Turning chaos into cash
How to enable revenue growth in the digital age
The role that technology can play in enabling revenue growth in the digital age

All commercial businesses face continuous pressures to use technology to generate revenue and profit. Many private-sector enterprises focus on growth when deciding their product and market strategy, and how to overcome key business problems, such as: being in a single shrinking market with a product or service that’s not transferable to another market. Producing a product or service that’s maxed out on market share or in a market that’s saturated with competitors. Trying to restart with limited resources after a market collapse. Lacking diversification and the ability to find new ways to win customers and take advantage of new technology and delivery innovations. Forcing organizations to make critical decisions about whether to market new or current products in new or current markets, and to take advantage of revenue-generating assets, or strengthen competitive pricing is not easy.

Industries have always been transformed by technology. Business leaders know this better than anyone. When the steam revolution came forward, it was the first time that a manmade device could outpace the horse. It completely revolutionized transportation, how products came to market, how companies interact with customers and how new products would be developed. When electricity came to being, almost every major company on the planet hired a vice president of electricity. They had important, strategic jobs to rethink how electricity was going to transform their business.

Digital transformation is the process organizations are going through to implement technology advancements and cultural changes, resulting in new business models and industry disruption. Redefining how business is done, and changing lives by giving us time back, making us safer and healthier, bringing significant environmental benefits, inspiring increased creativity and helping us achieve more.

There are a wide variety of technologies that enable digital businesses. These include advances in the cloud, connected things, advanced analytics, mixed reality and artificial intelligence but are not limited to this set.

Digital businesses are not defined by the technology mix they have deployed as much as they are defined by the new business models and opportunities they have created with that technology – this includes transacting differently, working in new ways, operational changes due to new insights gained from breaking down data silos, engaging and growing customers base through new channels and many others.

An organization that is using technology to improve customer engagement, empower employees, optimize operations and transform products is a fully digital company that can change at the pace of, or ahead of its customers and competition. Traditionally, a business could lead its industry for years and even decades with one big innovation. In today’s world, the key to winning in the long term is not any one-time change, but by accelerating the rate of change. This is the true value of digital transformation – it unlocks a powerful set of new digital signals that can be used to better understand all aspects of a business.

Successful organizations in this era realize that one big idea isn’t enough and creativity isn’t reserved for a certain few. Now, we’re seeing micro revolutions every 12-18 months.

When we combine human creativity with advances in the cloud, big data, connected things, advanced analytics, mixed reality and artificial intelligence, businesses become digital leaders.
How can you make business value a priority in your day-to-day operations?

Find the future by focusing on new drivers of business value

Help your business decide your product and market growth strategy, whether it markets new or current products in new or current markets. Prioritize and invest in areas most likely to generate new revenue streams.

Know your business, capitalize on your strengths, execute accordingly. By connecting strategy by how your organization intends to create value with business operations on what your company actually does, and prioritizing the right investments, is leadership’s critical task and an increasingly difficult task to do well.

Driving business value fundamentally requires three actions

1. Understanding what drives business value: Revenue growth, operating margin, asset efficiency, and option value.
2. Operating in ways that drive business value.
3. Focusing investments on the assets and projects of the business that drive business value.

Business Operations

Investments

Innovation & Growth
Investment Recovery
Asset Refresh
Regulation & Compliance
Where can you create new revenue?

Engage your customers by building natural, tailored experiences that delight customers and then harnessing data from those customers to derive actionable insights that can deliver greater market success.

Empower your employees by creating a culture that fosters innovation and creativity, by designing a workplace where every work style can thrive – one that harnesses digital intelligence to improve experiences, unleashes creativity and enables mobility while keeping your organization, people and information secure. Doing this well requires leaders to rethink the creative process, hierarchical organization models, workspaces and the technology they bring in to support employees’ work.

Optimize your operations to make your business more responsive, improving service levels, and reducing costs with intelligent processes that anticipate the future and coordinate people and assets more efficiently.

Transform your products and business models to harness data as a strategic asset, shifting from hindsight to foresight, automating manual processes, delivering personalization to customers, and innovating with new business models, services, products and experiences to differentiate and capture emerging opportunities.

5 strategies for enabling revenue growth

1. Improve efficiency to get more revenue from current assets.
2. Show up where your customers are and make the difference.
3. Sell more of your current products or services to current customers.
4. Sell your current products or services to new customers.
5. Create new products or services for all customers.
Improve efficiency to get more revenue from current assets

**Strategy**
Improving efficiency to get more revenue from current assets, develop and protect intellectual capital, divestiture and reinvestment and improve investment returns on cash and treasury funds.

**Critical Questions**
What is your strategy for developing and protecting intellectual capital?
How do you develop, spin-off and sell new businesses?
How do you improve investment returns from cash and treasury funds?
Do you license or sell intellectual capital to other enterprises?
Focus areas for Executives

**Generate recurring income**
Increase emphasis on generating revenue from company assets.
Increase focus on developing and protecting intellectual capital.

**Increase value of the business assets**
License or sell intellectual capital to other enterprises.

**Secure income and value of the business.**
Sell appreciated assets.
Improve investment returns on cash/treasury funds.
Increase focus on divestiture and reinvestment.

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**BUSINESS DRIVERS**

**Harvest value from assets owned.**

**KPIs**
- % IP created and patented.
- Re-utilization offshore cash or assets.
- #appreciated assets sold.
- % royalty rates.

**CAPABILITIES**
Evaluate and manage financial performance.
Manage cash.
Manage debt and investment.

**TECHNOLOGY**
Customer Relationship Management.
Enterprise Resource Planning.
Advanced Analytics.
Blockchain.

**OUTCOMES**
Optimize revenue streams through ability to leverage and manage existing assets profitably.
Strategy
Proactively show up in markets that current and futures customers use and provide differentiated products, services or experiences that they care about.

Critical Questions
How are you competing through more intentional promotional campaigns and pricing strategies?
Have you rationalized or refocused product and service portfolios?
Do you provide differentiated pricing across customer segments?
Have you considered converting free services into fee services?
How do you manage pricing effectiveness and price optimization?
Focus areas for Executives

**Increase promotional discounts**
Provide different pricing policies to retain and grow revenue from existing customers.
Enhance loyalty programs/tailored marketing.
Drive customer loyalty programs to gain insight into customer buying habits and offer customer tailored promotions.

**Maintain or increase the market share of current products and services**
Increase emphasis on differentiated pricing across customer segments.
Increase focus on pricing effectiveness and price optimization.
Improve focus on price-insensitive customer segments.
Use new channels to build reputation and drive activate promotions to targeted customer base such as; promotional integration of social media.
Convert free services to fee-based services.

**BUSINESS DRIVERS**
Cut costs to sell more of existing products and services.
Find more profit with a better pricing strategy.

**KPIs**
Increased sales revenue due to competitive pricing.
Increased competitive bids won.

**CAPABILITIES**
Define and manage channel strategy.
Define pricing strategy to align to value proposition.
Define offering and positioning.

**TECHNOLOGY**
Customer Relationship Management
Enterprise Resource Planning.
Advanced Analytics.
Blockchain.

**OUTCOMES**
Improve revenue growth in markets through ability to provide differentiated products, services or experiences.
Sell more of your current products or services to current customers

**Strategy**
Maintain or increase the market share of current products through such tactics as competitive pricing strategies, advertising, sales promotion, cross-selling and upselling, and aggressive promotional campaigns.

**Critical Questions**
What’s your approach to maintain or increase the market share of current products, such as cross-sell or up-sell?

What are your tactics to increase usage by current customers?

What are you doing to secure dominance of growth markets?

What services do you have in place to improve customer loyalty?

Do you have a holistic view of your customer across sales and services?
Focus areas for Executives

Penetrate existing marketplace
Maintain or increase market share of current products and services by improving competitive pricing strategies, advertising, sales promotion.
Increased emphasis on cross-product and service selling and cross-channel experience.
Increase usage of products and services to existing customers by introducing loyalty schemes.
Aggregate ecosystem capabilities to current capabilities.

Improve customer lifetime value
Improve total customer experience (purchasing, fulfilment, usage, support, service).
Increase emphasis on customer satisfaction, retention and expansion.
Improve visibility of customer relationships/interactions across all channels.
Drive customer loyalty programs to gain insight into customer shopping habits and offer customer-tailored promotions.
Use new channels to build reputation and drive promotions to targeted customer base, such as social media.
Enhance multichannel delivery options to enable ability to buy from anywhere at any time, provide consistent experience across channels.

BUSINESS DRIVERS

Reduce customer defections.
Proliferation of promotional channels.
Decreasing brand loyalty.

KPIs
Revenue generated by segments of the customer population.
Profitability by segments of customers.
Life cycle of average customer.
Status of existing customers.
% customer churn.

CAPABILITIES
Manage customers and accounts.
Perform customer and market intelligence analysis.
Define offering and customer value proposition.
Establish goals, objectives, and metrics for products by channels/segments.
Define pricing strategy to align to value proposition.

TECHNOLOGY
Customer Relationship Management.
Enterprise Resource Planning.
Advanced Analytics.
Blockchain.

OUTCOMES
Existing and new revenue streams are improved/created by improved ability to retain and grow existing customers.
Sell your current products and services to new customers

**Strategy**
Develop a new customer base in new geographical markets, through new distribution channels, or by offering different pricing policies to attract different customers and create new market segments.

**Critical Questions**
How do you gain insights into the future from new markets to help stay ahead of the competition?

What market research have you done into new markets, demographics and geographies?

How do you use digital media to engage, excite, market, advertise and monetize new products and services?

How do you do web, collaboration, reporting and analysis, manage content and do custom developments?

Can you manage and automate new customer relationships through a holistic view of the customer across sales and services?
Focus areas for Executives

Sell existing products and services into new markets
Develop new geographical markets, product and services dimensions/packaging, distribution channels through differentiated products and services.
Provide competitive differentiating pricing policies to attract different customers and create new market segments.
Design and execute new targeted campaigns to attract new and wealthy customers quickly and extend through new channel partners.
Leverage current capabilities to scale new business models.

Expand into emerging markets
Identify breadth of “new emerging wealth” clients and determine strategy to gain access to them.
Identify ways to reach target markets locally.

Provide superior customer and service
Empower frontline staff, expand self-care capabilities and provide consistency across channels.
Integrate the customer experience and use best-in-class practices across all channels.

BUSINESS DRIVERS
Intense competition to attract new customers.
Increasing affluence in emerging markets.
Increasing market demand to quickly innovate on products and services.

KPIs
% new customers from new products or services.
% rate of new customer.
% market share.
% rate of customers retained.

CAPABILITIES
Understand markets, customers, and capabilities.
Develop marketing strategy.
Generate Leads.
Define offering and customer value proposition.
Define pricing strategy to align to value proposition.

TECHNOLOGY
Customer Relationship Management
Enterprise Resource Planning.
Advanced Analytics.
Blockchain

OUTCOMES
New and wealthy customers attracted and retained through ability to bring products and services to new markets profitably.
Create new products or services for all customers

Strategy
Create business value by developing new products and services for all markets. This approach is the hardest in the short term but the most lucrative in the long term. Often requiring developing new competencies and products that appeal.

Critical Questions
What products and services provide the most business value for your business and market place?

What percent of investments focus on new product and service development, R&D, growth and innovation projects?

How do you go about imagining products and services that do not yet exist?

How do you manage and drive innovation across growth products and services, processes and experiences from ideation and design conception through end-of-life profitably and effectively?
Focus areas for Executives

**Sell existing products and services into new markets**
Diversify by developing new competencies, products and services that better appeal to the market segment.
Develop and innovate new product and service offerings to replace existing ones.
Research and analyse target market place.
Generate and prioritize the best ideas.
Design and engineer products and services for industrialization.
Bring new products or services to market profitably, quickly and effectively to maintain or grow market share.

**Expansion to emerging markets**
Incrementally innovate existing products and services to be cost optimal, improve existing product and service lines, add to existing platforms and reposition existing products and services introduced in markets.
Improve functionality, technical advancements, and usability of existing products and services to appeal more to existing markets.

**BUSINESS DRIVERS**
Shrinking core market.
**Rapidly shifting consumer preferences.**
Product & service saturation.

**KPIs**
Increased % of new product and services revenue.
Reduction in sales of existing products and services due to new products.
Time from the time a product and service change is envisioned or defined until it is profitable.

**CAPABILITIES**
Evaluate and prioritize market opportunities.
Design, build, and evaluate products and services.
Evaluate performance of existing products and services against market opportunities.

**TECHNOLOGY**
Mixed reality.
Artificial intelligence.
Advanced analytics.
Blockchain.
Internet of things.

**OUTCOMES**
New differentiated products and services brought into existing and new markets profitably, quickly and effectively.
How to get started

The digital difference is within reach. Five tips from Microsoft Executive insights and Harvard Business Review: Competing in 2020: Winners and Losers in the Digital Economy

1 Begin with the end in mind
Take the time to dream about your digital business outcome. Get inspired with a group of people you trust. With a clear vision of where you want to go, you can create a compelling plan for change for your organization.

2 Going digital has to start at the top
Grassroots efforts and skunkworks projects are great, but the company has to know digital is a priority for senior leadership.

3 Data matters most
The role that systems of intelligence play in providing insights that can be converted into intelligent action is critical to the digital business. However, the system can only be as intelligent as the data over which it reasons. Spend time to get your data estate in order.

4 Create a digital culture
Change can be daunting, especially for large, established companies. Here at Microsoft we’ve learned how critical it is to foster a culture of growth mindset, where failure is a tolerated learning opportunity, and giving employees the right tools to collaborate and unlock creativity.

5 Start now or risk getting left behind
We are in an era when first to market matters more than ever. Identify where you can begin quickly and grow digital capabilities from there, potentially building on existing systems or infrastructure.

You are reinventing what it means to digitize your business. We’re committed to creating the right solutions for you—solutions that are disruptive but robust, delivering real results at speed. Together we can reimagine the art of the possible.
Empower organizations to do more by accelerating the value imagined and realized from their digital experiences.


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