



## The Three Essentials of B2B Digital Transformation

**The most common question we hear is, “Where do I start?” The answer is, “Where it makes the most sense from a customer’s point of view.”**

Today we are witnessing a profound shift in how B2B leaders use digital to consume information, make informed buying decisions and engage with suppliers. Covid-19 has accelerated this shift, which will not abate when the pandemic recedes. Although the shift is easy to see, addressing it isn’t straightforward.

B2B leaders are searching for pragmatic ways to grow their business in a world that has been turned upside down by recent events and the disruptive power of digitalisation. From B2B growth leaders’ perspective, reports of the latest data advance and the launch of every new technology miss the point. To them, riding each new wave of technology is not only impossible but also imprudent, particularly in a time of constrained resources when every investment must be carefully scrutinised. B2B growth leaders want to know how to effectively apply the technologies that are most relevant to their customers, their industry and the unique growth challenges they face.

### Technology at the service of customers

Our research into 20 case studies of B2B digital transformations and interviews with 1,000 B2B transformation leaders indicate that successful transformation leaders start with the customer. They take a step-by-step approach tailored to their

Visit **INSEAD Knowledge**  
<http://knowledge.insead.edu>

organisation and their market to become more customer-centric, agile and digital. The most common question we hear from executives feeling the need to go digital is, “Where do I start?” The answer is, “Where it makes the most sense from a customer’s point of view.”

Companies that leverage digital technologies and data to create value for their customers will create value for themselves. Our research identified three transformational shifts that have helped successful B2B companies leverage digital technologies, build competitive advantage and achieve profitable growth.

*The digital selling shift: Engage customers and sell more effectively*

This starts with taking sales and marketing out of their silos and pooling them together. The standard arrangement, in which sales “owns” the customer relationship and marketing provides messaging and content, is too cumbersome for the digital age.

As companies move through the various stages of the digital selling shift, marketing becomes increasingly intertwined with sales, to the point that certain legs of the sales journey are essentially automated. The best sales staff are thus freed to focus their attention on the most promising leads.

This is happening in full force in the pharmaceutical industry, where a digital-first approach is now common in at least three crucial phases of drug sales: premarket conditioning, launch sell-in and post-launch market development. The shift is also well underway in industries such as commercial insurance, which have a large potential customer base, moderate regulatory exposure and generous amounts of customer data.

*The digital experience makeover: Innovate and enrich customer experiences*

Once prospective clients have been found and converted via digital tools, the natural next step is to use digital to make their interactions with your company as smooth and painless as possible. But the mainstream B2B mindset tends towards silo-based thinking, e.g. maintaining strict separation between customer service and billing departments. From the customers' perspective, this produces needless replication of steps, such as having to lodge separate queries for each task when all their needs could theoretically be managed through a single digital dashboard.

Resolving customer pain points such as these is a good start, but a mature digital experience makeover will go well beyond this to provide a customer experience that exceeds expectations. For example, global building materials company CEMEX created a one-stop-shop digital offering called CEMEX Go, encompassing order placement, shipment tracking and invoicing for its main products.

*The digital proposition pivot: Offer data-powered solutions rather than individual products and services*

Finally, B2B companies should extend digital transformation to the core of their business – the basic value proposition they offer to customers. The best way to do this is to pivot from thinking in terms of specific products or services, to prioritising increased revenue generation through data-powered solutions.

Digital offerings can deploy a host of new technologies – IoT, AI, blockchain, etc. – to capture and capitalise upon customer data, for the benefit of both B2B companies and their clients. For example, packaging manufacturers have started using radiofrequency information technology in labels and containers, producing a cascade of efficiencies throughout the supply chain in many industries. Incumbents in the medical device sector, by contrast, have been slow to pivot to a digital-first proposition. They now find themselves locked in tooth-and-nail competition with much smaller insurgents, whose digitally augmented products can be delivered at a much lower cost.

Visit [INSEAD Knowledge](http://knowledge.insead.edu)  
<http://knowledge.insead.edu>

## Four basic steps

Within each of these transformative shifts, we have seen that B2B leaders take four basic steps to build the momentum and capabilities needed to transform their companies into agile, customer-centric digital organisations:

- They define **where to play** by uncovering underserved customer needs through customer profiling, segmentation and journey mapping that reflects the intricacies of B2B procurement and solution deployment.
- They determine **how to win** through digital selling, customer experience and innovation strategies that address the needs of multiple decision makers and influencers.
- They navigate **what to do** via agile sprints (rapid prototyping and piloting) and by taking a test-and-learn attitude to everything they do.
- They decide **who to win with** by building customer data and experience development teams and by setting up transformation management offices to coordinate their work.

## Successful digital transformation puts people first and last

The evidence is clear: Customers and employees are the key to successful digital transformation. They deserve the attention that many managers instead devote to technology selection. We have discovered that digital transformations succeed by putting people first – and last. Every transformation project must begin by understanding customers' needs, and no transformation project can be completed until the challenges of employee learning, development and motivation are addressed. Success lies in achieving ever-increasing levels of customer-centricity, in which employees learn from customers every step of the way, and customers recognise that the company is increasingly attentive to their needs.

Digital transformation is not a choice. Failure to transform in the face of the evolution of data and digital technology makes B2B companies more vulnerable to existing competitors and to unforeseen insurgents. The choice is whether to take an industry-leading position in terms of digital selling, experience or proposition to benefit the customer and drive uncommon growth or to try to respond to competitive developments through an ad-hoc approach.

In our book, ***The Definitive Guide to B2B Digital Transformation***, we deal more fully with the where, how, what and who steps for each of the three transformational shifts. We feature rich case studies and best practices from companies including

Maersk, Michelin, Adobe, IBM, Salesforce.com, Johnson & Johnson and Air Liquide – all businesses that are putting customers at the heart of their digital transformations to drive uncommon growth.

**Joerg Niessing** is a Senior Affiliate Professor of Marketing at INSEAD. He co-directs the **Leading Digital Marketing Strategy** and **B2B Marketing Strategies** programmes at INSEAD.

**Fred Geyer** is a Senior Partner at Prophet.

Don't miss our latest content. Download the free **INSEAD Knowledge** app today.

Follow INSEAD Knowledge on **Twitter** and **Facebook**.

Find article at  
<https://knowledge.insead.edu/strategy/the-three-essentials-of-b2b-digital-transformation-14406>

Download the Knowledge app for free



Visit **INSEAD Knowledge**  
<http://knowledge.insead.edu>