance, three key levers can be identified:

Processes & structures

In order to keep pace with the speed of digital customers, the internal structures and processes need to be significantly more agile. As demonstrated in this study, the traditional waterfall method appears to be not sufficient anymore.

Therefore, iterative processes like SCRUM substitute traditional methods, which allow a fast and flexible cooperation among employees.

“Based on my experience, I regard the switch to SCRUM and continuous development in this field as an important step to break up silo structures and to accelerate product and service release cycles.”

Andreas Assum,
ImmobilienScout24 (M)

Employees

On the part of employees, expertise in the methodological collection, structuring, and analysis of the data are essential skills at the interface between marketing and IT. According to participants of this study, it also requires strong communicative skills to effectively employ technology in a customer-centric manner.

“There are enough people who have mastered the technology issue, but only a few dominate the socio-technical system in other words the interaction of technology and people. In my opinion, this is much more important.”

Dr. Andreas Feil,
MAN Truck und Bus (I)

This applies in particular for employees who work in project management roles and need to possess competencies in both fields in order to lead interdisciplinary teams and act as an intermediary. This primarily involves the skill to precisely formulate requests directed to the IT and to derive implications for the business vice versa.

“In particular for marketing and IT, employees are urgently needed that are able to step in an interface function. Project managers, for example, must be able to assume responsibility on both sides.”

Thibaud Gigandet, Swarovski (M)

Technologies

Within the context of marketing, the usage of technology solutions empowers employees to interact with digital customers and to reach them in their specific digital ecosystem across channel boundaries. Thus, agile processes and structures of technology facilitate interaction between employees and consumer.

Whether solutions are from CRM, e- and m-commerce, marketing automation or social analytics: the key challenge is to process unstructured data volumes at high speed. For the selection of an appropriate technology platform, a close collaboration between the tandems is

crucial. This is divided into three critical phases:

1. **Technology scouting** by means of, for example, a joint innovation radar that confronts technology trends with the changing customer needs and identifies relevant technology solutions

2. **Technology adaption** in line with internal needs of employees to attune functional scope to the corresponding requirements

3. **Technology diffusion** in view of internal rollouts, which ensures the successful anticipation by the employees

Thus, the tandem is not only facing the challenge to showcase the usage of technologies through business cases, but also to make these experience tangible with the help of prototypes and pilots in order to gain internal support.

“We rely on prototyping and a “trial & error” culture within our organization.

Both tactics allow us to evaluate innovations at an early stage and implement them as opposed to a top-down approach to just create a business case. We therefore have a research lab that makes trends for marketing tangible.”

Dr. Ralf Jung, Globus Warenhaus (I)

Organization

Overall, capabilities for data analysis represent the most relevant topic with respect to the interface between CMO and CIO. This, however, creates new challenges for cooperation between these two roles.



“Our current transformation is aimed at the ability to run more targeted marketing.”

Christin Gunkel,
CMO, Otto Bock HealthCare GmbH

“The transformation that we are currently going through cannot be classified as a traditional IT project. In fact, we deal much more with the organization and with processes.”

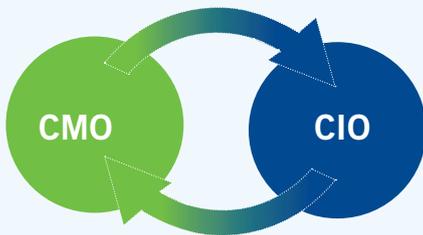
Mike König,
Head of IT, Otto Bock HealthCare GmbH

COLLABORATION

Principals of Collaboration

Three successful models of cooperation

Principle of Permeability



Increased permeability between marketing and IT and formation of a common project team

“We already have IT developers within our marketing team. This helps us to implement small IT solutions or to make modifications. At the same time, we are able to build a bridge to the IT department.”

Carine Andrey Marek, CMO Austria,
Zurich Insurance Group

Principle of Mediation

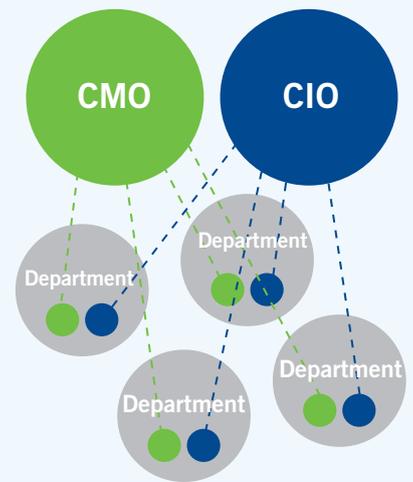


Establishment of an independent interface function between marketing and IT

“We have hired a Chief Data Scientist. His team primarily deals with the interface topic regarding data intelligence and big data to better understand the needs of our customers.”

Lars Hanf, Head of Marketing,
Ricardo Group

Principle of Representation



Representation of marketing and IT perspective in individual departments

“We have structured our organization by market segments. Given this, it is crucial to integrate both perspective into the team.”

Andreas Assum, Executive
Board Member, VP Marketing,
ImmobilienScout

“We rather need a completely new collaboration between marketing and IT. In the future, marketing and IT are going to work closely together, pursuing the clear objective of collecting volumes of data, evaluate and utilize them in turn for the development of the business. This presents new challenges to both fields.”

Björn Loose, Head of Marketing, MAN Truck & Bus

Foundation

The closer integration between CMO and CIO and the development of new skills will fundamentally reshape the relationship between the two departments.

According to the participants of this study, the momentum needs to originate from the top management level (the CEO and C-suite or equivalent), who formulate a clear vision for the cooperation between IT and marketing. Accordingly, respective objectives need to ensure that marketing and IT act in concert and pursue an overarching agenda. Thus, the conquest of partial interests and the common focus on customer benefits should be at the forefront of an organization's thinking.

"The creation of common goals and shared responsibility are the fundamental foundation."

Dr. Steven Althaus, BMW (M)

Concept of collaboration

Throughout our interviews for this study, different types of and possibilities for cooperation were identified. Based on this, three overarching principles were synthesized, which serve as initial basis to successfully shape cooperation at the interface between CMO and CIO.

Principle of transparency

A variety of participants encouraged and requested an active cooperation between employees within interdisciplinary teams. For example, Commerzbank staffs its operative project team with a dual leadership consisting of marketing and IT with clearly defining common responsibilities. In this context, close cooperation results in increased transparency across departments in other words, employees are "switching sides." Thus, marketing gains the opportunity to develop initial, agile solutions before integration efforts are necessary. Conversely, IT has the ability to better adjust

the applications and processes in line with customer needs.

Moreover, the prevailing opinion among study participants is that there is far more permeability between marketing and IT.

Principle of the mediator

The advantages and disadvantages of a dedicated interface function, for example a Chief Digital Officer, have already been discussed in professional circles for some time. Overall, the participants of the study considered the use of additional executives, such as a Chief Digital Officers, critical. However, many interviewed companies already have specific functions or units in place be it in terms of a Chief Data Scientist in the case of Ricardo, a business or customer intelligence department such as the example of Migros or a digital transformation unit like E.ON.

This is usually the case for staff positions, which take an internal advisory or intermediary role. In particular, this

approach supports the CIO to meet the challenge of a bimodal IT solution. As a significantly more agile interface team, the unit is able to mainly focus on topics concerning digital transformation instead of traditional IT topics.

“We have hired a Chief Data Scientist. His team primarily deals with the interface topic regarding data intelligence and big data to better understand the needs of our customers.”

Lars Hanf, Ricardo (M)

Principle of representation

Depending on the organizational structure, the perspective of the marketing and IT can be executed differently across individual departments of the company. ImmobilienScout24 provides a useful example. The company is organized by market segments. Within segment-specific departments, employees with appropriate marketing and IT backgrounds represent the CMO and CIO. This approach allows aligning

the cooperation to the immediate needs of the market.

A similar example refers to the case of Lonza. Lonza has set up so-called “councils”, where experts with business and IT background work closely with departments to jointly develop the necessary skills.

“We centrally embed the cooperation between IT and marketing in our governance structure. Therefore, we have built different councils along key topics, which are equally relevant for IT and business.”

Dr. Diane Bitzel, Lonza (I)

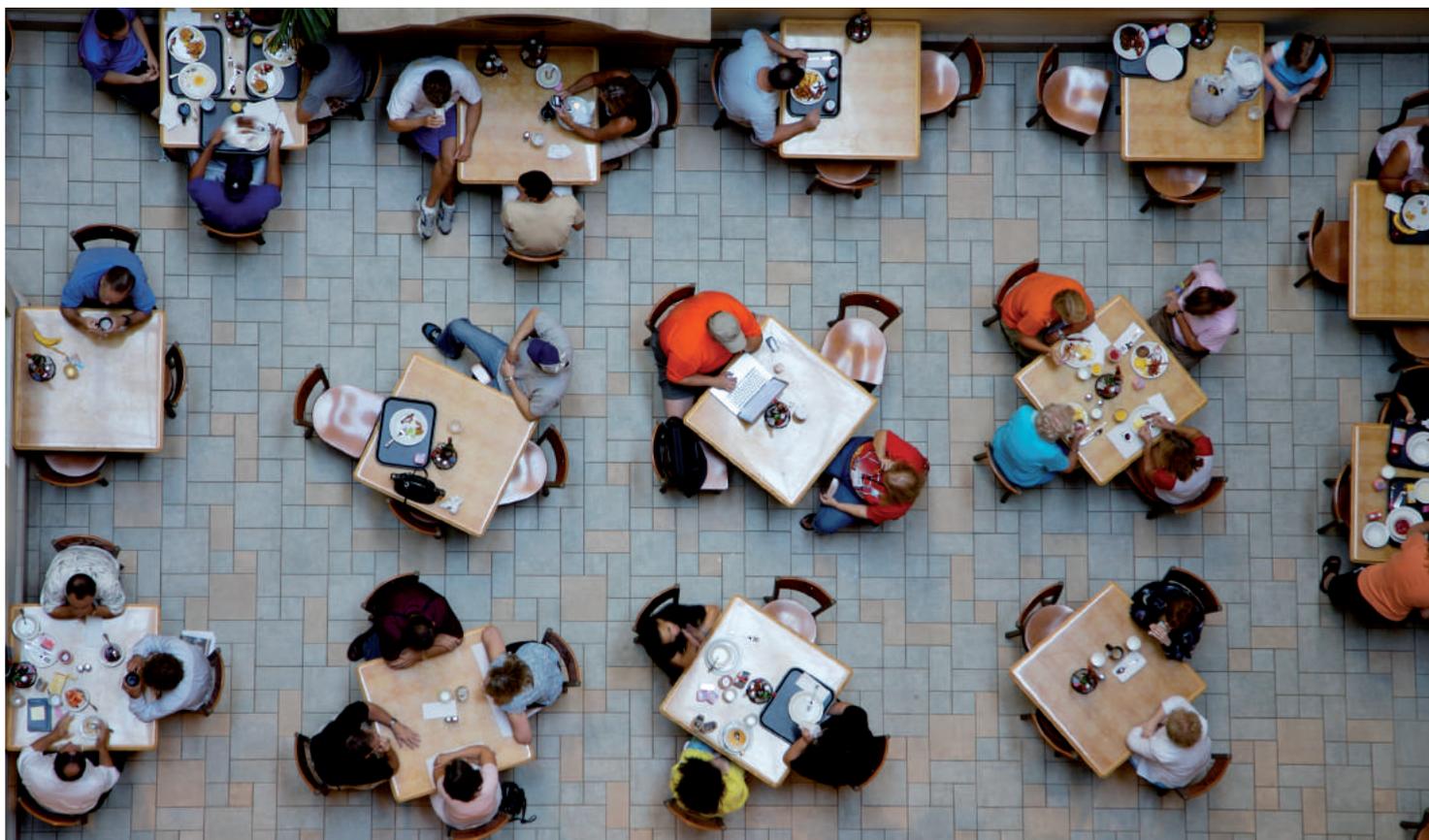
Cultural change

There is a consensus that the cooperation between these two roles goes hand in hand with a cultural change. This also includes the aspiration to overcome existing stereotypes and to discover positions for employees with hybrid skills. Thus, it becomes a central task of management to

anchor this changing requirement in close collaboration between CMO and CIO.

“CMO and CIO need to jointly establish a value system for collaboration which is based on sincerity, transparency and trust. It is the only way to remove corporate silos effectively.”

Andreas Hankel,
ImmobilienScout24 (I)



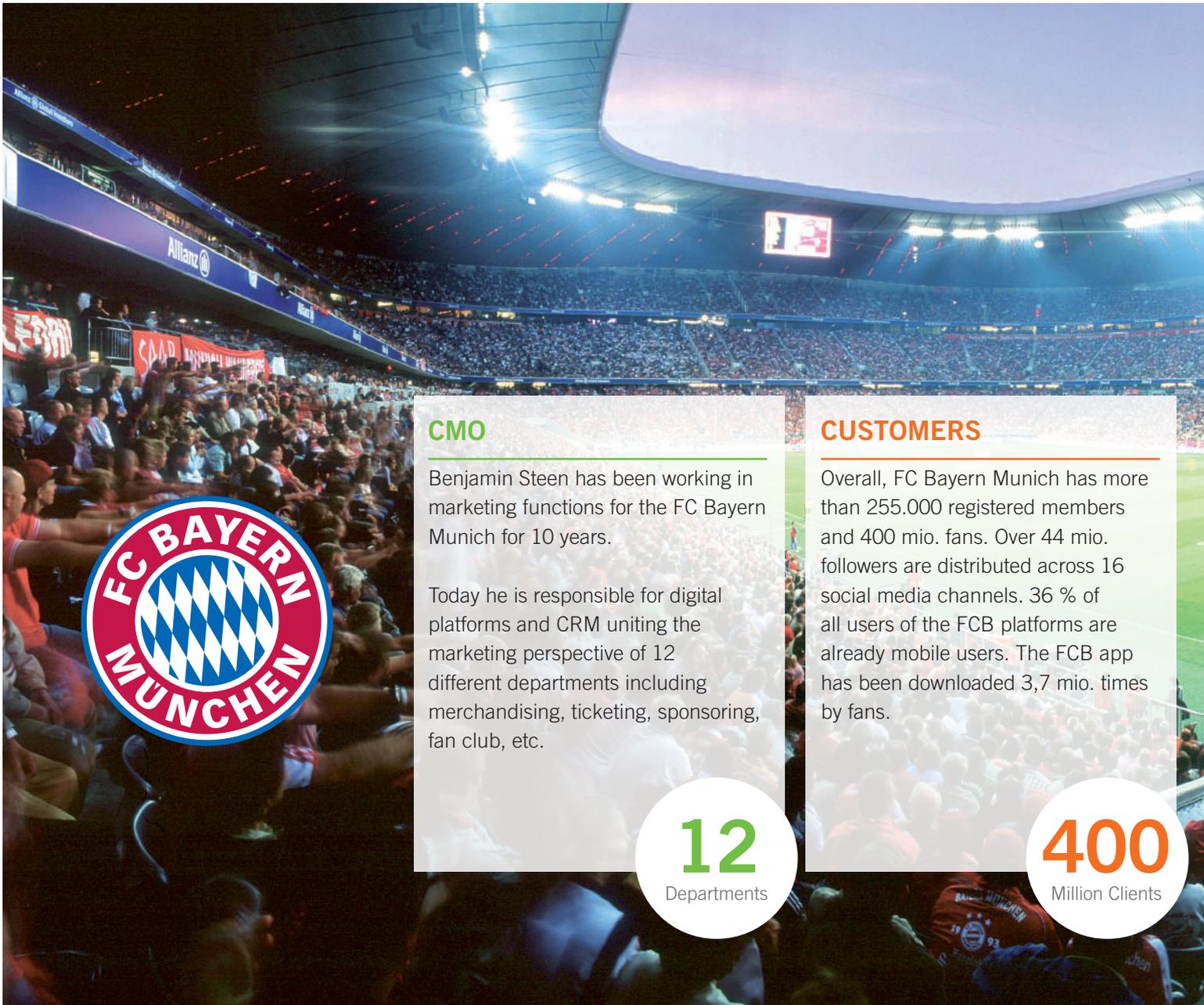
“From my perspective, it can be very purposeful to restructure the organization by market segment. In this case, it is important to integrate both perspectives – Marketing and IT – in the teams.”

Andreas Assum, Executive Board Member,
Former VP Marketing, ImmobilienScout24

“Against much opposition, we have decided to bring together employees from both fields. Only now, since they work together and talk to each other every day, they have learned to understand each other’s language.”

Andreas Hankel, VP Technology, Executive Board
Member, ImmobilienScout24

CASE EXAMPLE: DIGITAL TRANSFORMATION OF THE FC BAYERN MUNICH



CMO

Benjamin Steen has been working in marketing functions for the FC Bayern Munich for 10 years.

Today he is responsible for digital platforms and CRM uniting the marketing perspective of 12 different departments including merchandising, ticketing, sponsoring, fan club, etc.

12

Departments

CUSTOMERS

Overall, FC Bayern Munich has more than 255.000 registered members and 400 mio. fans. Over 44 mio. followers are distributed across 16 social media channels. 36 % of all users of the FCB platforms are already mobile users. The FCB app has been downloaded 3,7 mio. times by fans.

400

Million Clients



Benjamin Steen, Head of Digital Projects and CRM

MARKETING PERSPECTIVE

“The total number of followers on our social media channels is impressive. What is decisive from a CRM point of view is the “currency” conversion and how to best serve the interests and needs of the fans across platforms. This enables us to generate profits across all areas in the end.

Only a close collaboration with the IT department allows us to utilize the digital platforms optimally in order to build a sustainable customer relationship. Importantly, third parties cannot have total control over that.”



COLLABORATION

Joint CMO/CIO agenda:

#1 Establish one central point of view on the customer – across all departments

#2 Use data to optimally serve the customer – across all platforms, channels and devices

#3 Establish a sustainable customer relationship

1

Perspective on the Customer

CAPABILITIES

30 platforms generate more than 1 bn. digital touch points a month.

To administer the unstructured data masses from different organizational units, the FC Bayern Munich operates 52 systems which are connected with the central SAP infrastructure.

1

bd. Touchpoints

CIO

Michael Fichtner became CIO of the FC Bayern Munich in early 2014. From an IT perspective, the marketing department is the internally dominating “client”. 80% of the IT capacities are bound to the marketing department. The strong incorporation reflects the business relevance of the IT department.

80%

Capacity for Mktg

Michel Fichtner, Head of IT
IT PERSPECTIVE

“We have numerous organizational units who work with customer data be it the call center, ticketing, newsletter and many others. For us it is crucial to have a central view on our data.

Therefore, it is not about randomly collecting data but about optimally serving our customers with relevant offerings. At the same time, we want to offer our customers a central point of contact and establish a consistent customer relationship.”



IMPLICATIONS AND OUTLOOK



Final Review

Based on extensive interviews with the study's participants a clear picture of the actual challenges at the interface between CMO and CIO can be identified.

Customer

It becomes evident that the Always-On Customer becomes a major driver in the digital age, which requires a significantly closer coordination between marketing and IT. The CMO needs a clear understanding of customers and their digital eco-systems where new technologies keep entering more rapidly. As a result, change is faster and more complex.

CMO

Accordingly, the profile of CMOs will

continue to change: The role of creative mind, which scatters non-targeted advertising messages in the market, has become obsolete. Digital technology enables the CMO to align activities, messages and offers with the individual customers and to interact with them at the right moment and context. In addition, the ROI of the specific actions is not only measured indirectly anymore. Increasingly it is tracked directly and in realtime, resulting in a better allocation of resources. Accordingly, the CMO and the marketing department will pass through a role shift towards more analytics and process orientation.

CIO

In the process of digitalization, the CIO is also facing new challenges. To ensure a maximal value contribution, he has to manage to shape the digital change from a technology perspective as an initiator beyond his role as infrastructure provider. As counter-part to the CMO, who represents the "Voice of the Customer", it is the job of the CIO to show the perspective of technical possibilities and opportunities in the company. He will thus be able to establish himself as creator of customer-oriented IT strategies – between legacy environments and new digital solutions. Together with the marketing department,

it is essential to find the right balance between time to deploy and the depth of IT integration in order to keep up with the speed of the changing customer needs.

Capabilities

The central interface between CMO and CIO is mainly in the area of data analysis to be able to interact with the Always-On Customer in real-time on the one hand and to be able to make predictions as basis for growth strategies on the other. It will be the fundamental task of the tandem to build the required capabilities in the organization. Among those are at the core processes and structures which nowadays increasingly follow agile principles, like SCRUM. This includes employees, who in addition to their expertise in the area of data analysis possess the ability to communicate through a common language. Finally yet importantly, CMO and CIO have to jointly choose and implement technology platforms, which are able to evaluate the unstructured masses of customer data. The identification and evaluation of appropriate applications is based on a combination of scouting methods including technology radars and prototyping techniques that facilitate immediate evaluation and advancement.

Collaboration

On this basis, the modalities of collaboration change as well. Both departments need to be brought together by defining common goals and responsibilities. Additionally, this results in three basic principles to anchor collaboration in the organization. These comprise the evaluation of permeability between the departments, creating an interface function and the targeted representation of the marketing and IT perspective in individual departments within the company.

Ultimately, it is up to the CMO/CIO tandem to drive the internal cultural change, overcome stereotypes between both departments and establish a common value system.

With this report the Vivaldi Partners Group aims to contribute to bridging the gap between both departments.

Conclusion

The collaboration between CMO and CIO forms the engine of the digital transformation within the company to

keep up with the speed of change in the customers' digital ecosystem.

Only when both departments – marketing and IT – are tightly interlinked, it is possible to clearly align the use of technology with the customers' benefit. In addition, this close collaboration is likely to measurably impact to the business success.

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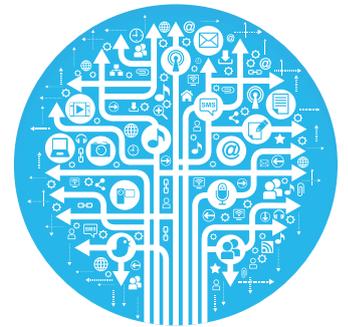
“If the rate of change on the outside exceeds the rate of change on the inside, the end is near.”

Jack Welch, ehemaliger CEO, General Electric

ABOUT VIVALDI PARTNERS GROUP

“Driving Strategy from outside-in”

- 500 +** brand and digital strategy assignments
- 250 +** years of combined work experience by our partners in B2B and B2C marketing
- 50 +** clients and brands in the global Top 100 companies services
- 25 +** years of thought leadership about marketing business and brand practices
- 15** years since founding **Vivaldi Partners | Group**



Vivaldi Partners Group is a global strategy consultancy. We help our customers to uncover growth opportunities and to successfully position brands in a digitally connected world. We therefore use our deep understanding of customers, consumers, and markets to identify growth opportunities, develop strong brands and customer experiences.

In a nutshell, Vivaldi Partners Group:

- Is an owner-operated company with headquarters in New York City
- Founded by our CEO Dr. Erich Joachimsthaler, who is an internationally reknown marketing expert, Harvard lecturer and author of “Brand Leadership” and “Hidden in Plain Sight”
- Has worldwide presence with its headquarters in New York and offices in Munich, Dusseldorf, Zurich, Chicago, Toronto, London, Buenos Aires, Singapore and Cape Town
- Offers comprehensive competencies through our passionate consultants from diverse backgrounds including industrial, strategic, media and communication

With our studies and publications, we aim to foster discourse and discussion around the topic of digital transformation from the perspective of customers.

Read more at www.vivaldipartners.com

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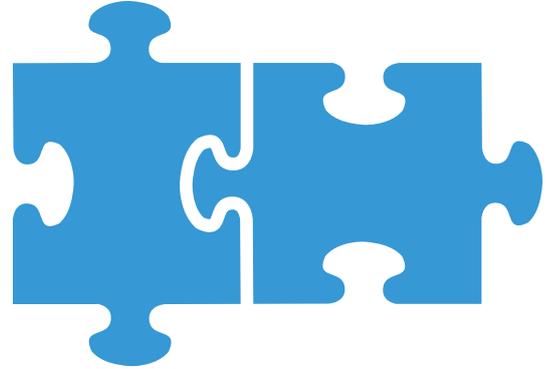
In addition, we would like to thank our research analysts **Sarah Bleiker** and **Mona Kanj**.

SAP AT A GLANCE

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- 98% of the 100 most valuable brands are SAP clients
- 74,500 employees – and offices in over 130 countries
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- 12,800 SAP partner companies worldwide
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