



**2020 Advisory Conference**

October 27–29


Converging knowledge and behaviors to deepen client relationships

**CONVERGE**

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**ENHANCING THE CLIENT EXPERIENCE THROUGH DIGITAL TRANSFORMATION**

October 28, 2020

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**Avalara**

**Rock Island Capital**

## Speakers



**Travis Love**  
Manager  
Travis.Love@rsmus.com

Focused on helping clients grow through various strategies including opening up new sales channels, expanding to new markets or leveraging new technologies.



**Sy Nayman**  
Director  
Sy.Nayman@rsmus.com

Delivering the value of your customer data so you can know prospects online, acquire customers and grow relationships at scale.



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## Agenda

| Topic  | Minutes    |
|--|------------|
| RSM Digital Framework and Driving Client Change      | 10 minutes |
| Understanding how Digital Maturity Affects Customers | 10 minutes |
| RSM Client Example                                   | 10 minutes |
| Discussion / Q&A                                     | 30 minutes |



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## Objectives

By the end of this course, you will be able to:

- Understand what 'digital transformation' means in the context of customer relationships
- Understand how digital transformation can impact our clients and their customers
- Listen for key signs that clients are experiencing digital challenges
- Apply the digital framework to facilitate early conversation with clients
- Understand how a digital transformation example can bring top-line benefits to clients



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# RSM DIGITAL FRAMEWORK AND DRIVING CLIENT CHANGE

## RSM digital framework – how we view digital transformation



### Customer Engagement

How you leverage technology to engage your customers and external stakeholders.

### Business Operations

Using the right technologies and systems to transform how you operate, creating higher levels of efficiency and accuracy in day-to-day activities.

### People Enablement

Giving your teams the digital tools, capabilities and culture to be more effective and increase value contribution on a regular basis.

### Data & Integration

Capturing and using data to create better insights, deliver more personalized experiences and improve decision making.

### Secure and Stable Technology

All of the people, processes and systems necessary to maintain the systems, infrastructure and security.



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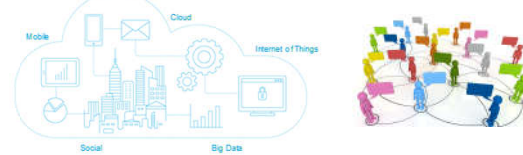
## The digital imperative – not just about the technologies

Digital Transformation is a People, Process **and** Technology Journey

### Enabling Technologies



### Organizing Constructs



### Digitizing

Operationally focused, efficiency

*'Being good at the game'*  
*'Get in the game'*

(automation, cost)

&

### Digital

Disrupting the model in your industry

*'Playing a different game'*  
*'Change how game is played'*

(doing differently & different things)



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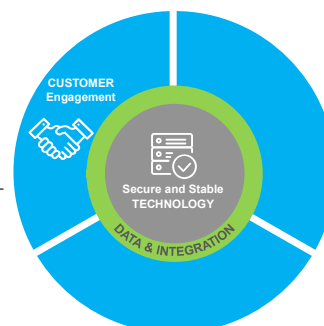
## What is driving the need for change within the Mid-Market?

### Forces of change behind customer change

- Channel disruption
- Customer buying cycle moving online (e.g. COVID-19 impact)
- Younger consumers are demanding a different experience

### Value proposition to clients

- Focus on revenue enablement through business model change
- Potential for high gains (10%+ YoY revenue)
- Potential for risk reduction (i.e., reduced reliance on distributors)
- Analyze customer data to influence product development improvement



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## Signs clients are experiencing digital challenges with customers


- Experiencing pressure from new competition
- Pricing pressure from retail partners (margin)
- Long cycles to commercialize new products (control)
- Limited knowledge of the end-consumer (control)
- COVID-19 financial and behavioral impact
- Inability to measure impact of marketing spend
- Inability to manage sales pipeline and govern deal structures/pricing



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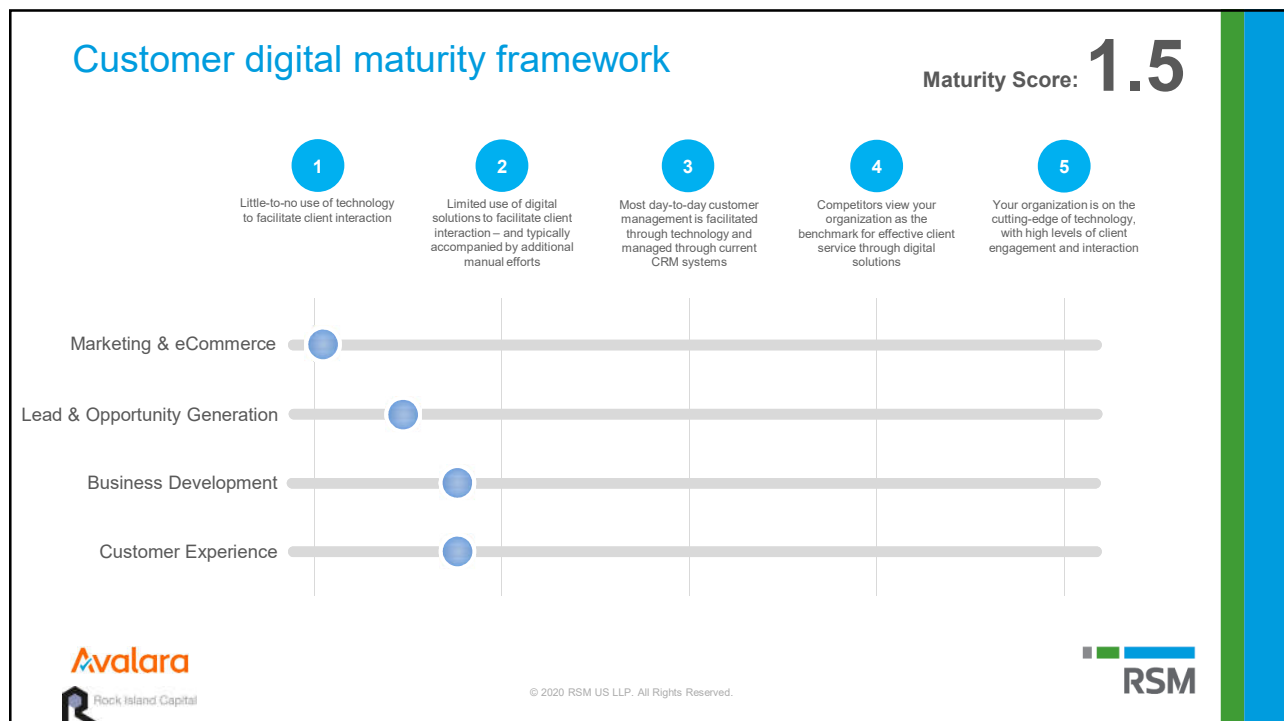


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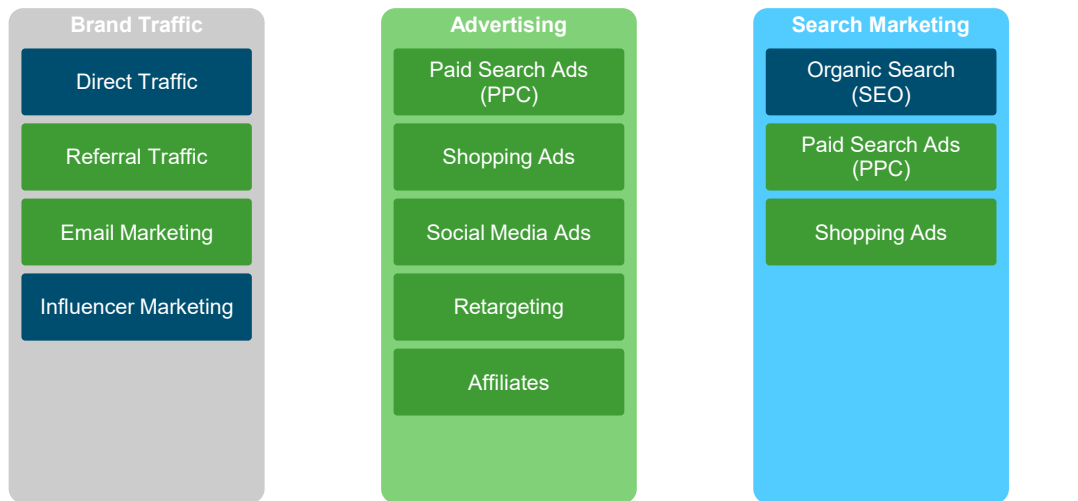
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# UNDERSTANDING HOW DIGITAL MATURITY AFFECTS CUSTOMERS



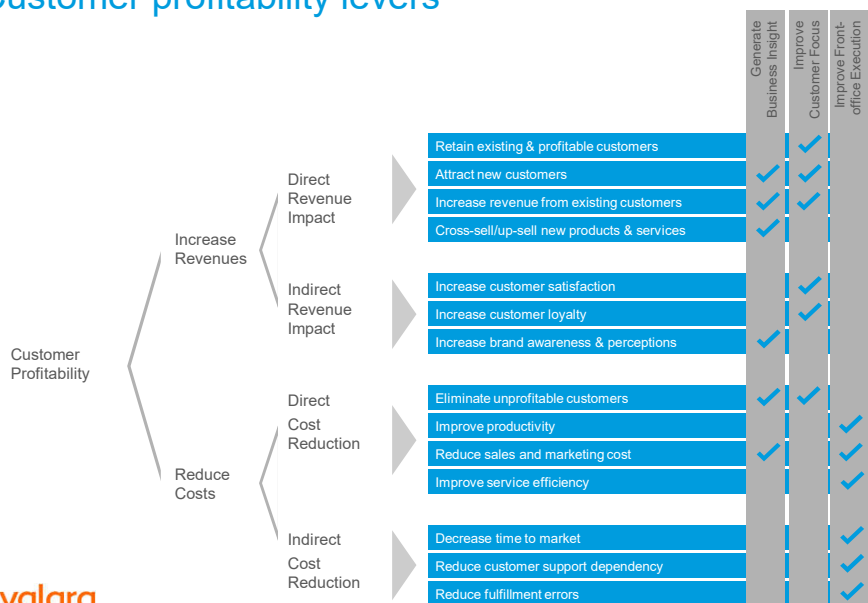
## Digital marketing channels



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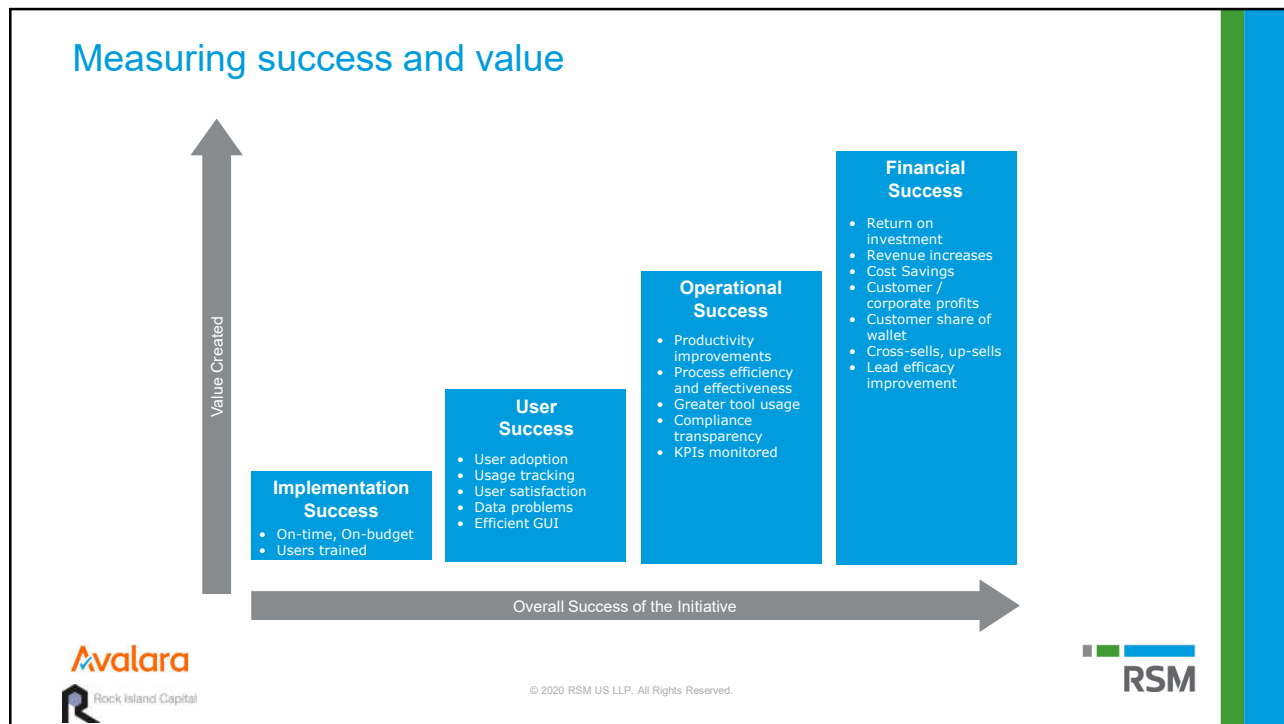


## Customer profitability levers



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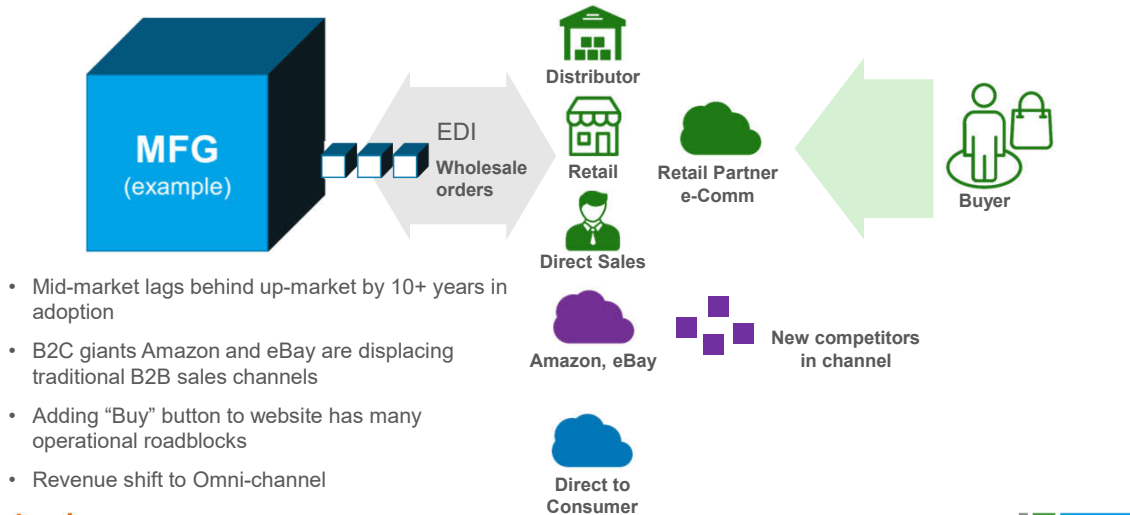
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# RSM EXAMPLE



## Driving opportunity: channel disruption



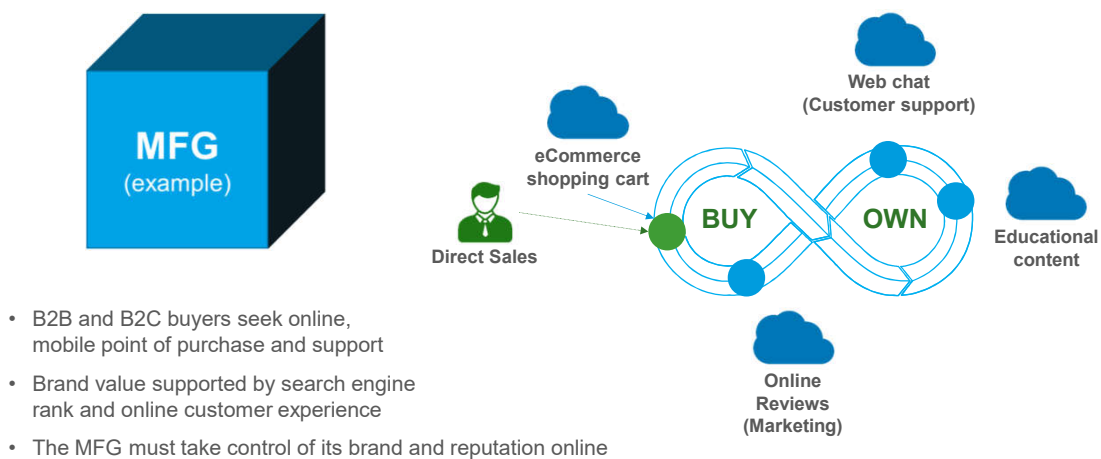
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## Driving opportunity: customer buying cycle moving online



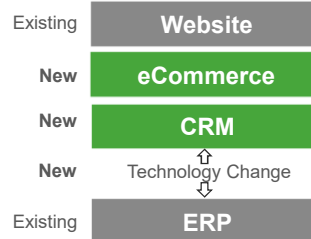
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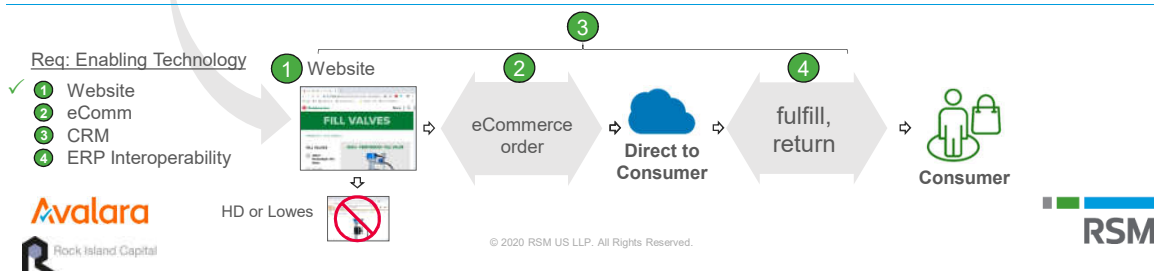
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## Direct-to-customer: technology, people and process change



Minimum Enabling  
Technology &  
Change required to  
Support D2C



## Client example

### Direct-to-Consumer ("D2C") Project Summary

The **Digital Journey** project was launched in Q2 2020 to develop the business case, strategy, and roadmap for a Direct-to-Consumer channel.

#### Findings and Opportunities

##### Business Case (Marketing, Sales & Finance)

- Identified products to be launched on the D2C pilot and verified the ability for greater control (i.e., retail pricing, new product time-to-market)

##### Digital Marketing

- Marketing will require new digital capabilities (i.e. paid search) and an investment level of 10% - 15% of projected net sales

##### Supply Chain & Fulfillment

- Third-Party Logistics (3PL) is an opportunity for D2C fulfillment due to volumes, growth potential, space need, labor need, cost efficiency and value-added services, while allow FM SCM to own and control decision-making and processes

##### Customer Service

- Opportunity to develop D2C system and process expertise locally in client HQ and then replicate in Mexico, increasing agents according to volume

##### Information Technology

- New Client-owned D2C platform is an opportunity for technology due to scalability, reduced business disruption, reduced risk, cost effectiveness

#### Business Case Metrics, Strategy, and Next Steps

##### BUSINESS CASE

- \$42M** Incremental Net Sales over five years
- \$22M** Incremental Delivered Margin over five years
- 1.9** Years until Investment Payback
- 2.41** Profitability Index
- 84%** IRR (Internal Rate of Return)

##### STRATEGY



##### NEXT STEPS

| Activity   | CY   | External Need                 |
|--|------|-------------------------------|
| Step 1: Select technology and 3PL partners                 | 2020 | \$85k - \$105k <sup>(M)</sup> |
| Step 2 - 5: Build out and prepare for Q2 2021 pilot launch | 2020 | \$950k - \$1.5M               |

<sup>(M)</sup> Accelerated scope to streamline software demos and comparison for IT and finalizing 3PL. This effort should be taken as priority for both IT and Supply Chain to ensure the solution maps to the business case identified.

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