REPORT

Beyond customer obsession: Engineering data mastery for what comes next

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Executive summary

Companies worldwide spent more than 100 billion USD in 2023 on customer relationship management software—four times the number just eight years before. And yet in the U.S., one highly watched metric of customer satisfaction found only a tiny increase since 2017 in customer happiness with the products and services they buy.

What gives? Our answer: CRM is not enough. Collecting and using data from sales transactions, customer service interactions and marketing indicators is crucial today. But it's now only table stakes.

Many companies are not collecting or effectively using the torrent of customer data coming from non-traditional digital channels. In particular, they are not adequately tapping two types of customer data: how customers are using their products (from digital sensors embedded in those products, smartphone apps, etc.) and what customers are saying about them (from social media, product review sites, and other external sites).

In this study, we surveyed more than 300 U.S. companies in five industries (average revenue of 29 billion USD): banking and financial services, insurance, healthcare, life sciences and telecommunications. From their answers to our questions about how effectively they use customer data, we categorized them in terms of their degree of customer-centricity. The results were eye-opening:

- About one-in-eight companies are largely ineffective at using customer data to market, sell, service and produce better products. We refer to these groups as "customer-ignorant" and "customer-indifferent."
- About three-quarters of companies are what we call "customer-responsive": They make adequate but not exceptional use of customer data to improve how they market, sell, service and create new offerings.
- But only about one-in-seven companies uses customer data extensively to improve how they create demand and service the products they sell today. And some of these companies go beyond that: They use customer data to gain proprietary insights on the new products that customers are likely to buy in the future.

We refer to companies in the last category as "customer-obsessed" and "customer-clairvoyant." With their extreme customer centricity has come higher revenue growth since the beginning of this decade. Customer-obsessed companies' revenue is 15% higher and customer-clairvoyant firms' revenue is 18% higher than it was in 2020. In contrast, revenue of customer ignorant and customer indifferent firms grew only 4% on average since then.

Why? The customer-obsessed and customer-clairvoyant firms collect more and higher-quality data than the rest. From that data, they then produce better insights on customer needs and wants from that data. That, in turn, enables their companies to out-market, out-sell, out-service, and out-innovate the competition.

This report, the first of three, investigates the data and technology foundation for customer-obsessed and -clairvoyant companies. From our findings, we recommend a four-step approach to creating the data and technology foundation for customer centricity.

A crucial step is creating a global data office, or fortifying one already in place. That global data office not only needs to set privacy and other standards across the company for how data will be structured; it also must ensure customer data is shared appropriately across the company.

The global data office also needs rare birds: highly talented data scientists and others who can turn the torrent of customer data into "insight products." These data analysts must be able to identify hard-to-detect revelations about customer needs. Those insights help line and functional managers improve every piece of the customer experience—from the time a customer becomes aware of the firm and buys its products, to the entire time the customer uses those products, to the time the customer is ready to buy the next product.

Introduction

The push to become customer-responsive long predates the 21st century's digital age. As the legendary Harvard Business School marketing professor Theodore Levitt put it in his seminal 1983 book, "The purpose of a business is to get and keep a customer." [1] To do that, companies have invested billions in customer relationship management systems—software that tracks their sales transactions, service interactions (e.g., call center inquiries) and marketing-generated signs of interest (e.g., website content downloads). In fact, the importance of knitting this data together, customer by customer, turned CRM software into a $107 billion-a-year industry worldwide in 2023—four times the number in 2015. [2] [3]

But it's now clear that being "customer-responsive" is no longer enough to fulfill Levitt's edict of 40+ years ago. Using digital sales and service data to get and keep U.S. customers is mere tables stakes. Customer satisfaction levels are barely above what they were in 2017. Over the last seven years, the American Customer Satisfaction Index found U.S. consumers' satisfaction with companies whose products and services they buy rose only 1 point on a 100-point scale (from 77 to 78). [4] And that minuscule gain was actually a big recovery; the satisfaction index had plummeted to 73 during the height of the Covid-19 pandemic. (See Figure 1.)

After a sharp decline, customer satisfaction is slightly higher than pre-pandemic levels

The American Customer Satisfaction Index (ACSI®) – 1994-2024

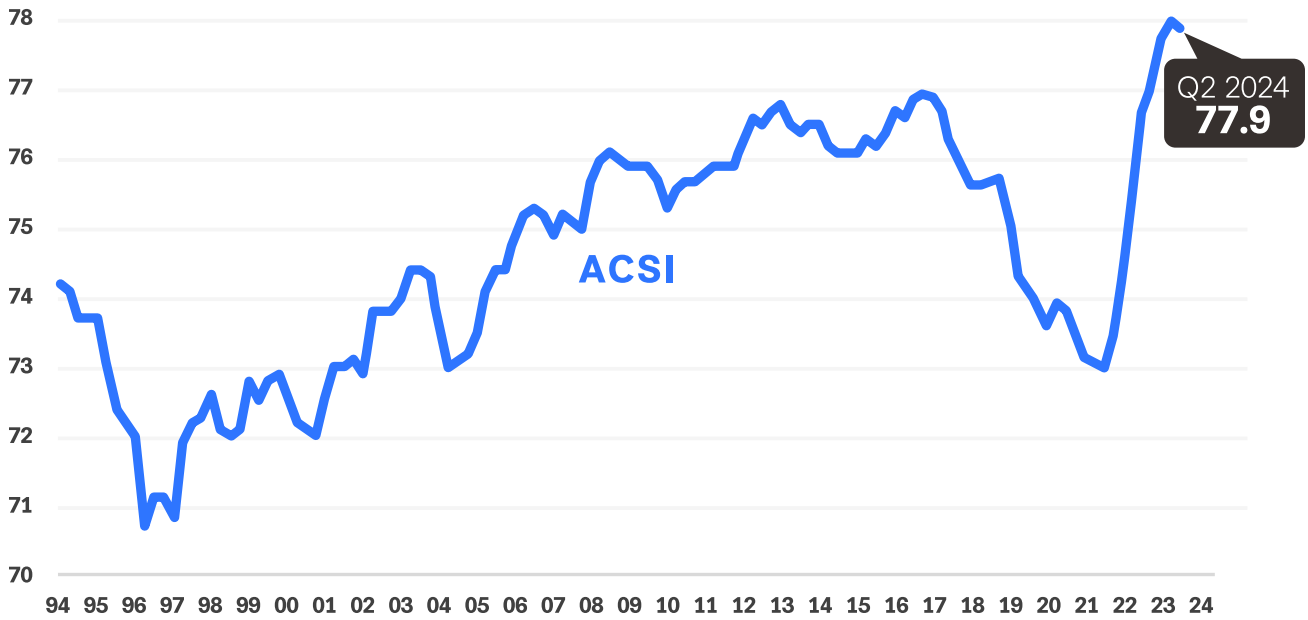


Figure 1

Source: © 2024 American Customer Satisfaction Index LLC. Data restated in 2017 onward to reflect more frequent insustry updates.

Several American icons of customer satisfaction suffered during the pandemic. One of the most publicized was Southwest Airlines, whose historic claim to fame was airline customer service and on-time dependability. The 26 billion USD revenue airline was rocked in late 2022 by an operational meltdown after a big winter storm forced cancellations of thousands of flights across the industry. Southwest cancelled more than 16,900 flights, which stranded more than 2 million customers. [5] The company was fined 140 million USD a year later by the Department of Transportation after paying 600 million USD in refunds and reimbursements to passengers. [6]

For Southwest, it was a costly episode. But it turned out to be a temporary blip given the actions it took afterwards. That included a 1.7 billion USD investment in IT in 2024 and the creation of its first-ever chief customer officer role. [7] What's more, the airline had decades of building enormous customer goodwill since its founding in 1971. Its Net Promoter Score has bounced back to pre-pandemic levels and revenue is again on the rise. [8] [9]

Still, our new study found there's now a higher goal to attain than being customer-responsive, and that only about one in seven companies are achieving that. They're using technology to collect and rapidly react to real-time data that most other companies aren't collecting (or using effectively if they do collect it). The data these outliers gather goes beyond the customer data that most companies have collected for years. The data that's making a big difference includes what customers are saying about them and how they're using their products on social media and product review sites.

Separating customer-centric leaders from laggards

We surveyed over 300 U.S. companies (average revenue of 29 billion USD) in five industries in the fall of 2024. (See Methodology, page 24.) We found about three-quarters (73%) are merely customer responsive. By this, we mean they use their data on customers effectively in marketing, sales and service. Some 13% were worse; they were not using customer data effectively in those functions. They break down into two groups: those we refer to as customer-ignorant (they collect a bare minimum of data) and customer indifferent (they collect more data but don't do much with it).

But on the opposite end of this spectrum of customer-centricity stood 14% of the companies surveyed. They were the most effective users of customer data because they collect much more customer data, use it differently, and manage it far better than the rest. We put these outliers into two groups, which we refer to as customer obsessed and customer clairvoyant. Customer-obsessed companies use customer data extensively to improve their products and services, and to market, sell and service them better. The customer-clairvoyant firms do that. However, they also collect and use a much larger set of customer data to determine what new offerings to develop, position, promote and sell next.

Classifying customer connectedness

Low ← *Degree of customer-centricity* → *High*

Customer ignorant	Customer indifferent	Customer responsive	Customer obsessed	Customer clairvoyant
Largely ineffective at collecting and using customer data to market, sell, or service better.	More effective than "ignorant" but not highly effective at collecting and using customer data to market, sell, or service better.	Adequate use of customer data to better market, sell, and service existing offerings.	Use customer data extensively to improve current offerings, and market, sell, and service better.	Beyond obsessed: use customer data to determine new product offerings – not just market, sell, and service current offerings better.
6% of total sample	**6%** of total sample	**73%** of total sample	**6%** of total sample	**8%** of total sample

Figure 2

The impact of moving from left to right on the spectrum of customer-centricity shows up on the top line. Between 2020 and their most recently completed fiscal year, the customer-obsessed companies' revenue increased around four times faster on average than the revenue of the least customer-centric firms (the customer indifferent and customer ignorant ones). What's more, the obsessed and clairvoyant firms' revenue rose two percentage points higher than the merely customer-responsive ones, which were 73% of the response base. The customer-clairvoyant firms' revenue growth (at 18%) was even higher than the customer-obsessed firms' (15%). (See Figure 3.)

Customer-centricity: A revenue force multiplier

Revenue growth: Average percent change from 2020 to latest completed fiscal year

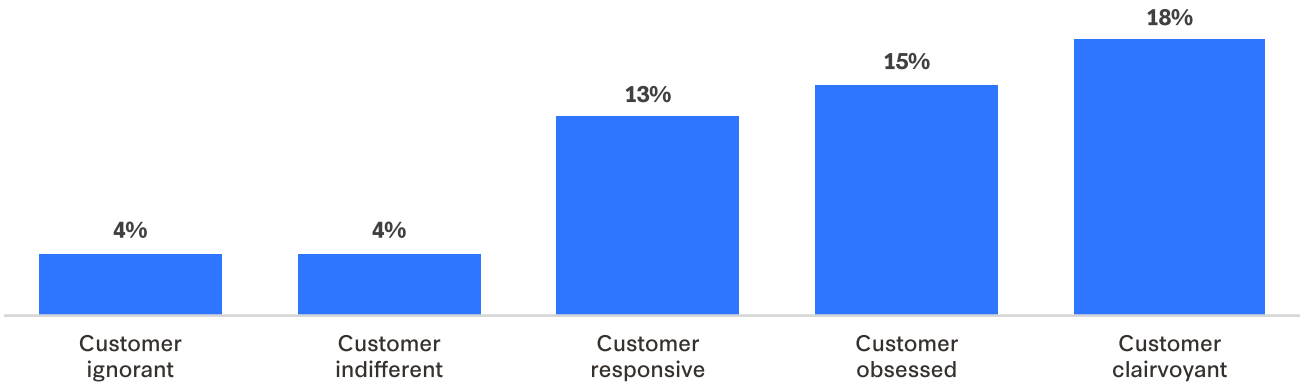


Figure 3

On average, companies are good at the basics: Collecting sales data

At a minimum, every large company must be effective at gathering sales transaction data. Our survey found that about four-out-of-five companies (79%) believe they are either effective or highly effective at that. What's more, a majority (although smaller ones) said they are effective or highly effective at gathering four other types of customer data:

- **Service history:** 71% are effective/highly effective.
- **Customer experience in product usage:** 69% are effective/highly effective.
- **How customers are using their firm's website and mobile apps:** 67% are effective or highly effective.
- **Customer comments on others' sites (social media, e-commerce product reviews, etc.):** 61% are effective/highly effective.

But gathering data is different than using it productively—e.g., to more sharply target marketing and sales campaigns, or to improve service procedures. With that in mind, we asked companies to tell us how effectively they use these five types of customer data. As a whole, their answers were troubling: A much lower percentage admitted to being effective or highly effective at using their data. (See Figure 4.)

The yawning gap between effectively collecting and using customer data

Percentage of respondents that are effective/highly effective at collecting and using 5 types of customer data

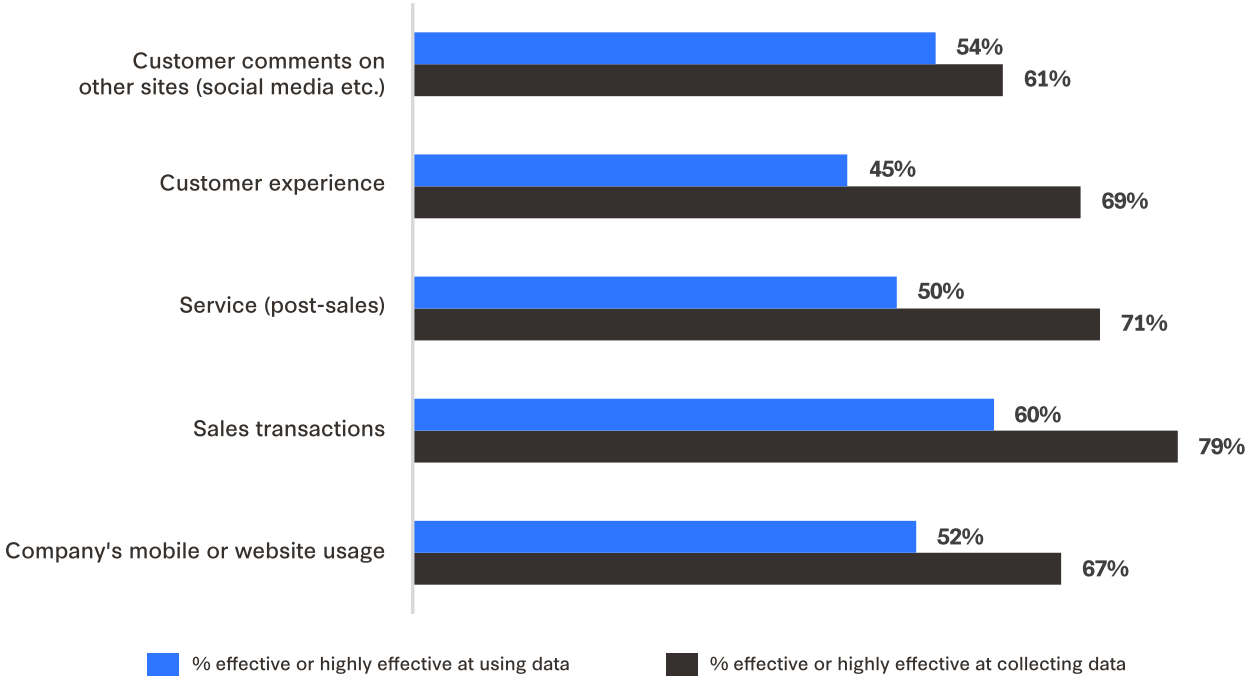


Figure 4

This is true especially when they try to understand their customers' experience in using their products and during post-sale service.

Drilling deeper, we discovered some eye-opening developments that separate leading and lagging companies. The worst companies at using customer data did many of the same things that the best companies did: They collected sales and service data. Their belief (which isn't wrong) was that tracking sales transactions and service interactions gave them a strong finger on the pulse of their customers. However, the worst-performing companies largely stopped there. They do a poor job of collecting, analyzing and using two other types of digital customer data that have proliferated in the last 5-10 years:

- **Monitoring product usage:** examples include auto insurers' telematics tracking driving for consistency; financial services firms' credit card technologies alerting cardholders to pending fraud, etc.
- **Tracking conversations:** especially on websites their firms don't control (i.e., social media, product review sites) – and from contact center calls to gain user feedback or to spot emerging issues (e.g., product defects, billing problems or confusing user interfaces) and to apply customer input for new product or service innovation, etc.)

Capturing this data with the IT systems that have long been in place is now difficult. One reason: their IT infrastructure, systems and processes are already straining to keep pace with the unprecedented explosion in data of all types. So is digitizing it in a format that makes it usable. Much of this data is unstructured (audio, pictures and videos) or semi-structured (i.e., social media conversations and comments). Even if it can be digitized, the massive amounts of computational power needed to process and analyze it was cost-prohibitive—until the advent of the so-called cloud computer hyper-scalers like Amazon Web Services, Microsoft Azure, and Google Cloud.

Still, many companies we studied said they weren't using this data productively:

- Less than half (45%) effectively use data on how customers use their products.
- Barely half (54%) effectively use customer comments on social media, product review sites and other external websites.

But with ongoing computational power increases and cloud computing cost decreases, organizations will have an unprecedented ability to monitor how customers use their products. This will be the case even with a continued explosion of digital data. One forecast estimates the amount of digital data created worldwide will more than double between 2024 and 2028. [10]

Generative AI will help fuel this data explosion. It analyzes verbal and written customer feedback instantly—whether from phone calls to their contact centers, chatbot interactions and social posts, or other sources. However, most corporate IT infrastructures can't handle such AI workloads, a recent study found. Only 22% of 1,110 C-suite executives and technologists surveyed said their IT foundation could take on the computing burden of AI workloads. [11]

To address this, companies must build a strong data foundation. That foundation must be able to collect, clean and turn the enormous volumes of customer data into incisive insights. It is the role of data and AI managers to create these insights. If they give functional and line managers an understanding of customers and market opportunities that competitors lack, they can deliver a distinct competitive advantage. They can turn companies that are merely "customer-responsive" (or worse) into customer-obsessed and -clairvoyant firms.

What customer-obsessed and clairvoyant companies do differently

Our research found that the best companies at collecting, managing and using customer data (customer obsessed and customer clairvoyant) insert themselves digitally into the conversations customers are having with or about them. Compared with customer ignorant and customer indifferent companies—even against average companies that we dubbed customer responsive—leaders distinguish themselves in three primary ways:

- They digitally collect and analyze enormous amounts of customer data continuously (from internal and external sources). They view data on their sales transactions, service interactions, website and mobile app, customer usage of their products, and customer comments on external websites as equally important sources. This gives them a much richer picture of customers' sentiments, needs, and wants. They use generative AI to cut costs and the time it takes to load and clean the data. (See sidebar, page 12.)
- They combine generative AI with traditional AI and machine learning software to formulate profound customer insights. They also analyze – rapidly and at scale – digital recordings of their conversations with customers, as well as the conversations and comments that customers are having about them but in their absence (on social media sites, product review sites, etc.). They are also savvy at using metadata (i.e., digital information that describes digital data.)
- They analyze immense amounts of customer data that give their company's product managers valuable insights on much-needed product enhancements and new product extensions. Verizon is a good example. The telecommunications firm is reportedly using generative AI to analyze 170 million calls annually to retain 100,000 subscribers by proactively identifying why they call customer service and connecting them with the most suitable representative. [12]

And because customer-clairvoyant companies are wired deeply into customers' deepest needs, they are better at predicting which new offerings will be successful and, thus, are worthy of funding and developing. All this makes it clear why their revenue growth since 2020 is much higher than customer-ignorant and -indifferent firms. By collecting much more customer data, creating more profound insights from it, and using those insights to out-market, -sell, -service and -innovate, they grow much faster.

Digitally collect and analyze enormous amounts of customer data continuously

Combine generative AI with traditional AI and machine learning software to formulate profound customer insights

Analyze immense amounts of customer data that give valuable insights

This starts with having a data quantity advantage. As Figure 5 shows, the customer-obsessed and -clairvoyant firms are much more likely to have sufficient quantities of internal, external, structured, unstructured and semi-structured data. They are more likely to have this data than even the customer-responsive firms.

Who has the data quantity advantage?

Percentage of companies with sufficient/highly sufficient quantities of 5 types of customer data

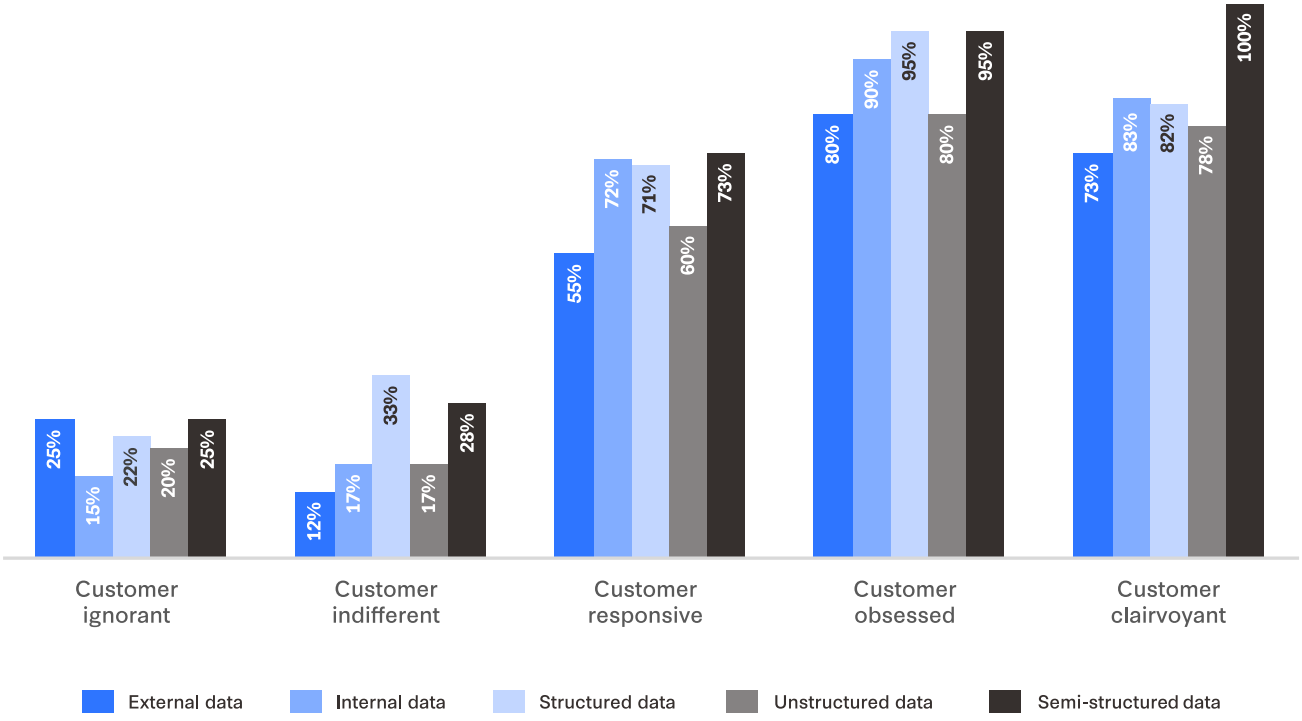


Figure 5

Figure 5 reveals why the least customer-centric firms start off on the wrong foot. They lack sufficient customer data.

Still, having lots of customer data alone isn't enough to outcompete. Customer-obsessed and customer-clairvoyant companies also have higher-quality data than the three other types of companies. The metric of data quality is one that the most customer-centric companies outshine the least customer-centric firms. (See Figure 6.)

Who has the data quality advantage?

Percentage of companies with sufficient/highly sufficient quality in five types of customer data

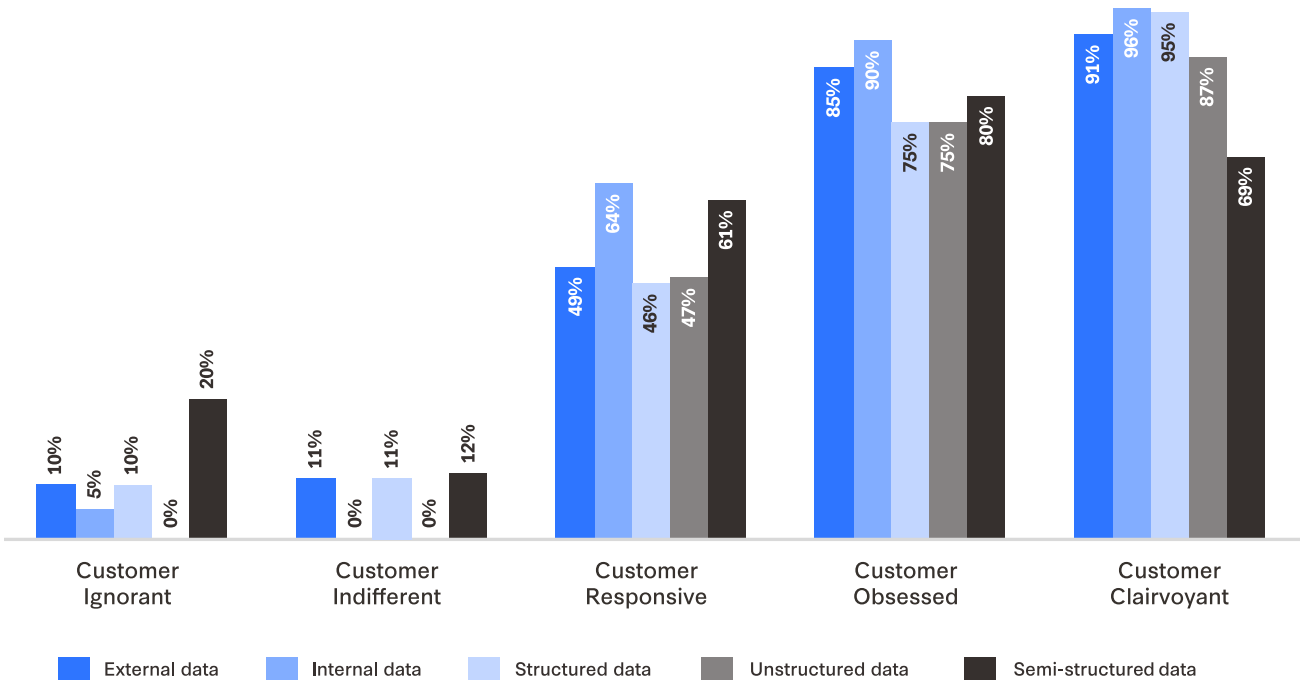


Figure 6

How companies use generative AI to shore up their data foundations

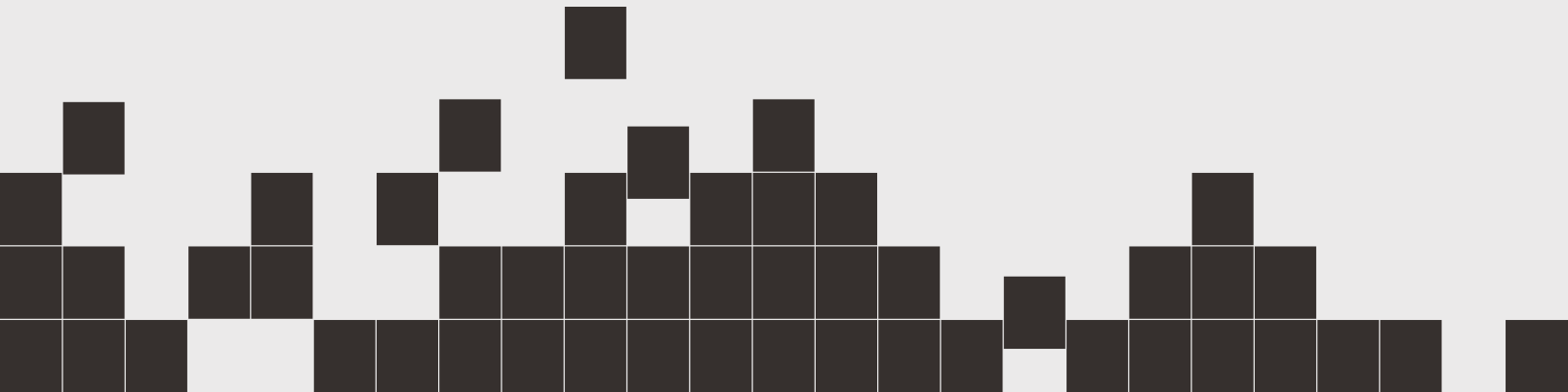
Our survey clarified something we've known for decades: To do highly beneficial things with customer data, companies must have the right types, quantities and qualities of data. They are core elements of a strong data foundation. In short, digital age customer centricity begins with a great data foundation.

We also found that less than half of the companies surveyed use generative AI to build that foundation. Not surprisingly, more customer-centric companies (the ones we label customer obsessed and customer clairvoyant) were more likely to use generative AI to transform their data (the "T" part of ETL: extract, transform, and load). In this way, generative AI appears to have value in cleaning and otherwise preparing data to be analyzed and used.

Here are some of our topline generative AI findings.

- **Spend**: Customer-obsessed and customer-clairvoyant firms have spent about twice as much (11.4 million USD and 14.8 million USD, respectively) as customer-indifferent and customer-ignorant firms (5.9 million USD and 6.6 million USD, respectively) on generative AI.
- **Data transformation:** Roughly 50% of the customer-responsive, 65% of the customer-obsessed, and 52% of the customer-clairvoyant companies use generative AI to transform their data. These percentages are higher than those of the customer-ignorant (45%) and customer-indifferent (17%) companies. We also found customer-centricity is highly correlated with the use of metadata. (See Figure 7, page 14.)
- **Data engineering:** Companies that use generative AI in data engineering have cut costs of adding new data by an average of 27% and time by 40%. Those percentages are similar in each of the five industries we studied. Customer-obsessed companies generated an average 29% cost reduction and 68% cycle time reduction across their data foundations. Customer-clairvoyant companies gained an average 39% cost reduction and 82% cycle-time reduction across their data foundations. In contrast, customer-ignorant and -indifferent firms got less than 17% improvements in both areas.

If you believe that unstructured data will become even more crucial to your company's ability to be customer-centric, then it should be putting generative AI to work in building and maintaining its data foundation.



Engineering customer obsession and clairvoyance into your organization

How do companies that are customer-responsive – or worse – become more customer-centric? From our research, we derive four steps are crucial to making such progress:

- **Step 1:** Collect the right data and structure it for use
- **Step 2**: Clean data (especially with generative AI)
- **Step 3:** Formulate insights on customers from the data, and make it usable internally
- **Step 4:** Establish the global data office

Let's look at each step in more detail.

Step 1: Collect the right customer data, funnel it through a customer data platform, and enable its surgical use.

Clearly, collecting sales and service data is table stakes. Think about what customer data provides your company with an advantage. This is where product usage data today is critical—i.e., where customers use your product, the difficulties they encounter, and the features they use most.

Consider Uber Technologies Inc., the ride hailing service whose 2023 revenue (37.3 billion USD) was nearly four times that of 2020 (10.2 billion USD). [13] [14] At least five kinds of customer data have been crucial to increasing its customer base by 73% since the end of 2020 [15], and getting them to take more trips (2.6 billion in 2023) with Uber drivers. [16] One is mobile event logging—how customers use the Uber mobile app. Another is location data—of both the customer (from seeing where their mobile app is) and from the driver. A third is the details of each trip—including where the driver picked up the customer, drop-off locations, routes taken and the time it took. A fourth is payment data, and a fifth is user verification. The Uber app can take photos to verify if the rider is indeed the one who ordered the service.

Four of Uber's five aforementioned data types are what we call "product usage" data. In this case, Uber tracks its customers' use of its product through the Uber app. (The payment data is traditional sales data.) Uber's application of product usage data has enabled it to dramatically improve its service over the years—to get customers picked up faster, to have drivers pick up customers in more convenient locations, and for the rides to be as short as possible.

The New York Times also relies heavily on product usage data i.e., how the 11 million subscribers to its digital edition (as of November 2024) use the paper. [17] It applies analytics to understand how readers use its website and mobile app. It segments customers into different groups to understand what preferences go with what groups. From Google Search and social media feeds, *The New York Times* determines what drives customers to its site. (That's external data vs. The New York Times' site and mobile app's internal data.) The newspaper company also collects voluminous digital data on customer preferences. That helps it personalize alerts and the digital product. [18]

The New York Times is a great example of an organization that before the digital era had little chance of capturing detailed product usage data of its print newspaper. Capturing this data—and using it to create a better product and new products that customers want—has been crucial to the company's dramatic turnaround since 2014. In a steeply declining industry, its revenue grew from 1.59 billion USD to 2.4 billion USD in 2023. [19] Net profits grew sevenfold in that time (from 33 million USD to 232 million USD.)

Step 2: Clean and master your customer data—especially by using generative AI.

The more customer-centric companies in our study had much higher quantities of customer data that were also of much higher-quality than the laggards. They also were far more likely to label that data with metadata.

Properly labeled metadata makes it far easier for analysts and analytics software to identify crucial trends in customer transactions and interactions. Our survey found that most customer-obsessed and customer-clairvoyant companies use metadata extensively. But less than half (47%) of customer-responsive firms do so. And not one of customer-ignorant or -indifferent firms did. (See Figure 7.)

Netflix collects a variety of viewer data that it categorizes as distinct personas to assess how its streaming programs perform. [20] These include "Starters" (households that watch at least 2 minutes); "Watchers" (households that watch 70% of a movie/series episode); and "Completers" (households that watch 90% of a movie/series season).

The metadata advantage

Percentage of companies using metadata to understand customers

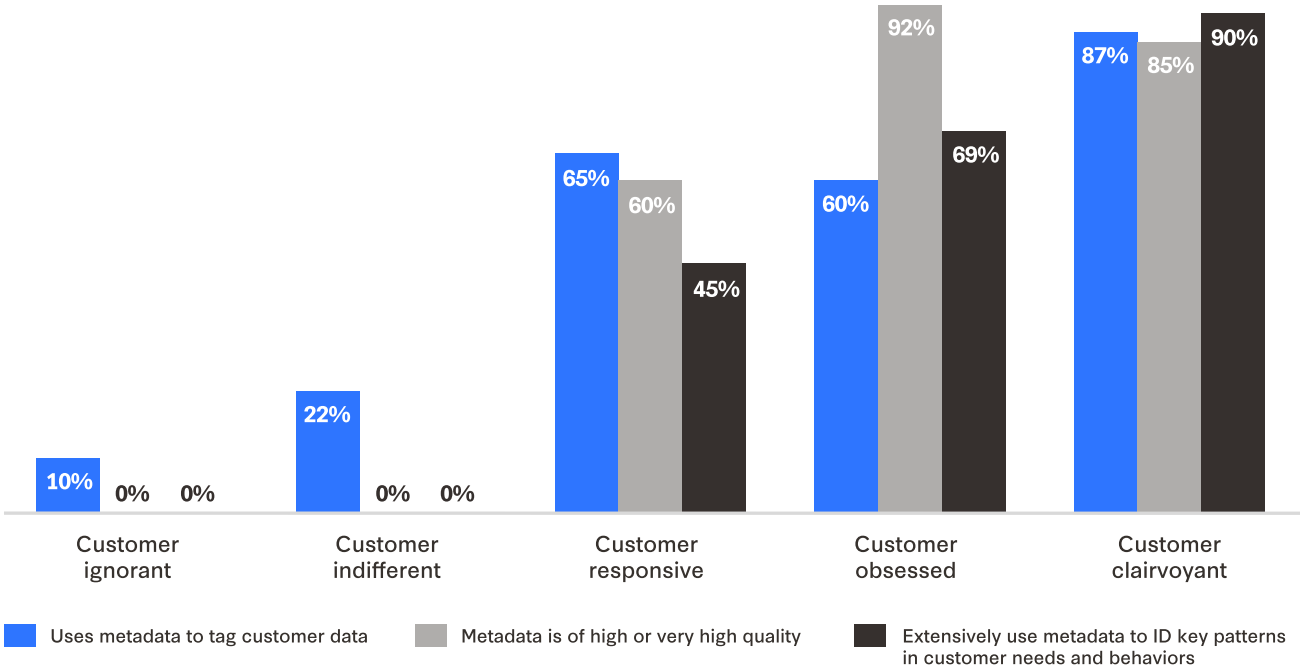


Figure 7

Step 3: Formulate unique insights on customers and package them for fundamental purposes.

This requires organizations to apply a "product management" approach to unlocking insights from raw data. Traditionally, product management was all about managing product development and resulting transactions, from womb to tomb. It focused exclusively on the product/service itself. That made sense since the primary customer data collected was sales transaction information—monetary value, shipping instructions and locations, payment details, and so on.

Today, that's way too limited given how much data many companies collect on customer usage of their products and services—other than the information customers share when they have a problem. Many manufacturers embed digital sensors into their products that offer real-time performance intelligence.

But even service companies with mobile apps have the same advantage. For example, Uber and its passengers, banks and their payment apps, and auto insurance companies and their telematic apps that (customer-willing) send data on their driving habits.

Companies can gain a wealth of other insights on customers from websites they don't control—social media sites on which customers talk about their products, and product review sites. As a result, companies can more broadly and deeply understand their customers and how they use their offerings.

Organizations that generate unprecedented insights on big and unfilled customer needs will also have a major advantage in new product development. This is especially true of companies that generate insights on how customers are using their products.

Companies across all five degrees of customer centricity agree that this is becoming crucial for the foreseeable future. We asked companies to rank from a list of seven of their most important uses of customer data in the next two to three years. Was making their sales teams more effective No. 1? Or customer retention?

The answer was no in four of the five industries we surveyed. Banks, healthcare, life sciences, and telecom companies ranked using customer data to improve how their customers use their products as No. 1. (See Figure 8.)

The most important use cases for customer data in 2-3 years

Rank	Overall	Banking & financial services	Insurance (Property, Casualty, Life)	Healthcare services	Life sciences	Telecom
1	Customer experience in product usage	Customer experience in product usage	Product innovation	Customer experience in product usage	Customer experience in product usage	Customer experience in product usage
2	Product innovation	Product innovation	Customer retention	Product innovation	Product innovation	Product innovation
3	Customer retention	Website experience	Customer service	Customer service	Website experience	Customer retention (tied)
4	Website experience (tied)	Customer retention	Customer experience in product usage	Customer retention	Marketing campaigns	Customer service (tied)
5	Customer service (tied)	Marketing campaigns	Sales effectiveness	Sales effectiveness	Customer retention	Website experience (tied)
6	Marketing campaigns	Customer service (tied)	Marketing campaigns	Website experience	Customer service	Marketing campaigns
7	Sales effectiveness	Sales effectiveness (tied)	Website experience	Marketing campaigns	Sales effectiveness	Sales effectiveness

Figure 8

Keys to success:
Redefining product management

In the 1990s, when companies didn't have mobile apps to give customers or couldn't embed digital sensors in their physical products that would report on how customers were using them, the discipline of product management was much narrower than it is today. Back then, the performance data that product managers had fundamentally were a) how well a product sold, where and at what price, and b) what problems its customer service centers were dealing with.

How were customers using the product? No one knew—only the customers.

With smartphone apps and embedded sensors in their company's products, today's product managers are dealing with an avalanche of customer data. Where are Capital One's credit cards getting hacked? If customers are using its mobile app to make purchases, it likely knows. It's in this airport or that stadium.

Having all this customer data today—particularly on how customers are using their products—enables those firms to address more customer needs. Just think about companies that give customers generative AI tools to get answers to their questions. That would not only reduce the cost of customer service (provided the AI-generated advice is solid); it would give the firm's data product teams a whole new source of customer data. Take, for example, a wireless telecommunications company with a ChatGPT self-support portal. If numerous wireless customers started flooding the portal with questions about how to avoid data roaming charges on calls made outside their home country, that telco might want to make its instructions clearer—or issue warnings to customers who roam outside their home country.

In other words, generative AI could become a great customer listening tool.

With the coming firehose of data on how customers are using its products, a company's global data office must be prepared to help business line and functional managers tap it all. It forces the world of product management to be much more encompassing. Product managers now have a treasure trove of customer data to improve their products, and to see how they're purchased, used, and serviced. The global data office, analytics and other professionals whose job is it to deliver insights about customer behavior now have a much wider canvas on which to develop customer insights.

The new take on product management is much more expansive. It has morphed into a new discipline that extends beyond merely managing the product itself. This expanded view on product management differs in two ways:

- It requires companies to have a deep understanding of their past relationships with customers.
- It requires companies to have a deep understanding of their present relationships with customers. This focuses specifically on how well they are meeting customer needs for easier to use products (i.e., intuitively designed products that deliver meaningful and useful customer experiences).

Being customer clairvoyant requires companies to continuously generate deep, data-informed insights on what today's customers want—and where future customers will come from, and what they will want. Product managers need to think beyond persona-based analytics, e.g.—"What does Gen Z need?" or "What distinguishes Gen Alpha from other generations?" Banks need to look deep into needs of individual customers. They can no longer generalize what they know about Millennials, much less Baby Boomers.

Companies that marshal the best insights from their customer data—the customer-obsessed and customer-clairvoyant firms—will outmaneuver companies that are content with only being customer responsive.

To provide key insights on customers that support the elevated role of product management, organizations need a highly functional global data office that creates six types of insights:

How to market products, and who to market them to	How to sell those products	How to service those products
How to improve existing products	How to see opportunities for whole new products and new customer sets	How to improve the customer experience in using the product

Capital One applies such a broader approach to product management thinking. In a 2024 media interview, Christina Egea, VP of enterprise data, said her team creates a variety of data assets for functional and line managers: application programming interfaces (APIs) for putting data into analytics programs, real-time data streams, analytical files and tables. This, she said, makes it much easier for Capital One employees to find and understand the data. [21]

Step 4: Establish a global data office seeded with top talent and effective processes for creating and federating key insights on customers.

An effective global data office—also known as a central data office—is a pivotal element to being customer-obsessed and clairvoyant, our research found. The global data office acts as a center of excellence, setting guidelines and overseeing architecture, platforms, governance, and the enterprise wide coordination of data and AI as well as providing specialists who have hard-to-hire skills. It oversees the data council to ensure data policy advances business objectives. Individual business units lean into it but can retain responsibility for much of their own data, operations, and development.

The global data office can act much more than the arbiter of a common data policy and standards. On one side, it works with the IT department to ensure that the data foundation is solid (e.g., it contains the right data, right amounts, right quality, and the availability of infrastructure). But the global data office must also work well with functional and product line managers to enable what needs to be done. (See Figure 9.)

How customer-obsessed and -clairvoyant companies master data

	Build	Coordinate	Drive
Task	Build a superior data foundation	Coordinates data policy, sharing and corporate governance	Drives business value
Who	IT (primarily)	Global data office	Line of business
Why	Secures the technology resources and digital engineering talent to collect, clean, and process data in real time at high volumes	Ensures compliance with corporate policies and coordination across the business. Oversees the data council	Turn customer insights into business advantage
What	Great data on customers; always available; continuously current	Effective, compliant data products and cross-company collaboration for data mastery Ensures the IT organization collects and refines the right data, cross references/ tags the data, and makes it available to the global data office	Creates data products and data platforms that generate incisive insights to help the company compete on customer obsession and clairvoyance

Figure 9

Our research detailed how the roles and responsibilities of the global data office differ at leading and laggard companies. In formulating standards and policies for how data should be organized and used, 95% of customer-obsessed companies and 87% of customer-clairvoyant companies either have a common data strategy in place or are implementing one across the organization.

In contrast, only 57% of the customer-responsive companies had a common data strategy in place or are working on instituting one. And only 6% of the customer-indifferent and none of the customer-ignorant firms had a common data strategy in place or are implementing one. (See Figure 10.)

57%

of the customer-responsive companies had a common data strategy in place or are working on instituting one.

A common data strategy is crucial to customer-centricity

Percentage of companies with a common data strategy in place or in implementation

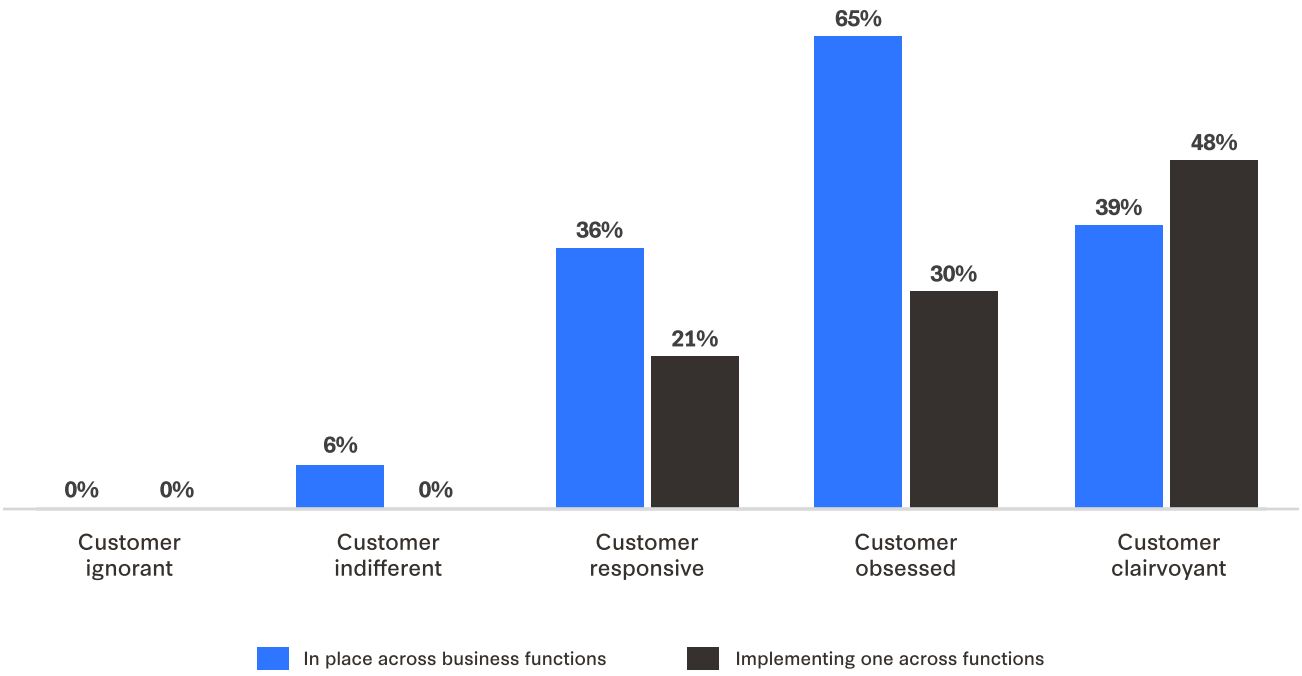


Figure 10

A common data strategy is crucial but not sufficient; customer data and insights about that data must be shared across a company. Some 78% of the clairvoyant and 65% of the obsessed companies had high or extremely high sharing of customer data across functions. In contrast, only 42% of customer-responsive companies said the same. And none of the customer ignorant and only 6% of the customer indifferent companies had high or extremely high sharing internally of customer data across functions. (See Figure 11, page 21.)

Generating a steady stream of insights for time-crunched functional and product-line managers on what customers think, want and need is crucial.

The more data is shared, the more customers are cared for

Percentage of companies with high or extremely high sharing of customer data across functions

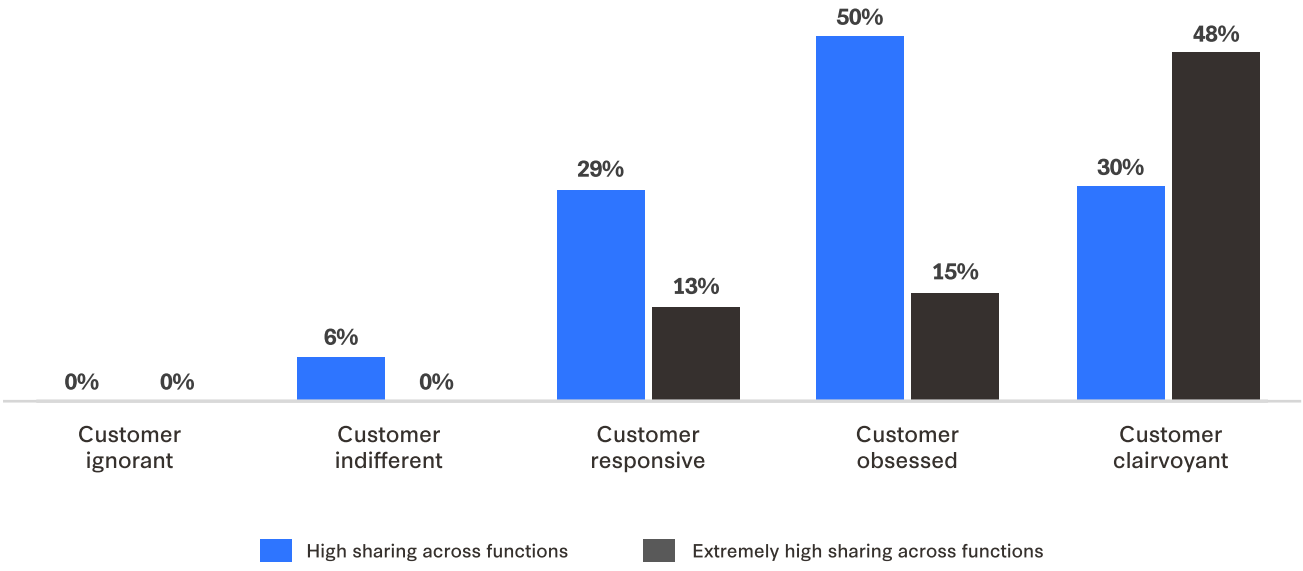


Figure 11

One thing became clear as we analyzed the findings: The global data office must be adequately staffed with analysts, data scientists and AI experts. Most of the customer-centric companies (customer obsessed and clairvoyant) on average had more than twice as many people in their global office (around 100) than the customer-responsive companies did—and more than three times the number of the customer-ignorant firms. (See Figure 12.)

You need a global data office, and to staff it adequately

	Customer ignorant	Customer indifferent	Customer responsive	Customer obsessed	Customer clairvoyant
% of companies with a central data office	30%	33%	50%	55%	65%
Average # headcount in central data office	28	53	46	99	108

Figure 12

Moreover, chief data officers must be customer insight-focused, not technology-focused. Elizabeth Stone of Netflix is a good example, as is Capital One's chief data officer, Amy Lenander. (See sidebar below.)

A well-staffed global data office will bridge the big gulf many companies have in turning data into key insights and competitive advantages. Organizations have demonstrated for years that they need to make functional and business line managers "data literate."

But there remains a huge fault line between business managers (focused not on data but managing marketing, sales, service, R&D, etc.) and IT and software engineering managers. Strong skills in generating deep and useful insights from data are still scarce. Improving those skills is a core responsibility of every global data office.

SIDEBAR

Building effective global data offices: The stories of Netflix and Capital One

Streaming industry category killer Netflix and credit card behemoth Capital One realized early on what it took to be customer-obsessed and customer-clairvoyant, to use our terms. They focused on acquiring and analyzing the right data at lightspeed. But they went beyond that to make sure that crucial insights about customers were acted upon.

This is an issue of organizational structure: to whom the people who come up with such insights should report to. Such insights can be buried by a product line or function that views them as reflecting badly on their performance. For a similar reason, when Netflix co-founder Reed Hastings began shifting from DVDs-in-the-mail to streaming in 2007, he set up the new venture in a separate group that reported directly to him.

With 33 billion USD in revenue in 2023, Netflix is king of streaming in the 106 billion USD market. Key to its dominance is a centralized data and insights group that reports to chief technology officer Elizabeth Stone. Capital One, meanwhile, was among the first companies to appoint a chief data officer in 2002. [22] The current chief data officer, Amy Lenander, has continued the company's strategy of being a customer-data-driven financial services firm. Its data analysts, data scientists, engineers and product managers work together to drive fact-based business decisions. The strategy is paying dividends. Revenue has more than doubled since 2011 (from 18 billion USD to 49 billion USD in 2023) and earnings have grown 150%. [23]

Composed of data engineers and data scientists from all walks of professional life, Netflix's data and insights group collects and analyzes data across the company's wide array of initiatives. Those have grown from a subscription-based video streaming service to include an advertising-supported offering, gaming and live events. The team even supports the needs of content creators and production teams. [24]

The team's charter, according to Stone, is to be "truth tellers" and not proxies for what business line and functional leaders might want to hear. [25]

Interestingly, Stone doesn't have a "technology" background. She's a Stanford University- and MIT-trained economist. She joined Netflix in 2020 and now oversees its 3,000-person technical team. Not surprisingly, up until October 2023, she ran Netflix's data and insights group after a stint as VP of data science and engineering.

Capital One's Lenander also doesn't hale from the IT side of the house. She was appointed chief data officer in July 2022 after 20 years in various business roles at Capital One, including CEO of Capital One U.K. and running international operations.

Like Netflix's Stone, Lenander sees her role as helping Capital One leaders use data to create new market opportunities, such as spotting where customers could use more help in paying their credit card bills on-time. "We can and have implemented new strategies such as better payment reminders to support customers with this important task and have measured the impact those strategies are having on customer performance and wellbeing," she contends. [26]

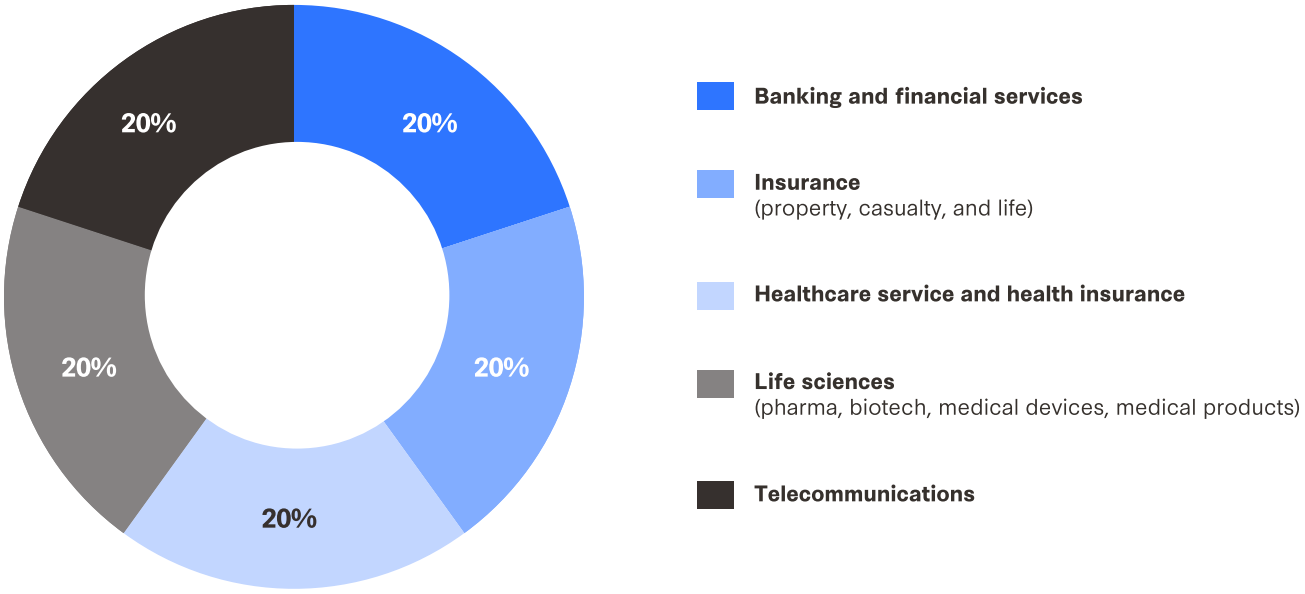
Gaining a leg up on customer clairvoyance and obsession

Companies that separate the signal from the noise—the crucial business insights from the onslaught of customer data—will leap ahead. But to do this, their global data offices must master the job of creating highly useful insight products. This requires a major investment in people power to strategically transform raw data into game-changing insights that can be purposefully shared across customer-facing functions.

The same can be said of a data foundation. Creating a strong one requires a major resource commitment—funding to invest in new technologies and analytical tools as well as infrastructure to support continuous experimentation. As companies collect more data on their customers' usage of their products, as AI enables more of that to be analyzed, and as cloud computing enables more data to be processed quickly, companies with the best data foundation and customer insights data group in place will have major advantages. Now is the time for merely customer-responsive companies to begin catching up.

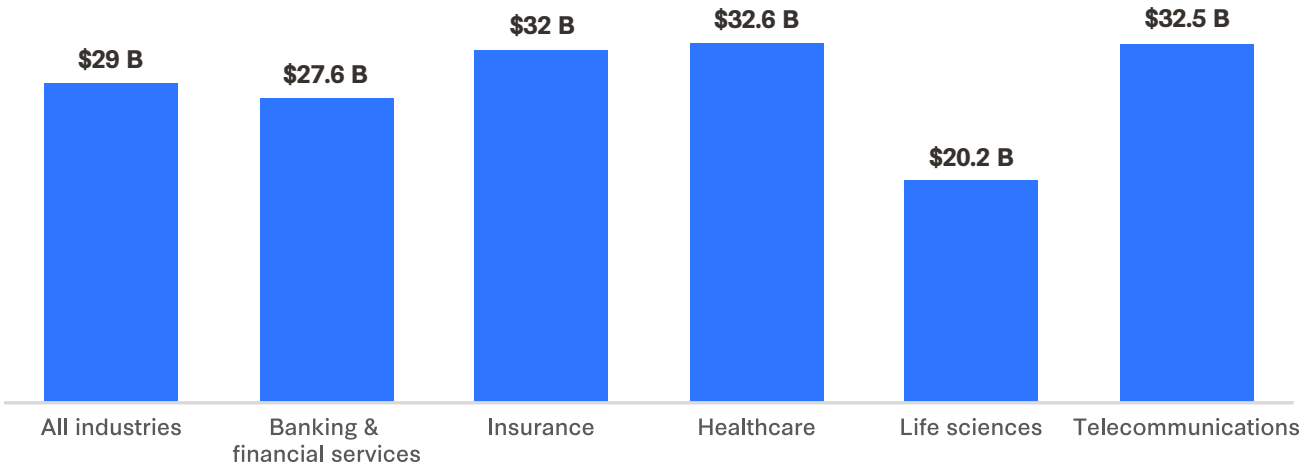
Methodology

We surveyed 305 U.S. companies in September and October of 2024. Twenty percent of respondents originated from each of five sectors—banking and financial services, insurance, healthcare services and insurance, life sciences (pharma, biotech, medical devices, medical products), and telecommunication services.



Average revenue per survey respondent: $29 billion

(median revenue of $9.7 billion)



About the study

This is the first of three related surveys that Virtusa will conduct in 2024 and 2025 on the customer data management practices of large companies in five sectors (banking and financial services, insurance, healthcare, life sciences and telecommunications). Our first survey focused on the financial and operational impact of four issues:

1. What customer data they collected, the quantity and quality of that data, and how they engineered it to build what we call their "data foundation."
2. What digital data management practices led to greater or less effectiveness in using that data for marketing, selling and servicing customers.
3. At a high level, how they are using their customer data to improve marketing, sales, service and product development—and especially where they are using generative AI.
4. The financial and operational impact of those practices

Survey No. 2 (to be conducted in the first quarter of 2025) will dive more deeply into how companies in these sectors are using customer data, AI and the cloud.

How we dissected customer centricity

In our view, how effectively or not a company uses the customer data it collects is a good guide of how customer-centric it is – or isn't. With that in mind, we gauged our survey respondents' degree of customer-centricity by how effectively they used five kinds of customer data:

1. Customers' usage of their website and mobile apps to view products and services.
2. Customer sales transactions.
3. Post-sale service interactions (e.g., support tickets, warranty claims, product returns, etc.).
4. Customer usage of their products and services (e.g., data from digital sensors embedded in their products or premises where they do business with customers).
5. Customer comments that are publicly available on the Internet. These can be comments on social media sites such as Facebook, X and LinkedIn; on the product review portions of e-commerce product descriptions; on pure product/service review sites (e.g., Yelp), and on other sites.

The survey respondents that we grouped as "customer ignorant" or "customer indifferent" said they were not effective in using any of the five data types. In contrast, every survey respondent that we designated as "customer responsive," "customer obsessed" or "customer clairvoyant" used at least one of those five data types effectively or highly effectively. Most used multiple data types effectively or highly effectively.

To separate the customer ignorant from the customer indifferent survey respondents, we looked at how effectively they collect data from their post-sale service interactions. Companies that don't collect this data obviously don't use it. In so many words, they indicate that customer complaints about them don't matter, so they don't collect data about them. They ignore them. (That's why we refer to this segment as customer ignorant. While that might sound harsh, they act as if they don't care enough about what customers think of them to collect their feedback.)

To delineate the customer obsessed from the customer clairvoyant, we assessed how much they valued using customer data to determine what new products they would develop (or buy from other companies).

One survey question in particular asked them to rank their most important uses of customer data over the next 2-3 years. The customer-clairvoyant group (23 surveys) was composed of companies that ranked "helping product development/R&D teams to improve and innovate product/service offerings as one of their top three use cases. (That's why we labeled them clairvoyant: they use customer data to determine future customer needs.) The customer-obsessed group (20 surveys) did not rank that use case in their top three.

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