







## Making the Case for Digital Change

A Guide for B2B Manufacturers and Distributors

— SERGE ALBOHAYRE OCTOBER 2023

### Contents

Foreword	01-04
Executive Summary	05 — 06
Methodology	07 — 08
Key Findings	09 — 13
A Guide to Obtaining Buy-in and Measuring Value for Digital Change	14 — 24
Full Case Studies	25 — 32
About Apply Digital	33
Credits	34

### Foreword



Forward-thinking leaders at B2B Manufacturers and Distributors understand the need for digital change. But they are often faced with the challenge of convincing executive teams that this change is not only worth the effort — it is an essential step in positioning manufacturers and distributors for success, both now and in the future. We refer to these people as "change agents."

Foreword

74% of Millennial B2B buyers say they would move to a competitor if a supplier's digital channel couldn't keep up with their needs.



#### Foreword

There is a greater need than ever for manufacturing and distribution businesses to respond better to customer needs and improve operational efficiency. Supply chain disruptions, the rise of direct selling, and uncertain economic conditions have forced a re-evaluation of the channels through which they sell to customers.

As a result, many are turning to digital change initiatives: in 2023, <u>17% (or \$1.8 trillion USD)</u> of B2B sales in the U.S. were generated via eCommerce, up from 13% in 2019. In Europe, total B2B eCommerce sales in 2022 were <u>estimated to be \$1.33 trillion</u>.

Despite the increasing adoption of B2B eCommerce, it's not uncommon for a digital change initiative led by a change agent to be met with resistance. Leadership has competing priorities, sales reps might fear job uncertainty, and tech teams may have built their own tech stack or developed their current skills on a legacy stack. And yet, from partnering with leading brands, we consistently see digital change initiatives lead to increased revenue, enhanced operational efficiency and improved customer satisfaction — especially among those that adopt composable technology.

Digital initiatives, with clear objectives and when implemented well, can free up sales reps to offer more specialized support, as well as <u>increase the number of team members reaching their quotas</u>. They've been shown to <u>improve efficiency</u> and encourage cross-team collaboration. And customers expect a modern experience: <u>74% of Millennial B2B buyers</u> say they would move to a competitor if a supplier's digital channel couldn't keep up with their needs.

## So how do you align leadership and get buy-in for digital change?



"To answer this question, we've combined our own experience of working with B2B clients going through digital change, with 3rd party interviews of other manufacturers and distributors. We hope this report will offer you the insights needed to make the case and secure your digital change initiative."

Serge Albohayre

HEAD OF BUSINESS DEVELOPMENT AND PARTNERSHIPS, EMEA — APPLY DIGITAL

# **Executive**Summary

This report covers how to define the value of a digital change initiative and how to make an effective case to leadership for buy-in. In this report, you'll learn how leading B2B manufacturers and distributors have achieved top-level commitment, along with a guide to help change agents secure leadership buy-in for their company's digital change initiatives.

The value of a well-planned digital change initiative has been proven time and time again. But how do you make the case to get the budget to start your own company's initiative, especially when executives in the B2B manufacturing and distribution industry tend to be resistant to change?

The way business leaders are getting buy-in for digital change isn't only via classical ROI with a business case of hard numbers. To secure executive support, change agents are also aligning teams with small demos and defining targets, while maintaining a focus on a connection to the business' strategic priorities.

Making the Case for Digital Change



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In Europe, total B2B eCommerce sales in 2022 were estimated to be \$1.33 trillion.



## Methodology

For this report, we spoke with several B2B organizations that have experience with digital change initiatives. We'll present two case studies that illustrate the ways B2B businesses can go about obtaining buy-in and measuring value in the context of digital transformation.

We asked these companies about their digital strategies; how those strategies supported business objectives; and how senior leadership felt about digital change. We then zoomed into the details of specific digital change initiatives: how they achieved buy-in for the projects they pursued, and how they measured ROI — both classically and in more qualified terms — to demonstrate the value of the transformation.

## Methodology



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Lyreco adopted a composable product search solution. Their eCommerce site now delivers more relevant search results for customers, improving user experience and conversion rates.

### A MAJOR PROVIDER OF ENTRANCE SYSTEMS

This provider of North American entrance systems moved content operations to <u>Akeneo</u> PIM, resulting in lower costs, improved user experience, faster time-to-market, and improved efficiency for Sales and Customer Success teams.



## Key findings to getting leadership buy-in

These case studies are two real-world scenarios, each representing a unique context in terms of business needs (please see the appendix at the end of this report for the full case studies). Each organisation had its own culture, specific goals for digital change, and individual approach to adopting composable tech. Despite these differences in starting points, both companies were able to obtain leadership buy-in on their digital change initiatives and ultimately achieve significant business value.

Connect your digital initiative to your organization's strategic priorities. The strategic priorities have been carefully established at an executive level, as the way to drive the business' growth. Acknowledging and aligning with these strategic imperatives is a way to show that your digital change plans are going to move the needle forward. For example, will it drive sales and revenue, or will it improve cost efficiencies?



#### Case Study Example

"The demonstration and a clear connection with the company vision of a '100% seamless experience by 2025' was enough of a case for leadership to sign-off."



#### Learn more

See step 1 of the guide (p.17) of the Major Provider of Entrance Systems case study (p.29)

Tell a compelling story to show leadership how the change will advance the company's strategic objectives. Often, a company's executives are not technical people. They want to see and feel how a change will look, to showcase its benefits. This may include using hard data or a demo with targets to show the possibilities of your digital change initiative.



#### Case Study Example

The Major Provider of Entrance Systems team selected demo products with 'just a few limited items', successfully demonstrating how it would increase sales. Rather than having the investment return with a metric, the team made the connection with how getting their products online would clearly support creating a more seamless customer experience.]



#### Learn more

See step 3 of the guide (p.19) and the Major Provider of Entrance Systems case study (p.29).

Define relevant KPIs to measure the real business impact of your digital change initiative. "What you can measure is what you can control" as the old saying goes. Executives are often utilising KPIs and objectives themselves to ladder up their overall strategic objectives of revenue growth or cost reduction. So illustrating how key KPIs are affected by the change will illustrate the business outcome.



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#### Case Study Example

Change agents at Lyreco created a business case projecting how the benefits of digital change would positively impact operational costs, and linked these impacts to the five strategic pillars of the company's 2026 strategy.



#### Learn more

See step 5 of the guide (p.21) and the Lyreco case study (p.26).

Consider the potential qualitative benefits of the digital change initiative. These may include improved collaboration between business and IT teams, faster time to market, and improved employee and customer satisfaction. These benefits help demonstrate the overall value of digital change in areas where it is difficult to ascribe hard numbers, helping to demonstrate why digital transformation is worth the investment.



#### Case Study Example

"Algolia's implemented product search tool has helped improve collaboration with company subsidiaries and evolved the role of the sales rep to that of an advisor, increasing the value of customer interactions."



#### Learn more

See step 5 of the guide (p.21) and the Lyreco case study (p.26). For full case studies, see the Case Studies section at the end of this report.

## Guide

The 7 steps to getting buy-in and showing value from digital change

When it comes to getting buy-in from senior leaders and showing value from digital change, a modern approach involves demonstrating tangible value through actions such as product demos, and targeting KPIs tied to specific areas of your business.

Value for a business can be measured in more than one way. Classic ROI is focused on hard numbers — for example, increased revenue, sales, or profitability — while a modern hybrid approach can involve product demos for leadership to support the decision making process, or focusing on target areas with clear KPIs. Both approaches are effective, as long as the digital change initiative is tied to the organization's strategic priorities: having hard data is ideal, but you don't necessarily need it to get buy-in and begin.

It's the role of the change agent to show senior leadership exactly how the digital change will positively impact operations, and the top line. Doing so means presenting a compelling business case for change — in other words, telling a strong story.

If you're able to secure buy-in with qualitative data and a product demo, great. But once you've started your digital change initiative, you will need data to demonstrate value. By leveraging classical ROI — hard numbers — in combination with department-specific KPIs and qualitative data such as improved user experience, you can paint a compelling 'data picture' of the global value your initiative is creating. This process of combining hard numbers with qualitative data will help you establish the data points you'll use to measure the success of your digital change efforts moving forward.

Once you've got buy-in, here's how to approach getting the data you need to back up your vision. If you already have data, great — let's talk about how you can use it to demonstrate ROI.

#### Collecting data = measuring ROI

Without data benchmarks to measure the before-and-after impact of change, it becomes challenging to show ROI, and senior leadership will be reluctant to move forward. This is why it's crucial to collect data at all stages of transformation, even before reaching out to get buy-in. Collecting data means measuring ROI.

#### Consider the following example scenario:

A change agent at a major manufacturer wants to roll out a modern composable product search system. They believe doing so will improve user experience, reduce the time Customer Success teams spend on calls about products (ie efficiency), and improve website conversion rates.

#### The change agent should collect the following data:

- How much time do CS staff currently spend answering questions that could be solved by an improved product search system?
- How many users abandon carts during product searches?
- What is the bounce rate of product search result pages?
- What is the baseline website conversion rate?

By identifying these data points, and collecting them before and after a change happens, the change agent can then present a business case to the leadership team showing the pain points — and offer a solution. A/B testing is often a key thing to think about here to isolate and assess the impacts of a change.

Now that we have a shared definition for what value looks like for a digital initiative, let's dig into getting buy-in.

## Understand your organisation's strategic priorities and pains

#### **Step one**

The openness of your company to digital change will depend on how a proposed change aligns with the strategic priorities of the organization.



#### Ask yourself

What are the key priorities for your company in the near to mid-term? How does your proposed initiative support those priorities? Answering these questions is the first step to securing team alignment.

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#### Step two

Every organisation has a unique perspective on change. Many companies are cautious, making it challenging for change agents to present their case and convince senior leadership of the value of digital change.

Other companies have a culture that promotes openness to change: these organisations are ready and willing to consider both internal and external proposals to improve operations.



#### Ask yourself

Are the executives at your company open to hearing new ideas? Or are decision-makers skeptical of change? Knowing your executive audience will help you tell the story of the proposed change in a compelling way.

## Tell the right story

#### **Step three**

For digital transformation efforts to gain traction with leadership, the value of change must be articulated in a way that shows value creation for all areas of the company.

In practical terms, this means the digital change narrative — the story — should be told in the language of business, not technology. Decision makers need to understand that transformation will include positive outcomes for all areas of the business.

Ultimately, the core narrative of the transformation story is that **digital change is a business imperative, not a tech project**.

To help make your case, show your baseline data that supports the premise of the story. Once executives understand that kickstarting digital change leads to tangible ROI including in the form of increased efficiency, lower costs and, improved UX, and so on, they will become more open to considering digital change.

You can also get creative in how you demonstrate value. Consider exploring what a small demo of select products could look like; make the connection between how selling more products online will align with your company strategy, whether it's creating space for sales reps to evolve into advisor roles, enhancing the customer experience, or improving cross-team collaboration.

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#### Ask yourself

How will this digital change initiative deliver positive results for all areas of the business?

## Target the right areas

#### **Step four**

When pursuing digital change, many organisations take a piecemeal approach. They integrate one new feature or system at a time, to keep business running smoothly as change happens.

As a change agent, it's important to identify the high-level areas of your company's operations where modern tech can be adopted, and buy-in obtained, with specific objectives in mind.

#### For example:

- 1. **The Buyer:** This area includes all aspects of customer experience, and the touchpoints the company has with end users. Think content, website and mobile UX, and marketing efforts.
- 2. **Digital Experience:** Digital change initiatives that focus on improving the core experience, including features, connectivity, accessibility, and other aspects.
- 3. **Organisation:** This would include efforts to improve internal working processes, collaboration across teams, external collaboration with partners, and other areas amenable to optimization.

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#### Ask yourself

Which areas of your company's operations are you aiming to improve with digital change and how does it align with your company's strategic goals? How can I collect the views from across the organisation and play them back to senior stakeholders?

## Tie objectives and KPIs to those areas

#### **Step five**

Once you've identified the areas where digital change can support your company's strategic priorities, it's time to define objectives and measurable KPIs to support those efforts.

For example, if you've decided to focus on improving the consumer experience with a new UX/UI, start with the baseline data you gathered at the beginning of the change journey. Examples could include: bounce rate, conversion rate, number of abandoned carts, and other relevant data. Be sure to also use the qualitative data you have — for example, feedback from users about their experience — to define KPIs that aren't based on hard numbers.

You can then set your objectives and KPIs based on improving those metrics. For example, you might say you want the new UX/UI to lower the number of abandoned carts and improve conversion rates, each by a certain percentage. On the qualitative side, perhaps you want user satisfaction with the site to improve after the change, which you can measure via post-transformation user interviews.

These clear goals and metrics will provide the operational grounding — and the measurement tools — for your digital change efforts.



#### Ask yourself

How have you defined objectives and KPIs that align with your organisation's strategic priorities?

21

## Demonstrate the impact on people/processes/organization

#### Step six

Digital change is fundamentally about changing how you operate and deliver value to customers. This means that digital change is not just about technology or a new 'user experience,' but fostering a cultural change that requires organizations to continually challenge the status quo and be willing to experiment. Senior leaders know this, and they will expect either a comprehensive operational plan for change in these areas, or a 'discovery' project that will help to identify these before embarking on change.

Digital transformation affects all aspects of business. For it to work, the digital foundation, operations, and workforce collectively need the backing of leadership, and alignment on which new technologies to adopt and how best to integrate them into daily life.



#### Ask yourself

How should roles and responsibilities evolve? In what ways can technology enable people to complete their roles better? Am I prepared for the changes that may take place or do I need to do this as part of a discovery project?

## Consider partnering with a digital change expert

#### Step seven

Transformational projects are complex; don't shy away from bringing in external resources to build capacity and get the job done right. While an internal digital team is experienced in managing your current stack, it can be challenging for that same team to plan, measure, deliver, and evaluate a digital change project.

Partners with experience in digital change understand the process to securing leadership buy-in, and then know the incremental steps to take to drive digital change initiatives. Think of partners as navigators: your hands are on the steering wheel, but they are beside you with the map, guiding you to your destination. Digital change consultancy partners bring the knowledge and experience you need to do transformation right, the first time.

Apply Digital has extensive experience in guiding organizations on change journeys. We work closely with change agents to deliver a plan of action aligned with a business' strategic priorities. Once buy-in is secured, we help articulate the plan and put it in motion, positioning the initiative for success.



#### Ask yourself

Do you have the team capacity and in-house expertise to manage your digital change initiative? Do you feel comfortable in framing your need for change, rallying the right people, and showing a comprehensive plan?

## What's next



In this report, we've talked about the value digital change can deliver and how change agents can secure leadership buy-in to advance their own digital change initiatives.

Develop the practical tools you need to evolve your organisation with the **Digital Change Masterclass**.

If you're looking for a trusted partner to help you pursue change, Apply Digital has successfully partnered with many of the world's leading brands to modernize their technology platforms.

We're always available to connect about your digital future

— contact our expert team today to discover what's possible.



Appendix

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## Case Studies



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#### Challenge

Lyreco is one of the largest distributors of workplace products and services in the world, with a presence in 25 countries. The company was an early adopter of eCommerce and has been selling online for over 20 years, an approach that nurtured an internal openness to change. Not resting on this success, Lyreco has defined a 2026 plan with five strategic pillars. Whenever a new initiative is brought forward for consideration, it is analyzed against whether it will help achieve these pillars.

To stay current with best practices in digital commerce and continue to put their customer first, Lyreco wanted to integrate more composable tech in their digital strategy, to deliver stronger user experiences and drive operational efficiency across the company.



#### Driving change

Change agents in the company created a business case to project the benefits of modernizing customer-facing systems. While it "wasn't detailed...it was quite high-level," the business case highlighted benefits next to costs and tied into their five strategic pillars, which drives their 2026 strategy. Once buy-in was obtained, Lyreco adopted a composable product search solution powered by Algolia. Their eCommerce site now delivers more relevant search results for customers, improving user experience and supporting conversions and sales.

improving our user experience, we do not think it's a one-off thing, we believe it needs to be continuously worked on... digital transformation is never really done."

- Group Digital Commerce Director, Lyreco

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#### Results

Customers now rank the new search solution as 4.1 out of 5 stars, an over 80% satisfaction rate. Algolia's implemented product search tool has been adopted by Lyreco subsidiaries in 25 countries, streamlining operations and improving collaboration across the business. The tool has helped improve collaboration with company subsidiaries and evolved the role of the sales rep to that of an advisor, increasing the value of customer interactions.

## A MAJOR PROVIDER OF ENTRANCE SYSTEMS

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#### Challenge

A major North American provider of commercial, industrial, and institutional entrance systems wanted to pursue their strategic vision of an "utterly seamless customer experience" across all channels. They needed to break down silos and create a "single source of truth." This central knowledge base would improve how their organisation created, deployed, and accessed rich product data, and enable the sales and customer success teams to do their jobs more effectively.

The digital change effort was spearheaded by a change agent within the organisation, who had to create a compelling argument to convince senior leadership to invest in composable tech.

## A MAJOR PROVIDER OF ENTRANCE SYSTEMS

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#### Demonstrating value

The company's change agent and team leads made a detailed breakdown of the pain points sales and customer success teams were experiencing due to a lack of centralized product information. They then showed leadership how the implementation of a Product Information Management (PIM) tool would result in an automated process, "with the products selling themselves". The team selected demo products and with "just a few limited items", successfully demonstrated how it would increase sales. Rather than having the investment return with a metric, the team made the connection with how getting their products online would clearly support creating a more seamless customer experience. The demonstration and a clear connection with the company vision of a "100% seamless experience by 2025" was enough of a case for leadership to sign-off.

## A MAJOR PROVIDER OF ENTRANCE SYSTEMS

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#### Driving change

By using Akeneo to support the deployment of enriched product content, the company was able to establish an internal single source of truth for product information. This reduced the time required for teams to access product information, while making external-facing product content easier for customers to find and consume. Teams stay aligned in advancing towards their targets with monthly check-ins and monitoring dashboards that feature metrics including page exits, CTAs, and other relevant data.

#### A MAJOR PROVIDER OF ENTRANCE SYSTEMS

#### Results

The PIM implementation improved efficiency and satisfaction for both Sales and Customer Success teams — and has improved the customer experience. In addition to "massively cutting costs," the company now enjoys faster time to market, lower costs and more revenue opportunities.

Customers are now able to find all the info they need and move through the purchase process without needing to connect with a sales rep. This evolution has created space for reps to create more human connection with clients and deliver more value). The organisation is also now measuring sustainability, and standardizing its processes and digital identity across business units.

To find out how Apply Digital can help your business realize digital change goals, <u>contact us today</u>.

of "Now we have seamless processes such as our eCommerce platforms where no order is touched by a human, so it's raised by the customer and it's raised with confidence."

- Solutions Architect, major provider of entrance systems

## About Apply Digital

We're partners for change agents leading digital transformation. We empower organizations to shift to evolving business opportunities, gain powerful insights, and deliver experiences that drive growth. Our 650+ digital specialists have helped global companies like Kraft Heinz, Moderna, Lululemon, Arc'teryx, Fresh (an LVMH Company), Givenchy, Burberry and IKEA create business impact. Wherever our clients are on their journey, we partner to align teams on a unified vision and digital roadmap. Powered by modern technology, we design, build, and deliver seamless experiences.

Visit <u>applydigital.com</u> to learn how we can unlock your company's potential.

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