

IDC PERSPECTIVE

The Value of an Experience-Orchestrated Business

Sudhir Rajagopal

Dhiraj Pramod Badgajar

Shari Lava

Amy Loomis, Ph.D.

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Building an Experience-Orchestrated Business

In an AI everywhere world, enterprises must embrace an experience-orchestrated (X-O) business model to remain competitive. Companies can take advantage of scaling intelligent context and automation with GenAI capabilities to enhance experience orchestration while prioritizing trusted data sharing. Connections, intelligence, actions, and culture form the core pillars for an X-O business, and value generation requires businesses to shift from measuring outputs to focusing on outcomes.

Key Takeaways

- An X-O business model is key to succeeding in the digital economy.
- GenAI and automation are critical levers to enable experience orchestration. As a result, enterprises can expect improved contextualization, efficiency, and scalability across numerous touch points throughout the experience value chain.
- The pillars of an X-O business include connections, intelligence, actions, and culture, all of which contribute to the value-based outcomes for all stakeholders involved in the value exchange.
- To successfully transition to an X-O business, enterprises must adopt X-O applications in relation to their current digital maturity, champion change management, and determine how to quantify business benefits and value from X-O applications.

Recommended Actions

- Get started now on identifying ecosystem stakeholders, translating business objectives into value outcomes, and determining experience journeys for each ecosystem participant.
- Evaluate existing maturity particularly in technology dimensions such as applications, infrastructure, connections, and data, as you decide whether to buy, build, or embed AI-infused applications into the business.
- Establish the right change management practices. Build a culture of trust and learning, with leaders accountable for investing in customer, employee, and partner relationships.
- Link value outcomes of X-O applications to various elements of the business ecosystem, including employees, processes, technology, customers, and partners.

Source: IDC, 2024

SITUATION OVERVIEW

What's Changing; Why Act Now?

Long before our current view of a digital-first world, companies have looked to technology to enable them to provide great experiences to customers, employees, or their supplier. The first phase of digital transformation was the innovation and experimentation phase where problem-solving was done in silos (e.g., digital marketing or customer service use cases). Progress was made in improving experiences, albeit, for a single stakeholder group (e.g., customer, employee, or supplier/partner) at a time. Companies ended up with islands of digital innovation and siloed experiences, instead of journeys that enabled shared outcomes across the entire ecosystem of stakeholders. Success wasn't always scalable, and ROI wasn't always clear. This is no longer sufficient. Organizations must continue to evolve to meet the constantly changing expectations of the experienced recipient, including any perceived gaps in the desired outcome and value. This requires a holistic approach to experience management but also unlocking new capabilities through new technologies.

The technologies that will power future experiences continue to shift. 2023 brought a torrent of new GenAI innovation. Organizations with the right culture, operating model, and technology infrastructure, quickly piloted new content creation, automation, data optimization, and code generation capabilities. The urgency behind their actions has been driven by the recognition that by capturing data at the intersection points of employee, customer, and partner engagement, they could improve business results. IDC predicts that by 2027, 60% of F500 firms will leverage ubiquitous experiences, edge analytics, and GenAI to enable customers to create their own experience journeys, improving customer-desired outcome and value. Leading organizations will realize that to be competitive in the digital economy they will need to collaborate across all their stakeholder groups in the experience ecosystem (i.e., customers, partners, and employees). Those organizations that isolate experience delivery to one stakeholder group will ultimately get left behind.

Companies also have to consider the impact of key macro-level imperatives that will be fundamental to building integrated employee/client/partner experiences:

- **Shift to digital business models:** IDC defines a digital business as an organization where stakeholder value creation is based on digital technologies. Next-generation technologies such as GenAI and Web3 already have made a significant impact on the experiences of customers, employees, and partners alike. IDC believes that AI-infused applications will be central to this next era of technology advancement. Of customer experience (CX) executives in IDC's 2023 *Future of Customer Experience (FoCX) Survey*, 35% agree acceleration of GenAI and Web3 technologies will most impact their future CX strategy. These technologies are also key to differentiating experiences against "digital sameness," another key concern identified by executives in the same survey. As for the connection between customers and employees, 49% of IT leaders report investing in employee and customer experience initiatives and measuring the impact of one on the other.
- **Double down on capturing data to deliver value:** Past waves of digital transformation have led to a dramatic increase in enterprises' capture and use of data about their employees, customers, operations, products, and internal and external ecosystem participants. Customer data, employee data, operational data, and the experience data associated with journey and workstreams will create an intelligent ecosystem context that will become the primary foundation for value creation for the end user and the organization.

- **Focus on outcomes versus outputs:** In the past, most organizations measured outputs because they were focused on efficiency and productivity (e.g., task completion, click-throughs, and web traffic). However, while these metrics measured business value, they failed to deliver outcomes that improved experiences *for* the stakeholder. For example, in tracking employee task completion, organizations incentivized customer support teams to close out tickets in the least amount of time, without tracking the customer's experience during issue resolution, or worse whether their outcomes were met.
- **Note the impact of the broader connected experience:** Like customers and employees, service providers, distributors, investors, contractors, citizens, and other stakeholders must be connected to support experience outcomes. End-to-end journeys increasingly require automation and orchestration both inside and outside the business. Only by strategically integrating and planning these user journeys will they be able to capitalize on data insights, opportunities for engagement, and next best actions.
- **Measure success:** To excel in the digital economy, organizations will need to create outcome-based key performance indicators (KPIs) that focus on measuring effectiveness of experiences for stakeholders and the organization. This will become possible through more pervasive experience data that will be available. In IDC's September 2022 *Future Enterprise Resiliency and Spending (FERS) Survey*, nearly 30% of respondents stated that they struggle with building metrics that tie improvements to financial outcomes. Many enterprises are unable to track KPIs due to not having a process and the expertise to develop these measures.

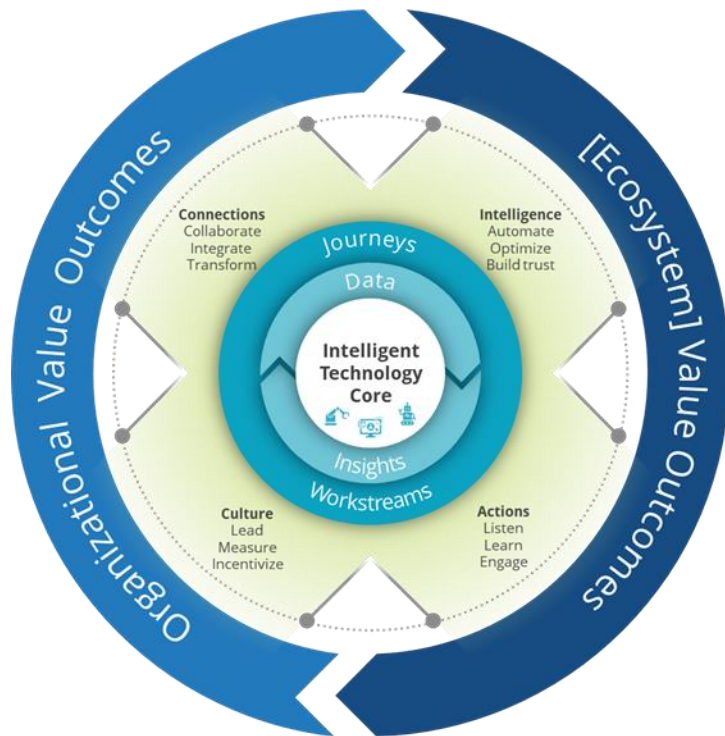
Introducing the Experience-Orchestrated Business

To design experiences that span processes, applications, and channels, using a systems-based approach across the entire ecosystem of stakeholders, IDC has put forth the construct of the experience-orchestrated (X-O) business (see Figure 2).

An X-O business thrives due to its ability to deliver shared experience value powered by intelligence. To compete in an AI everywhere world, digital businesses must orchestrate a meaningful value exchange between the organization and their key stakeholders. Data is vital to intelligent applications embedded in daily operations and decision-making. Insights help align actions with desired outcomes and ensure that investments deliver the desired results for the experience-orchestrated business. Using AI-enabled technology to optimize journeys and automate workstream tasks, organizations can break down organizational silos and foster connectedness across the experience ecosystem.

FIGURE 2

Experience-Orchestrated Business



Source: IDC, 2024

An Intelligent Technology Core Is the Heart of an Experience-Orchestrated Business

AI-based technology is the foundation to enable experience-orchestrated business outcomes. However, to see success as an X-O business, companies must distance themselves from implementing siloed solutions. Enterprises must prioritize investments in foundational infrastructure areas such as cloud, security, and data and system integrations. These investments foster digital-first experiences in a cost-effective manner and enable faster adoption of new technologies across the organization. IDC research shows that 30% of enterprises in the Asia/Pacific (AP) region consider issues with technology's scalability and lack of broader infrastructure upgrades as one of the top reasons that led to digital projects not meeting completion.

GenAI and automation enhance experience orchestration by improving contextualization, efficiency, and scalability across numerous touch points throughout the experience value chain. GenAI systems analyze data to understand preferences and actions and enabling automation to scale empathetic experience outcomes. Capabilities such as predictive AI anticipate stakeholder needs and provide timely, contextually appropriate responses. Automation streamlines internal and external workflows, reducing manual errors and allowing employees and other stakeholders to focus on higher-value activities like creativity and driving experience-orchestrated business growth.

Halo of Data and Insights Fuels Shared Value Experiences

Data is the energy source that powers GenAI, and this data needs to be available, reliable, and formatted in a way that businesses can use it. For years, organizations have been working on modernizing applications and then connecting their disparate data sources through technologies such as APIs and iPaaS. However, this approach makes it difficult to see and solve whole journey experience gaps that impact stakeholders of the business, including challenges happening outside the four walls of the company. Accurate, up-to-date, and connected data must securely flow during experience delivery to enable the automation that can be achieved with AI, crucially required for successful experience orchestration and achieving whole journey experience outcomes.

Workstreams and Journeys

Journeys

Experience-centric journeys offer a straightforward way to capture and map the stakeholder's actions, emotions, outcomes, experience perception, and potentially intent. Organizations can visualize stakeholder's desired outcomes and thus adjust their view to expand from pure profit maximization to more holistic value delivery. The lens through which end-user journeys are developed is important. Customer, employee, vendor, partner, and other key stakeholders, each have distinct personas, with different journeys. Anchoring journeys on common experience-focused outcomes ensures that complementary journeys reach common objectives. Journeys enable the organization to capture the data flows between stakeholders in an interaction and required collaboration and operational dependencies that must be addressed.

Workstreams

Organizational workstreams are key to activating an experience journey. Workstreams are clusters of tasks and activities completed by a team of assembled workgroups. Different workstreams may converge to achieve a common goal bringing together individuals, from cross-functional teams, or within the same team. As AI-based technology is more deeply integrated into organizations, a crucial aspect emerges: the interconnectedness and interdependence of various systems and processes. Consider the multiple teams working on different systems and applications to onboard a new distributor or supplier. There is a complex mesh of technologies, processes, teams/functions, and employees, relying on each other, to make this seamless and achieve successful outcomes for the organization as well as the concerned partner.

Pillars of an Experience-Orchestrated Business

Connections

Fulfilling the promise of whole journey experiences and delivering value depends on key stakeholders and departments operating as a connected organization. The connections pillar can be thought of as the backbone of an experience-orchestrated business, and it refers to connections across people, systems, internal and external applications and tools, data, and operational processes – all across the experience ecosystem.

X-O businesses will:

- Champion collaborative networks, especially as work models shift to a much more hybrid structure. Recognize that collaboration is a "people thing" and is tied to work assets (e.g., documents, content, and asynchronous video) with data fueling decisions and actions. AI-

infused collaborative applications and platforms, which tie work, collaboration, processes, and metrics together, will power collaboration for an X-O business.

- Integrate systems of record to systems of insights to systems of engagement and systems of value (across all stakeholders). For an X-O business this integration begins with the data layer and moves upward to include analytics and insights, workstreams and business processes and, finally, the various front-office, mid-office, and back-office systems and applications.
- Recognize that moving to an X-O business is as much about adopting a transformation mindset and culture than just implementing technology. Change transformation as an enterprisewide discipline is key in attracting and retaining employees with the right skills and talent to succeed as an experience-orchestrated business. This includes adopting new ways of working, rethinking value streams, journeys, new roles and responsibilities, and performances evaluated against value outcomes – across leadership, employees, and partners.

Intelligence

The intelligence pillar is essential to power orchestration that delivers unified experiences for stakeholders. At its core, intelligence is data, interpreted in context with other data and foundational domain knowledge. To use intelligence is then to apply amalgamated data with situational understanding to better achieve an outcome. For example: This is what GenAI does at scale when it responds to a prompt – it takes the prompt as input, along with any context provided and uses data stores such as large language models to provide a response, sometimes augmented with situational data, such as order status or employment history.

X-O businesses will:

- Recognize the fundamental need for automation. Automation is not a single technology, but rather a collection of technologies that can be knitted together and layered into an organization's enterprise automation strategy. Automation uses data, but it also creates the data needed to fuel additional intelligence and AI capabilities. Enterprises must focus on getting foundational automation functioning well at an enterprise level.
- Apply intelligence from automated processes to optimize experiences further and faster. The data collected by automation technologies should be used to identify the next set of automation opportunities, creating a loop of continuous innovation in experience orchestration.
- Build and ensure trust in the underlying data that is powering AI-infused experiences, and a broad understanding of how that data is used. Data trust is among the biggest inhibitors to leveraging AI in organizations, delaying the benefits of experience orchestration. Business leaders need to build data trust by ensuring data is current, contextually aware, and compliant. Without trust, the intelligence pillar will crumble, and innovation will slow down.

Actions

Actions refer to engaging with stakeholders of the experience ecosystem in a purposeful and context-aware manner. This happens through actively listening to and learning from customers, suppliers, employees, and partners. Enterprises must continuously incorporate relevant structured and unstructured data from stakeholder feedback, behavior, actions, sentiment, and intent to build an active portfolio of insights.

X-O businesses will:

- Put stakeholders' value-based outcomes at the forefront of all business decisions. Tap into all sources of insights across the stakeholder life cycle and capture data from customer, partner,

and employee needs, preferences, and pain points. Where GenAI can help is to scale enterprises' ability to consume unstructured data across multiple modalities at a reduced cost.

- Establish a system of ongoing learning by correlating computed insights to existing profile, transactional, and operational data (across ecosystem stakeholders) to extract meaningful insights using advanced analytics and machine learning techniques. To better understand the stakeholder context and requirements, segment them by preferences, habits, and demographics. Monitor and measure KPIs linked to the experience to discover opportunities for improvement.
- Embrace active engagement by prioritizing characteristics such as data-driven decision-making, customization, automation, predictive analytics, continuous learning, ethical AI governance, and stakeholder engagement in their GenAI-led X-O business landscape. Predicting client requirements, proactively engaging staff/partners, and responding with relevant products, guidance, or assistance is critical for ensuring compliance with ethical and stakeholder-centric values.

Culture

Culture is a key part of what enables and pushes the organization to innovate and adopt a value-based way of working. Too often though experience design and delivery begins and ends with the technology used to facilitate the experience. While useful, this view misses the far less predictable elements of human behavior, a critical factor for value-based outcomes. There is also the very real element of co-creation of any given experience. Simply providing an environment or an application or a service to support employees and customers is not enough. Each of these constituents needs to be able to participate fully in not only consuming the proscribed element of the experience they have been offered but also be invited to evolve that experience, to make it better or more engaging.

X-O businesses will:

- Be ready to accommodate far more digitally determined employees, partners, and customers. Leadership must adopt an approach of insights-based learning and continuous improvement whether that's applications, functional offerings, or new services. This data and metadata can help leaders gain better insight into how their business is moving forward with employees and clients alike. It also extends these insights into data associated with the broader ecosystem enabling business as usual to evolve at the pace of market expectations.
- Establish agreements that measure the experience-level agreement (XLA), not simply the service-level agreement (SLA) itself. GenAI can more accurately capture, in aggregate, what stakeholders do versus what they say. It can better register friction points that are more likely to offer data on unmet needs or opportunities to double down on positive experiences.
- Establish and document ROI for AI-enabled applications. More than a third (35%) report that they do a good job correlating AI-powered app technology projects with operational and business outcomes, closely monitoring the results to ensure success. However, 42% struggle to link AI-powered apps with outcomes and to monitor progress (source: IDC's *Future Enterprise Resiliency and Spending Survey, Wave 1*, January 2024).
- Redefine incentives that are mutually valuable to both the organization and the stakeholder, for example, skills and leadership training and development in the case of employees. One of the most frustrating and illuminating realities of client and employee engagement is that companies often have the wrong carrots and sticks. Aligning incentives that support both individual and organizational needs provides much more concrete benefits. Similarly, the offer of knowledge to customers, patients, citizens, is also an effective way to ensure a positive

client experience – empowering them to make decisions that align with their values and needs.

Realize Value-Centric Outcomes from Being an X-O Business

The outermost rings of the X-O business framework represent shared experience value for all stakeholders involved in the value exchange. As such the organization and ecosystem stakeholders share a mutually beneficial experience that in turn generates more value based on insight. The elements of the X-O business build on each other to create value.

What does value look like for an X-O business? For the organization, value outcomes can include standardized business metrics such as, but not limited to, operational efficiency, customer lifetime value, rate of innovation, or business growth. Importantly, organizations are shifting to far more experientially based outcomes using agile methodology and design thinking. Such metrics include backlogs, burn downs, experience-level agreement metrics, and behavioral analyses around digital engagement. In terms of the ecosystem value outcomes, these vary based on the stakeholder participant in the value exchange:

- **Customer:** Representative examples of value could include lower effort, faster and more accurate resolution on inquiries, or lower cost for products/services. They may also include traditional CSAT scores and speed to proficiency for new self-service tools and technologies.
- **Employee:** Representative examples include traditional employee satisfaction metrics, behavioral metrics such as ease of access, decreased friction in information sharing, improved collaboration metrics, speed to proficiency, tenure, speed to promotion, and similar outcomes-based measures.
- **Partners/suppliers:** Representative examples include ease of engagement, speed to value, transparency into contracts/pricing, improved self-service options, and improved business margins. They also ultimately include individual and mutual brand valuation based on effective partnership experiences.

Enterprises that view GenAI as a core part of their strategy will improve value outcomes. For example, in terms of customer experience, IDC's 2023 *Asia/Pacific Software Survey* found that more than 40% of enterprises in the AP region see GenAI contributing to better customer experiences through improved personalization and automation that drives operational efficiency, eventually leading to cost savings and better optimization of resources.

Bringing the Experience-Orchestrated Business to Life

While still just scratching the surface, early adopters of GenAI show what an experience-orchestrated business could eventually look like. One such example is CarMax. The company used GenAI to create details about the cars on its lot that was then mass published across all its engagement channels. This use case demonstrates (at least at a high level) how the pillars of the X-O business enabled CarMax to deliver value to the organization by simplifying the process for employees to develop detailed descriptions of vehicles for sale. The company claims it saw an order of magnitude more inventory, eyeballs, reviews, and sales for CarMax. Customers benefitted from lower effort in finding accurate, timely, and more contextual information about cars, including details about customer reviews (while maintaining customer privacy), thus improving the purchase experience.

ADVICE FOR THE TECHNOLOGY BUYER

The question for enterprises now is not *if* experience orchestration is essential, but rather *how* enterprises can get ready for the coming era of intelligent experience orchestration powered by AI. Delivering value to stakeholders and capturing value from that value exchange will happen through experiences that impact stakeholders systemically across the ecosystem whether patients, students, investors, developers, or other entities. Organizations will need to forego the traditional mindset of isolating experience-centric strategies that are singularly focused on just customer, employee, or partner experiences. To do so, IDC proposes that organizations:

- **Focus on identifying ecosystem stakeholders, translating business objectives into value outcomes, and determining experience journeys for each stakeholder participant.** Build an understanding of data value and track what data is attributable to drive business outcomes at scale. Continuously evolve skills and talent and align job responsibilities to organizational value streams. Get started on the cultural shift to focus on outcomes rather than outputs and establish performance metrics and incentives that are clearly mapped to value outcomes.
- **Decide whether to buy, build, or embed AI-infused applications into the business.** Evaluate existing maturity particularly in technology life-cycle dimensions such as applications, infrastructure, connections, and data. Those just starting out are best served by buying or embedding AI-infused applications as they focus on digital transformation bottlenecks and prioritize modernization. Organizations that are in the process of transforming to a digital business should embed or build AI into their technology strategy. Those already revolutionizing their industry with experience orchestration are likely to be leaders and should strategically use embedded AI where it is not core to business differentiation.
- **Establish what skills/change management efforts are needed to successfully adopt X-O applications.** Build a culture of trust and learning to successfully implement GenAI, with leaders accountable for investing in evolving their digital relationships with ecosystem stakeholders. Channel a change management and growth mindset by finding opportunities to embed GenAI into existing applications and providing resources for self-service learning. The C-suite must champion experience orchestration and invest in training and commit to new management models for AI-centric roles. Prioritize how to address human biases and data privacy issues while optimizing collaboration methods.
- **Determine how to quantify/benchmark potential business benefits and cascading value of X-O applications.** Link value outcomes of X-O applications to elements of the organization's ecosystem, including people, processes, technology, and insights. It's crucial to ensure that the chosen applications support the required value outcomes. Engage with line-of-business (LOB) and application owners to agree on value outcomes and measurement methods. Use performance monitoring insights to optimize X-O applications, including, but not limited to, transforming business processes, implementing new product features, and identifying future experience strategies for stakeholders.

LEARN MORE

Related Research

- *IDC PlanScope: Experience-Orchestrated Business to Deliver Differentiated Value Outcomes* (IDC #US51910024, March 2024)
- *The Experience-Orchestrated Business: Journey to X-O Business – Assessing the Organization's Ability to Become an X-O Business* (IDC #US51914424, February 2024)

- *Attaining Experiential Value Parity with Customers Will Forge the Path Forward to Profitable Growth* (IDC #US51663124, February 2024)
- *Regional Responses to GenAI and the Future of Work* (IDC #US51745524, January 2024)
- *Future of Customer Experience: Harnessing Generative AI for a Differentiated Customer Experience* (IDC #US50878623, December 2023)
- *Beyond the Hype: Understanding Diverse AI Capabilities and the Data Necessary to Power Them* (IDC #US51461223, December 2023)
- *The Critical Role of Data in AI Success: Selected Findings from IDC's Global GenAI Awareness, Readiness, and Commitment Survey* (IDC #US51464423, December 2023)
- *How Generative AI Is Set to Play a Leading Role in IT Operations* (IDC #AP50344023, October 2023)
- *IDC FutureScape: Worldwide Future of Customer Experience 2024 Predictions* (IDC #US50111423, October 2023)
- *IDC FutureScape: Worldwide Future of Work 2024 Predictions* (IDC #US49963723, October 2023)
- *How Are Asia/Pacific Markets Fueling Digital Innovation Strategies for Agile Development to Achieve Business Value?* (IDC #AP50328423, October 2023)
- *Friend or Foe? The Role of GenAI and Automation in the Future of Work* (IDC #US51313023, October 2023)
- *Measuring Up: Rethinking Enterprise Automation KPIs to Focus on Outcomes* (IDC #US50942723, June 2023)
- *IDC PlanScape: Value Stream Management to Focus on Business Value* (IDC #US50859323, June 2023)
- *The Moments That Matter: Use Customer Data to Drive the Right Customer Experience and Increase Revenue and Market Share* (IDC #US50600723, May 2023)

Synopsis

This IDC Perspective introduces the concept of an experience-orchestrated (X-O) business, which aims to deliver shared experience value powered by intelligence. It emphasizes the need for organizations to evolve from siloed digital transformations to holistic experience management, leveraging technologies like GenAI to scale intelligence via automation. It further elaborates on the pillars of an X-O business: connections, intelligence, actions, and culture, and how they contribute to value-based outcomes for all stakeholders in the experience ecosystem.

"In an AI-everywhere world, future experiences will need to consider the whole ecosystem and embrace an experience-orchestrated business model," said Sudhir Rajagopal, research director, Future of Customer Experience, IDC. "Companies that continue to assume that supporting one stakeholder group over the other is a zero-sum game, will get left behind. Enterprises must act now to get ready for the coming era of intelligent experience orchestration powered by generative AI."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

Global Headquarters

140 Kendrick Street
Building B
Needham, MA 02494
USA
508.872.8200
Twitter: @IDC
blogs.idc.com
www.idc.com

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