THE DIGITALIZATION DRIVE
Elevating Strategic Account Management
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Digitalization has a profound impact on strategy and business practice in all industries. The increased connectivity provided by digital technologies creates new forms of collaboration opportunities in industrial ecosystems, new ways to monitor and manage the installed asset base, and new channel configurations with new tools to connect and influence decision making and product usage.

These changes shake many of the foundations that Strategic Account Management (SAM) is built upon. Fundamental to understanding how SAM and SAM programs should adapt is the realization that changes in SAM practices are not driven only by the emergence of new digital technologies, but rather by the modifications in strategy and business models that digitalization drives. Consequently, SAM programs need to be elevated into an even more strategic role: driving the digitally enabled strategic transformation of both firms and customers. To take on this role SAM needs to be transformed from Strategic Account Management to Strategic Ecosystem Leadership.

In parallel, SAM programs need to embrace the opportunities that digital technologies make possible in terms of efficiency and effectiveness.
“[The goal is] to propose the best customer experience for our customers. And especially, what is critical and digital is to do it on the channel, so it means to do it when he’s on the web or when he’s on the specific platform, or when he connects on an app, or when he’s on social, etc. So we have to coordinate all the content that we put in front of our customers and make sure that, at any touch point, everything will be consistent.”

SAMA Member
EXECUTIVE SUMMARY

This is the first in a series of reports focusing on how digitalization is changing the logic and practice of strategic account management (SAM) across all industries. This section summarizes our findings and observations, which are explained at length in the body of this document and are based on our review of current literature, content analysis and one-on-one interviews with both digital experts and SAMA member companies.

The exponential growth of sensors, data and universal connectivity
- The dramatic growth of data has profound implications for firms...when data grows exponentially it changes the foundations for management. What organizations need in order to cope with exponential change are new management methods that make organizations faster, more agile, more able to pivot around opportunities that emerge.
- The fact that we can monitor machines and processes in a completely new way has obvious implications for all kinds of human and organizational activity, i.e. tracking behavior, process optimization, optimized resource consumption, complex autonomous systems.
- The mixture of humans, machines and various algorithms monitoring and directing the machines, changes the logic of business relationships. What used to be called “business-to-business” relationships (B2B), and which used to be based on “human-to-human” interactions will become a much more complicated and richer set of interaction patterns.
- Advanced analytics encompasses descriptive analytics which reports on the past, predictive analytics which uses past data to predict the future, and prescriptive analytics which uses analytical models to specify optimal behaviors and actions for the future. Investing in analytics is necessary for all organizations and it will have profound impacts on strategy, business models and innovation. Some of the key implications of advanced analytics are:
  - Analytics accelerates decision-making
  - Analytics drives business development
  - Analytics expands the meaning of innovation
- Investing in analytics is necessary for all organizations and it will have profound impacts on strategy, business models and innovation. Successful companies have realized that the real value of analytics relates to creating more valuable products and services – to embed data smartness into the products and services customers buy.

The real value of analytics relates to creating more valuable products and services.

Automation technologies
- Automation of every facet of the business model is the reality that all firms face. Changes in how businesses will be run in the future include:
  - Smart machines
  - Autonomous agents and things
  - Algorithmic business
The investments that many firms make in marketing and sales automation are evidence that this development is highly relevant to strategic account management. The key question is: How much of SAM can be automated?

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Digitalization is transforming strategy and business models

- Digitalization affects every aspect of a firm’s business model – from front-end to back-office, from how firms create value for their customers to how they capture value, and by doing so can reshape every facet of the contemporary enterprise. This includes all the practices and processes related to SAM.
- As an organization increases the density of its connections (among people, businesses and things), it increases the density of available resources and, thus, the potential value it can realize from those connections. Hence, connections are at the core of digital business models.

Connections are at the core of digital business models.

- Greater density of resources, relevant to a specific actor, time, situation and space combination, corresponds to more value. Hence, the goal of innovation is to identify ways to increase the density of resources. And the goal of strategic account management needs to be to increase the density of resources available to the customer.
- For SAM this implies a need to take a larger role, to become the orchestrator of new forms of resource combinations, involving not only the provider firm and the strategic account, but also other actors in the larger ecosystem.

SAM must become the orchestrator of new forms of resource combinations...across the larger ecosystem.

A shift from exchange-value to use-value

- In the traditional product-dominated world view, markets are analyzed only in terms of the value of the exchange (of goods and services), and not on the value created when actors use them. Use-value thinking assumes that the central value creation in a market happens when a customer uses a good or service. Hence, it is the customer who creates value; the goal for a provider is not so much to make or do something of value for the customer as it is to co-create value with the customer, or to find ways for customers to get access to, or re-configure, resources in a value creating way.
- This change of logics has a profound effect on business models at all levels:
  - Product and service innovations, starting from understanding use-value
  - A move from ownership rights to access rights
  - A move from data supporting business processes to data as the product
- For SAM this implies a need to become even more embedded into the strategic account process of value creation and to harness all data that can be used for this purpose.
SAM must become even more embedded into the strategic account process of value creation and harness all data that can be used for this purpose.

Breakdown of the value chain

• The glue that has held vertically integrated value chains together has been the idea of “transaction cost”. As digitalization influences business structure we see that transaction costs are plummeting, creating challenges to existing structures and opportunities for completely new set-ups.
• Firms need to re-think the boundaries of the firm, open up for innovation not only vertically but also horizontally. A systemic view is needed in order to be able to grasp opportunities to reconfigure resources for value creations.
• Access becomes a key aspect of:
  - ecosystems
  - ease of connecting to customers
  - the questioning of long-term relationships
• This systemic view of business emphasizes that SAM, as a boundary-crossing activity, needs to expand its view from customer relationships to more complex set-ups of collaborating organizations.

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Changing from producer to provider

• If vertically integrated value chains are questioned, we also have to question the assembly of the solution or the “sales item”—the content that a SAM firm is offering to its customers. It is increasingly obvious that the selling firm does not need to create all components in this offering in-house: firms become assemblers of components produced in the larger ecosystem.
• This change of business model has several consequences:
  - New reference points for strategy
  - Open innovation
  - Value sharing—collaborating to grow the pie
  - From closed-and-isolated to plug-and-play
• A key tool for firms to become “plug-and-play” in relation to other organizations in the ecosystem is the prevalence of APIs (Application Programming Interfaces). An API is a set of routines, protocols, and tools for building software applications – essentially a description of the way one piece of software asks another program to perform a service.
• What APIs make possible is a dramatic increase in collaboration between organizations and the widespread availability of APIs has made the modern internet experience possible. More importantly, APIs are allowing many firms to grow business and innovate at extraordinary rates by sharing services with external firms.

Abandon your old view of markets

• Markets can change dramatically in a short period of time. Think of Nokia Mobile Phones, which went from being the global market leader in mobile devices with over 40 percent market share to a
niche operator in just a few years. Or, think of Uber or Airbnb, which in an equally short time period have shaped their markets globally.

- Our understanding of what markets are and how they operate has increased radically during recent years. Key to this understanding is to abandon some old-fashioned views of markets:
  - Markets are not a given
  - Markets are not demand
  - Strategy does not start by identifying opportunities in markets

- A new view of markets has profound implications for strategic account management: firms are spending more energy on market-driving activities looking for creative ways to reconfigure resources, and as they do this, they have to partly abandon traditional plan, execute and control practices.

  Firms are spending more energy on market-driving activities looking for creative ways to reconfigure resources, and as they do this, they have to partly abandon traditional plan, execute and control practices.

- The contemporary view is that markets are complex adaptive systems of exchange that exist for the creation of value to all market participants.
- Markets are constantly evolving because of companies that actively engage in activities aimed at influencing their development.
- Firms now can choose whether they accept to be market-driven or whether they develop market-driving strategies. Market-driving strategies view markets as partly designable and shapeable systems, consisting of various interlinked elements such as various organizations, norms and regulations, material infrastructure and language.
- This perspective emphasizes the role of “market innovation” as a key opportunity for renewal in traditional industries. The argument is that thinking about market boundaries is important for a firm because redefining market boundaries is a fundamental part of the process of innovation.

  SAM has to pivot towards engaging in collaborative strategy development initiatives with customers and partners.

**Less “plan and control,” more probing and pivoting**

- Making elaborate and detailed plans make less sense in a new business environment which gives greater emphasis to experimentation and learning.
- The traditional “plan and control” management paradigm is replaced by a more entrepreneurial type of paradigm, where you put emphasis on action. The idea is to use experimentation as a learning tool. The idea with experimentation is to empirically test whether various new ideas actually resonate with customers and partner firms in the ecosystem.
- It means engaging with other actors in the ecosystem, who may have completely different views on relevant development trajectories.
- It requires a “safe-to-fail” environment which encourages choosing experiments with fewer downsides and greater learning upsides.
• A key ingredient in SAM has been the idea of the account plan as a tool for business development and alignment. In a probing and experimentation environment, the content and process of account planning needs to be re-examined.

In SAM, what is the account planning horizon, how can experimentation serve as a tool for development and alignment, and how can customers and other actors be engaged in the process?

Elevate SAM and the role of the strategic account manager

• Instead of using new digital technologies to run existing SAM programs, firms need to adapt SAM programs to the changes in strategy and business models induced by digital technologies. Our study shows without a doubt that digital dabbling is not the way forward. Success requires that firms make digital the core driver of elevating SAM, instead of purely garnishing SAM with digital experiences or tools.

• The implications of digitalization forces SAM programs to redefine themselves on multiple dimensions. The over-arching change trajectory is that SAM is becoming more strategic, finally truly acknowledging its label.

Instead of using new digital technologies to run existing SAM programs, firms need to adapt SAM programs to the changes in strategy and business models induced by digital technologies.

• The role and responsibility of a SAM is being transformed from “advanced, consultative, insight-based selling focusing on one customer relationship” toward the “orchestration of mutual value creation in a larger ecosystem of organizations”.

• For individual strategic account managers, it is a question of a shift in mindset. They need to think of themselves less as account managers and more as community facilitators. By being present on social media and other platforms they can regularly connect to customers and get educated on new opportunities for value creation.

Strategic Account Managers need to think of themselves less as account managers and more as community facilitators.

• Firms need to provide individuals involved in SAM (not only the account managers) opportunities to develop their digital acumen, in the same way as they have helped them earlier to develop their financial acumen related to value-based sales.

• Digitalization depreciates the value of experience and changes the nature of expertise. The outcome is that business decisions are to be based less on experience (as there often cannot be any experience in these matters) and more on what the data and the related analytics tell us.
Business decisions are to be based less on experience (as there often cannot be any experience in these matters) and more on what the data and the related analytics tell us.

- The practical manifestations of becoming more strategic take three different forms:
  1. SAM takes alignment to the next level by becoming a driver of strategic development cross-functionally and inter-organizationally — strategizing.
  2. SAM is liberated from the shackles of the seller-buyer dyad by transforming from account management to ecosystem or stakeholder management — orchestrating.
  3. SAM develops new processes and skillsets which make the future about less management and more leadership — facilitating.

Firms need to move from Strategic Account Management to “Strategic Ecosystem Leadership.”

This does not mean that the account managers need to become more “leaders” than they are today, but rather that the SAM process needs to be designed in such a way that it enables distributed leadership in a collaborative process.

Digitalizing SAM
- Many of the new technologies are central enablers of this new role, both on the SAM program level and on an account level.
- The digitalization of SAM can be understood by further exploring five elements:
  1. Customer journey — delivering a flawless, seamless and value-laden journey that helps customers to succeed in achieving their goals.
  2. Automation — automation of central process elements can free up resources to focus on more strategic objectives.
  3. Cloud collaboration — cloud collaboration and social tools impact information flows across and between firms, drives changes in how people work, enables new organization forms.
  4. Renewed marketing — re-connecting with the “renewed” marketing provides a platform for driving customer strategy and market development.
  5. Digital device mesh — the continuously connected digital device mesh has the potential to revolutionize customer engagement. A digital device mesh brings together desktop-centered, mobile and cloud computing in a common, connected framework of endpoints and supporting services.

Any modification of SAM needs to embrace this mesh as it fully supports the new elevated role of SAM: it makes account managers less restricted by time and space, and creates new opportunities to drive the digitally enabled strategic transformation of both firms and customers.
The impact of firms’ business logics on digitalization

- The ways that firms using different business logics relate to customers are very different, and this has implications for SAM programs, both in terms of role and practices.
- For instance, a firm operating with an installed-base business logic is likely to be more interested in IoT, as monitoring the installed base of equipment or systems is key for its business.
- A firm offering situational-services may be less interested in IoT, but again very interested in account-based marketing and inbound marketing.
- A firm utilizing an input-to-process logic will have a different sales process and likely no sales funnel, as there are fewer sales cases.
- These business logics are quite diverse and they are likely to have an impact on what digital tools and techniques a firm needs and how rapidly these tools are adapted. B2B firms can be grouped into a set of five generic business logics: installed-base, input-to-process, continuous-relationships, consumer-brands and situational-services. These logics are quite different in terms of how they apply to customer relationships.

- B2B firms can be grouped into a set of five generic business logics: installed-base, input-to-process, continuous-relationships, consumer-brands and situational-services. These logics are quite different in terms of how they apply to customer relationships.
- The argument is that firms need to be careful when they compare and benchmark, as digitalizing SAM in the different business logics will differ markedly.
Suggestions for SAMA Members: Embrace your opportunities for Strategic Ecosystem Leadership

- **Build digital acumen.** Provide individuals involved in SAM (not only the account managers) opportunities to develop their digital acumen, in the same way as they developed their financial acumen related to value-based sales. This also suggests that human resource departments need to be involved, as it is quite clear that existing training programs and incentive structures do not support the migration towards the elevated SAM role.

- **Make digital the core driver of elevating SAM, instead of purely garnishing SAM with digital experiences or tools.**

- **Use the customer journey as the starting and reference point for development.**

- **Base business decisions less on experience (as there often cannot be any experience in these matters) and more on what the data and the related analytics tell you.** Digitalization depreciates the value of experience and changes the nature of expertise.

- **Support new leaders in the digitalization effort, who are ready to make decisions or rather allow others in the organization to make decisions, based on the results of data analytics.** Favor digitally savvy executives at the expense of long-standing leaders who don’t understand or who struggle to lead in the digital age.

- **Become a “test and learn” organization.** Engage in systematic experimentation involving customers and other stakeholders in tests with minimally viable products, and use these tests as a means of accelerated learning.

- **Don’t forget the soft skills.** Digital transformation requires alignment of people and culture. Research has shown the importance of managerial attributes (transformative vision, forward-thinking, change-oriented mindset and other leadership and collaborative skills).
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INTRODUCTION

The changes in strategic account management (SAM) practices driven by digitalization are wide ranging. To better understand the changes needed and the imminent prospects, SAM can be approached on different analytical levels: (1) the SAM programs need modifications in terms of processes and tools, (2) the individual customer relationship (account) will be different in terms of how both providers and customers engage, and (3) the role and skill profile of the individual strategic account manager will require significant upgrading.

In this report, we take a strategic approach by focusing on the SAM program level. We ask ourselves: How should SAM programs be modified to best support business model changes driven by digitalization and embrace the new opportunities provided by new digital tools?

Hence, the purpose of this study is:

- To create a high-level view of how digitalization drives changes in business strategy and business models;
- Building on this view: to identify and highlight modifications needed in the set-up of SAM programs;
- To describe digital technologies and tools that can be used to enable SAM program modifications.

Based on the work done we also make suggestions for SAMA member companies in terms of what they need to consider when attempting to transform SAM programs.

Methodology

This report should be viewed as the first in a series of reports focusing on how digitalization changes the logic and practice of SAM programs. This report charts the landscape and identifies areas ripe for in-depth explorations.

The pre-understanding for the report is based on the authors’ long-term involvement with SAMA, thus being exposed to the ongoing changes relevant to SAM practices.1 This pre-understanding is the lens that we have used when examining the extremely complex, diverse and often contradictory plethora of research, views, and opinions related to digitalization. The key question that has guided us is simply: How does this relate to the future of Strategic Account Management?

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Building on our pre-understanding, a research process was conducted consisting of three distinct and highly interactive sets of activities:

- **Literature review.** Contemporary managerial literature related to: strategic management, business model innovation, digital transformation, advanced analytics, sales management, and marketing automation were reviewed. As the understanding of the new digital reality advances rapidly, we were biased in favor of recent publications for our analysis. The focus of this review was to draw insights on the effect of digitization.

- **Content analysis.** The content of presentations from the 2016 SAMA Pan-European and Annual Conferences was analyzed. This analysis aimed at understanding how the business models of corporate members are changing and how they presently are engaging in the new opportunities provided by digitalization.

- **Interviews.** A series of 13 interviews (5 subject matter experts and 8 corporate members of SAMA) were carried out—a list of interviewees is provided in Appendix 1. The interviews lasted between 21 and 71 minutes (average 39 minutes, a total of 546 minutes). The interviews were transcribed, and by analyzing and categorizing the transcriptions, commonalities shared by the interviewees emerged. This analysis informed the content and structure for the report and informed the continuous literature review.

**Structure of report**

The body of the report is structured as follows:

- A high-level summary of the essence of digitalization as phenomenon;
- A summary of the impact of digitalization on strategy and business models;
- A review of the implications of business model changes for SAM programs;
- An illustration of a set of digital technologies, techniques and tools that can support the modification of SAM programs; and,
- A set of suggestions for SAMA member firms that seek to modify their SAM practices.

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THE ESSENCE OF DIGITALIZATION

The current literature and thought leadership on digital B2B trends is prolific, and much of it is relevant to our examination of the technologies becoming prominent within companies managing strategic and global accounts. We have boiled down the literature to a few insights to highlight, drawn from a sampling of sources having significance for SAM practitioners.

A starting point for this discussion is to distinguish between “digitization” and “digitalization”. The short but important difference is that digitization implies a shift from analog to digital data, whereas digitalization implies a reconfiguration of work processes building on an effective use of digital data. For SAM programs this means: How much of the SAM process can or should be digitalized?

Ubiquitous sensors and universal connectivity

The cost and size of sensor technology have plummeted in such a way that sensors can be incorporated into most items. The major leap, however, is not only cost and size but the inclusion of an IP address, making them accessible over the internet. Whereas there will more than a trillion of all types of sensors, IP-enabled sensors are projected to exceed 50 billion by 2020.

A good example is SKF, which has launched a set of ball bearings with sensors. These sensor bearings measure a range of operations, such as number of revolutions, direction of rotation, acceleration. Monitoring the sensors can help firms to manage machines at a distance and design preventive maintenance actions that will increase service life and reduce costs.

Big Data - the oversupply of data

What this leads to is an exponential growth of digital data. The production of data grew 2,000 fold between 2000 and 2012. Every two days we create as much information as we did from the dawn of civilization up until 2003, according to Google’s Eric Schmidt. However, Schmidt’s view has been questioned; see https://blog.rjmetrics.com/2011/02/07/eric-schmidts-5-exabytes-quote-is-a-load-of-crap/. Fundamentally, the exactness of his statement is not relevant. The point is that the amount of data is increasing exponentially and it will impact all human activities.

1 https://techcrunch.com/2010/08/04/schmidt-data/
Whereas there will be more than a trillion of all types of sensors, IP-enabled sensors are projected to exceed 50 billion by 2020.
argue about the amount of data created, but we need to agree that this development has profound implications for firms. In this context we will use only three examples:

- **Exponential management is needed.** Humans have been shown not to cope easily with exponential growth – it seems that the human brain is programmed to deal with linear equations. A simple example illustrates this well. Consider the choice of getting $1 million today or one cent doubled every day for a month. Getting a million dollars upfront seems like a good idea, but by day 30 the cent that has been doubling will be worth more than $5 million due to the power of exponential growth. What this means is that we often fail to see the impacts driven by exponential change.

- **Management thinking is traditionally linear.** This is exemplified by most plans in most firms being based on assumptions of linear growth (and often based on extrapolating historical data). But when data grows exponentially it changes the foundations for management. The speed with which business models and markets are changing today is taking even (or maybe particularly) big corporations by surprise. What organizations need in order to cope with exponential change are new management methods that make organizations faster, more agile, more able to pivot around opportunities that emerge.

- **Data is an asset.** One of the most challenging and potentially interesting questions associated with the ever-growing supply of data relates to the ownership of data. At the moment it is not clear who owns what data and how it can be used. Recent European Union legislation addresses this and gives the customer much more power in terms of using the data for their own benefit. At an extreme, the value derived from data could change the directionality of payment streams. Researchers in the UK are suggesting that we as consumers should claim our data from Facebook, Google, Apple, broadband providers, healthcare providers, supermarkets, wearables and IoT devices using data plugs. This data could then be used to organize your personal life, but also for trading data to receive personalized offers in the form of discounts, services and even cash. The end result could be that rather than consumers buying light bulbs, data value could cause manufacturers to bid for the right to put IoT-enabled light bulbs in consumer homes. The

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4 Professor Albert Allen Bartlett has coined the phrase "The greatest shortcoming of the human race is our inability to understand the exponential function"; see https://en.wikipedia.org/wiki/Albert_Allen_Bartlett, and for a simple but striking explanation https://www.youtube.com/watch?v=F-OA2KopBSY.

5 This is the simple version of a classical "rice and chessboard" problem: If a chessboard were to have a grain of rice placed upon each square such that one grain were placed on the first square, two on the second, four on the third and so on (doubling the number of grains on each subsequent square), how many grains of rice would be on the chessboard at the finish? (Answer: 18,446,744,073,709,551,615). The moral of the story: "Exponentials can't go on forever, because they will gobble up everything" (Sagan, Carl (1997). Billions and Billions: Thoughts on Life and Death at the Brink of the Millennium. New York: Ballantine Books, p. 9).


7 Their project is called Hub of All Things, or HAT. See http://www.hatdex.org/ and articled in Financial Times, Bevan, K. (2015). How smart homes put a price on data: Connected domestic devices point to a revolution in data exchange, Financial Times, March 18, https://www.ft.com/content/c3fa3af2-f015-11e4-ab73-00144feab7de#axzz3aTUQnll5
concerns are: As more and more data is generated, who will benefit from this data? And, how can a SAM program ensure that these benefits are shared?

Universal connectivity creates new opportunities

Because the sensors have IP addresses, the connectivity of various activities is increased dramatically. This is often labeled the Internet of Things (IoT), which is a bit confusing as humans also may be tracked through sensors (not only in their mobile devices but also in clothes and other wearable items). However, the fact that we can monitor machines and processes in a completely new way has obvious implications for all kinds of human and organizational activities. Some examples of this:

- **Tracking behavior.** All equipment and things that have sensors leave a digital footprint. This footprint enables monitoring the behavior of persons, things, or data through space and time, which can be used, for instance, for presence-based advertising. It also makes inventory and supply-chain monitoring and management much easier. For instance, Bigbelly garbage and recycling bins use sensors to signal when each bin needs to be emptied, enabling cities such as Los Angeles and Atlanta to drive more efficient operations and a cleaner environment.

- **Process optimization.** Firms with production equipment having IP sensors can develop automated control of closed systems, such as continuous adjustments in manufacturing lines.

- **Optimized resource consumption.** In complex ecosystem environments connectivity enables control of consumption, and data analytics enables optimization of resource use. This is already visible in the power generation industry, where smart meters in energy grids can match loads and generation capacity in order to lower costs.

- **Complex autonomous systems.** The most advanced opportunities extend from closed systems into open environments characterized by dynamics and great uncertainty. For instance, automated control systems are the foundations for collision avoidance systems in cars that sense objects and automatically brake.

This mixture of humans, machines and various algorithms that monitor and direct the machines, changes the logic of business relationships. What used to be called “business-to-business” relationships (B2B), which used to be based on “human-to-human” interactions will become a much more complicated and richer set of interaction patterns:

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THE DIGITALIZATION DRIVE

- in dyads:
  - human to human (H2H),
  - human to machine (H2M),
  - machine to machine (M2M);
- in triads:
  - human to (humans & machine) (H2H&M),
  - human & machine to human & machine (H&M2H&M);
- and in ecosystems:
  - many humans to human (MH2H);
  - many humans to machine(s) (mH2M).

For SAM, this implies that the contact matrix in an account plan will need to look quite different!

**Advanced analytics accelerates automation**

As noted above, every device, every shipment of products, every customer leaves a digital footprint. These footprints pile up to huge amounts of data, often referred to as “big data.” But big data is of no value in itself. It only gets valuable when the organization shifts its focus from big data to “big questions” and the subsequent “big answers.” The key to this shift lies in the ability to identify patterns and insights that drive business development.10

To understand patterns of data and generate insights for the benefit of customers and markets is the objective of advanced data analytics.11 What we see today is a dramatic development of analytics. The development has gone from descriptive towards predictive and further on towards prescriptive analytics.

Descriptive analytics uses past data to report on the past, predictive analytics uses past data to predict the future, and prescriptive analytics uses analytical models to specify optimal behaviors and actions for the future. When we say “advanced analytics” we essentially mean all the above three types. However, what changes firms and drives innovation for the future are prescriptive analytics. The prescriptive models, involving large-scale testing and optimization, are a means of embedding analytics and optimization into every business decision made.12

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The new management normal

Investing in analytics is necessary for all organizations. Analytics will have profound impacts on strategy, business models and innovation. A recent study\(^\text{13}\) shows that 68 percent of manufacturers are currently investing in data analytics; 46 percent of manufacturers agree that implementing and using data analytics is no longer optional; and 32 percent see the potential for big data analytics and Industrial Internet of Things (IIoT) to improve supply-chain performance and increase revenue. 

Some of the key implications of advanced analytics are:

- **Analytics accelerates decision making.**\(^\text{14}\) Most organizations use data in a traditional way: data is gathered, analysis is made, and results are used for decision making. This model is today challenged by the constant flowing of data. As data streams in constantly, defying routine reporting schedules and normal working hours, it enables quick reaction. For a firm to utilize this opportunity, it needs to completely change its decision-making logic and allow decisions to be driven more by what the data says and less based on what the experience of managers would let them believe. Managers need to ask not “What do we think?” but “What does the data tell us?” This seemingly small argument challenges ideas about the value of experience, the nature of expertise and the practice of management.

- **Analytics drives business development.**\(^\text{15}\) It is important to understand that analytics is not only to be used in the traditional sense, i.e., to improve internal processes and related business decisions. Successful companies have realized that the real value of analytics relates to creating more valuable products and services — to embed data intelligence into the products and services customers buy. Increasingly we see firms that attempt to turn the collected data assets into a product designed to help a user solve a specific problem. A good example is SKF,\(^\text{16}\) which aims to help customers manage the entire asset lifecycle by offering data-based industrial solutions that include embedded wireless and self-powering, condition-monitoring technology and mobile internet solutions.

- **Analytics expands the meaning of innovation.**\(^\text{17}\) As analytics can be used to improve and change all facets of a business model, including all frontline activities generating customer experiences, innovation is expanding from simply product or service innovation.

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\(^{13}\) http://www.multivu.com/players/English/7917551-honeywell-iiot-data-analytics-survey/
\(^{16}\) http://www SKF.com/ir/assets/sites/default/files/cmd/christian_gill_cmd_2014_final.pdf
\(^{17}\) One way to approach innovation is provided by Doblin, nowadays part of Deloitte: *Ten Types of Innovation*. See also: Keeley, L., Walters, H., Pikkel, R., & Quinn, B. (2013). *Ten types of innovation: The discipline of building breakthroughs*. John Wiley & Sons.
towards business-model innovation and even market innovation. This means that you can use analytics to change your profit model, the ecosystem that you engage with to deliver your product or service, your organizational structure, your processes used, the actual product or service and the various aspects of the experience that you offer to customers (including strategic account management).

Automation replaces labor with technology

Automation of every facet of the business model is the reality that all firms face. Since the German federal government announced “Industries 4.0” as one of the key initiatives in 2011, the convergence of industrial production and information and communication technologies has been one of the most frequently discussed topics in the German-speaking area. Automation of manual activity, replacing labor with technology, is key to this discussion, leading to ideas such as smart factories where context-aware cognitive assistants help people and machines to perform their tasks. By connecting people, things and data, new ways of organizing organizational processes emerge.

This development is not limited to factories; automation is as prevalent in customer-facing operations, including marketing, sales, delivery and customer service. Technology research and advisory firm Gartner has suggested major changes in how business will be run in the future:

- **Smart machines.** Machine learning enables computers to act without being explicitly programmed. Massive amounts of data, unprecedented advances in machine learning algorithms (so-called deep neural nets) and new hardware platforms delivering massively parallel computing power are accelerating machine learning to create smart machines that are programmed to learn and adapt, rather than programmed only for a finite set of prescribed actions.

- **Autonomous agents and things.** The development of smart machines offers opportunities to deliver autonomous (or semi-autonomous) “actants” (autonomous actors as agents for human beings), including robots, autonomous vehicles, smart vision systems, virtual customer assistants, smart agents, and natural language processing.

- **Algorithmic business.** Increasingly intelligent algorithms make business algorithmic, where connectedness between people, things, processes, and data drives business value. Algorithms also will be critical for creating a seamless multichannel customer experience.

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The investments that many firms make in marketing and sales automation are evidence that this development is highly relevant to SAM. The key question is: How much of SAM can be automated?

Digitalization flips transitional business model development on its head. Instead of harnessing technology to the requirements of extant business models, innovative firms increasingly adapt business models to the possibilities of technology.
DIGITALIZATION DRIVES CHANGE IN STRATEGY AND BUSINESS MODELS

Digitalization enables and drives new models of collaboration within business ecosystems. Fundamentally this means that firm size becomes less important and firms’ ability to collaborate becomes more important. And this elevates the role of all functions that work on the boundaries between firms, including SAM.

Digitalization affects every aspect of a firm’s business model – from front-end to back-office, from how firms create value for their customers to how they capture value,21 and by doing so can reshape every facet of the contemporary enterprise.22 This includes all the practices and processes related to SAM.

Digitalization flips transitional business model development on its head. Instead of harnessing technology to the requirements of extant business models, innovative firms increasingly adapt business models to the possibilities of technology.23 What we see is less evolution and more revolution and disruption. As many older firms have difficulties in adapting their legacy systems to the new opportunities, much of the disruption is done by new market entrants.

New logic of value creation

The Boston Consulting Group (BCG) suggests that digitalization questions one of the foundations of business strategy, namely the idea of increasing returns based on economies of scale. Instead, they suggest that today firms need to work towards “economies of mass,”24 which means that to achieve increasing returns, you need to focus not only on the volume of current activities (economies of scale), but also on the breadth of current activities (economies of scope) and the cumulative volume of past activities (economies of experience). And you need to do this beyond the borders of the individual firm.

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BCG’s logic is similar to Gartner’s idea of "economics of connections,"25 i.e., value creation through increased density of interactions between business, people and things. As an organization increases the density of its connections (between people, business and things), it increases the density of available resources and, thus, the potential value it can realize from those connections. Hence, connections are at the core of digital business models.

**Resource density as the driver of value**

Increased density of connections enables increased resource density.26 Density expresses the degree to which resources are accessible in any given “time/space/actor” combination. Resource density can be seen as a new measure of value. Greater density of resources, relevant to a specific actor, time, situation and space combination, corresponds to more value. Hence, the goal of innovation is to identify ways to increase the density of resources. And the goal of strategic account management needs to be to increase the density of resources available to the customer.

It is easy to understand that the opportunities for increasing density of resources today are abundant. This is primarily driven by the effects of digitalization, which in turn makes resources more liquid, allowing them to be easily moved about in time and space. In other words, customers have many more resources available to them now than they had, say, five or 10 years ago, and there is a proliferation of options to get access to these resources – they are available for customers any time, any place.

The key often lies in the opportunity to unbundle or separate resources that previously have been held together in time and place by a specific actor. A firm wanting to increase resource density for customers can do so by attempting to unbundle and re-bundle various resources into new sales items. A neat example of this is the rapid changes going on in the music business, where the content, i.e., the music, has been unbundled from the previous carriers, such as LP records, CDs, and now even from the MP3 players. This development has created new offerings, such as Spotify, that make it possible to access music with a multitude of different devices, any time, any place, without ownership.

For SAM this implies a need to take a larger role; to become the orchestrator of new forms of resource combinations, involving not only the supplier firm and the strategic account but also other actors in the larger ecosystem.

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From exchange value to use value

In the traditional product-dominated world view, markets are analyzed only in terms of the value of the exchange (of goods and services), and not on the value created when actors use them. This distinction between exchange value and use value has a significant strategic impact. Use value thinking assumes that the central value creation in a market happens when a customer uses a good or service. Hence, it is the customer who creates value; the goal for a provider is not so much to make or do something of value for the customer as it is to co-create value with the customer, or to find ways for customers to get access to or re-configure resources in a value creating way.

This seemingly simple change of logical thinking has a profound effect on business models. It influences everything from the focus of innovation to the measurement of success:

- **Product and service innovations start from understanding use value.** By focusing on exchange value, firms overlook the business opportunities that reside in use value. Because use value defines the maximum exchange value, firms can increase market opportunities by creating more use value. Firms can improve their current product, introduce new ones or connect to other resources in the business ecosystem; all aimed at generating more gains or reducing pains for the customer.

- **From ownership rights to access rights.** A key development in this context is the switch from ownership rights to access rights: you do not have to own resources as long as you have access to them. Focusing on a customer-use value, it becomes evident that ownership of various kinds of equipment and other resources is not necessary for value creation. For example, traditional equipment manufacturers have systematically changed their sales items by transforming investment goods into long-term lease contracts. This already started in the 1960s with Bristol Siddeley’s nifty name for a support service for jet engines: “Power-by-the-Hour.” Their service allowed airlines to forecast operating costs without having to finance the capital expenditure. Today we see the same type of set-up in almost all industries. And the same shift from ownership to access is afoot in information technology under the name XaaS, or Everything-As-A-Service (think Salesforce or Spotify).

- **From data supporting business processes to data as the product.** Data is also a resource, and assuming that you have ownership to the data generated, this data can be used to create data products that can generate new revenue streams, differentiate the solutions offered to accounts and build stronger customer relationships. This is not about digitizing the existing products and services, but rather about defining products and services around integrated digital capabilities or delivery of digital content. For data products to have value, they have to create value for the strategic account – deal with the customer’s pain point, add value to its existing processes or enable the customer to improve its offering to its customers.
Simple data products can relate to the provision of benchmarks or recommendations, whereas more advanced products are predictive models that take descriptive data and attempt to tell the future. Succeeding with data products is dependent not only on analytics skills but also on deep understanding of how data can be used to enhance customer processes – a key skill of strategic account managers.

An example of this kind of development can be found in GE’s wind farm business. GE creates value by extracting useful data from the sensors on its turbines and other wind energy equipment and using that information to optimize equipment performance, utilization and maintenance. It captures that value by charging a percentage of the customer’s incremental revenue from improved performance.

For SAM this implies a need to become even more embedded into the strategic account process of value creation and harnessing all data that can be used for this purpose.

From value chain to value system

The glue that has held vertically integrated value chains together has been the idea of “transaction cost.” This implies that it has been cheaper to build larger organizations to control resources and organize activities than to organize these by exchange in markets. But as digitalization influences business structure, we see that transaction costs are plummeting. In pure digital products (such as software and music) the marginal costs incurred by transactions approaches zero, which questions the need for large and administratively expensive organizations.

This implies that firms need to re-think the boundaries of the firm, open up for innovation not only vertically but also horizontally. A systemic view is needed in order to be able to grasp opportunities to re-configure resources for value creation.

Restructuring business ecosystems

Plummeting transaction costs create both challenges to existing structures and opportunities for completely new set-ups. Firms are questioning existing structures, both when it comes to customer access and supplier access. The results are manifold:


28 According to Ronald Coase, every company will expand as long as the company’s activities can be performed cheaper within the company, than by e.g., outsourcing the activities to external providers in the market. (Coase, R. H. (1937). The nature of the firm. Economica, 4(16), 386-405.)

According to Oliver Williamson, a transaction cost occurs “when a good or a service is transferred across a technologically separable interface”. Therefore, transaction costs arise every time a product or service is being transferred from one stage to another, where new sets of technological capabilities are needed to make the product or service. (Williamson, O. E. (1975). Markets and hierarchies. New York: Free Press, 26-30.)
• **The importance of ecosystems.** Pressured by the above arguments and supported by rapid developments in software, it has become increasingly easier to co-operate by building various networks of firms that together provide products and services to customers, often in the form of more complicated solutions or outsourcing types of projects. From a firm’s perspective, this means that instead of focusing on vertical co-operation within the value chain, firms need to understand both vertical and horizontal co-operation in a larger network of organizations, a network that could be called the value-creating system or a business ecosystem. The consequence of this is that managing a much larger set of organizations (stakeholders) and influencers both inside and outside the selling organization also becomes paramount for SAM.

• **Easier to connect to customers.** In this new world it becomes easier to “take out steps” from the value chain – something that is often referred to as “taking out the middle-men.” This shortens the distance between the producer and the end-user of a product and decreases the cost. The most prevalent example of this kind of development is the online trade of almost everything at the moment. Consequently, we see many organizations struggling with finding a balance between selling through distributors and selling directly to customers.

• **Questioning long-term relationships.** Plummeting transaction costs also challenge the whole notion of building long-term relationships, i.e., the foundation of strategic account management. If digitalization makes the coordination of activities between two parties easier, less risky and faster, firms will be less likely to commit to long-term relationships with a large number of suppliers. From a strictly supply-chain optimization point of view, it makes sense for buyer firms to limit strategic-supply relationships, as it may not be necessary for them to invest resources in these types of activities. The consequence is a pressure towards supplier firms offering SAM programs.

The systemic view of business emphasizes that SAM, as a boundary-crossing activity, needs to expand its view from customer relationships to more complex set-ups of collaborating organizations.

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29 We are using the following concepts as synonyms in this report (knowing that strictly academically there are differences between them): “value system”, “value creating systems”, “market system”, “complex adaptive system”, “business ecosystem”, and “ecosystem”. What these portray is a more systemic view of business, in which actors are increasingly interdependent on each other, beyond the value chain, both vertically and horizontally.


31 In this report we use “stakeholder” to denote an organization beyond the seller-buyer relationship (partners, suppliers, regulators, etc.) but inside the business ecosystem, and “influencer” to denote individuals in all organizations involved in the ecosystem: seller firm, buyer firm, stakeholder organizations.

32 The idea of the 4th Industrial Revolution has major implications for manufacturing. The World Economic Forum is promoting this and arguing: “We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before. We do not yet know just how it will unfold, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society.” [https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/]
**From producer to provider**

The breakdown of the value chain and the growing importance of more complicated value systems is further amplified by firms moving from selling products to offering solutions. If vertically integrated value chains are questioned, we also have to question the assembly of the solution or the “sales item” – the content that a SAM firm is offering to its customers. It is increasingly obvious that the selling firm does not need to create all in-house components in this offering – selling firms become assemblers of components produced in the larger ecosystem.

A selling firm that develops its business from a deep understanding of customers’ value-creating processes cannot help but move from being a producer to being a provider. The difference is obvious: a clever firm need not produce everything it provides.

This change of business model has several consequences:

- **New reference points for strategy.** Traditionally strategy has been optimized around economics of scale, which basically means products and production. Firms that view themselves as providers and not producers need to find new reference points for their optimization efforts. The obvious choice is to optimize around the customer, around use value. This may further promote the idea that has been discussed within SAMA, namely to view customers as assets. \(^{33}\)

- **Open innovation.** Assuming that a provider role changes innovation radically and emphasizes so-called open innovation, firms have to increasingly innovate by collaborating with complementary organizations across the business ecosystem.

- **Value sharing — collaborating to grow the pie.** As firms engage in collaborative activities, they have to be able to deal with the issue of sharing the value created. The argument has to be that collaboration can be used to increase the overall value of the ecosystem, to “grow the pie.” Success, however, requires that firms are able to share the pie so that all get a fair share.

- **From closed-and-isolated to plug-and-play.** Moving towards a provider role implies that the firms in the ecosystem become increasingly dependent on one another’s processes and activities. To enable seamless integration into third parties requires process harmonization across and within organizational boundaries.

A key tool for firms to become “plug-and-play” in relation to other organizations in the ecosystem is the prevalence of APIs (Application Programming Interfaces). An API is a set of routines, protocols, and tools for building software applications – essentially a description of the way one piece of software asks another program to perform a service. APIs do this by revealing some of a program’s functions to the outside world in a limited fashion. This

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enables applications to share data and take actions on one another’s behalf without having to access a software’s code.

“API-fication” supports everything from incremental business-model development activities, such as internal process reconfiguration, to radical business model innovation through cross-organizational and cross-industry collaborations.34 Some firms will use APIs to improve customer experience35 and internal processes36 and others will buy and sell data37 or even build API-enabled business models.38

The widespread availability of APIs has made the modern internet experience possible. What APIs make possible is a dramatic increase in collaboration between organizations. We are surrounded by examples: APIs make it possible for Yelp to show nearby restaurants on your phone by connecting with Google maps, and many Facebook users appreciate the ability to sign into many apps and web sites using their Facebook ID, a feature that relies upon Facebook APIs.

More importantly, APIs are allowing many firms to grow business and innovate at extraordinary rates by sharing services with external firms. For instance, Salesforce.com generates 50% of its revenue through APIs, using a marketplace for apps (AppExchange) created by its partners that work on its platform.39 There are more than 300 of them, and many of them relate to the theme of this report as they provide various tools and techniques that SAM can use in connection to a CRM system.

Another relevant example from a SAM perspective is IBM’s Watson, a cognitive computing technology that allows humans to make sense of large volumes of data. IBM has developed various versions of Watson, with special efforts also in the field of marketing and sales.

35 GM has provided a set of APIs that gives third-party developers access to vehicle related features in order to develop more innovative and user friendly in-car applications and remote mobile applications for customers to enjoy. An example is the smart phone-app Telogis Fleet which allows companies to manage their fleet vehicles (see previous footnote for reference).
36 AMAZON.COM is a widespread example in this area. In 2003, the company decided that all of its infrastructure services should be accessed internally through an API. This reorganization of software assets made the assets much more accessible to the company’s programmers and later these internal services could easily be used externally when launching Amazon Web Services (see previous footnote for reference).
37 VERIZON offers a service called PrecisionID to stakeholders in marketing and is used for a more effective advertising. By segmenting Verizon customers into demographics, interests and geographies, the PrecisionID provides data through APIs for marketing and addressable advertising solutions that reach audiences more accurately and more effectively than other solutions in the mobile advertising space (see previous footnote for reference).
38 EXPEDIA AFFILIATE NETWORK (EAN) writes on their website that they are the world’s fastest-growing private label travel affiliate network and one of the world’s leading online travel companies. EAN works with over 7,500 partners in 33 countries to turn their web traffic into hotel bookings and 90% of EAN’s business now utilizes APIs. EAN also offers third party APIs and has been taken up by over 5000 developers worldwide. Their hotel booking platform has generated more than $4 billion in revenue from its huge global network. Websites that are connected to Expedia through APIs are for instance Hotels.com, HomeAdvisors.com, Hotwire.com (see previous footnote for reference).
Basicly Watson supports all aspects of marketing and sales automation (which we will discuss later in this report) and provides opportunity for cognitive assistance.

**From stability to malleability**

A fundamental shift in strategy relates to dramatically increased dynamics of markets driven, to a large part, by digitalization. Markets can change dramatically in a short period of time. Think of Nokia Mobile Phones which went from being the global market leader in mobile devices with over 40 percent market share to a niche operator in just a few years. Or, think of Uber or Airbnb which in an equally short time period have shaped their markets globally.

Fortunately, our understanding of what markets are and how they operate has increased radically during recent years. Key to this understanding is to abandon some old-fashioned views of markets and realize that:

- **Markets are not a given.** Markets are no longer viewed as a given and deterministic context, external to the firm. To put it simply: there is no objective market “out there,” and it does not develop according to some pre-determined path. And as it does not exist, strategy is not about adapting to such a market.

- **Markets are not demand.** Markets are not synonyms for a geographical area (“the Chinese market”), a customer segment (“the pharmaceutical industry market”), a product category (“the elevator market”), or any other single factor that statisticians can measure and thus enable you to calculate the demand for your product. And strategy is not about competing for position and share of a market defined around the sales of a product.

- **Strategy does not start by identifying opportunities.** Market opportunities are not precursors of strategy; rather are they outcomes of deliberate efforts to shape markets. Normal strategy processes usually start with market analysis, but contemporary strategy needs to adapt to this new view. We make and execute strategy for opportunities to arise.

A new view of markets has profound implications for SAM: firms are spending more energy on market-driving activities looking for creative ways to re-configure resources, and as they do this, they have to partly abandon traditional plan, execute and control practices.

**Markets as complex adaptive systems**

The contemporary view is that markets are *complex adaptive systems* of exchange that exist for the creation of value to all market participants. Viewing markets as complex systems has three central consequences for action:
• **Recognize that the firm is inside the market.** Firstly, it suggests that the firm is one of the actors, *inside* the market system. This implies that, although complex adaptive systems don’t follow ordinary cause and effect, they are amenable to a degree of influence by various actors in the market, including the firm. Consequently, markets are not a given – they are constantly evolving because of companies that actively engage in activities aimed at influencing their development. Firms can attempt to shape their markets to reap so-called “influence-rents,” which are extra profits earned by a firm because the rules of the game of business are designed or changed to suit this firm.

• **Engage in market-driving strategy but allow for emergence.** This new view of markets means that firms now can choose whether they accept to be market-driven or whether they develop market-driving strategies. Market-driving strategies view markets as partly designable and shapeable systems, consisting of various interlinked elements such as various organizations, norms and regulations, material infrastructure and language. Complex systems can't, however, be controlled or frozen in time. They constantly evolve, partly by design and influence of various actors, and partly based on unpredictable emergence. Markets simply develop in surprising directions and a central key to success is to be able to identify, benefit from and curate emergent development.

• **Focus on market innovation.** As firms are increasingly liberating themselves from the shortcomings of so-called “classical strategy,” they automatically must accept complexity, lower levels of predictability and an increasingly malleable and systemic operating environment. This leads them to seek innovation in terms of new ways to create value, involving actors beyond the value chain, from the value system. This perspective emphasizes the role of “market innovation” as a key opportunity for renewal in traditional industries. The argument is that thinking about market boundaries is important for a firm because redefining market boundaries is a fundamental part of the process of innovation.

This line of reasoning commends radical change in strategy development. First, it suggests a change in the unit of analysis: Instead of making strategy for a firm, strategy should be made for the ecosystem. Second, as a consequence, strategy ought not to focus on competing to win a zero-sum game. On the contrary it should clarify how the firm can engage in collaborative activities with market actors (suppliers, customers and partners) in order to improve value creation in the system. Companies that can promise improved value creation for several actors simultaneously are the ones most likely to be successful in shaping their respective markets.

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This contemporary view of markets means that SAM has to pivot even more towards engaging in collaborative strategy development initiatives with customers and partners.

**From planning to probing**

Our new business environment highlights the role of non-predictive strategy, which gives less attention to planning while emphasizing experimentation and learning. The old idea of planning and control needs to be replaced by a lean start-up process of probing and pivoting.

Smart firms put more emphasis on probing than on analyzing — they are systematically probing the market system to inform themselves about how it works, typically by small-scale experiments.

Because market systems cannot be fully designed and emergence is a key factor, making elaborate and detailed plans makes less sense. The traditional “plan and control” management paradigm is replaced by a more entrepreneurial type of paradigm, where you put emphasis on action. The idea is to use experimentation as a learning tool. The idea with experimentation is to empirically test whether various new ideas actually resonate with customers and partner firms in the ecosystem. By pursuing real-life experiments, you can learn how the market reacts and respond by amplifying things that work.

Moving towards a probing and experimentation type of process has a number of implications:

- **Moving from perfection to minimum viable product.** Experimentation means the launching of a new product or service (or a prototype) and working with interested customers to prune out the viability of the idea. Over time, experiments producing undesirable results should be wound up and new experiments started in promising areas.
  
  To do this, firms need to be comfortable working with minimum viable products (MVP). A MVP is a product with just enough features to gather validated learning about the product for its continued development. This means that it is far from perfect, far from ready in the traditional sense. For many traditional organizations the tension between “minimum” and “viable” is hard to handle. A compromise on viable may mean that the

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customer does not see any new value, whereas a compromise on minimum may mean a delay in progress, leaving openings for faster-moving competitors.  

- **Pushing the envelope with customers and partners.** Experimenting can also mean that the organization systematically taps into a wider array of peer companies and ecosystem partners to learn from their experience. It means engaging with other actors in the ecosystem, who may have completely different views on relevant development trajectories. For this concept to work it must be allowed to actively challenge the existing strategy applied by the firm and innovate at the risk of making current products or services obsolete.  

- **Dealing with failure – from fail-safe to safe-to-fail.** Experimenting means that failures, including failures involving customers, have to be accepted. This may be difficult to overcome in many perfectionist, “fail-safe” organizations. While rarely fatal, failure bruises both the ego and career prospects and often makes experimentation difficult, consequently making it impossible to live according to the now-familiar Silicon Valley motto: Fail early and often. A “safe-to-fail” environment encourages choosing experiments with small downsides and bigger learning upsides. It also needs to celebrate the learning from failed experiments, which might never have been attempted in a risk-avoiding environment.  

The developments discussed here have profound effects on SAM practices. A key component of SAM has been the idea of the account plan as a tool for business development and alignment. In a probing and experimentation environment, the content and process of account planning needs to be re-examined: “What is the planning horizon?” “How can experimentation serve as a tool for development and alignment?” and “How can customers and other actors be engaged in the process?”

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“...you need to have, first of all, the behavioral profile to be account manager, leadership and these types of things. And that was okay, it was already in the profile of the strategic account manager, as it was before. Now, it’s becoming also a lot of technical knowledge behind it, and this is not because you need to be the expert to solve the problem. But you need to be the expert to understand what the implications are, and what could be the impact for your customer. So those two things now, they need to be merged. Just being the perfect leadership guy, it helps but it’s not enough anymore.”

SAMA Member
ELEVATING STRATEGIC ACCOUNT MANAGEMENT

The described changes in strategy and business models imply that the role and practices of strategic account management must evolve. On the one hand this relates to taking a more strategic role by not only executing but increasingly driving the digitally enabled strategic transformation of both firms and customers. On the other hand, it is a question of embracing the opportunities that digital technologies make possible in terms of efficiency and effectiveness.

Key to the transformation is the realization that instead of using new digital technologies to run existing SAM programs, firms need to adapt SAM programs to the changes in strategy and business models induced by digital technologies.

Making SAM more STRATEGIC

A SAM program can be defined as “a relational capability, involving task-dedicated actors (strategic account managers), who allocate resources of the firm and its strategically most important customers (strategic or global accounts), through management practices that aim at inter- and intra-organizational alignment, in order to improve account performance (both value creation to the customers and value capture to the firm) and ultimately shareholder value creation.”

SAM can be viewed as a set of boundary-spanning management practices, spanning boundaries between the firm and the selected customers, between different functional groups and hierarchical levels within the firm and the customer’s organization, and often between geographical areas and, thus, cultures.

A strategic account manager’s role is characterized by issues related to autonomy and authority (i.e., to have “impact without authority”). A strategic account manager could be viewed as a “political entrepreneur,” highlighting the need for business management skills, boundary-spanning and relational skills, leadership and team-building skills. A successful SAM needs to have the ability and willingness to take initiative, commit time and effort to ensure success, provide proactive assistance/support, develop technical competencies and

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train others. This highlights the need for a new type of professional, often called “T-shaped,” as these professionals have deep problem-solving skills in one discipline, as well as broad communication skills across many disciplines.50

Many of these traits will remain, but at the same time, the previously described implications of digitalization forces SAM programs to redefine themselves on multiple dimensions. The over-arching change trajectory is that SAM is becoming more strategic, finally truly acknowledging its label. The role and responsibility of a SAM is being transformed from “advanced, consultative, insight-based selling focusing on one customer relationship” toward the “orchestration of mutual value creation in a larger ecosystem of organizations.”

The practical manifestations of becoming more strategic take three different shapes:

4. SAM takes alignment to the next level by becoming a driver of strategic development cross-functionally and inter-organizationally.
5. SAM is liberated from the shackles of the seller-buyer dyad by transforming from account management to ecosystem or stakeholder management.
6. SAM develops new processes and skillsets which make the future about less management and more leadership.

Simply said, one could argue that Strategic Account Management becomes Strategic Ecosystem Leadership; from SAM to SEL. The elevated strategic account manager’s new and important roles are summarized in Table 1.

Table 1. *The elevated SAM*

<table>
<thead>
<tr>
<th>Elevating SAM</th>
<th>Core of new role</th>
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<tbody>
<tr>
<td><strong>From aligning to driving</strong></td>
<td><strong>Strategizing</strong></td>
</tr>
<tr>
<td>SAM takes alignment to the next level by becoming a driver of strategic development cross-functionally and inter-organizationally.</td>
<td>• a ‘change champion’, driving change and strategy development</td>
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<td></td>
<td>• distinguish between strategy (the noun) and strategizing (the verb)</td>
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<td></td>
<td>• enable strategizing—in the selling firm, in the customer organization and in the larger ecosystem</td>
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<tr>
<td><strong>From account to ecosystem</strong></td>
<td><strong>Orchestrating</strong></td>
</tr>
<tr>
<td>SAM is liberated from the shackles of the seller-buyer dyad by transforming from account management to ecosystem or stakeholder management.</td>
<td>• solutions are increasingly created and delivered by a “competency system” – a combination of collaborating firms</td>
</tr>
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<td></td>
<td>• understand how resources in the ecosystem can be re-configured to increase resource density for the strategic account</td>
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<td><strong>From management to leadership</strong></td>
<td><strong>Facilitating</strong></td>
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<tr>
<td>SAM develops new processes and skillsets which makes the future less “management” and more “leadership.”</td>
<td>• an emergent, interactive and distributed process of learning, influenced and enabled by the SAM process and the account managers</td>
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<td>• facilitate processes that help to assemble partners, create alliances, and enter into joint development efforts</td>
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<td>• rotate leadership, where organizations take turns leading inter-organizational collaboration</td>
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**From aligning to driving – STRATEGIZING**

Traditionally, SAM has been viewed as set of management practices that aims at inter- and intra-organizational alignment. Inter-organizational alignment increases the selling firm’s understanding of the selected customer’s business concerns and opportunities, and of jointly developing a value proposition and a process for the delivery of the value proposition. Intra-organizational alignment, on the other hand, aims at creating a collaborative, flexible and committed customer-centric culture that enables value creation for the customer and value capture for the firm.51

The goal of aligning functions and processes between selling and buying organizations is not disappearing, but the new digital reality means that this is not enough. Increasingly, SAM needs to assume the role of a “change champion,” driving change and strategy development. Key to this is to distinguish between strategy (the noun) and strategizing (the

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verb). SAM needs to take a role that enables strategizing in the selling firm, in the customer organization and in the larger ecosystem.

Being a change champion can take several forms, but key for them all is not to fall into a trap of becoming an administrative and commercial coordinator – someone who spends her/his time on aligning, without having a development trajectory aiming for new value creation. A change champion may drive development in three different ways:

- **Driving strategy for the selling firm.** The SAM needs to be involved not only in executing strategy but also, increasingly, in driving strategic initiatives within his or her own organization. The SAM program should be a vehicle for top management to identify new business and renewal opportunities and shape the firm’s strategy by providing deep understanding of the strategic customers and the overall market.

- **Driving strategy for the customer.** The SAM needs to focus on helping the customer to create value in new ways. Sometimes this indicates a need to challenge various influencers in the customer organization and suggest alterations to its present ways of running its processes.\(^52\) This implies new types of processes and skillsets, where SAMs are helped to be “value innovators and transformation agents,”\(^53\) helping customer organizations to strategize.

- **Driving market development.** As markets are becoming more dynamic and malleable and strategies are less market-driven and more market-driving in nature, SAM becomes a key market shaper. A SAM can, for instance, push the market boundaries by finding customers who are early adaptors or innovators and then engaging them as lead customers in a process of collective learning. Additionally, facilitating dialogue with customers and other actors can help actors in the ecosystem challenge dominating assumptions about the market, critically examine existing market boundaries and engage in expanding market boundaries.

Becoming a driver of strategic development has two consequences. First, it heightens the importance of value quantification and verification. To drive customers’ strategy or, even more difficult, to drive how the market develops, a SAM needs to tap into the data available and show the potential for re-configuring resources in the ecosystem to enable value creation relevant to various influencers in a customer relationship or to various stakeholders in the ecosystem. Using data analytics will be the foundation for credibility creation – a credibility that is necessary for change to happen.

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Second, SAM practices need to be modified to better fit with the idea of driving change. This will particularly impact account planning, require the ability to make influencer- or stakeholder-specific value propositions and shape the process and tools used to engage in customer- and market-driving activities. Account planning needs to look beyond the buyer-seller dyad and needs to be particularly collaborative. Value propositions need to be made based on deep insight into influencer and stakeholder situations. New tools need to be applied to engage influencers and stakeholders in a collaborative process of co-creation. Digitalization provides tools and techniques for these modifications.

From account to ecosystem -- ORCHESTRATING

A dramatic development that supports the elevation of SAM is the expansion of the “unit of analysis” – moving focus from the seller-buyer dyad of strategic accounts to the larger ecosystem. If global accounts, involving hundreds of individuals, are viewed as complicated, adding the ecosystems perspective makes them complex.

Every so often, firms face situations where no single firm has all the resources or capabilities required to deliver the value required by strategic accounts. As solutions become more complex and components of the solutions become more digital, they are increasingly created and delivered by a “competency system” or an ecosystem—a combination of collaborating industry players.

The consequence is that SAM needs to be emancipated from the shackles of the seller-buyer dyad so that it can focus on generating a better understanding of how resources, in the broader ecosystem that the firm is part of, can be re-configured to increase resource density for the strategic account. In other words, SAMs need to become industry players, ecosystem architects, ecosystem orchestrators—roles that require a new set of skills and new tools.

In an ecosystems view, success is less dependent on the resources that a firm controls than on the resources to which the firm can connect. This flips traditional SAM on its head. Rather than start with what the firm controls and look for ways to leverage it, tomorrow’s SAMs need to begin with the opportunity and then assemble the required resources in its wake. Key is the ability to orchestrate actors and resources in the larger ecosystem to allow the firm to assemble and flexibly re-configure resources so that value can be created for the entire ecosystem.

To seize opportunities that lie outside the grasp of any one firm, SAM needs to assemble partners, create alliances, and enter into joint development efforts in which influencers and stakeholders are guided towards a common vision.

From management to leadership -- FACILITATING

The trick in being successful in driving strategic development in a customer organization or in an ecosystem of stakeholders is a simple realization: change will never happen unless you can engage other individuals in the process. What is needed is leadership that facilitates others – customers, suppliers, other business partners, and sometimes even regulators—to engage in a common change journey.

Moving from a firm-centric to an ecosystems view implies an acceptance of complexity and uncertainty — and a corresponding loss of control. A successful strategic account manager encourages novelty and innovation not by directing but by allowing; not by stabilizing but by disrupting stifling patterns. In fact, in order to become a driver of change you have to decouple leadership from the individual and distinguish between ‘leadership’ and ‘leaders.’ SAM leadership should be seen as an emergent, interactive and distributed process of learning, influenced and enabled by the SAM process and the account managers.

Hence, we are not arguing that strategic account managers need to become better leaders, but rather that they will need to engage in processes of leadership that are characterized by facilitation and rotating leadership:

- **From self-centric to allocentric innovation.** Orchestration of resources and activities in the ecosystem requires account managers to switch from a self-centric, firm-based view to an allocentric (“other-centered”) view in which value is created for the whole market system by integrating resources from an ecosystem of organizations. To seize opportunities outside the firm’s grasp, SAM has to facilitate processes that help to assemble partners, create alliances and enter into joint development efforts.

- **Learn from jazz: rotating leadership.** Part of orchestration relates to improvisation and allowing others to play their solos. Even if a jazz band has a leader, his/her role is very different from the traditional orchestral conductor. The latter stands alone, high on the podium, and controls the performance with their baton, based on a score. By contrast, in jazz the leader is one of the players, not a separate role. Leadership rotates during solos, as everybody else builds a platform enabling the soloist to shine.

Research has shown\(^{55}\) that rotating leadership, where organizations take turns leading the inter-organizational collaboration in distinct phases, is associated with higher innovation outcomes than collaborations dominated by a single actor and higher innovation outcomes than a consensus leadership process, where organizations work together, agree to common objectives, and follow shared decision-making.

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SAM has traditionally been a set of primarily managerial practices: to make account-specific plans, execute them and follow up. Simultaneously, more advanced programs have engaged in activities geared towards “impact without authority,”56 acknowledging that, on the one hand, SAM programs have an element of conflict management in them, but also that account managers can exercise considerable power if they play the game well.

The managerial part of SAM is not going to disappear, but the leadership part will need to be highlighted. This does not mean that SAMs need to become more “leaders” than they are today, but rather that the SAM process needs to be designed in such a way that it enables distributed leadership in a collaborative process. Digitalization provides tools for this – cloud-based collaboration can, at its best, enable work to be organized more in projects and less in functions and enable the formation of flatter organizations. This would facilitate more people to be engaged in leadership.

The SAM process needs to be designed in such a way that it enables distributed leadership in a collaborative process.

DIGITALIZING SAM

Our exploration of digital technologies, techniques and tools shows that SAM can seek support from these in its transformation towards its new role: Strategic Ecosystem Leadership. In fact, many of the new technologies are central enablers of this new role, both on the SAM program level and on an account level.

The digitalization of SAM can be understood by further exploring five elements: (1) customer journeys, (2) automation, (3) cloud collaboration, (4) “renewed” marketing, and (5) digital device mesh.

Table 2: Elements of digitalization

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
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| **Customer journey** | Delivering a flawless, seamless and value-laden journey that helps customers to succeed in achieving their goals.  
- Avoiding “funnel-vision”: (1) focus less on purchase decisions and more on the customers’ use process; (2) focus less on campaigns around products and product features and more on securing mutual engagement during the customer journey  
- Customer roles change: from passive recipients of the value that the firm produces, towards being actively engaged in a process of co-creation of value  
- X-functional alignment: Customer journeys as a reference point for development secures customer-centric alignment and helps Operations to streamline their operations |
| **Automation** | Automation of central process elements can free up resources to focus on more strategic objectives.  
- Improved effectiveness and efficiency of core SAM practices enable a re-focus of attention towards activities essential in fulfilling the role of the elevated SAM  
- Customer experience management: manage expectations at all touch points and secure a seamless experience in the 24/7 multichannel environment  
- Customer self-sufficiency: focus on managing information and shaping the collaborative conversation, with the full understanding that customers have access to information that did not originate from the account team |
| **Cloud collaboration** | Cloud collaboration and social tools impact information flows across and between firms, drive changes in how people work, enable new organization forms.  
- Blurred boundaries: more opportunities to connect and collaborate with others seamlessly means that boundaries between employees, vendors, and customers blur  
- New leadership: (1) supports shared and rotating leadership; (2) work organized more in projects and less in functions leads to flatter organizations  
- Account planning and experimentation: collaborating with team members and customers enables experimentation and account plans are better and made more quickly  
- Social selling: fast tracks connections which helps in finding opportunities, getting to know the customer and sharing the pitch |
| **Renewed marketing** | Re-connecting with the “renewed” marketing provides a platform for driving customer strategy and market development.  
- Account-based marketing considers each customer account as a market of one, aims to support the customer journey by understanding each contact inside an account, and designs account-specific action plans – marketing automation and analytics support scalability  
- Inbound marketing: (1) customers are pulled toward the firm by creating quality content that educates and engages; (2) requires the creation of buyer personas; (3) benefits: creates assets and is highly measurable  
- Advanced analytics: (1) using data across all marketing channels to close the loop between marketing activities and sales results; (2) predictive modeling reveals patterns that predict customer behaviors; (3) predictive lead scoring analyses parameters of success in scoring leads – validated or revised using machine learning as additional data becomes available |
| **Digital device mesh** | The continuously connected digital device mesh has the potential to revolutionize customer engagement.  
- From mobile devices to mobile people: (1) find not the superior device but focus on what an expanding set of devices makes possible; (2) shifts focus to mobile people  
- Omnichannel user experience provides consistency across channels and allows users to switch channels while completing tasks  
- Virtual and augmented reality make a big difference in complex customer engagement processes, where the aim is to influence customer strategy or drive market development. Elevated SAM process is likely to use VR and AR as tools to display products and systems to various influencers and stakeholders |
We now have a situation in which we can make account-specific value propositions and communication plans, and ensure that the message is delivered in a coordinated fashion in a 24/7 multichannel environment for a global account with thousands of individuals involved.
Using customer journeys as the reference point

The starting point for digitalizing SAM is based on a realization that highlights the need for all customer-facing activities to have a common “reference point”, a fundamental focus around which all activities are optimized. This is the idea of “customer journeys.” These are beginning-to-end processes that customers experience in getting the product or service they need, across whichever channels they choose. The availability of data and the prevalence of digital tools enable firms to manage all touchpoints with customers and other stakeholders in an unprecedented way. We now have a situation in which we can make account-specific value propositions and communication plans and ensure that the message is delivered in a coordinated fashion in a 24/7 multichannel environment for a global account with thousands of individuals involved.

By using the customer journey as a reference point, a SAM can use digital tools and techniques to ensure that all firm activities are optimized around goals related to creating a seamless experience for customers. In doing so, some fundamental ideas will need challenging:

- **From sales funnel to customer-decision journey.** Ever since the late 19th century, sales has been dominated by a simple model – the funnel. This simple and linear model is still a very dominating idea, visible in most tools related to marketing and sales management, a popular version being the Demand Waterfall. Today this model is less and less useful, as it builds on outdated views of marketing and sales. Some argue that viewing your customer and prospective customers as assets and applying a portfolio

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57 For a recent summary of customer journeys, see Forrester (2016). The incredible journey: The transformative power of a holistic customer journey strategy.

58 In 1898, Elias St. Elmo Lewis, an American advertising and sales pioneer, developed a practical sales tool using the latest Scientific Management insights. He created the funnel model, later named AIDA based on customer studies in the U.S. life insurance market. Lewis argued that the most successful salespeople followed a hierarchical, four-layer process using the four cognitive phases that buyers follow when accepting a new idea or purchasing a new product. The AIDA model describes the basic process by which people become motivated to act on a purchase and is based on external stimuli from sales representatives. This motivation to make a purchase depends on: AWARENESS of the existence of a product or service; INTEREST in paying attention to the product’s benefits; and, DESIRE for the product. Lewis held that the fourth stage or mental state, ACTION, was a natural result of moving through the first three stages. Lewis, E. St. E. (1908). Financial Advertising, Indianapolis: Levey Bros. & Company. See also: [http://www.provenmodels.com/547/aida-sales-funnel/elias-st.-elmo-lewis](http://www.provenmodels.com/547/aida-sales-funnel/elias-st.-elmo-lewis)

59 The SiriusDecisions Waterfall provides a structure to help companies monitor how leads are moving from Inquiry to Marketing Qualified Lead (MQL), Sales Qualified Lead (SQL) and eventually to Close, see [http://artandscience.siriusdecisions.com/h/i/218508909-the-siriusdecisions-demand-waterfall-overview/235179](http://artandscience.siriusdecisions.com/h/i/218508909-the-siriusdecisions-demand-waterfall-overview/235179)

60 Some argue that a more correct tool would be portfolio thinking: “It’s time we treat our customers and prospects as the financial assets/instruments they really represent. Each has a probable outcome and risks that need to be accounted and managed for in the context of our target for a return on investment. And the right way to manage financial assets is through portfolio management frameworks.” Rao, K.V. (2014). The sales funnel is an unholy grail. Forbes, July 28, [http://www.forbes.com/sites/groupthink/2014/07/28/the-sales-funnel-is-an-unholy-grail/#1520096d3e3a](http://www.forbes.com/sites/groupthink/2014/07/28/the-sales-funnel-is-an-unholy-grail/#1520096d3e3a).

Others argue that the main problem is that the funnel is inherently a linear model and purchasing is no longer linear: “the primary problem with the funnel is that the buying process is no longer linear. Prospects don’t just enter at the top of the funnel; instead, they come in at any stage. Furthermore, they often jump stages, stay in a stage indefinitely, or move back and forth between them.” (Bonchek, M. & France, C. (2014). Marketing can no longer rely on the funnel, Harvard Business Review, May 7, [https://hbr.org/2014/05/marketing-can-no-longer-rely-on-the-funnel](https://hbr.org/2014/05/marketing-can-no-longer-rely-on-the-funnel).
model would be more helpful, whereas others argue that we need models that are less linear, acknowledging that sometimes decision-making is fast and does not go through all layers of the funnel and that the post-purchase state is increasingly important. McKinsey\textsuperscript{61} has suggested the idea of a customer-decision journey, which has the advantage of being circular. Prospects do not enter from the top and go out from the bottom, but move through an ongoing set of touchpoints before, during and after a purchase.\textsuperscript{62}

Taking a customer journey perspective means that firms focus less on making campaigns around products and product features and focus more on securing mutual engagement during the customer journey by providing relevant information as customers progress.

- **From a focus on purchase to a focus on use.** Probably the biggest flaw with “funnel thinking” is that the funnel over emphasizes the importance of the purchase decision. You could argue that marketing and sales view their job as done after the purchase – now it’s over to operations to deliver. This kind of tunnel vision is obviously not aligned with the present and even less aligned with the future role of SAM. As noted above, a key business model change is the increased focus on use value, i.e., supporting the customers in their value creating process. SAM needs to move its focus from value quantification as a sales tool, towards value verification as a tool to create long-term engagement with accounts. This means that the customer journey cannot only focus on customer decisions. What is needed is the ability to map the customer journey beyond purchase. This customer journey map can then function as a tool for alignment with operations.

- **Optimizing operations around customer journeys.** A central role of customer journeys is to guide operations to both streamline its activities and improve customer experience. By digitalizing entire customer journeys\textsuperscript{63} many firms have been able to improve speed and accuracy in their internal processes significantly: speeding up response times, removing unnecessary and irritating service requests, etc. The advantage that digitalization brings is that all these changes are easily measured – and many firms are now employing “customer journey scorecards,” which can help account managers to better follow up the development of the account in various phases of the journey (which is likely to happen in many channels and in many locations).


To summarize, one could argue that the customer journey IS the product – the key goal of SAM is to deliver a flawless, seamless and value-laden journey that helps customers to succeed in achieving their goals.

As firms start to develop a better understanding of customer journeys, they often face a fundamental re-evaluation of the concept of a customer. What is needed is a re-definition of customers from fairly passive recipients of the value that the firm produces (essentially a role as a buyer) towards a customer who is actively engaged in a process of co-creation of value. As customers take on roles other than only buyers, marketing can change from outbound to inbound marketing, sales can partly be done by inside sales, and both can be automated. The next section explores these developments.

Automation makes customers self-sufficient

SAM needs to embrace the opportunities of marketing and sales automation, and even of customer relationship automation,64 as this brings opportunities to re-focus attention towards activities that are essential in fulfilling the role of the elevated SAM.

Digitalization has already created major developments in the automation of marketing and sales. Marketing automation65 happens as software platforms enable marketing to more effectively perform activities on multiple channels online (such as email, social media, websites, etc.), and automate repetitive tasks. In a B2B context, the focus is on selecting, nurturing and moving leads through the marketing and sales funnel. Based on behavior, prospects are scored and receive targeted content, cultivating them from interest to deals. Also, internal marketing processes of the marketing function are automated. This includes, for instance, automation of budgeting and planning, workflow and approvals, the marketing calendar, internal collaborations, and digital asset creation.

Sales automation is equally pervasive. Sales force automation uses software to automate the sales-related tasks, including order processing, contact management, information sharing, inventory monitoring and control, order tracking, customer management, sales forecast analysis, and performance evaluation. This has a profound impact on how firms organize and manage sales. For instance, most of simple sales tasks, such as “explaining” and “order taking” become obsolete, as ecommerce takes over order-taking and marketing automation takes on explaining.

65 Forrester defines marketing automation as: Tooling and processes that help generate new business opportunities, improve potential buyers’ propensity to purchase, manage customer loyalty, and increase alignment between marketing activity and revenue. Forrester (2013). Use behavioral marketing to up the ante in the age of the customer: A winning strategy and a path to higher gains. Forrester Research, Inc., May 2013.
The importance of customer experience management

What seems to be happening is the so-called “collapse of the middle.” Lower-cost sales methods aiming for the cost-efficient supply of goods and services, such as automated sales and inside sales, are growing in importance. At the same time, very advanced sales and account management, aiming at supporting customers’ value creation, are growing in importance. Both are happening as “the middle,” meaning the traditional sales-rep type of sales in between these approaches, is becoming less relevant.

This development has been visible for some time already both in terms of firms building digitally-enabled selling models that put self-serve ecommerce on equal footing with commissioned salespeople. The same can be said of so-called inside sales or remote sales carried out by highly skilled and knowledgeable sales professionals. Building on digital technology platforms, inside sales reps can give presentations, conduct demos and perform most of the functions traditionally handled by field reps. Some research suggests that the majority of all B2B sales is done remotely and the numbers are growing.

When the traditional sales force is less involved in various stages of the customer journey, firms have to invest more in managing the customer experience. More precisely this indicates a need to better understand and manage customer expectations at all touchpoints and to ensure that the experience is balanced over time in the multichannel environment.

The expectations of B2B buyers are today very similar to their expectations as consumers. They want self-service interaction to feel easy, and they like to feel that they are driving the journey, not a strategic account organization. Organizations often talk about being easy to do business with, but often they put roadblocks in front of the customer in the form of clumsy demands for documentation or time constraints. Dealing with the customer experience will become even more important for SAM organizations moving forward.

Supporting customer self-sufficiency

Sales automation as a trend is supported by Forrester research, which shows that nearly 75 percent of B2B buyers prefer to buy online when purchasing products for work, yet just 25 percent of B2B companies actively sell online. Further, 93 percent say that they prefer buying online rather than from a salesperson when they’ve decided what to buy. Consequently, Forrester has been arguing for the death of the B2B salesperson and

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67 http://www.ringdna.com/blog/what-is-inside-sales
estimates that by 2020, 1 million B2B sellers in the U.S. are going to lose their jobs – equaling 20 percent of the total sales force.

A consequence of this development is a kind of confusion driven by the “technologization” of both sales and marketing and exacerbated by a very fragmented vendor market, in which a rapidly growing number of players offer a wide range of new solutions to support firms in their transformation.

The world where a SAM can control the conversation is gone. Customers have access to more information, more peers and more influencers than ever before. Customers are collaborating more amongst themselves, and they are using technology to collaborate and share information. Using so-called “buzz analytics”69 firms can capture customer insights by mining the copious information from online conversations and use this to make product or service improvements or identify signals of willingness to buy. Paying attention across the digital platforms they use is important for picking up on those signals.70 SAM needs to embrace the customers’ expressed views to be more self-sufficient, and SAMs need to focus on managing information and shaping the conversation, having a collaborative discussion with the full understanding that the customer has access to a lot of information that did not originate from the account team.

**Accelerated collaboration**

SAM has always been a collaboration practice aiming at intra- and inter-organizational alignment for mutual value creation. Digitalization provides a number of tools that accelerates all processes related to collaboration. Cloud-based collaboration tools speed up internal processes related to account planning and create new ways to communicate with large numbers of individuals inside the customer organization. Social platforms enable new social connections and provide avenues for deeper customer insight.

Cloud collaboration and social tools impact information flows across and between firms, which drive changes in how people work and, ultimately, enable new forms of organizations.

**Cloud-enabled collaboration blurs boundaries**

Cloud collaboration is a way of sharing and co-authoring computer files through the use of cloud computing, whereby documents are uploaded to a central "cloud" for storage, where they can be accessed by others. Cloud collaboration technologies allow users to upload,

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comment and collaborate on documents and even amend the document itself, evolving the document.71

Cloud collaboration is an obvious tool for internal collaboration within a firm. According to a recent study,72 80 percent of executives say their companies use these social collaboration tools for internal purposes. Increasingly, these tools also are used as a means for sharing documents and communicating with customers. Add mobile devices to this equation, and the result is more freedom to get more done in more places, and more opportunities to connect and collaborate with others seamlessly.73 All this sounds like it would be designed for improving SAM practices in order to elevate SAM.

The new generation of cloud-collaboration technologies are designed for real-time interactions, provide well-designed user experiences and integrate with other enterprise applications, such as file sharing and social media. Because they create searchable content as a by-product of collaboration, the new-generation tools could even begin to replace email as the default channel of written communication.74

Cloud collaboration has many elements that support the new elevated SAM role: (1) individuals can communicate more easily with others in different teams, functions or business units; (2) the tools change the logic of organizing as work is more self-organizing and project based, instead of function based; (3) boundaries between employees, vendors and customers blur; as a result, organizations become flatter; and (4) individual performance can be evaluated by peers rather than by managers.

To move from a situation where the key collaboration tool is email towards a situation where individuals have universal access to a rich collaboration toolset is, however, not simply a technological issue. What is required is a strong collaborative culture,75 openness to influences beyond functional and organizational borders. This cultural change means that moving towards cloud-based collaboration will take time in many organizations. It also suggests that SAM could be a vehicle for implementation, assuming that the existing SAM practices are genuinely team and collaboration based.

The obvious impact on SAM relates to account planning. By collaborating with team members and customers, the plans are likely to be better and completed more quickly. Furthermore, they can be easily shared in the cloud.

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73 IDC claims that “by 2017, 75 percent of enterprise apps will be designed for mobile devices first, with PC usage as an afterthought”.
75 https://www.gartner.com/doc/1724649/maturity-model-enterprise-collaboration-social
Social selling fast-tracks connections

It is no understatement that “social” has gone into overdrive in today’s world. This has obvious implications for sales and SAM. Not only is it easy for customers to find out anything they want (both good and bad) about any provider and its products or services, but they also can find out a lot about all individuals involved. This will have an impact on how firms want to approach buying. Research in the UK found that 69 percent of respondents claimed that the buying process is changing faster than sales organizations are responding. There are two changes in buying processes that matter: (1) customers spend a longer time of the journey online before they meet salespeople (Forrester recently found that 74 percent of business buyers conduct more than half of their research online before making an offline purchase), and (2) customers expect you to know them before you meet them (the expectation is that a salesperson pre-fills his/her knowledge about a customer before a meeting – suggesting that there are no totally cold calls).

The same study in the UK also found that 93 percent of the respondents had received no training in using social media. Although this research is some years old, it probably can be argued that the opportunities of social selling are still underused.

Examples of how social selling can be used are numerous:

- **Find opportunities.** Compared to the pre-social age, customers are more overt about their interests and intentions by posting comments on various forums, asking questions on Twitter or updating LinkedIn. These signals can be found by using tools such as Tweetdeck or Google Alerts, giving real-time insights.

- **Get to know your customers (even before you meet).** Social media make researching prospects before meeting them quite easy. With moderate efforts you can find out an organization’s key individuals, who they are connected to, who you know that knows them, what they like in terms of content, who their customers are, etc.

- **Share your pitch to get help to close the deal.** Many SAM programs are involved in very complex sales processes that can be both very long and involve any number of people from the provider’s and customer’s organizations. Using social collaboration tools (such as Salesforce’s Chatter), needed information can be shared easily and individuals can ask questions by quickly connecting to in-house experts. Even simple tools such as Google Docs enables individuals to collaborate and create documents in real time. Social platforms enable more effective collaboration in which a SAM can inform influencers at

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76 https://sellorese.ogilvy.com/2010/12/10/the-future-of-selling-is-here/
the customer and provide access to the individuals having the necessary skills and knowledge.

- **Improve your social selling index.** In many organizations, each sales person and SAM is responsible for their own personal brand, content and relationships. What a SAM can do, for instance, is to make a LinkedIn profile with the customer in mind, or become a thought-leader by publishing meaningful posts. Key to success is to be seen as an expert in the space that relates to the firm’s value proposition. For the SAM program, this requires a set of rules (policy) for what employees can and cannot do and say online or in in-person industry forums, such as trade shows.

For the individual SAM, it is a question of a shift in mindset. SAMs need to think of themselves less as account managers and more as community facilitators. By being present on social media and other platforms, they can regularly connect to customers and get educated on new opportunities for value creation. The concept here is that you’re sharing your benefits all along the customer’s decision journey and being seen as that community facilitator. The key is to sell customers on the new opportunities before an official RFP is sent out.80

**Re-connecting with renewed marketing**

The marketing-sales divide is a classic dilemma in most large organizations and has its roots in the functional organization structures that put different people in silos and made natural collaboration difficult. As a result, a majority of marketing collateral is often considered useless by salespeople, and despite the data collected in CRM systems, simple lead generation from marketing to sales remains a constant source of complaints. According to some recent studies, only 39 percent of respondents in sales and marketing functions believe that “sales and marketing are aligned in what our customers want and need.” What makes this divide difficult to understand is the fact that both functions are customer-facing and can support each other in becoming successful.

A welcomed outcome of digitalization is an opportunity to close the divide between marketing and sales, and with SAM. Digitalization brings hope in the shape of new tools and techniques that make it possible to forge a partnership among marketing, sales and SAM at each stage of the customer-decision journey and at each stage of the customer’s process of

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79 LinkedIn is promoting their idea of the “social selling index”, which measures how effective you are at establishing your professional brand, finding the right people, engaging with insights, and building relationships. All profiles on LinkedIn are graded – find yours here: [https://www.linkedin.com/sales/ssi](https://www.linkedin.com/sales/ssi)


creating value (i.e., using the products/services/solutions that the SAM organization provides).

Many of these tools and techniques have been around for quite a while, but they are now coming together in an integrated approach enabling provider firms to more effectively drive value creation for the customer and, simultaneously, capture value for the firm. The central tools are: account-based marketing, inbound marketing, behavioral marketing and marketing analytics.

**Account-based marketing creates bonds with influencers**

The key idea of account-based marketing (ABM) is to consider and communicate with each prospective or active customer as a market of one, instead of spreading marketing resources based on segments or markets. ABM tailors an approach for each account with the aim to support the customer journey in achieving its goals.82

ABM was introduced about 10 years ago by the Information Technology Services Marketing Association (ITSMA) as a reaction to the specific needs of their members – many of whom had complex value propositions, long sales cycles and large customers, making them ideal candidates to benefit from an ABM process.

Four developments83 are now making ABM an interesting approach, particularly for SAM:

- As firms focus more on lifetime value of customers and long-term value creation, they need a more comprehensive approach to individual accounts;
- The upsurge in marketing automation has brought sales and marketing closer together;
- Tools and technologies such as CRM, marketing automation, and advanced analytics, make ABM much more scalable; and,
- There are more vendors84 (actually an overabundance of them85) in the market, offering various services that make it easy to access data critical to account-level insight.86

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82 Alternative definitions:

“Account-Based Marketing is a strategic approach that coordinates personalized marketing and sales efforts to open doors and deepen engagement at specific accounts.” (Engagio).

“Treating individual accounts as a market in their own right. A structured approach to developing and implementing highly customized marketing campaigns to markets of one. This approach involves marketing and sales taking a close look at key business issues facing the target account, mapping those issues to individuals, and tailoring campaigns to address those issues.” (ITSMA)

“The strategic approach marketers use to support a defined universe of accounts, including strategic accounts and named accounts.” (SiriusDecisions).


84 Vendor categories:

- **Vendors that provide contact and account data** (sometimes called prospecting tools, data vendors, or sales intelligence solutions).
- **Predictive analytics vendors**, which use machine learning to determine a company’s ideal customer profile (ICP).
- **Content delivery vendors**, offering ad-serving & retargeting software, facilitate that content is distributed to targeted accounts.
ABM focuses sales and marketing efforts on understanding the challenges of each contact inside a strategic account, with the aim to design account-specific action plans, to orchestrate coordinated outbound communication programs, and to measure achieved coverage and levels of engagement inside each account.

ABM begins with creating a target account list of prospects who are likely to receive great value from the product or service sold. The criteria for inclusion is a set of characteristics (firmographic, technographic, and sometimes intent or engagement-based details) called an ideal customer profile (ICP). An ICP answers the question: What does a best-fit prospect look like, based on past sales and most successful current customers? Beyond finding the right accounts, ABM involves targeting the right stakeholders and influencers within accounts with personalized content.

**Inbound marketing educates and engages**

Whereas ABM is primarily outbound (as traditional marketing always has been), inbound marketing (IM) refers to marketing activities that bring visitors in, rather than trying to get customers' attention by traditional marketing communication.

IM earns the attention of customers, makes the company easy to be found and draws customers to websites by producing interesting content. By creating quality content (primarily digital content using subscription-based email marketing, social media posting, blogs and webinars), the aim is to pull people toward the provider firm and then convert, close and delight them over time. Conversion rates are driven by various techniques, such as search engine optimization, keyword targeting, landing page strategy, content/blog strategy, etc.

IM can be characterized as permission-based, as it uses a medium that customers have accepted, is focused on providing quality content that educates and engages the customer and is holistic in terms of simultaneous usage of all digital channels and the continuous development of effective content.

There are two important consequences of IM that distinguish it from traditional marketing:

- Marketing analytics vendors can put ABM to the test, to see if it actually does deliver the highest ROI of any B2B marketing strategy or tactic, as argued by ITSMA.
- A good summary of inbound marketing can be found in this blog: [https://vtldesign.com/inbound-marketing/inbound-marketing-vs-outbound-marketing/](https://vtldesign.com/inbound-marketing/inbound-marketing-vs-outbound-marketing/)
• **IM creates assets.** As more customers are engaged, or the firm becomes a go-to expert in its field, marketing is actually building a “long-term asset,” rather than using resources for one-off marketing efforts; and,

• **IM is measurable.** As IM is digital, everything is quantifiable and measurable, making it possible to analyze everything, from which size and shape of a call-to-action button on a web page is more likely to attract a customer, to the ROI of various communication methods and how many customers are converted.

Key to successful inbound marketing is the practice creating *buying personas*. A buyer persona is a semi-fictional representation of an ideal customer based on market research and customer data, i.e. customer demographics, behavior patterns, motivations and goals.89

Within an account you can create several personas, covering relevant types of influencers. With the rise of social media, the evolution of search engine optimization (SEO) and advanced marketing automation tactics, having accurate and documented buyer personas has become critical for marketers.

Buyer personas can be used as reference points that align marketing, sales and SAM. They help in determining where to focus time: what marketing content and value propositions to develop, what sales activities to engage in and what arguments to use in customer-service interactions.

52% B2B firms using advanced analytics to generate new customer insights and leads

46% using them to create more relevant customer profiles and offerings

8% higher win rates
**Marketing analytics makes marketing measurable**

Marketing has traditionally been blamed for generating costs that cannot be attributed to revenue. A survey of senior marketing executives published in the Harvard Business Review\(^90\) illustrates the frustration as more than 80 percent of respondents were dissatisfied with their ability to measure marketing ROI. This is, however, changing rapidly as a result of digitalization. Marketing analytics brings with it a promise to make marketing more accountable.

Marketing analytics is the practice of managing and studying metrics data from across all marketing channels in order to determine the ROI of marketing efforts. In doing so it aims to understand how multiple channels perform together (not analyzing channels separately), track how individual prospects and leads relate to different marketing initiatives in various channels over time and to close the loop by tying marketing activities to sales results.

As discussed earlier, analytics needs to use both lagging and leading indicators: report on the past (e.g. how did campaign A perform against campaign B?), analyze the present (e.g. who is talking about our brand on social media sites, and what are they saying?) and predict the future (e.g. how can we turn short-term wins into ongoing engagement?).

The most promising marketing analytics tool is *predictive modeling*. Predictive modeling is a set of statistical techniques that can be used to analyze conventional data kept by marketers to reveal patterns that confidently predict trends and customer behaviors. Predictive analytics allow marketers to more concretely assess what messages or content they should be creating in order to optimize their revenue potential.

This kind of analytics can be used both for lead generation and qualification and to generate new insights and relevancy for customer-specific offerings. Fifty-two percent of B2B firms are using advanced analytics to generate new customer insights and leads, while 46 percent are using them to create more relevant customer profiles and offerings. And these companies are enjoying 8 percent higher win rates. The argument is that particularly in long sales cycles, it’s worth making the investment in data analytics.\(^91\)

In a B2C context, behavioral marketing has been used extensively. Behavioral targeting uses web analytics (clickstream data), computer applications and cookies, browsing and search history and IP addresses to create user profiles of individual customers. With that information, the website’s ad server will then generate relevant and targeted content or advertisements that appeal to their interests. Similar approaches are possible within

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accounts, as it is possible to do digital footprint scans of various critical influencers as their IP addresses move across the various social media channels.

The most prevalent opportunity in this area is in advanced **predictive lead scoring** based on a large set of input data, such as demographics (e.g., buyer persona, contact data, function, employment history), firmographics (e.g., industry, financials, department size, products used, social media presence), and behavioral data (e.g., CRM and marketing automation, web interactions, emails, social sharing and contextual interest).

The algorithms used in predictive lead scoring look at many correlations of multiple parameters of success in scoring leads. Using machine learning the model is validated or revised as additional data becomes available. By crunching this pool of data, predictive lead scoring identifies patterns and relationships that may never have been noticed before and supports the alignment of marketing and sales resources by providing a data-backed reason for all lead scoring qualifications.

**Embracing the digital device mesh**

The continuous flow of new devices that enable ubiquitous access to information related to any aspect of business operations will not stop. What we are seeing is a “digital device mesh” that brings together desktop-centered, mobile and cloud computing in a common, connected framework of endpoints and supporting services. The mesh delivers digital experiences, both in terms of customer experiences and user experiences, and supports new digital and algorithmic business opportunities.92

Any modification of SAM needs to embrace this mesh as it fully supports the new elevated role of SAM: it makes account managers less restricted by time and space, and creates new opportunities to drive the digitally enabled strategic transformation of both firms and customers.

**From mobile devices to mobile people**

The game-changing development is that devices are increasingly mobile. However, a welcomed change related to digitalization is the simultaneous realization that the key is not to find or develop one superior device. In fact, it is not about devices at all, but about what these devices make possible. The expanding set of traditional, mobile and IoT devices shifts the focus from mobile devices to mobile people surrounded by an ever-shifting set of devices.93

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The mobile-only users want to have access to the same information as anybody sitting at their desk, and they are demanding applications that support them in their everyday work situations.

A great example of enabling mobile people is (not surprisingly) IBM’s Mobile Sales Experience program, which, over the course of 13 months, outfitted all of the company’s 40,000+ client-facing salespeople in 75 countries with an iPad, IBM mobile apps and the sales and technology support to use them.94

The program’s goals from the outset were threefold: (1) to give IBM’s salespeople and account managers better intelligence — not more data but better insight; (2) to help people in the field manage their content — using at least three devices for work, they need to be able to access all their documents from all their devices in one place; and (3) to enable effective collaboration within the extensive teams working on IBM’s largest accounts globally.

Interestingly, the program aimed at improving both customer experience and employee productivity simultaneously. This was achieved by providing analytics-driven customer insight (a 360° view of the account), tools to have visual conversations with the customer (sharing compelling stories) and an enhanced ability to provide customer-specific value propositions and value-driven proposals.

What makes this all possible is a better user interface. As human-centered design gains traction, user experience (UX) both for employees and for customers becomes paramount. Many firms are attuned to the importance of UX for their customers, but ignore it for their employees.95 From an adoption point of view, user experience of employees is arguably strategically important. This is because employees are trapped, forced to use a firm’s software systems regardless of UX quality. If this means that they spend hours without creating value to the firm or for themselves, they are not likely to promote usage.

UX is increasingly, seamlessly omnichannel96, providing consistency across channels and allowing users to switch channels while completing tasks. This makes it possible for both customers and employees to interrupt their activity and move from one digital channel to another (or to the physical world) to complete their work. To enable this, data needs to be real-time, consistent and valid as users move from one channel to the next, which means organizations must create integrated backend systems that share and update data on the fly.

96 https://www.nngroup.com/articles/omnichannel-consistency/
As the IBM example illustrates, this future means that SAM can be built on the idea of joint usage of user-friendly devices and interfaces within account teams and together with customers.

**Virtual and augmented reality captivates**

A very exciting set of technologies related to virtual and augmented reality has been brewing for some time and now is likely to provide SAM with vast openings for value creation. Virtual Reality (VR) and Augmented Reality (AR) mean that digital information and elements produced with computer graphics are added to the surrounding reality, which the user will view via see-through displays or other devices with displays.97

VR using head-mounted displays has been applied in B2C environments and extensively tested in computer gaming, and AR recently had wide-spread application in the Pokémon frenzy. But for those who see VR and AR only as an entertainment, it may make sense to recall the launch of the 2007 iPhone.98 At that time it was seen as a toy without enterprise capabilities, compared to the dominant Nokia99 and BlackBerry.

As discussed above, the improved UX that Apple provided has now made iPhone a part of enterprise workflows, and the former competitors IBM and Apple have now joined forces in order to provide a combination of advanced analytics and seamless omnichannel UX.

The same is likely to happen with VR and AR, as they provide a UX that is very compelling and promises to change all aspects of business processes. Today VR is used increasingly in factory environments, where VR technology can link right to computer-aided design (CAD) systems for improved design of complicated machinery.100 For instance, the assembly of NASA spacecraft is tested in a 3D simulation laboratory,101 where you enter the virtual world through avatars, enabling engineers to locate problems before the construction stage. Solving problems in advance brings large savings and may save lives. Similarly, it is the vision of Airbus to model the aircraft factory of the future in its entirety and at all of its stages.102

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99 In 2007, Finnish multinational Nokia was the darling of the global mobile phone market. CEO Olli-Pekka Kallasvuo smiled from the cover of Forbes magazine, and felt secure enough to dismiss Apple’s new offering, the iPhone, as a "niche product" which wouldn’t "in any way necessitate us changing our thinking". [http://www.washingtonpost.com/wp-dyn/content/article/2007/01/25/AR2007012500618_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/01/25/AR2007012500618_pf.html). He also said: "We have the widest portfolio in the industry and the deepest understanding of it, as opposed to having one or two hit products at a time.” [http://www.forbes.com/free_forbes/2007/1112/DONOTTOUCH048.html?partner=yahoomag](http://www.forbes.com/free_forbes/2007/1112/DONOTTOUCH048.html?partner=yahoomag)
101 [http://www.lockheedmartin.com/us/products/chil.html?_hsrc=80957384.4199fac37a841e7142d7b1e5834b7524.1477510776217.1477510776217.1477510776217.1477510776217.1477510776217.1477510776217.1477510776217.1&_hssc=80957384.2.1477510776218&_hsfp=677129038](http://www.lockheedmartin.com/us/products/chil.html?_hsrc=80957384.4199fac37a841e7142d7b1e5834b7524.1477510776217.1477510776217.1477510776217.1477510776217.1477510776217.1477510776217.1477510776217.1&_hssc=80957384.2.1477510776218&_hsfp=677129038)
Production optimization and efficient planning of work phases are among the factors that drive investment in these technologies.

3D modeling of machines, systems and even entire factories is becoming increasingly realistic in appearance with photographically detailed graphics. It is possible to abstract parts of the devices, clarify them, make them transparent and show data, such as temperature or the calculated remaining lifecycle of a component.

The list of positives is long. VR and AR save costs by designing and implementing the project first in virtual form, speeding up the operational processes of servicing and maintenance, enabling advance modeling and testing of safety-critical systems, providing tools for training to use a system or a piece of equipment, improving cooperation of product development, sales, management and customers, among other benefits.

From a SAM perspective, one area where AR is increasingly applied is machine and equipment maintenance. For instance, BMW has already created applications for mechanics that show how a car model is serviced, with detailed instructions conveyed through virtual glasses.103

Applications in B2B sales already exist and the future SAM process is likely to use VR and AR as a tool to display products and systems to various influencers and stakeholders. VR also has the potential of reducing the need for travel and the need to ship large and complex products to fairs or meetings. This saves costs and is environmentally sound.

SAM has much to gain from using these technologies. SAMA members have already proved that visualization tools and product/solution configurators combined with value quantification tools make a big difference in more complex customer-engagement processes, where account management tries to influence customer strategy or drive market development. Adding VR and AR provided by the imminent digital device mesh has the potential to revolutionize such customer engagement and enable the elevated SAM process.

103 http://www.cybercom.com/About-Cybercom/Blogs/the-connected-world/virtual-reality-in-industry/
Key to digital transformation is the realization that this is not a question of applying some new tool or technique – what is needed is a complete transformation of the SAM role and processes.
CONCLUSIONS FOR SAMA MEMBERS

Digitalizing SAM is not elective – it's a given! The questions that firms should ask relate to what, how, where and who: where to start, how fast do we need to change in order not to be left behind, what to focus on and in what order, who can we learn from, what changes do we need to make in our management systems, and how do we support a successful transformation?

Key to digital transformation is the realization that this is not a question of applying some new tool or technique – what is needed is a complete transformation of the SAM role and processes. The transformation process is likely to look different in different firms. The speed of adaption has varied between industries, where media and ICT (Information Communications Technology) firms lead the way, and firms in slow moving industries, such as raw materials and utilities, are following behind. Although there are differences in speed, ultimately, it comes down to creating a culture that supports digitalization.

Business logic and the speed of adoption

The differences in the speed of adopting digital tools and techniques are significant.104 There are several explanations for this, including how asset heavy the firm is and how turbulent the business environment.

One explanation that particularly relates to SAM is the differences in the business logics that firms apply. These business logics are quite diverse and they are likely to have an impact on what digital tools and techniques a firm needs and how rapidly these tools are adapted. B2B firms can be grouped into a set of five generic business logics:105 installed base, input-to-process, continuous-relationships, consumer-brands and situational-services. These logics are quite different in terms of how they apply to customer relationships:

- **Installed base.** Firms operating with an installed base business logic provide investment products and related services, thus creating an installed base at the customer. Installed base business logic is common among firms representing machinery and IT industries. Installed base businesses are often based on project sales and thus many installed base

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firms are faced with very long sales cycles. Additionally, the markets for investment goods such as large-scale engines, paper mills or IT systems are often truly global: installed base firms usually serve customers in all continents and compete against other international players. Besides the similarities in business challenges, the installed base firms also share similar strategic objectives. The majority of the installed base firms have a keen interest in “after-sales” activities, aiming at exploiting “product lifecycles”.

- **Input-to-process.** The input-to-process business logic is relevant for those firms that provide products that are utilized as input in the customers’ processes. Input-to-process firms are often found in industries such as metal, chemicals, pulp and paper, and utility. Producing input-to-process goods such as steel, paper and electricity requires considerable investments into production facilities and, therefore, input-to-process firms have considerable fixed assets on their balance sheets. Additionally, the majority of the input-to-process goods are such that they offer limited opportunities for true offering differentiation, which often leads to very small margins. In order to tackle the challenges of asset-heavy production and small margins, input-to-process firms aim for strategies that enable them to secure economies of scale and optimize their production capacity.

- **Continuous-relationships.** The continuous-relationships business logic describes firms that sell services that are characterized by long-term contracts. Examples of such products and services are telecommunications, banking, insurance, and media. The typical challenges that the continuous-relationships firms tackle often relate to the fact that their services tend to be low interest products in a B2B context. Additionally, as the services provided are often intangible and without patent protection, new innovations related to services are often copied within a matter of months by competitors. Finally, as the customer relationships are defined by long-term contracts, the customer acquisition costs are usually relatively high compared to the average turnover per customer. The strategies of continuous-relationships firms are often characterized by actions aiming for higher customer loyalty, larger share of wallet, up-sales, and cross-sales.

- **Consumer-brands.** Firms operating with a consumer-brands business logic produce products for consumers that are sold through a retail channel. Examples of firms operating with the consumer-brands business logics can be found in fast-moving consumer goods and pharmaceuticals. As the majority of consumer-brands firms do not have their own retail channel, they rely on channel partners to reach their end customers, the consumers. Due to this fact, many consumer-brands companies find themselves in power struggles with their retail partners, which can lead to challenging price and shelf space discussions. Additionally, without direct consumer contact,
consumer-brands companies have to make additional investments to ensure up-to-date and in-depth consumer insight. As a result, most consumer-brands firms build their strategies on strong brands and continuous product enhancements and innovations, as they are seen as the main tools to strengthen their own position against the retailers and to maintain consumers’ interest.

- **Situational-services.** Firms operating with a situational-services business logic provide project-based services which fulfil customers’ situation-driven needs. Situational-services business logic is common among professional service firms such as law firms, management consultancies and various rental companies (e.g., equipment, short-term employees). Most situational services firms have relatively fixed and high cost production capacity: law firms employ well-educated lawyers and construction equipment rental firms maintain a comprehensive equipment fleet. However, the demand for situational services fluctuates and thus situational-service firms are often very sensitive to economic cycles. Additionally, the economies of scale are limited: the output is dependent on the non-scalable resources such as staff and equipment fleet. In order to tackle these challenges situational-services firms strive to optimize their utilization rates, tend to seek business opportunities that generate continuous cash flows (e.g., outsourcing deals), and they are active in industrializing their services to achieve better economies of scale.

The way that firms using different business logics relate to customers is very different and this has implications for SAM programs, both in terms of role and practices. For instance, a firm operating with an installed base business logic is likely to be more interested in IoT, as monitoring the installed base of equipment or systems is key for their business. A firm offering situational services may be less interested in IoT, but again very interested in account based marketing and inbound marketing. A firm utilizing an input-to-process logic will have a different sales process and likely no sales funnel as there are fewer sales cases. The argument is that firms need to be careful when they compare and benchmark, as digitalizing SAM in the different business logics will differ markedly.

**Building digital acumen**

Although digital strategies differ by industry and/or business logic, digitally progressive companies share important characteristics: They employ a dedicated digitalization strategy, they embrace the meaning of being data-driven in decision-making, they engage in rapid
Mute the HIPPO (Highest Paid Person’s Opinion)

Digitalization depreciates the value of experience and changes the nature of expertise. The outcome is that business decisions are to be based less on experience (as there often cannot be any experience in these matters) and more on what the data and the related analytics tell us.

To enable this, many organizations need to “mute the HiPPO” or Highest Paid Person's Opinion.
experimentation in order to find the right way forward, they invest in their own talent, and they value soft skills more than technical prowess.\textsuperscript{106}

**From digital dabbling to dedicated direction**

Digitalizing SAM is not elective. The fundamentals of the business environment simply force old structures into a new digital reality. Our study shows without a doubt that digital dabbling is not the way forward. Success requires that firms make digital the core driver of elevating SAM, instead of purely garnishing SAM with digital experiences or tools.

The starting point for the transformation process is to use the customer journey as the reference point for development. This helps the firm to move from optimizing within functions to working cross-functionally to deliver consistent value across customer journeys.

Understanding customer journeys (and collaborating with customers to drive more insight) enables firms to focus on designing and managing a customer experience that is delivered 24/7 seamlessly across human and digital touchpoints, and consistently with the brand promise.

**Mute the HiPPO and become data-driven**

The oversupply of data creates opportunities and challenges for firms. To quote Gartner: “oversupply of data will overwhelm those who are ill-prepared. For those who are prepared, the potential to gain new kinds of critical intelligence will be unprecedented. Leading senior executives will build a strong competency in turning this data into critical intelligence that will drive their organizations’ future direction. Additionally, leading organizations will significantly advance operational agility with near-real-time information, feeding business processes that can absorb it, and react accordingly. Data coming from almost all directions provides the possibility for intelligence everywhere when combined with advanced artificial intelligence algorithms and other machine learning techniques”.\textsuperscript{107}

Digitalization depreciates the value of experience and changes the nature of expertise. The outcome is that business decisions are to be based less on experience (as there often cannot be any experience in these matters) and more on what the data and the related analytics tell us. To enable this, many organizations need to “mute the HiPPO” \textsuperscript{108} or Highest Paid Person’s Opinion. In the old days when data was scarce and expensive, important decisions

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Digital Learning

3D printing
Account-based marketing
Advanced analytics
Aggregator
Algorithmic logic
Allocentric innovation
API
App
Artificial intelligence
Augmented reality
Automation
Autonomous agents
Big Data
Buzz analytics
Cognitive computing
Collaboration platforms
Digital device mesh
Inbound marketing
Internet of Things
Machine learning
Mobility
Omnichannel
Predictive lead scoring
Social selling
Technologization
The Cloud
Use-value
Virtual reality
were made by persons who had experience, built up over the years by observing patterns and relationships between variables.

What is needed are new leaders that are involved in the digitalization effort and ready to make decisions, or rather allow others in the organization to make decisions, based on the results of data analytics. A recent McKinsey study, found that senior leader involvement and the right organizational structure are critical factors in how successful a company’s analytics efforts are, even more important than its technical capabilities or tools. To be successful, firms need to restructure their leadership teams favoring digitally savvy executives at the expense of long-standing leaders who don’t understand or who struggle to lead in the digital age.

**Engage in experimentation**

No one knows in detail where digitalization is taking us. Hence, firms need to liberate themselves from the idea that what is needed is “better planning”. In complex situations the only way forward is to stop seeking perfection in a firm’s approach to the future, and accept to move imperfectly forward at the speed of what dynamic strategic accounts make possible or what disruptors in the markets make necessary.

The best way forward is to become a “test and learn” organization, engaging in systematic experimentation involving customers and other stakeholders in tests with minimally viable products, and use these tests as a means of accelerated learning. Key words here are collaboration combined with an ability to pivot as the strategic accounts or the market responds to the experimentation.

Nearly 80% of digitally progressive companies say that their firms are actively engaged in efforts to bolster risk taking, agility, and collaboration. Only 23% of companies at the early stages of digital development are doing so.

**Develop SAM talents**

When SAM becomes SEL, it requires people with new talents. The skill profile of a “strategic ecosystem leader” is quite different from a strategic account manager, and the key question is: how to find and keep this new “SEL”? 

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Fortunately, a new breed of digitally savvy senior leaders is emerging, particularly among the millennials, but also among more experienced leaders. Research related to digital transformation shows that firms that give their senior employees the resources and opportunities to develop themselves in a digital environment are more likely to retain their talent. The same research argues that more than 75% of digitally progressive organizations provide their employees with resources and opportunities to develop their digital acumen, compared to only 14% of early-stage companies. Success appears to breed success—71% of digitally progressive companies say they are able to attract new talent based on their use of digital, while only 10% of their early-stage peers can do so.

This suggests that firms need to provide individuals involved in SAM (not only the account managers) opportunities to develop their digital acumen, in the same way as they have helped them earlier to develop their financial acumen related to value-based sales. It also suggests that human resource departments need to be involved, as it quite clear that existing training programs and incentive structures do not support the migration towards the elevated SAM role.

**Focus on soft skills, not technologies**

The risk with digitalization is to become overwhelmed by the “beauty of technology” and forget that we are dealing with social systems where success is dependent on a fit between various elements of a SAM program. To navigate the complexity of transforming to a digitally modified and elevated SAM role, firms should embrace digital congruence, where culture, people, structure, and tasks have aligned with each other. When culture, people, structure, and tasks are firing in sync, firms can move forward confidently.

It is easy to forget the soft skills when engaging in digital transformation. Research, however, shows that soft skills trump technology knowledge in driving digital transformation. When asked about the most important skill for leaders to succeed in a digital environment, only 18% of respondents listed technological skills as most important. Instead, they highlighted managerial attributes such as having a transformative vision (22%), being a forward thinker (20%), having a change-oriented mindset (18%), or other leadership and collaborative skills (22%). A similar emphasis on organizational skills above technical ones for succeeding in digital environments was also reported for employees.
APPENDIX

INTERVIEWEES

Digital subject matter experts

- Christopher Engman, Founder and CEO, Vendemore
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- Corrado Cesti, Head of Heavy Industry, SKF Group
  https://it.linkedin.com/in/corrado-cesti-6475003
- Eva Otel, Marketing and Sustainability Manager, SKF Group
  https://se.linkedin.com/in/eva-otel-533b3617
- Ron Davis, Executive Vice President, Global Customer Management, Zurich Insurance Company
  https://www.linkedin.com/in/ron-davis-5a917b3
DIGITALIZATION RESOURCES

Account-based marketing
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**Digital Culture**

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**Social Media**


LinkedIn.com

Social Selling - LinkedIn Sales Navigator [https://business.linkedin.com/sales-solutions](https://business.linkedin.com/sales-solutions)

Resources
Social Selling Index
https://business.linkedin.com/sales-solutions/the-social-selling-index
How to find YOUR SSI
https://www.linkedin.com/sales/ssi
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Dr Storbacka has made a career out of working on the borderline between academic and applied research within marketing and strategic management. He has over 30 years of background as a strategy consultant to European and global companies – in finance, media, travel, retail, utility, manufacturing and telecommunications. Out of this time, he spent 18 years leading Vectia Ltd, a consultancy operating in Finland, Sweden, Germany and the Netherlands that he founded in 1994.

Kaj has a long background in executive education, running MBA and executive MBA courses in New Zealand, Finland, Singapore and Shanghai. He is a frequent speaker at internal seminars for major global corporations, and at leading management development institutions in Europe, Asia and the US.

Kaj has published 12 books, some of which have been translated into several languages, and over 30 academic articles. His work has been cited over 6000 times, according to Google Scholar.

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Elisabeth Cornell is Research General Manager at the Strategic Account Management Association. She assumed responsibility to head SAMA’s research activities in July 2014. She currently works with SAMA CEO Bernard Quancard and the SAMA Research Advisory Board on the organization’s SAM research strategy and agenda. Previously, she was SAMA’s Chief Knowledge Officer, focusing on the organization’s knowledge strategy, educational programming, research and publications. She joined the nonprofit in 1998 and formalized a SAM knowledge resource service for the purpose of capturing, codifying and disseminating relevant B2B practices in strategic customer management.

SAMA’s corporate member firms span the Fortune 1000. Elisabeth has worked closely with HR, strategic/global account managers, senior and C-level executives to support and advance strategic customer management initiatives at companies such as 3M, Cisco, Deloitte, DHL, Emerson, Hilton, HP, Johnson & Johnson, Maersk Line, Nalco, Procter & Gamble, Schneider-Electric, Siemens, Xerox and Zurich Insurance.

Elisabeth has a B.A. in Psychology from Eisenhower College at Rochester Institute of Technology.
ABOUT SAMA

The Strategic Account Management Association (SAMA) is a not-for-profit global community of practice, a knowledge-sharing and networking organization devoted to developing, promoting and advancing strategic customer-supplier value, collaboration and learning.

SAMA equips and enables its members to develop and deploy national, regional and global strategic customer relationships and mutual value creation by providing:

THE BEST GLOBAL PLATFORM FOR BENCHMARKING
• global conferences, global membership, global training and global research

A CENTER OF RELEVANCE
• a source of knowledge, thought leadership and case studies

A REAL-TIME KNOWLEDGE NETWORK
• the conduit to connect practitioners, peers, academics, subject-matter experts and consulting professionals

ACTIONABLE TOOLS, PROCESSES AND EXPERIENCE
• a source of SAM-enabling tools for building organizational capabilities and promoting individual excellence in SAM process discipline and execution to enable market distinction and results (e.g. SAM Program Assessment)

SUSTAINABILITY
• a longer-term orientation to creating profitable strategic relationships through “next-level” practices and a standard of strategic account management competencies, skills and knowledge (e.g., CSAM – Certified Strategic Account Manager, SAMA research, SAM competency model)

SAMA Research
In alignment with our mission, SAMA’s research has three overarching goals:

1) To uncover actionable insights into SAM best practices in areas of greatest need to current and future SAM professionals and organizations;

2) To assist in the long-term advancement of the SAM profession to adapt and thrive in continually changing global business and economic conditions; and,

3) To investigate and identify new and emerging next practices that keep pace with and introduce competitive innovations in the practice of SAM.

The SAMA Research Department is supported by the SAMA Research Advisory Council, comprising company practitioners, SAM/sales consultants and academics. The Council provides a diversity of experience and expertise to assist the organization in establishing our Research Agenda—identifying and prioritizing the strategic account management topics and issues needing to be addressed through research. SAMA develops original research as well as joint research projects with external expert partners.

Visit the SAMA Website and find SAMA Research reports here. For more information, please send us an email at samaresearch@strategicaccounts.org.