

# CAPCO | DIGITAL

## DIGITAL STRATEGY: CAPCO'S FOUR-STEP-APPROACH TO SUCCESS

Today it has become imperative not only to have a digital strategy, but to also ensure it is robust, agile and forward thinking to reflect the constantly changing world we live in. COVID-19 has highlighted the necessity of digital and accelerated its adoption in many, if not most, aspects of life. Mastercard reported that in Q1 of 2020, there was a larger shift to digital payments in “10 weeks than was seen in the previous five years”.<sup>1</sup> In response, nearly 70 percent of boards of directors are accelerating their digital business initiatives to keep pace.<sup>2</sup> This has boosted the need for having a digital strategy that produces tangible outcomes, a clear roadmap to execution, and a successful go-to-market approach.

We believe the key to a successful digital strategy today is a comprehensive methodology that always focuses on the end user's experience - customer value is essential. Capco customizes strategies based on the client, domain, customer base and industry trends, but our tried and tested approach consistently leverages a four-phase methodology to structure strategy development; from shaping the ecosystem strategy for a payments company, to defining the digital health and wellbeing strategy for a global insurer. Here's how.

## I. VISION – ALIGNMENT OF BUSINESS GOALS AND MODELS

Change is hard - this is not a secret. But to keep up with evolving digital trends, it is important to be agile and innovative with regards to an organization's digital vision. To truly drive change, the entire team needs to be on board and work as a cohesive unit. This ranges from the business analysts to technology architects to C-suite executives. Aligning the vision and end goals requires interactive workshops and engagement to truly understand current pain points and collectively create a well-defined vision for where the company wants to go.

Not doing this at the outset can lead to lengthy delays due to regular changes in direction and a lack of organizational buy-in, as well as a significant risk that the strategy will not be fit-for-purpose by not truly understanding the vision and objectives of the business.

Once everyone is on the same page with the end goal, it is time to work on how to get there.

<sup>1</sup> <https://www.politico.eu/sponsored-content/powering-people-partnerships-and-europe/>

<sup>2</sup> <https://www.gartner.com/smarterwithgartner/covid-19-accelerates-digital-strategy-initiatives/>

## 2. WHERE TO PLAY – CLEAR UNDERSTANDING OF WHICH OPPORTUNITIES TO PRIORITIZE

Understanding where to place digital investments is no easy feat. It requires relentless analysis of market data, industry trends and customer behavior. There are many ways to investigate opportunities – updating internal inefficiencies, expanding into new geographies or targeting new customer segments are just a few examples of the numerous directions an opportunity analysis could go.

Prioritization is key as there are three different stages that need

to be planned. We call these ‘Horizon frontiers’. It is important in Horizon 1, the first launch phase, to start with ‘quick wins’ in that are more attainable. Then medium-term goals are planned for Horizon 2, which focuses on further enhancements. Finally, Horizon 3 consists of longer term, more aggressive goals that often include larger shifts in ideology and strategy. Prioritizing where to make digital investments will help to define the direction of your digital strategy before moving onto the next phase of determining how to win and differentiate in the market.

### INVESTMENT HORIZONS



## 3. HOW TO WIN – COHESIVE APPROACH FOR HOW TO IMPROVE AND DIFFERENTIATE DIGITAL CAPABILITIES

After the digital opportunities have been prioritized, it is imperative to understand how to differentiate in the market to be able to successfully launch the new product, ideology or approach. While a strategy should have been selected to take advantage of an opportunity in the market, there will always be competition. This stage is just as much as understanding the external market factors and competitors as it is understanding

your own strengths and weaknesses. What do your existing customers love about your organization? What can be improved? Even if the digital strategy only revolves around internal improvements, you must always look through the end user's viewpoint. This phase will help determine the approach for how to successfully increase market share before diving into how to go to digital strategy to market launch.

## 4. HOW TO DELIVER – COMPREHENSIVE METHODOLOGY AND ROADMAP FOR DELIVERING THE VISION

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Understanding and committing to which country to expand to or which new, innovative product to launch are large milestones, but delivery takes meticulous planning, organization and perseverance. Providing clients with a clear path forward and how to gather requirements, build, test, pilot and launch to

achieve their vision. By coming up with a clear roadmap for how to internally launch the new digital venture and an external go to market plan will enable clients to see tangible steps to executing on their digital goals.

Having a strong strategy is vital but it is just the beginning of the long transformation journey. Execution is where you bring the vision to fruition. At Capco, we always have customer experience, execution and the go-to-market approach in mind. Throughout any strategy journey, we ensure all deliverables and plans are actionable to ensure a smooth transition from strategy to execution. All our digital strategies are unique and customized to client, domain, customer base and industry trends because every digital journey is different. As organizations continue to adapt to this new normal and react to changing market trends, research has found that enabling the ability to innovate is now the top business priority, alongside cost reduction.<sup>3</sup> Using a thorough strategy methodology for digital capabilities is therefore crucial to helping businesses structure and deliver on these priorities during a period of such uncertainty.

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<sup>3</sup> <https://go.forrester.com/blogs/europe-predictions-2021-financial-services/>

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