Deloitte.
Digital

Business meets Design
Creative change starts here

Explore, Experiment, Expedite

The interconnectivity of our world, a web woven together of connected devices, shared ideas and digital services, highlights the richness of opportunity in the future of business. It also shows us that established ways of operating, while having brought us to an exciting time in the age of systems, must be shaken up to address and anticipate the shifting needs of tomorrow. In this white paper, we introduce the Deloitte Digital human-centered design approach – Explore, Experiment, Expedite (E^3) – to tackle the need for new business models and digital strategies in a fickle, demanding environment. This tried-and-tested technique, integrated into our full service offering, tackles a variety of challenges by drawing out lucrative ideas through concentrated attention on the customer; sparking cultural change by training leaders to rethink their operations; and opening the door to a wider ecosystem of entrepreneurs, digital experts and design innovators.

From our research and project partnership with clients at Deloitte Digital, it has become obvious to us that what large companies have in assets, infrastructure, brand reputation and business relationships, they often lack in efficient processes for innovation and direct access to their customers, both of which produce sound economic benefits. These two chronic problems – failing to truly understand customers and being unable to quickly carry out innovative ideas – can spell impending irrelevance for even long-established brands, and are often what fresh-minded startups capitalize on. Maintaining competitive advantage is more crucial than ever before, and barriers such as cautious mindsets or tedious bureaucracy must be overcome in favor of iteration and agility. For many large organizations, human-centered design is about leveraging their clear strengths while revising outdated methods. The aim is to make a product that customers want, not making customers want a product. We at Deloitte Digital can show you how this is done in the most efficient, profitable and energizing way.

"In the 21st century, the challenges we are facing right now are generated through the digitalization of nearly everything. The change of the work pace, work place, and the work environment is asking for a cultural change. There's huge opportunity offered through digitalization, but it's not only replacing analog with digital technology: it's also doing something with the minds of the people, and it's offering new opportunities of connectivity between people that were not possible twenty years ago."

Prof. Ulrich Weinberg
Director, HPI School of Design Thinking

Many approaches inspired by human-centered design emphasize the importance of taking into account the appetite of the customer (*do they love it?*), technical workability (*is it scalable?*) and economic vitality (*will it be profitable?*) when considering new projects. We know that blending these three components grounds a business-building experience and serves as a robust framework along the journey, and most importantly, keeping these goals balanced is critical to creating benefit to all stakeholders involved. In the 26 interviews we conducted for this white paper with Mannheim Business School, experts from a variety of fields divulged how their organizations keep these three objectives in equilibrium when applying human-centered design.
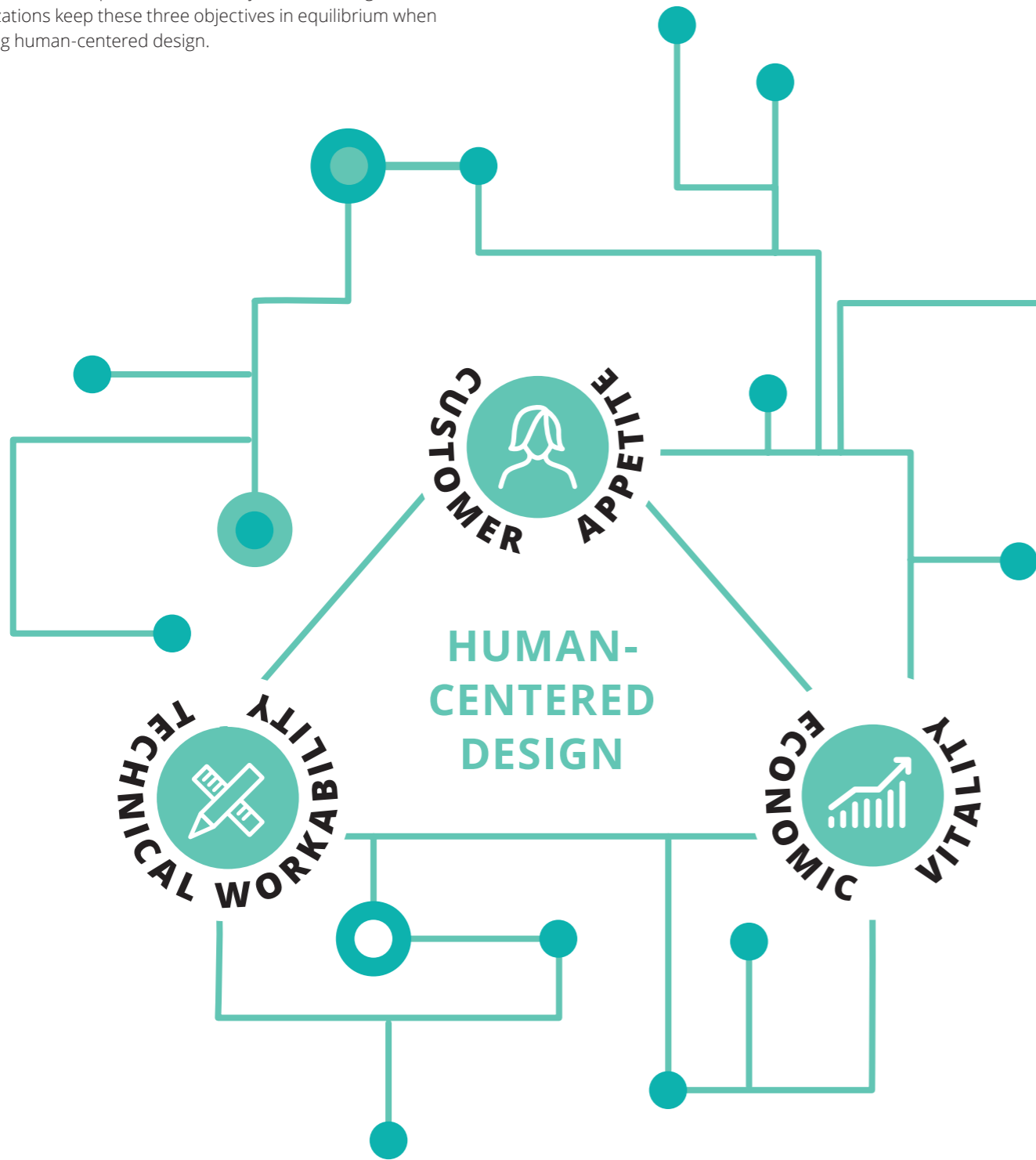
E³ – the approach

Explore, Experiment, Expedite is our twist on a process that has a long and successful history in several disciplines, including business. "Human-centered" means the unwavering focus on the real people, real needs and real problems warranting a new product, service or strategy. In fact, some organizations, like Kaiser Permanente and GE, are already using human-centered design successfully and are preaching the benefits of its openness in innovation and pragmatism in implementation. A staggering 79% of the 7,000 respondents in Deloitte's 2016 Global Human Capital Trends study rated Design Thinking, the basis of human-centered methodology, as an important or very important trend.

Additionally, the report found that companies that self-identified as high-performing are three to four times more likely than their competitors to be using Design Thinking internally.[1] We at Deloitte Digital have honed the Design Thinking approach in a way that harnesses the combined powers of human-centered design and digital business, which galvanizes an organization's system and culture to create indispensable value for the customer and measurable impact on the bottom line.

Time and again, a human-centered methodology – whether solving a small issue like improving a product design or revolutionizing a company through digital strategy and business building – has demonstrated its success in dealing with both tame and wicked problems, terms that come from Design Thinking. Tame problems are easy to define and specify, while wicked problems are complex and typically lack an easy solution. This is where E³ sets itself apart in its ability to uncover hidden angles of any problem and ensures that the final outcome is worth the monetary resources invested.

When we tackle building digital ventures or defining digital strategies within established businesses, an integral part of that is reimagining the customer experience end-to-end. E³ was specifically created to identify opportunities within large companies that are ready for fresh and visible change to breathe life into a stagnant system by fostering the ability to generate inspired ideas, iteratively validate hypotheses and pragmatically implement the results. We also empower key leaders within the organization who can continue to drive transformative cultural change. Additionally, E³ introduces processes that foster bottom-line growth through continuous improvement in employees, methods and output.

CUSTOMER APPETITE

HUMAN-CENTERED DESIGN

TECHNICAL WORKABILITY

ECONOMIC VITALITY

"What you find in many traditional organizations is that a lot of people are spending a lot of time and energy on doing endless analyses. If it were accurate, this process would lower the risk for the decision maker. The problem with this approach is that reality moves so much faster, and so despite all the analyses, the accuracy of the results is often overtaken by reality. That is why early and fast prototyping, i.e., testing with reality, a cornerstone of the Design Thinking approach, is so powerful."

Prof. Sebastian Fixson
Technology and Operations Management, Babson College

E³ – the value

As we have witnessed in our own clients using E³, qualitative and quantitative research has proved that human-centered design is relevant and beneficial to any industry or department. A study the Design Management Institute released in 2014 reported that 15 large companies centrally using human-centered design – including Apple and Coca-Cola – outperformed the S&P stock index by an astounding 219% over 10 years.[2]

The Hasso Plattner Institute (HPI), a close partner of Stanford University, also recently published a study of 181 companies (the majority having over 250 employees) that have implemented human-centered design in distinct units or across the whole organization. Approximately 70% stated that human-centered design had both improved the working culture of their teams and made innovation processes significantly more efficient. Of the for-profit companies surveyed, 29% reported increased sales as the greatest benefit of the approach; additionally, their answers concluded that because company methods and customer satisfaction experienced sustainable improvement, long-term profitability is expected.[3] Using human-centered design has been shown to make sound, data-driven business sense, and the E³ formula helps stimulate organizations to attract customers and boost revenue.

"I had a project where the team started out not wanting human-centered design to be a part of it. In the end, they were really excited about the process, they learned a lot about their customers, they came out with a great design, and they're my biggest cheerleaders to date. [The new design] was a pretty dramatic change, and in terms of business, it also made sense. Because the product was about $300,000 and it was disposable, adding $100 to $200 to the packaging cost was marginal."

Adriane Harrington
Senior Design Researcher, Saint-Gobain

[2] "2014 Design Value Index Results and Commentary" (Design Management Institute: 2015).
[3] "Parts Without a Whole?: The Current State of Design Thinking Practice in Organizations" (Hasso-Plattner-Institute für Softwaresystemtechnik an der Universität Potsdam: 2015).

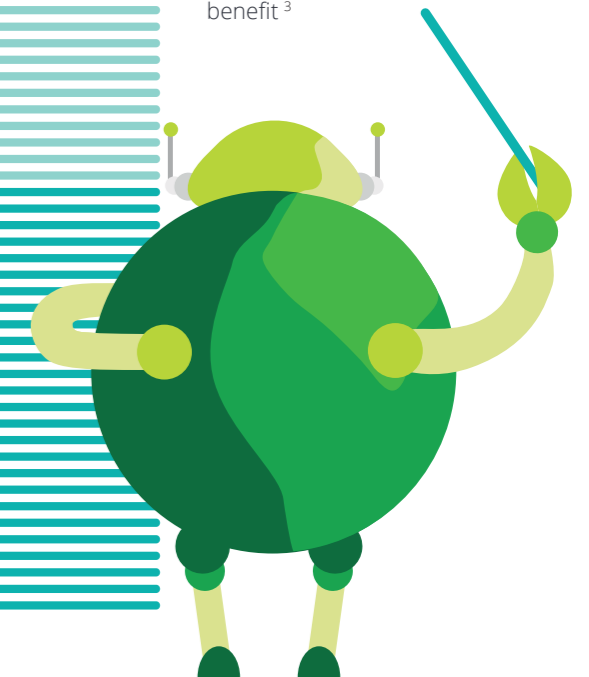**71%**
of companies reported more efficient innovative processes

69%
of companies reported improved working culture of their teams

29%
of companies reported increased sales as the greatest benefit [3]

E³ – the method

EXPLORE
The first phase in the Deloitte Digital human-centered design process is Explore. Here you develop deep knowledge of your customers using ethnographic and anthropological research methods. The learnings and data derived from this primary research exercise are then analyzed to uncover problems that need to be solved, and this phase ends with real, defined customer pain points (problems they continually run into) to resolve.

Scan
Start with the status quo. Together we'll scan your industry landscape and trends in other industries, establish the current understanding of the customer's need, and pinpoint opportunities for improving offerings and uncovering latent revenue streams, often in areas that have yet to be digitized.

Sample Toolbox: Market Research, Competitive Benchmarking, Project Roadmap

Learn
Time to flex our empathy muscles – here we share knowledge with you on how to immerse yourself in your customer's mindset, habits, pain points and behaviors, on their own terms. Together, we will gather as much information as we can and begin to identify where, when and how issues crop up in their lives.

Sample Toolbox: Observation Field Research, Journey Mapping, User Interviews, Focus Groups

Evaluate
Here we begin to analyze all the collected data, and by brainstorming in a visible, tangible way, the team will learn to think like the customer based on the field research and make sense of the connections and patterns that emerge. 'Customers' can be inside or outside the organization, depending on the project. We will articulate one or two problems to solve.

Sample Toolbox: Personas, Mind Mapping, Insights Synthesis, Point of View Creation

"Even if you listen well, you're an extra good listener if you ask 'Why?' five times, because you're digging to understand reasons behind customer behavior. Going a little deeper to understand more makes you a better listener and it gives us better qualitative data. So we train people to put their egos aside and say, 'You know what? Maybe I don't know everything.'"

Adriane Harrington
Senior Design Researcher,
Saint-Gobain

"Don't ever underestimate that first step of framing and really getting concrete about what you're trying to do with the project and the level of ambition you're trying to get at. I'd say that's a critical part of the process. Identifying the right problem that you're trying to solve for is huge. It's amazing, the power of asking the right question, or identifying the right problem to solve. It hugely influences the success of whatever it is you're trying to do."

Adam Panza
Insights Lead, Doblin

"The need for companies to have these skills is not going to go away. Maybe in ten years we'll call it differently than Design Thinking, but the pieces are essentially a set of skills that organizations need to develop in order to perform innovation work. That will not go away for the foreseeable future."

Prof. Sebastian Fixson
Technology and Operations
Management, Babson College

"We decided to try and figure out how to effectively capture and evaluate candidates [to match them to retail employers]. So we looked at, actually, the screening methods and matching methods of dating sites. We ended up building a system that asked both sides, the employers and the employees, a lot of questions.We modeled it after how [a dating site] asks questions, and used that as an alternative way to match employees and employers."

Evan Lodge
Co-Founder, HigherMe

EXPERIMENT
The Experiment phase is where we let our imagination run wild – the more ideas and low-fidelity prototypes the better. Our workshops and tools create the perfect environment to come up with disruptive and provocative solutions to customers' problems identified in the Explore phase. The top selected ideas will then be developed into prototypes to be tested in the Expedite phase.

Ideate
By combining rational thinking with wild ideas in facilitated workshops, the team will move beyond standard, obvious solutions and generate a range of possibilities. It will be tempting to immediately come up with one 'right' solution, but we want to avoid doing that – bear in mind that this whole process is about continuous learning. We will brainstorm new ideas to move forward.

Sample Toolbox: Brainstorming, Concept Development, Mock-ups, Wireframes

Prototype
We build initial prototypes to visualize your product, service or strategy roadmap to test with real customers. The important thing here is to let go of perfection and not get attached to one solution, because we will be moving through them quickly! Build with the user in mind and know that the first time should fail so it can be improved through multiple rounds.

Sample Toolbox: Sketch, Mock-up, 2D/3D Model, Click Dummy, Strategy Roadmap

EXPEDITE
In the final phase, Expedite, the developed prototypes will be tested with customers and go through iterative cycles, which means improving the prototype rapidly based on user feedback. This phase will help produce a product you know the customer will want and love.

Test
Test your prototype with customers or other important stakeholders, each time making sure to ask questions. Observe the users to pick up on explicit and implicit decisions and behaviors. This then loops you back to the Prototype phase for iteration, but it may send you back to other steps of the process to reshape your idea or problem statement as needed.

Sample Toolbox: User Interviews, Focus Groups, Usability Tests

"I always recommend to companies to implement a protected space where you can have different experiences than you usually have in your normal environment, to offer people a protected space to fail. There should be the commitment by all decision makers in the company that this is a place where every new thing can be tested out, and there is no punishment and also no classical incentives for achievement. It's just a place to experience new ways to work, to collaborate, and this experience is very, very important for learning and understanding the necessity of what needs to be done."
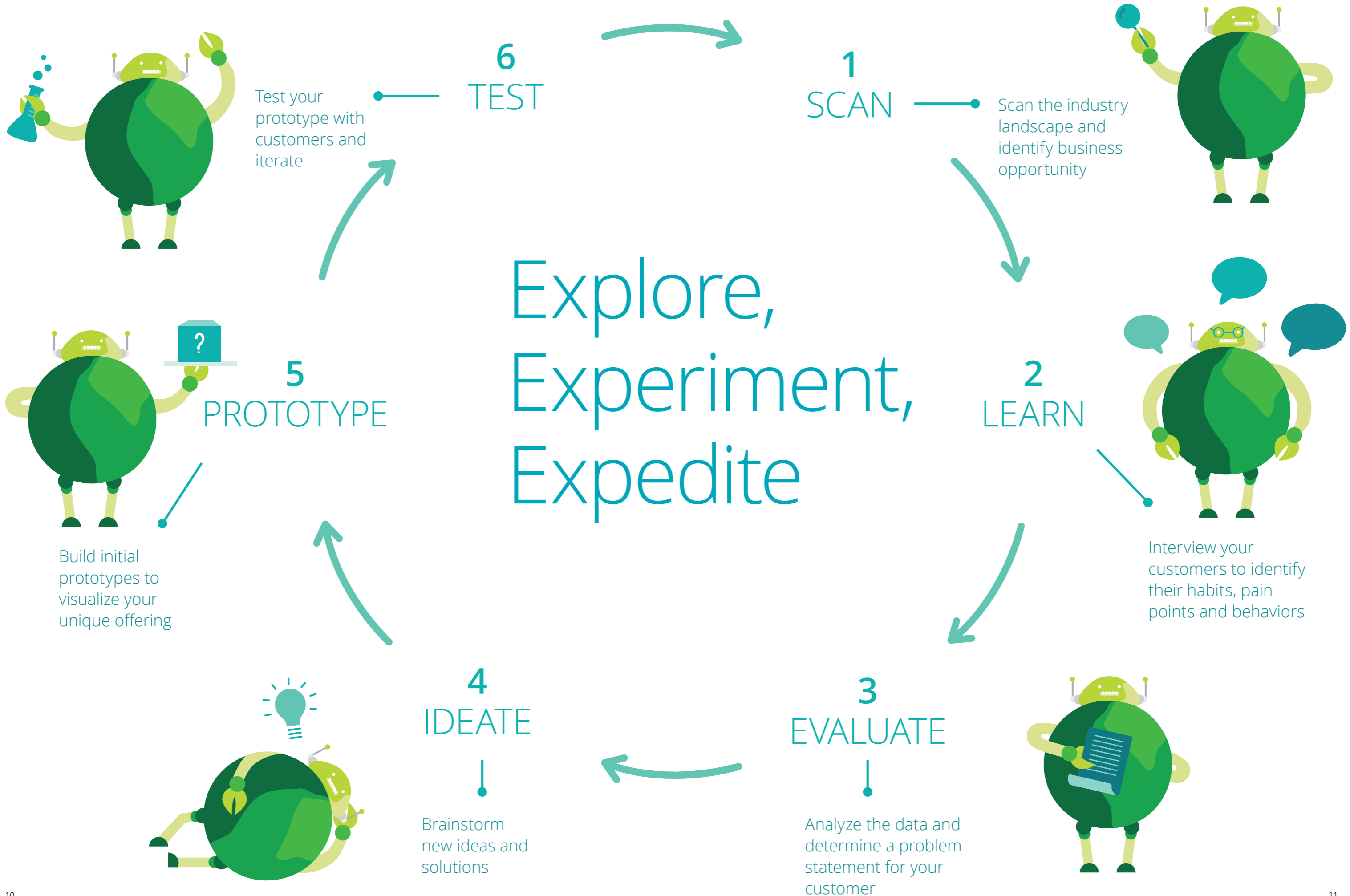
Prof. Ulrich Weinberg
Director, HPI School of Design
Thinking

"There's a lot of value in bringing the client out into the field with you to actually conduct the research. It accomplishes this objective of really helping them build empathy for the user – everybody says they understand their user and have empathy, but it's another thing when you bring them out into the field and they can actually experience that particular user's context firsthand. It also increases the likelihood that the work will move forward."

**Adam Panza**
Insights Lead, Doblin

"The product we ultimately came to was quite a bit different than where we started. ... In order to stay competitive, it's all about how our customers are very vocal and let us know what's working and what isn't working. Most of the existing players out there are huge companies that haven't had the ability to really hear what's going on with their customers."

Evan Lodge
Co-Founder, HigherMe

6
TEST
Test your prototype with customers and iterate

1
SCAN
Scan the industry landscape and identify business opportunity

5
PROTOTYPE
Build initial prototypes to visualize your unique offering

Explore, Experiment, Expedite

2
LEARN
Interview your customers to identify their habits, pain points and behaviors

4
IDEATE
Brainstorm new ideas and solutions

3
EVALUATE
Analyze the data and determine a problem statement for your customer

E³ – the service offering

There are four elements of our service offering that change organizations from the inside out and the outside in. E³ is the common thread augmenting strategies and businesses, ensuring our clients succeed in their digital initiatives by helping them move from insights to ideas to reality. Whether our clients have no experience with human-centered design or have been experimenting with it for some time, we adjust to their needs accordingly and meet them at any point along their innovation journey.
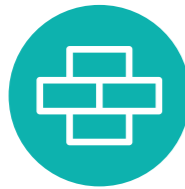
Building
Our research-driven approach in which we conduct both qualitative and quantitative research – from ethnographic studies to competitive benchmarking – to understand user needs, scan industries and identify market opportunities with high potential economic impact, and then build influential, disruptive businesses that hit the target in the competitive landscape based on those insights.

Transforming
We know that cultural change doesn't happen overnight. It's a process that requires trust, buy-in and time to spread in a lasting manner, and that's why we approach change management in a three-step process: create awareness (through E³ workshops or C-Level hackathons); generate success stories (by applying E³ to internal projects); and construct innovation pockets to promote continuous cycles of new ideas, actions and sources of revenue.

Case Study
Professional Services Industry

We frequently practice Building internally to uncover or address needs within our own company. In one case we identified a pain point among our team members: not enough time in the day to complete personal errands. Recognizing an opportunity, our team collected and analyzed market research and developed a competitive business model to monetize this need.

- Assessed market size, growth and digital maturity
- Created multiple low-tech pilot tests to clarify understanding of the users' needs and iterated through quick cycles
- Hosted two hackathons where technical experts quickly built a working prototype and tested it
- Developed a comprehensive business case, outlining a variety of revenue streams

Case Study
Retail Industry

A European retail giant, having gained tremendous customer mindshare over the past 150 years, recognized the need for digital transformation. We created an omnichannel strategy for the client to take advantage of the vast opportunity afforded by their formidable brand, and using human-centered design elements, excited the entire leadership team to incorporate change throughout all channels in their organization.

- Provided a thorough understanding of emerging industry trends to be seized
- Created an omnichannel vision to benefit both the customer and the organization
- Designed a detailed business case, implementation roadmap and governance structure to facilitate the program
- Engaged leadership, operating team and the customers through workshops to co-create and co-shape their future

Enabling
Our proven, customer-centric method is designed to share the most innovative and effective ways to brainstorm ideas and prototype, test and pilot startups or strategies through workshops and labs. We partner with client organizations along the full journey, demonstrating how customer co-creation is the best way forward.

Connecting
We connect our clients with an extensive ecosystem of partners and experts, conduct influential research in the field and breed trained workshop coaches, empowering Deloitte Digital to remain a change-maker in the future of human-centered design.

Case Study
Reinsurance Industry

Our client decided to leverage untapped potential and take the first steps toward digital transformation through new sales channels. By creating a novel financial product – a white label app for insurance companies selling a new savings or investment product – they improved customer experience and brand strength by recognizing the importance of listening to their users.

- Used the agile E³ approach from app concept to technical development
- Conducted in-depth user research, extracted pain points, redefined the problem and ideated app features through multiple workshops
- Conceptualized app strategy and underlying business case
- Developed a prototype in three iterative sprints, including constant user testing and feedback sessions

Capability Deep Dive
Executive Education

A cohort of our team members graduated from the human-centered design program at HPI (run in conjunction with Stanford University) to become certified human-centered design coaches, and who now act as both internal and client trainers. This is one element of how we contribute and remain plugged in to our broader ecosystem.

- We don't just pay lip service: we personally use all of our tools and methods for internal projects
- We stay abreast of research to anticipate trends and lead by example
- We have an extensive range of toolboxes, handbooks and materials to forge the future of human-centered design with our client organizations
- We are continually building up elements of our ecosystem that give us a wide range of immediately executable capabilities

The humans behind E³

Explore, Experiment, Expedite is our method to generate, prototype and test ideas for potential digital ventures and strategies that revolutionize customer experience and enable our clients to become constant innovators. Our bright team members bring cross-functional, inter-disciplinary skills and multicultural experience to the table every day, from engineers and human-centered design evangelists to management consultants and entrepreneurs. We firmly believe that E³ is the way forward to making all stakeholders happy, to creating technology that bridges the gap between today and tomorrow, and to driving substantial and sustainable revenue growth. All organizations can find ways to improve understanding of the real individuals who interact with their business, and also in using those insights to get profitable solutions to market both quickly and successfully.

"To build disruptive digital businesses and foster continuous innovation, living customer-first is key. By using human-centered design, we're able to develop solutions that customers want, while creating value for the corporation and closing the gap between the boardroom and the streets."

Andy Goldstein
Managing Director, Deloitte Digital

Call to action

Finding avenues and opportunities for growth can be daunting in a business landscape that is subject to constant disruption, volatility and an increasing number of competitors. But we don't believe in fear-mongering – we think exciting times are ahead in all industries as our collective human wealth of knowledge grows and fast-paced digitalization breaks down all kinds of barriers. We work with clients to challenge traditional businesses by asking: what can be created for customers that integrates into their personal and professional lives with ease, something that makes sense to them on both a functional and emotional level? Innovation can be found in unexpected places, and we put in place the people, the methods and the organizational mindset to ensure new digital ventures and strategies are just what the market is asking for – starting and ending with the most important decision-maker of all, the customer.

Deloitte Digital partners with you to...

1 ...hone an empathetic understanding of your customer to dramatically influence the direction of your business decision-making

...envision how E³ can invigorate strategic and innovative measures within your own industry **2**

3 ...obtain C-Level support from the outset to implement human-centered design throughout the entire organization

...create an environment where failure is an option and defensible risks are encouraged to drive change and profit **4**

5 ...select, educate and empower key managers and internal leaders to become creative problem-solvers

Learn more

At Deloitte Digital, we are one part analytical, one part creative and 100% digital. Our expertise is in developing strong digital strategies and building real businesses from the ground up that bring lasting impact to our world-renowned clients. Our international team members come from diverse backgrounds and are united by an eye for detail, flair for the creative and ambition to build bottom-line-driving startups and strategies.

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