

White paper

Modernize the customer experience with your apps

Delighting customers starts with the right cloud foundation

rackspace



Exceptional
Performance



Introduction

Consumers are increasingly expecting relevant, engaging experiences from brands. As a result, the engagement you have with your customers must go beyond the purely transactional nature of commerce to include elements that create a sense of deep satisfaction and delight.

Nearly nine out of 10 companies¹ agree that customer experience is a key factor in driving customer loyalty. Meanwhile, over half of U.S. consumers say that customer experience at most companies needs improvement.² The improvements consumers are demanding require integrating next-gen technologies like artificial intelligence (AI), the Internet of Things (IoT) and machine learning into existing service, support, marketing, manufacturing and fulfillment processes.

Meeting these new demands requires balancing the modernization of existing applications with the adoption of more efficient cloud-delivery methods for new applications. However, nearly half of IT professionals and decision makers expressed concern over the increasing complexity of multi-cloud environments and the potential difficulties associated with understanding how to leverage new technologies.³

Understanding the multi-cloud world is critical in weaving together advanced infrastructures that fuel modern applications. And your ability to deliver innovative customer experiences hinges on understanding and choosing the right application modernization foundation. To help you build that foundation, this whitepaper covers:

- Defining the goals and requirements to help ensure your modernization efforts make an impact on the customer experience.

- Determining the right mix of infrastructure technologies to underpin the application ecosystem that powers your customer experience.
- Assessing application readiness to understand which workloads are best suited for public, private, and hybrid cloud environments.

The value of enhancing customer experience

It's simple math: delivering a better customer experience attracts more customers. According to PWC's customer experience research, 65 percent of surveyed U.S. consumers rate positive brand experiences as more important than great advertising in influencing their purchasing decisions. Globally, 73 percent of respondents rate positive brand experiences as a core driver of brand loyalty.⁴

That loyalty translates into dollars. Worldwide, consumers are willing to pay up to 16 cents more per dollar spent to have a high-quality customer experience.⁵ According to McKinsey & Company, brands that enhance the customer journey increase customer satisfaction scores by 15 points and reduce service costs by as much as 20 percent.⁶ Forrester cites similar findings, stating that experience-driven companies grow 1.4 times faster with a customer lifetime value that is 1.6 times higher than their competitors.⁷ Conversely, even if they love your brand, 59 percent of consumers will take their business elsewhere after just one bad experience.⁸ Looking to the future, one in eight surveyed marketing leaders expects to compete mostly or completely on the basis of customer experience.⁹

The customer experience opportunity

Unlike in the past, customer experience extends far beyond just customer service. How difficult



or easy it is to move through your entire buyer’s journey? How many self-service capabilities do you offer, and how easy are they to use? What’s your social media presence like? How secure are your customer processes? How much consistency are you offering across all of your sales channels? Then you have to add in new immersive technologies like AI and VR that allow you to deliver more exciting experiences. Tying these elements all together starts with an agile, flexible infrastructure that allows you to deliver the capabilities that customers and staff demand.

Organizations that seized the opportunity to modernize

Walmart’s Store No. 8 incubator team is actively working on integrating VR and AR into the merchandising process to drive decision making — and transactions. For example, purchasing a camping tent online can be difficult as it’s hard to visualize sizes and features from specs and 2D images. To address that, Walmart created an AR experience that allows customers to “walk around and inside a tent” from the comfort of their own home. [Read more](#)

Facing business disruption, **Coinstar** reduced overall IT spend by 40 percent, shaved its SAP hosting spend by 70 percent, streamlined its IT delivery approach and successfully managed a large-scale migration that resulted in improved SLAs and more efficient business operations. [Read more](#)

McDonald’s embarked on a massive customer experience transformation dubbed “Experience of the Future”. In addition to changing the physical look of its restaurants, the project integrated a technology-first perspective that includes self-service kiosks, table service, online ordering and an updated mobile app. Each element heavily relies on leveraging technology to elevate the customer experience. [Read more](#)

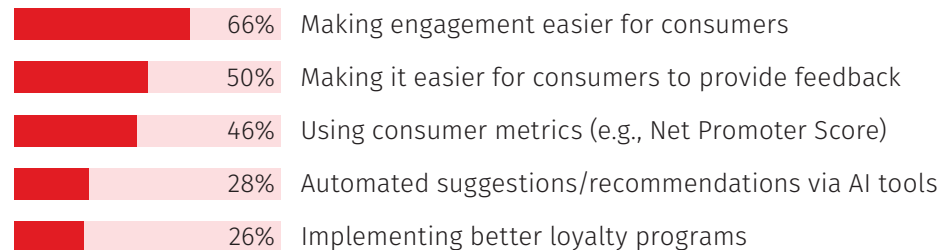
Ulta Beauty underwent a complete infrastructure makeover to mirror the ease, delight and variety customers expect both in the store on their website. In addition to helping Ulta Beauty maintain a strong web presence through the holiday season, the transformation allows the organization to be more agile and responsive to market changes. [Read more](#)

How are companies prioritizing their modernization efforts?

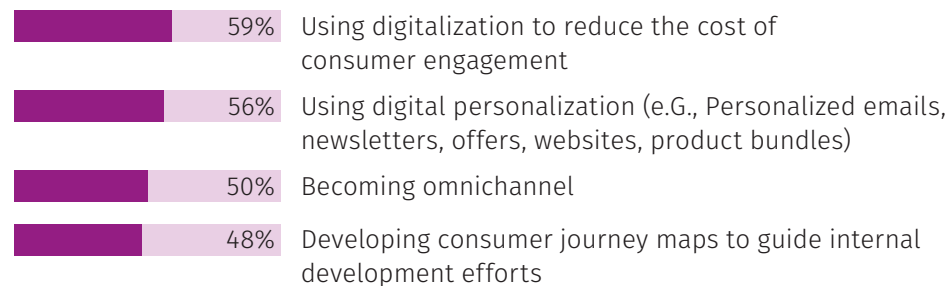
Despite increasingly higher expectations and possibilities surrounding customer experience, over half of marketers responsible for customer experience expect their budgets to remain the same or decrease.¹⁰ The need to do more with less creates an opportunity for forward-thinking companies to make the necessary business process and infrastructure changes that drive positive emotional connections with customers and differentiation from their competitors.

To execute these new visions, market leaders will not only need to think bigger, but also think in terms of getting the most out of their technology investments. [Gartner’s 2019 CIO Agenda survey](#) identifies the top front- and back-office improvements businesses are actively investing in to support customer experiences:

Front-office improvements



Back-office improvements





How legacy technology hinders customer experiences

Enhanced customer experiences are driven by technology. The legacy infrastructure that runs many enterprise-level applications is often unable to deliver the speed, features and flexibility needed to keep up with more flexible cloud-based options. Application modernization provides the bridge between legacy components and more agile cloud-based platforms.

More than just migrating existing systems to a cloud platform, application modernization serves as a blueprint that simplifies and guides how to navigate, operate and optimize apps to take advantage of the latest technologies. Inefficient infrastructure and siloed technology hinder your ability to build engaging customer interactions in the following ways:

- **Lack of agility.** The enterprise cannot react quickly to changing business and market demands. Brands are more reactive than proactive, and scramble to keep up with changes and competitors.
- **Lack of flexibility.** Companies cannot make necessary changes to applications. As a result, the organization lacks needed functionality.
- **Lack of scalability.** Changes, including new features or extending existing features in applications, are extraordinarily difficult to implement when new users or capacity are necessary.
- **Diminished performance.** Applications do not perform to desired standards and metrics. For example, resources like CPUs, bandwidth and storage are continually taxed.
- **Lack of data insight.** Because too many data silos exist, it's difficult to connect data and extract value from it through business intelligence (BI). This bogs down digital innovation.

- **Heightened security risks.** Old and antiquated application frameworks are more prone to security vulnerabilities. They create gaps and risks that don't exist within newer application frameworks where the security is built in from the ground up and integrated throughout.
- **Inability to add new applications and services.** Applications that were once cutting edge are now outdated in an era of instant data availability anywhere and anytime. Companies often struggle to adopt new technologies and a more modern architecture, which negatively impacts compute speed, network performance and the ability to embrace new operating models.
- **Higher costs.** Legacy applications and frameworks often consume more staff time and resources than newer and more modern platforms. Legacy platforms often create more redundancies and inefficiencies.

Each organization has a unique blend of industry conditions, customer demands, budget pressures and technology complexity. What many companies struggle with isn't recognizing the need to modernize, but determining the best way to implement new technologies.

Outcomes associated with application modernization

Many businesses are apprehensive about making the sweeping changes needed to underpin the technologies that drive customer experience. To deliver these enhanced experiences, businesses need to re-evaluate their business processes, cultural climate and IT delivery methods. Organizations that implement a holistic application modernization project can expect the following benefits:

- **Lower cost and improved ROI.** Digital readiness is built into the IT framework. Organizations establish a framework that fully supports digital processes and requirements. They are no longer constrained by the limitations of older and less powerful applications, and they can quickly implement and integrate new technologies.
- **Agility becomes the new normal.** A cloud framework supports rapid and flexible change by sliding the dial closer to digital optimization and performance. New and improved processes become more seamless. An enterprise can make changes quickly while gaining functionality.
- **Actionable data becomes a reality.** Organizations that embrace application modernization are better able to connect data and make it more actionable – in real time.
- **The full value of IT investments can be realized.** Technology can drive business outcomes with streamlined systems and processes, aggregated data, real-time analytics capabilities, mobile apps for an increasingly dispersed workforce, collaboration tools and more.
- **Digital speed emerges.** Application modernization delivers faster deployments, increased stability, lower costs, improved scalability and better manageability.
- **Determine your needs.** As you embark on your modernization project, keep your eyes on your customer experience goals to avoid chasing shiny new technology for technology's sake. Get feedback from customers and employees on the functionality that really matters and design your project around those goals.
- **Evaluate existing applications.** Understand your current legacy applications, technology components and dependencies as well as security and compliance requirements. A thorough assessment is the foundation for creating a realistic, holistic strategy to move forward. From this assessment, you'll gain a better idea of where you can gain efficiencies, improve delivery and implement new processes.
- **Find the right expertise.** For most organizations, finding the right expertise is the most difficult part of the journey. Because there are multiple moving parts involved in an application modernization project, it's vital to find the right expertise to avoid the pitfalls of complexity. To gain access to the expertise, scale and agility needed, many businesses rely on an experienced partner to help them assess, plan, execute, manage and optimize their modernization project.
- **Address the cultural shift.** One of the most overlooked, but critical, parts of application modernization is evolving an organization's culture around innovation. Managing the cultural changes that come from business process change, new IT delivery methods and implementing new systems can cause opposition and discomfort. Make sure your plan includes activities that help to realign and retrain staff.

Where to start on your path to better customer experiences

Defining your application modernization project

No two application modernization projects will be the same. There are no cookie-cutter solutions. Your specific path will be determined by many factors across people, processes and technology. Thorough assessment and planning are key to your success. Here are four important elements to consider on the front end to meet the goals of your customers and your stakeholders:

Workload recommendations

Once you've built a solid strategy, your initial focus should be on these vital areas that are essential to supporting customer experience and overall business operations:

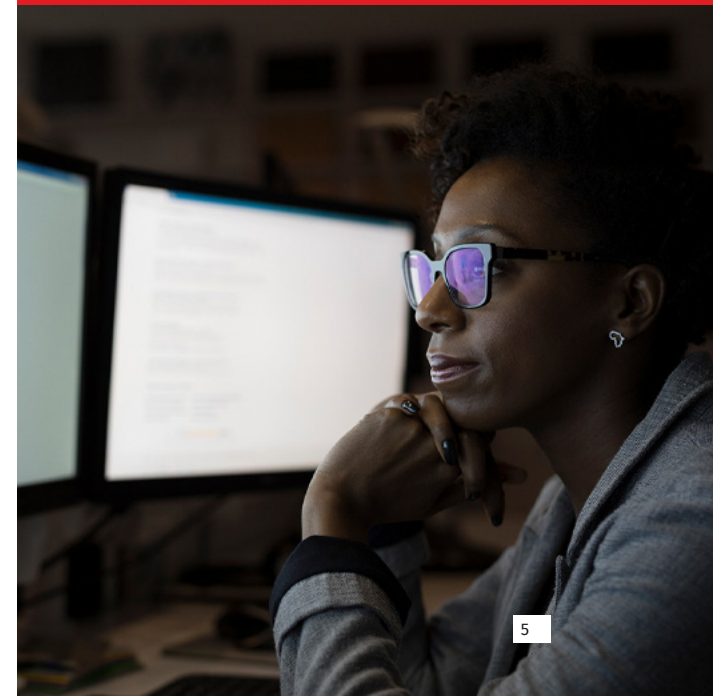
The value of a managed service provider

Cost Savings: Companies that move their IT environments from their own data centers to managed service provider (MSP) often reduce their overall cloud costs.

Performance: A business can quickly optimize its environment to address specific performance and security requirements with the agility to adjust as needed.

Focus: By relying on managed service providers, companies can focus on innovation, instead of devoting precious IT resources to everyday management duties.

Expertise: Managed service providers bridge the gap between your existing skill sets and resources and your desired outcomes. An MSP also acts as a partner in designing your optimal environment, ensuring best practices are applied and helping you continuously optimize your investments.



ERP systems and connecting applications. Your support needs grow with your business, and a modernized ERP environment can scale to meet them. This includes supply chain, operations and systems that connect to finance, legal and human resources. By modernizing your ERP and connecting all your systems, you'll have increased staff resources for upcoming projects. By moving to a more connected framework and a greater use of cloud to streamline connections, an organization can dig deeper into data, spot opportunities for cost and efficiency gains, and forge tighter and stronger bonds with partners and customers.

CRM, including Salesforce. A common problem for organizations is managing the growing mountain of customer information. Too often, organizations wind up with siloed data repositories and data sources. This fractured and sometimes chaotic approach reduces visibility and diminishes customer intelligence. By tying all of these data sources together within an omnichannel framework, marketing, sales and support teams gain broader and deeper insights about their customers.

Managed data services. It's not unusual for companies to devote too many resources to keeping the lights on. This bogs down IT and deprives teams of the time required to test, innovate and extract intelligence from their organization's data. It also impacts time-to-market, as well as the ability to pipe transactional data into modern BI platforms that deliver insights in real time. Outsourcing some of these tasks to a trusted managed service provider will ensure that an enterprise and its leaders remain nimble and have the ability to make data-driven decisions that grow the business.

Desktop applications. Productivity and collaboration tools are crucial pieces of the application modernization puzzle. For example, Microsoft's cloud-based productivity suite offers powerful capabilities to connect people across the

organization. However, moving from legacy systems while ensuring security of your applications often proves challenging, especially when those systems have been customized. By optimizing an Office 365 deployment with strategic planning, remediation, migration and configuration, it's possible to reduce issues that raise costs and lower productivity. An enterprise can maximize its investment by unleashing higher levels of individual productivity and team collaboration.

Conclusion

Customer experience is more important to your success than ever before. To get ahead and stay ahead, you need a pragmatic approach to application modernization and migration by leveraging a progressive transformation process and your existing investments. The most successful approach eliminates downtime, allowing you to realize ROI very early in the process and the need to undertake large-scale developments and re-platforming efforts that are expensive and risky. To mitigate these risks, partner with an experienced provider able to provide the technology, expertise and scale to support your short-term and long-term goals.

Endnotes

1. <https://www.invespro.com/blog/customer-acquisition-retention>
2. <https://www.salesforce.com/form/conf/state-of-the-connected-customer-2nd-edition>
3. <https://go.rackspace.com/Cost-of-Expertise.html>
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About Rackspace

At Rackspace, we accelerate the value of the cloud during every phase of digital transformation. By managing apps, data, security and multiple clouds, we are the best choice to help customers get to the cloud, innovate with new technologies and maximize their IT investments. As a recognized Gartner Magic Quadrant leader, we are uniquely positioned to close the gap between the complex reality of today and the promise of tomorrow. Passionate about customer success, we provide unbiased expertise, based on proven results, across all the leading technologies. And across every interaction worldwide, we deliver Fanatical Experience™. Rackspace has been honored by Fortune, Forbes, Glassdoor and others as one of the best places to work.

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