



THE **VALUE** GAME-CHANGER

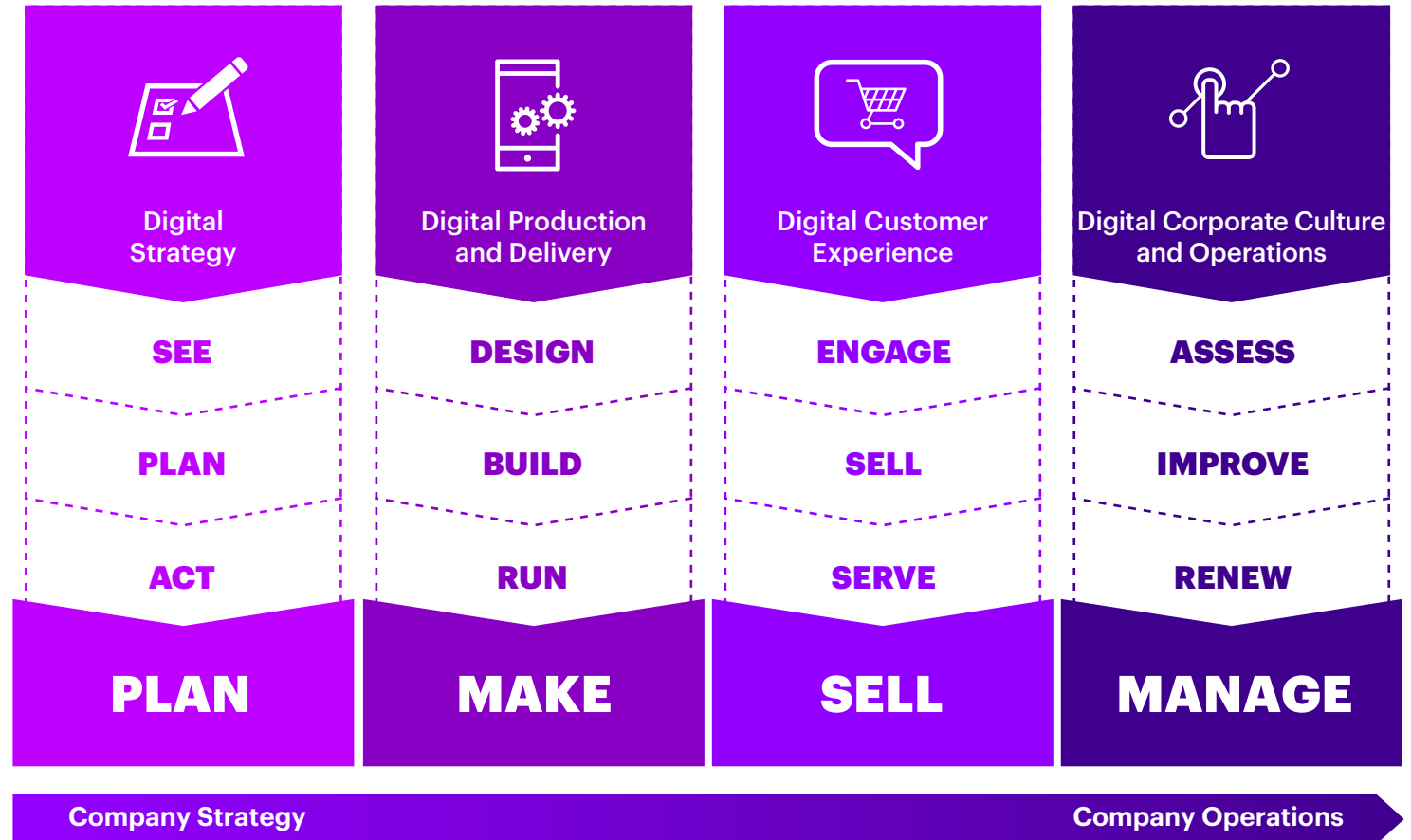
**DIGITAL PERFORMANCE IN THE
POST AND PARCEL INDUSTRY**

Returns on digital investment are hard to quantify. To help companies better understand the interplay between digital and financial performance, Accenture created the Digital Performance Index, based on a study of more than 370 companies across nine industries.

ASSESSING DIGITAL TRANSFORMATION

FOUR PERFORMANCE DIMENSIONS

The Accenture Digital Performance Index (DPI) measures capabilities across four dimensions: **PLAN, MAKE, SELL AND MANAGE** for a comprehensive view of digital performance. These dimensions enable us to pinpoint areas of strength, and areas that need further investment.



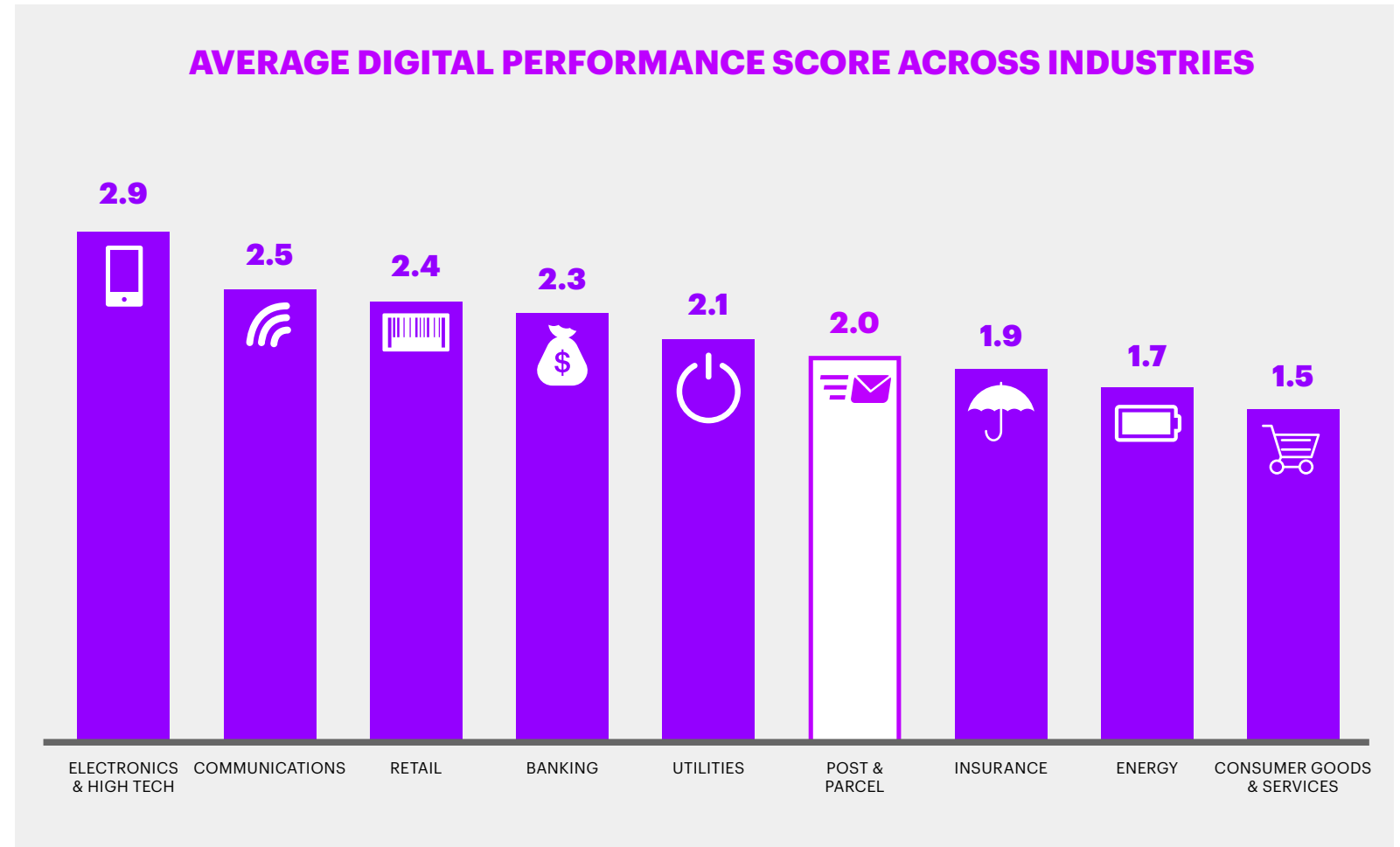
Accenture examined the digital performance of 31 post and parcel organizations—integrators, private and public players—to better understand how they are positioned to reinvent their businesses using digital.

We identified leading practices from companies that coupled digital and financial success—the digital high performers.

POST AND PARCEL LAGS OTHER INDUSTRIES

LESSONS LEARNED

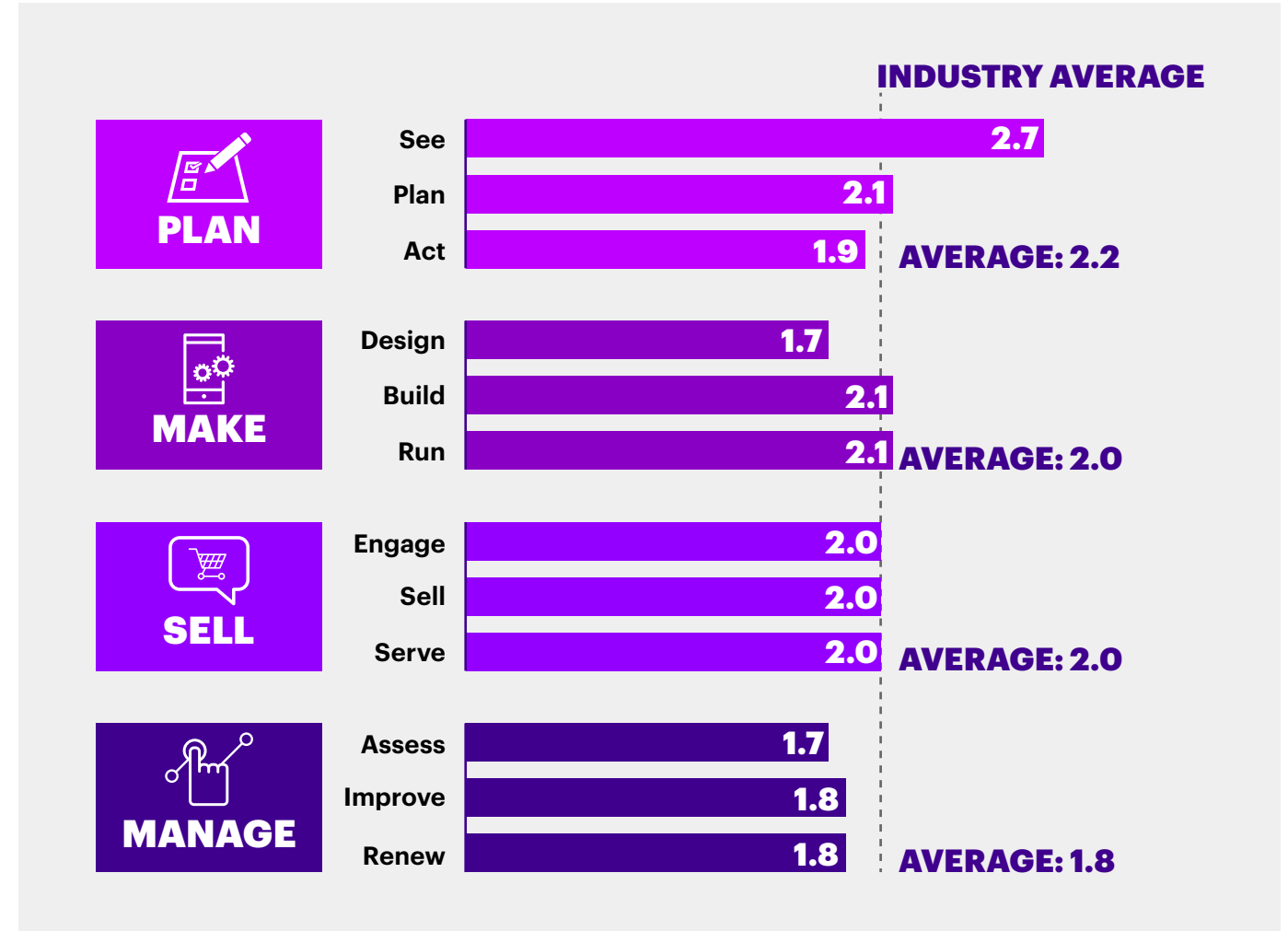
Using a standardized index across industries enables us to compare performance and identify cross-industry lessons to be learned. These lessons can help post and parcel organizations to **accelerate the path to value from their digital investments.**



ACTIONS TO INTEGRATE DIGITAL ARE FRAGMENTED

LESS THINKING, MORE DOING

Post and parcel organizations **score better at planning for digital than taking action on those digital plans.** More work is needed to assess and improve the results of digital investments and create a culture that takes full advantage of digital.



The DPI assigns one of four performance groups to 31 post and parcel companies:

1. **DIGITAL HIGH PERFORMERS** (strong digital and financial performance)
2. **DIGITAL LEADERS** (strong digital capabilities not yet delivering financial value)
3. **BUSINESS LEADERS** (strong financial performance with limited digital)
4. **DIGITAL CONTENDERS** (companies with the potential to improve their financial performance with the right digital investments).

TODAY'S POST AND PARCEL PERFORMANCE DOES NOT RELY ON DIGITAL

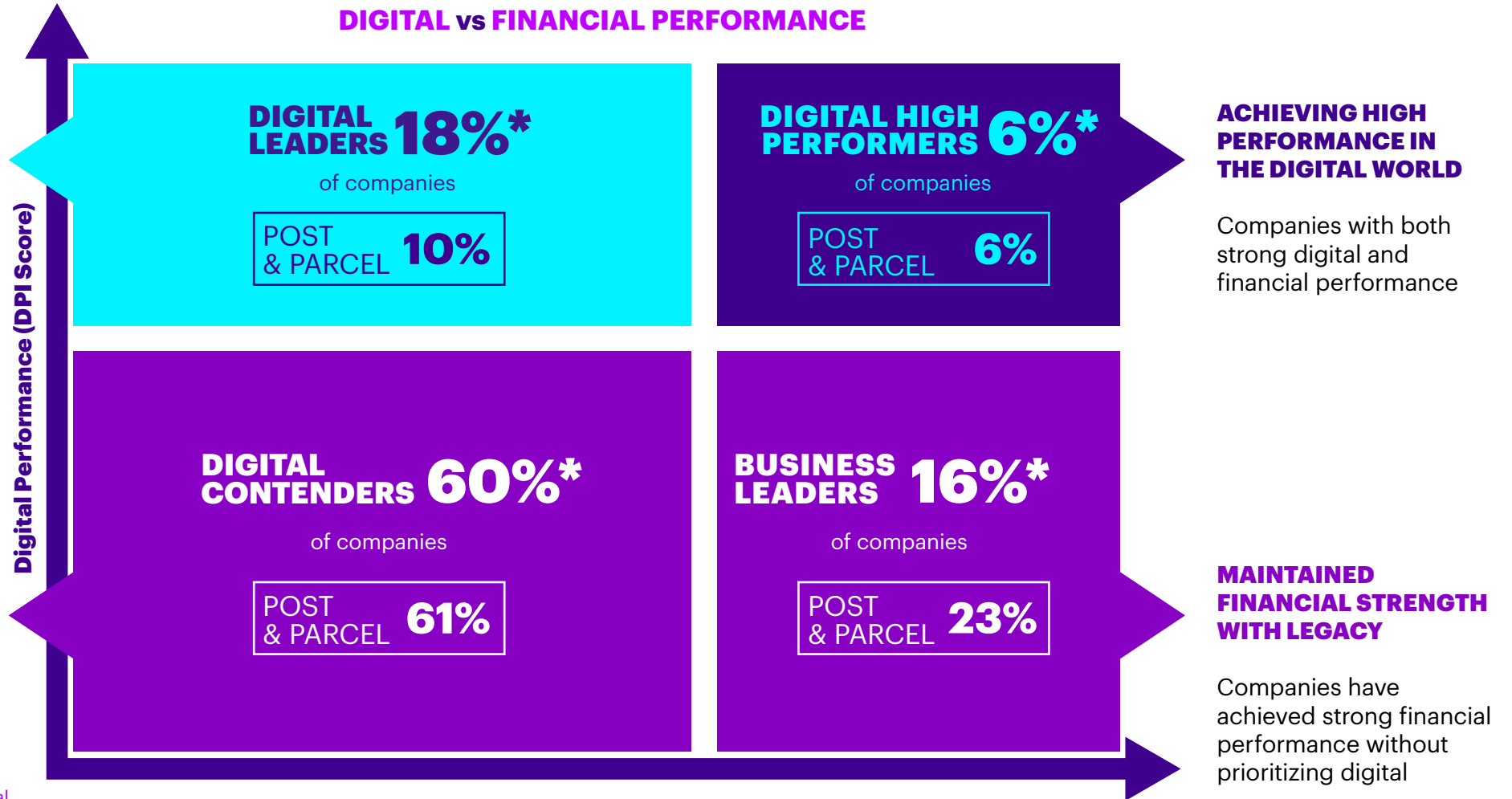
DIGITAL vs FINANCIAL PERFORMANCE

PRIORITIZED DIGITAL, AWAITING REWARDS

Companies made significant digital progress but still working to translate that into financial results

GOT BY WITHOUT DIGITAL

Companies have survived in the past without building up digital capabilities



ACHIEVING HIGH PERFORMANCE IN THE DIGITAL WORLD

Companies with both strong digital and financial performance

MAINTAINED FINANCIAL STRENGTH WITH LEGACY

Companies have achieved strong financial performance without prioritizing digital

*NOTE: Taken from the Accenture Digital Performance Index which researched 370 companies across nine industries.

FINANCIAL PERFORMANCE

Our research finds there are 44% more business leaders* in the post and parcel space than in other industries.

More focus is needed to create financial benefit from digital investments. Yet, our data shows many of these **investments are laying the foundation for future growth.**

*Companies that deliver strong financial performance without digital

ACROSS ALL FOUR DIMENSIONS



PLAN



MAKE



SELL



MANAGE

**POST AND PARCEL BUSINESSES
CAN FIND OPPORTUNITIES TO
STRENGTHEN THEIR
DIGITAL FOOTPRINT**

THE PLAN DIMENSION

PLANNING AND EXECUTING DIGITAL STRATEGIES



PLAN

The **PLAN** dimension reflects whether companies see digital trends impacting the business, plan strategies and budgets to take advantage of those trends, and then act decisively on those plans to lead the industry.



BROAD IMPLEMENTATION OF DIGITAL STRATEGY BUT DEDICATED INVESTMENT REQUIRED

STRENGTHS

90%

of post and parcel players include digital in their strategy

71%

of post and parcel players have a social media presence that they use for customer interaction

54%

of post and parcel players have a CDO (Chief Digital Officer), or equivalent

Digital high performers enter into new and sometimes unorthodox or unexpected partnerships. These relationships often have a lower cost of capital that can drive true innovation. They bring a refreshing mind-set, and free the organization to focus on its core competencies.

FOCUS AREAS

27%

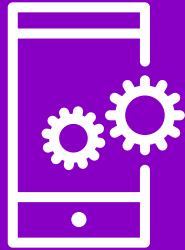
have a dedicated budget attached to digital programs (market expansion and internal growth)

35%

have ongoing working relationships with start-ups or incubators

THE MAKE DIMENSION

DESIGNING AND MAKING DIGITAL PRODUCTS AND SERVICES



MAKE

The **MAKE** dimension reflects whether companies design with digital technology and open innovation, build digital products and services, and use digital to streamline the supply chain.

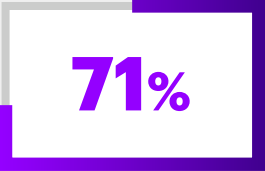


SIGNIFICANT DIGITAL PRODUCT EXPANSION BUT NEW DIGITAL DEVELOPMENT PROCESSES STILL LACKING

STRENGTHS



of post and parcel players have launched new digital products and services



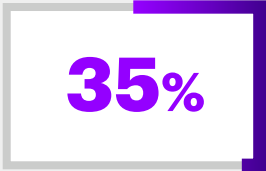
of post and parcel players streamline sharing of information across front- and back-office

Digital high performers develop a sense of digital savviness. They do this by becoming data-driven organizations and using that data to develop new revenue opportunities. They are skilled at harnessing the power of new technologies to create and test new ideas.

FOCUS AREAS



co-create digital solutions with eCommerce vendors for integrated shipping



have open innovation initiatives

THE SELL DIMENSION

DIGITAL MARKETING, SALES AND CUSTOMER SERVICE



SELL

The **SELL** dimension of digital performance reflects the extent to which companies engage customers through digital means, sell through multiple integrated channels, and serve customers with a seamless experience.



MOST PRODUCTS AND SERVICES ARE AVAILABLE ONLINE BUT MULTI-CHANNEL REMAINS A CHALLENGE

STRENGTHS

87%

of post and parcel players provide marketing content to customers via digital channels

96%

of post and parcel players sell products and services via at least one digital channel

84%

of post and parcel players offer customers the option to give feedback online

Digital high performers use customer data to deliver seamless experiences that delight customers and keep them coming back for more. They recognize that every digital interaction is effectively competing with the best the market has to offer.

FOCUS AREAS

13%

significantly optimize customer targeting with digital technologies

26%

claim to offer a seamless customer purchase experience across channels

THE MANAGE DIMENSION

BUILDING DIGITAL CULTURE AND OPERATIONS



The **MANAGE** dimension reflects the extent to which a company can evaluate the success of digital initiatives, use that feedback to improve digital transformation, and renew the culture and investment to create a truly digital organization.



MANAGE

BROAD ASSESSMENT OF CAPABILITY BUT ROI METRICS REQUIRED

STRENGTHS

67%

of post and parcel players say they continuously assess their cybersecurity

61%

of post and parcel players routinely assess their digital infrastructure and digital capability

80%

of post and parcel players provide some level of digital skills training to employees

Digital high performers structure the business, from the top-down, with a clear mandate for digital change and the governance to support it. New performance metrics, alongside traditional financial measures, shed light on the success of digital value-creation activities.

FOCUS AREAS

29%

host special events (e.g. hackathon, accreditation) to stress test their capabilities

35%

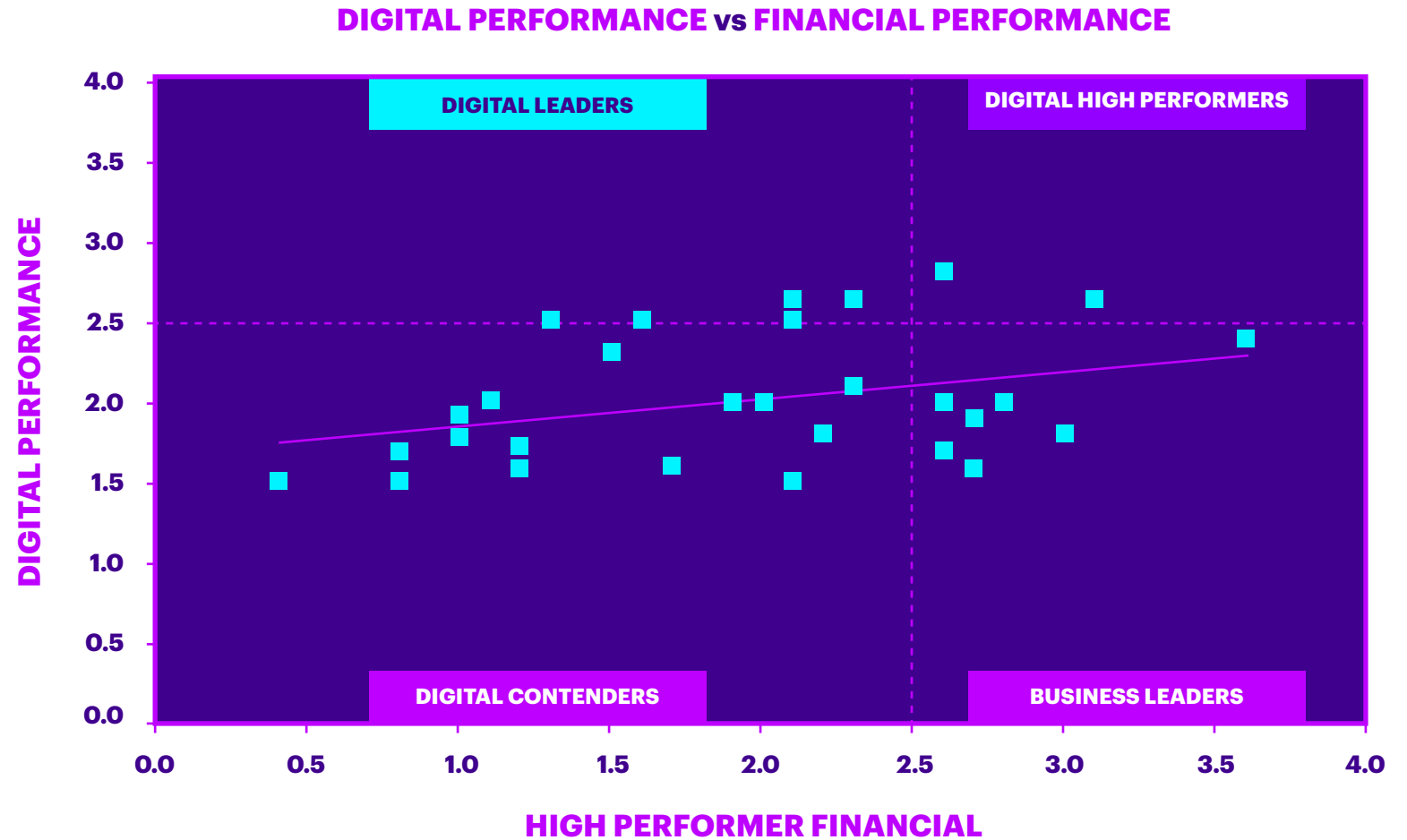
review digital investments effectiveness and financial success

IT'S TIME TO **ACCELERATE**

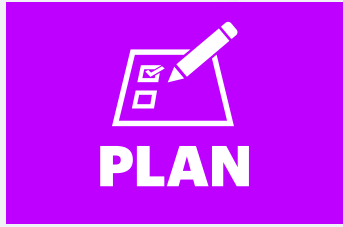
Tomorrow's value
depends on **DIGITAL.**

INTERPLAY BETWEEN DIGITAL AND FINANCIAL PERFORMANCE

Today, the vast majority of the world's leading companies **are not currently translating their digital investments into better financial performance.** Our research shows that digital investments made today lay the foundation for future growth—post and parcel organizations are just starting to realize the benefits.



LESSONS LEARNED FROM POST AND PARCEL DIGITAL HIGH PERFORMERS



HOW DIGITAL POST AND PARCEL HIGH PERFORMERS **PLAN**

**THEY DEFINE NEW
PARTNERSHIPS AND
INNOVATION
CONSTRUCTS TO
ACCELERATE DIGITAL
STRATEGIES**

Deutsche Post DHL's Innovation Center

enables rapid prototyping and experimentation. This center creates an ecosystem of innovation, using start-ups and other innovative companies in partnerships to test new solutions and significantly accelerate innovation.



HOW DIGITAL POST AND PARCEL HIGH PERFORMERS **MAKE**

THEY USE DIGITAL TO STIMULATE MAIL GROWTH

THEY USE DIGITAL TO IMPROVE CONSUMER EXPERIENCES

The **USPS Informed Delivery solution** e-mails images of the front of the mail the morning the mail will arrive. This digital mail experience is significantly improving the response rate of advertising mail, producing a dramatically different ROI.

DPD is creating a new, differentiated consumer experience with its Predict solution. By keeping customers informed throughout the delivery experience and enabling them to control the last mile, DPD has put customer experience at the heart of its business.



HOW DIGITAL POST AND PARCEL HIGH PERFORMERS **SELL**

**THEY USE DATA IN
DIFFERENT WAYS TO
CREATE NEW DIGITAL
PRODUCTS**

The new [Data Services division of Royal Mail](#) is turning data into revenue through innovative services. These offers help companies to improve their direct marketing and prospecting while creating new digital revenue opportunities for the post.



HOW DIGITAL POST AND PARCEL HIGH PERFORMERS MANAGE

THEY TRANSFORM THE ORGANIZATION TO BE MORE AGILE, FLEXIBLE AND DATA DRIVEN

UPS has made several investments to augment its digital capabilities. Its investment over several years to optimize delivery in real-time continues to deliver significant cost savings. It also acquired **Coyote Logistics** to gain flexible capacity and invested in **Deliv** to provide access to innovative delivery models.

BE A DIGITAL ORGANIZATION

THREE DIMENSIONS ARE ESSENTIAL TO DRIVING SUCCESSFUL DIGITAL TRANSFORMATION

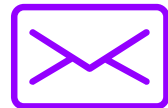
DIVERSIFY



**GROW
PARCELS**

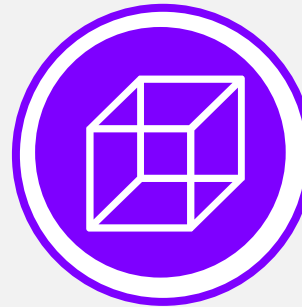


**DEFEND
THE CORE**



**DRIVE
EFFICIENCY**

How can digital improve your cost structure and make your organization more efficient?



**DIGITIZE
DELIVERY**

How can digital make your existing products and services better and more relevant to digital native customers?



**CREATE NEW
REVENUE**

How can you use digital to create material new revenue streams that transform your topline growth potential?

IN A WORLD THAT IS INCREASINGLY DIGITAL, POST AND PERCAL ORGANIZATIONS MUST ACCELERATE THEIR TRANSFORMATION

Four key actions will help to open the door to new value and achieve high performance:

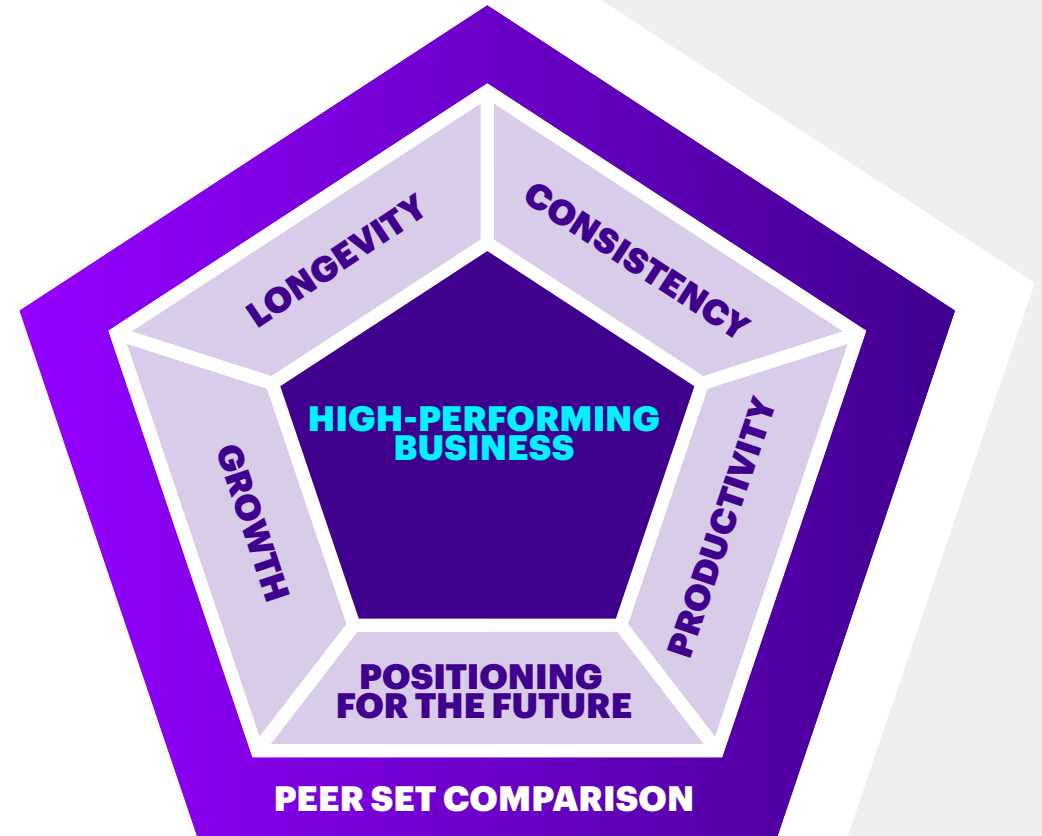
- Rigorously invest in and assess digital capabilities
- Restructure to become agile, flexible and faster
- Partner and participate in the digital ecosystem
- Drive growth through digital synergy

ABOUT THE RESEARCH

TWO PERFORMANCE FRAMEWORKS

The **Accenture Digital Performance Index** is a cross-industry assessment framework based on a comprehensive review of publicly available information. The Index checked for evidence of digital enablement within each of four business dimensions. We also evaluated 42 additional business activities and 117 detailed behavior metrics.

The **High Performance Business** framework comprises five components, each measured with a further set of equally weighted metrics. These are: profitability, growth, positioning for the future, longevity and consistency.



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