Interview

Agency transformation – An interview with Carlos Gaviria of the Fifth Channel

Carlos A. Gaviria

is a leading marketing technology and database-marketing expert, having held leadership positions in many facets of computer technology. With over 20 years of experience with relational and OLAP databases, Gaviria has spent the last 15 years specializing primarily in database marketing, data warehousing, analytics and related technologies. Before launching The Fifth Channel, he was CTO of PODO Technology, a company specializing in retail in-store shopper Engagement Marketing solutions, where he and his team won POPAI UK's 2008 Digital In-Store Network Gold Winner award. Before PODO, Carlos served as the long-time CIO of Grizzard, an Omnicom Group US top 10 agency specializing in Direct Marketing services and as a senior systems architect with the FAA. Gaviria is a recognized thought leader in marketing automation, database integration, warehousing, marketing and analytics, retail shopper marketing and insight-driven engagement solutions, and Performance Management with Kaplan and Norton's Balanced Scorecard and Strategy Maps.

ABSTRACT Michael Moon interviews Carlos Gaviria, co-founder of The Fifth Channel on topics around agency transformation in light of today's digital revolution.

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MM: We're here with Carlos Gaviria. Carlos, if you would, give us a little bit of your professional background.

CG: I am the co-founder of a company named, 'The Fifth Channel'. We package solutions using a services-oriented framework that, once integrated with partners along all marketing operation value chains, delivers targeted media and messages across channels and across devices.

The Fifth Channel represents the culmination of skills and accomplishments I've acquired throughout my career; infrastructure, relational databases and business process management. My experience with all three spans three decades.

During the 80s I was an engineer for a PC manufacturer before the IBM PC, who by the mid-80s also had network technology similar to Novell's earliest product. I was an adjunct college professor teaching electronics engineering technology – logic theory, PC circuitry and machine language programming. The latter part of the decade I spent with the Federal Aviation Administration (FAA) as a senior systems architect designing and

implementing local and wide area networks.

At this time, microcomputers and PC networks were evolving. So were the relational databases, and so were the tools needed to build business applications to run on the network.

In the 90s we saw the birth of data warehousing. Ralph Kimball gave us Red Brick and Bill Inmon gave us the data warehouse. Early in the decade, among my most notable FAA projects, was what was then called an *Executive Information System* that would take data from a variety of operational systems on the LAN, on minicomputers, on UNIX workstations and on mainframes and consolidate them into an Oracle Data Warehouse and present performance dashboards to executives.

In 1993 I left the Federal Aviation Administration (FAA) and began to work for a marketing services agency from which I left as Chief Information Officer (CIO) in 2004 after the company was acquired by Omnicom Group 2 years earlier. The agency specialized in providing print and digital direct marketing services to non-profit, retail and

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financial services organizations. During this time we evolved our marketing databases, our networks and our development tools, allowing us to develop more sophisticated business intelligence platforms to serve our clients. Data hygiene, integration and advanced analytical tools were key components of our systems.

It is worth noting that experiencing the evolution of technology has allowed me to clearly think in terms of enterprise wide systems integration, operational efficiency, pinpoint targeting and marketing message delivery.

I have been working as a consultant since 2004. For one of my clients I designed, put the team together, developed and helped sell the systems that they would then ultimately deploy to retailers in the US and Europe. For the system we sold to the largest Sporting Goods retailer in Scandinavia we won the 2008 POPAI UK Gold award in the best digital media network category. The system uses a biometric device to analyze a person's gait characteristics and match to existing shoes sold in the store. The system had dual screens; the second screen displays content either triggered by the primary interactive screen when a shopper is engaged or digital advertising content as part of a storewide digital signage network. The shopper's experience is summarized in an exchange with their mobile device.

I am currently working with a company who specialize in the design and implementation of high-end visualization and immersive environments by working with architects and developers of primarily leisure and entertainment venues.

MM: Carlos, one of the conversations that you and I have had for than a year is the role of the CIO in the advertising agency in transition.

Would you speak to the CIO as a transformational leader or an innovation leader with respect to the agency business model?

CG: In a general sense, *typical business domains within an agency include Advertising, Media Planning and Buying, Digital and Interactive Marketing, Direct and Promotional Marketing, and Public Relations*. Each domain has the goal of delivering targeted content across countless media channels such as broadcast, print, online, radio, online, social, digital-out-of-home, digital signage, billboards, location/proximity and immersive digital environments. And each

domain follows its own unique workflow. They operate in their own silo, yet from a technology standpoint there is so much in common. Many account support-related operations still work with outdated practices, yet we see how we can provide a much more efficient collaborative environment.

From another perspective, I see that an agency operates as an *arbitrator* or a facilitator of conversations, which take place siloed around very specific ways to deliver targeted media across channels.

I use the words conversation and exchange to mean XML message exchange between two products that serve a purpose along those same workflows.

As a CIO, any influence I've had helping many account teams across functional areas within the agency has been by becoming a trusted partner. By getting to know them and gain a clear understanding of their process. *By feeling their pain, we can truly provide what they need*. Innovation comes because we want to heal the pain. We methodically inject solutions such that we are able to leverage technology and modernize and show them we listened. A good example is virtual proofing eliminating the need for press checks.

MM: Carlos, to that point, I think you've made a really good case that media channel proliferation has made the agency business more complex.

It has a lot of very, almost, channel- and/or media-specific workflows, each with unique expertise and systems ... whether it's packaging or e-books or podcasting or social media ...

CG: And those workflows can get quite granular with a great amount of detail. This is further complicated by the fact that no matter how sophisticated and modernized any agency operation may be, they are still constrained by the legacy and cultures that never change and also by the constraints placed on us by the various trading partners along each of this value supply chains.

MM: In addition to the agency having a deep set of skills and expertise on a particular media format or channel, there's a whole supply chain of vendors that are all part of the development and production and delivery of that particular piece of media.

CG: Absolutely. No matter what we do to modernize everything upstream and downstream, you'll never eliminate that

component, nor would you want to. We must get smarter about how that 'conversation' maximizes value to both sides.

Take the life cycle of the most granular piece of digital asset that may have been conceived in the many steps that preceded it. When you get into the minds of all the parties that touch it, keeping in mind all the tools we've provided them to do so, we see that through technology we're allowing a positive person-to-person exchange right along side a positive machine-to-machine exchange.

By knowing what each person and each machine need and their (performance indicators) at each step in the countless processes that exist, we begin to see a model where everyone along an organizational chart of an agency group can have the tools they need and become digitally engaged in a more global conversation.

Take print as an example ... There's over US\$90 billion annually spent in print encompassing catalogues, publishing, direct and promotional marketing.

There are many granular conversations going on. The tools they use at their respective levels are being optimized to suit the needs of the person interacting with them. Whether is the A/V equipment on the ground, cameras, their iPhone or laptop. They needed to be optimized to meet the demands being placed on them. The relationship between the agency, the advertiser, the publisher and printer is multi-way person-to-person conversation.

So, on their own in each silo, conversations are being standardized using some flavor of XML. Such as in an agency publishing scenario where AdsML standardizes the conversation with the publisher printer or seamlessly integrate into PDF print workflows such as KODAK Insite or for the XEROX iGen digital presses.

AdsML is another set of conversations going on in XML. The IDEAlliance is one of three organizations that make up the AdsML consortium. They see AdsML used as a way to exchange data for all advertising in all media across all partners.

Once it's tuned, though, I see an intelligent conversation at their respective steps along the workflow. This conversation, however, is more at an order level. You still need to push the order to the printer.

That's a lower-level conversation going on with the actual printer, which has more to do

with the content. Itself is another XML conversation using the Job Definition Format (JDF) and Print Mark up Language (PPML) to communicate with high-end digital presses like those from XEROX and KODAK.

And let's not forget one more important element, proofing and the workflow associated with that.

MM: Can we come back up to a higher-level abstraction, specifically the business model? Thus far, we've established that agencies are collections of very specialized pools of talent.

The agency business model is really about markups via fees and hourly rates, the expenditure of time by these very skilled workers.

But the underlying engine of the agency business model is basically labor intensive. Skill intensive. And it's really about how we sell time and expertise.

CG: That's correct.

MM: What you've begun to introduce vis-à-vis the XML standards for these various publishing workflows is that agencies are in the process of transforming into digital service operations.

CG: Absolutely correct.

MM: A significant and growing amount of the added value that agencies bring to their clients and market will derive from the software and the logic and the workflows that are part of the infrastructure.

In many respects, the agency business model is shifting away from a reliance on expensive high, added-value labor, to structured, repeatable processes – codified within workflows.

It thereby gives the agency the ability to scale operations, without necessarily having to add headcount or personnel, as well as the ability to start delivering services much like a software company. Getting paid for not the license to the software, but getting paid for the value added.

So as we talk about a CIO as a transformational leader, we're really talking about the mindset and the tools and the strategies by which to make that transition. Would you speak to that?

CG: The thing we need to recognize is that by understanding all of these different workflows at a very granular level – you just know that all of the conversations that I've suggested are going on, and will continue to be optimized in a way that improves the person to machine experience.

What's happening is that we've evolved to a standard way in which we can communicate across all of value streams. We are now digitizing everything we do across all channels.

We can have a conversation in the boardroom where strategy is being defined and direction is being set. We can then take that conversation and see how it translates into what the operational systems need to do and what performance indicators need to be exposed so that every conversation along all value chains are linked and aligned with the strategic direction.

That then suggests that it's about the agency shifting its focus; change its strategy; leverage its and its industry peer technologies; and focus on the consumer of their media. If you look outwardly at every touch point print, online or otherwise. All media is meant to touch someone.

So the focus is around the way in which we touch that customer. That's everyone's function. We've provided them the tools and helped optimize and modernize their workflow. They've all standardized on a common language.

We can now begin to think in terms of orchestrating the way you optimally engage that person – and truly choreograph that conversation. What that literally means is that words used within that choreography can trigger content and updates to Twitter and FaceBook. A word within that conversation suggests that it automatically spawns an outbound campaign into their web presence and so forth. Or in which we visualize content into mass media, print or television.

MM: Carlos, you've introduced an idea here that I think is revolutionary in its implications.

That is, if we look at an entire marketing operations and all the supply chains that support it, at the basic level it's a set of conversations. The point that you've made is that – first of all – many of these conversations are happening in a digital framework.

CG: They are, by now. That's correct. Even legacy systems including mainframes exist but that's fine, they can still participate.

MM: And, too, each of these applications has a well-established tradition – almost a dialect or language – that it speaks in order to translate ideas into great executions.

This legacy not only represents certain ways of describing the world, but increasingly, we're seeing the emergence of XML schema or XML markup language schemas for structuring and codifying and standardizing these very specific legacy-bound conversations.

CG: That's correct.

MM: As we begin to push that notion of structured conversations in XML into the workflow and business processes, not only do we get structured, uniform business processes, but we get the ability then to start shaping and managing – and, to your point – orchestrating these conversations at a much higher level.

So instead of having to be in the room or be on the workstation, I can now start to structure and modify this conversation that you and I are having remotely, as a function of some business process management and workflow management tools that are leveraging or exploiting the structured conversations in XML.

CG: That's correct.

Again, looking at it from an evolutionary point of view. In this case software and applications that solve business problems. We as developers, designers and architects always look at improving our code. Improving the tools that we have. We look for ways to add value to those things that are of key importance to the businesses that we're in – the functions that we're serving in an organization. We've embraced certain methodologies and languages.

The infrastructure has matured to be highly virtualized and flexible. We can package our core functions such that they can be well abstracted and secure and expose, through services, those functions that would make it simpler for us to operate in a trading partner community.

A services orchestration or a services-level type of thinking, which these days we're calling Cloud computing, where you bring it up to a level where If you were in a boardroom thinking in terms of strategy, you can easily visualize the layer between those core functions and those services exposed to the trading partner community.

MM: If I were to summarize what you've said so far, one of the responsibilities of a transformational CIO in an advertising agency really then entails understanding how to structure and codify these conversations in XML, workflows and processes.

We understand that ultimately, our purpose in structuring these conversations – which ultimately is how work gets done in each of these legacy applications and attendant supply chains – is to drive a business strategy into that overall business operations.

Reducing costs. Speeding cycle times. Improving quality and adding agility. Or the ability to make dynamic changes.

CG: It's important to note that at the granular level, where any piece of work is taking place, there is a way in which you can expose the functionality and the performance indicators that link horizontally and vertically into a strategy map created in the boardroom. Not just internal but also external processes and in as close to real-time as integration allows, such that conversations between your brand and the way you're engaging that customer across all these different channels is measured along each step in the process and each role in the organization.

It's important to know that you are able to expose your own services and connect with other services to create what I'll call a *Marketing Ecosystem Mashup*. Like Legos, building blocks can be assembled to choreograph the conversation between brand and consumer and not worry about any of the technical details of how that actually works.

We just know that conversations are flowing, and we have a visual dashboard to show us.

MM: Carlos, here's another idea I want to ask you to speak to another role of a transformational CIO is to think in terms of services. Not human, labor-intensive services, but in fact, web services. Services that express software and application logic and so on.

CG: That's correct.

MM: Secondly, you could say that one of the transitions that many agencies find themselves making is, in moving from the traditional role of creating content.

So agencies are finding themselves moving or expanding beyond just simply the process of creating content – messaging, themes and so on – to actually creating, developing and provisioning services. Not only to their clients, but to their clients' customers.

So part of the overall transformation of agencies basically means that they are becoming web service development shops, as well as IT service delivery organizations.

CG: Absolutely.

MM: So the emphasis on services is just not a new cool technology buzzword. It really becomes one of the core drivers of value in the new, augmented agency.

CG: It's about content.

That's also a set of services – around content. What's possible now, again, going back to all the different silos that are still working to optimize their workflows? They're still dealing with content.

They've all matured. All of them. Whether it's print or online. They've matured with their tools to manage content.

Whether it's static, animated, web-centric, print-centric, HD advertising or advanced visualization. With very sophisticated ways of getting messages out to people.

Content is everywhere.

We can now bring that to a level to make this an enterprise solution that lets you as an agency operate across all these different channels that you can now blend and bring together. Content management has also matured. It's very intelligent, rules-based. Very heavy metadata tagging for everything. Including video. There are some interesting things going on with that space to automatically metadata tag video as it's being ingested.

As granular as little banners that might go on a little mobile device, which I just heard an interesting story about. Content has to be architected such that once it's stored, intelligence in that engine allows it to be repurposed. But at the same time, rendered for performance measurement and proofing.

Virtual proofing in the print world is big. That's an up-and-coming thing that we should learn from. A lot of the things we know about content. It's a blending or a coming together of all of the specialty areas, into an intelligent repository – with all the knowledge that all these different functions bring to them.

Again, that's behind the scenes. That doesn't quite exist today. But there are a lot of great and amazing case studies of doing so.

At the end of the day, for the C-level, what they need to know is that now that is another thing that you can take for granted. Just like dial tone.

You can begin to think about how visual and dynamic and real-time your operation can

become. What is it that you need in that value supply chain that's created between the executives and the heartbeat of the organization?

MM: Building on that, we've said that – first of all – agencies of yesteryear were really about creating content.

CG: Right. Absolutely.

MM: As the network and as the Internet and network computing began to become much more part of the content-creation process, we really started talking about these structured conversations.

You could say even that e-mail was a structured conversation at some level.

CG: That's right.

MM: Then as the conversations became more structured and codified in workflows and in business processes and in XML schemas, the next things to emerge out of that were services. Not just in web services. It is core to creating value for your clients, as well as your clients' customers.

Some of those services can be as simple as an automated distribution list. They can be as sophisticated as a proofing or automated publishing.

I remember having a conversation with an IT executive at BBDO Detroit who managed the Chrysler account. He had shared with me that they had a content manager for each one of the Chrysler brands.

Each of these content managers would get all kinds of descriptive information – gotten from emails, press releases, early-release engineering documentation, websites, *et cetera*. They would put this information into a digital asset management system. But they expanded the DAM system way beyond just rich-media content. They had field after field where they'd put in text.

Descriptive text. Marketing-communications copy. Product descriptions. And so on.

Then once a week, the system then would bundle all of that newly created or versioned content up – tag it as XML, using some tagging and policies in the DAM – and publish that directly into the dealer portal, as well as the marketing content portal.

Thereby, eliminating the need to hand-code and transfer and upload and format all that text. It was all done as a function of an automated process. Right?

So now we've moved beyond just services to what I'll call a 'platform'. Agencies are now delivering value not as a function of content or conversations or services, but now at the level of my business as a platform.

Carlos, expand, if you will, on the idea of the business platform of the agency of the future.

CG: All agencies have expertise in digital already. In some cases simply because they've modernized what they do. So now with all of this digital expertise, you can create one new consolidated agency view of how you talk to the customer.

Recently Omnicom Group announced the new Omnicom Digital division as well as other similar announcements. Mullen of Interpublic's example's a great one. They use something they call the 'Seven Modes of the Mind'.

Six Sigma, a process-improvement quality program, talks about the three Rs of business. Doing the right thing right, at the right time. In our case it's, 'How do we get the right message at the right time, in the right way, to the right audience of one or many. Really focused on the seven modes of the mind?' Or the way we as a consumer of a brand want to consume that brand.

It really goes along my state of mind. And the voice of the customer becomes absolutely key. Everything has to flip around.

Everyone is making a play for doing that.

MM: Now you're saying that agencies have finally recognized that integration doesn't necessarily happen at the level of messaging, but must occur at the level of consumption.

CG: Exactly.

MM: As we start to look and start to examine and model how consumers engage with brands and engage in conversations, and start to move through a life cycle of interactions, collaborations – a customer-engagement life cycle As we start to understand and model and have data to describe how consumers engage brands and consume media ...

That then calls for agencies to step up to another level, way beyond a platform, to what I'll now call an 'engagement infrastructure'.

An engagement infrastructure basically says it's like a collection of platforms.

Yet it's all organized not by an internal principal, but by an external principal. It's all organizing them and engaging them for life.

As we start to understand how to engage customers for life, it requires that we have not just one platform but many platforms that now are kind of integrated and orchestrated to the rhythms of engagement and consumption.

CG: That's right.

MM: At that level, Carlos, agencies have to say, 'Well, geeze – I am now an IT infrastructure company. My ability to add value is a function of engaging customers through a life cycle'.

The CIO as a transformational leader here really has to start to understand managing infrastructure is considerably different than managing a platform. And that's considerably different than managing a bunch of services.

Could you take us into the CIO's mindset for managing infrastructure along the lines that you begin to develop – in terms of governance models such as Lean or Sig Sigma or CMMI? Perhaps with an emphasis on maturity-model integration and other forms or ways of describing best practices for managing infrastructure?

CG: Because of what we've said in the last half hour or so, we're going somewhere with that. The evolution of infrastructure. The evolution of content. The evolution of various workflows along the whole agency portfolio.

Certain historical events have shaped the direction in the last decade and have helped us mature and modernize our infrastructure. Y2K gave us an opportunity to modernize quite a bit including eliminating quite a number of mainframes. Sarbanes-Oxley did a very important thing. We began to think in terms of measurable performance indicators that no matter the business process, it was articulated such that its information could be reported back as a control.

Now all of this conversation up 'til now has suggested that in order for this to work, if we're going to create this executive dashboard so that an agency can see what's going on across all of the different functions And also to say that we're going to orchestrate this conversation that can spawn all these different functions that ultimately deliver content to consumers. We

have to bring back the performance indicators that tell us that a conversation took place as was projected. And here's the measure that came back, based on its performance in real time.

So we're talking about several maturities. Maturity in technology. Maturity in the process. And maturity in the way in which we look at the things that are going on. How we expose that scorecard in the right way to the executive, in their way of digesting that information.

Such that not only is the performance being measured, but more importantly, how that really, really affected the conversation that was supposed to have taken place.

It sounds a little bit abstract. But if you take the balanced scorecard from Kaplan & Norton and focus on the customer perspective of that scorecard, we have to look beyond just reporting performance, we have to couple that measure with that of a course of action, suggested course correction or suggested improvements.

The maturity is on all levels that now we as executives rise to a level of maturity that goes beyond the balanced scorecard. Yet we use the technology to bring in those indicators of performance. Across, horizontally and vertically – and linked correctly, so that you can actually see what's going on.

MM: Carlos, if we were to continue to extend our metaphor here, initially we had content. Then we had workflows that became structured conversations. Then web services and platforms. And engagement infrastructure.

You've just added three legs. One is Sarbanes-Oxley-required transparency in audit-control or audit trails through this engagement infrastructure.

Analytics became more and more multichannel. Database analytics. Web analytics. Social media analytics. Media analytics.

So the analytics began to really provide the eyes and ears for tracking the voice-of-the-customer. And, I might say, the 'mood of the market'. What topics are hot and what's being active. What's going on in terms of ad word buys. How markets are swarming to particular concepts or points of engagement.

The voice-of-the-customer. Sentiment. Positive and negative. Like/don't like. As well as level of engagement.

And then patterns of engagement. Exactly what parts of our brand touch points are activating brand consideration and trial. Purchase loyalty and so on.

As you say, this then says it's beyond the balanced scorecard, which tends to be historical, if not forensic, in terms of its backward looking at evidence. Now it becomes short-term forward-looking.

You referred to it as low-level latency. But essentially, taking short-term or almost real-time insights and then using that to drive a set of customer interactions.

CG: That's right.

MM: Beyond engagement infrastructure is customer portfolio management or the ability to start to manage customer interactions in real time, using things like agile infrastructure and policy-managed workflows and processes, and other sorts of things that are all triggered, to respond to very specific customer needs, engagement criteria and so on.

As we begin to look at this shift from platform to engagement infrastructure to a customer-management firm, one of the things that become apparent is that low latency soon becomes real time.

Processes become adaptive if not predictive.

And analytics become more forward-looking. If not based in terms of predictive modeling, certainly adapting to short-term circumstances.

This requires a different mindset. Right?

CG: Completely. Interesting, if I may just add to that Being rooted in more the direct-marketing side of those services There was always the marketing database. There was always the analytic component. There was always the junction of the content with the target audience.

It's interesting that it's very, very powerful heritage to bring forward into what we're talking about wanting to do. It is very heavily analytically based. That means there's a lot of data integration and a lot of information that is scattered all over.

But now, luckily, since all these silos are now modernized, that's not as challenging as it was 15 or 10 or 5 years ago. It's definitely becoming the way we need to be thinking.

The portfolio is there. It's the way in which you now manage that portfolio that's going to be different. The expertise is there. That just

needs to be elevated to another level, and take what you have optimized – and now think, 'Enterprise'.

MM: Right. Forward-integrated to this new product.

CG: A good example. At the end, we're touching the customer. So a very important thing to note. I won an industry award by POPAI UK in Europe for the best digital network inside of the largest sporting-goods retailer in Scandinavia.

The only reason I mention that is because we are now empowered with the way in which we can drive very sophisticated communications to the end-user. Which says that the one thing we haven't talked about is that user experience.

What actually ultimately touches them. I'm not disregarding print, because they are touched by print in the same way.

Adobe has given us tools and standards to make it easier. They've given us a good way to tag content along these workflows.

On the applications side, there's a big battle. Microsoft, of course, is in there. Then Adobe. Regardless, they're both headed toward what I call Pixel-Addressable content on the screen.

Adobe has the Open Screen project with fascinating developments on the Flash platform. There are a lot of interesting players participating in that. Of course, Microsoft is banking on XAML and SilverLight.

We can bring to any point of engagement a complete pixel-addressable dynamic experience.

We need to provide a rich Internet-based experience. But it also has to touch them on their mobile device, on the digital sign in the store. Basically content will touch them where they work, live and play.

Going through the value chain, from the executive level all the way through the trading partners that feed that supply chain. They're all looking at something.

To me, they're all points of engagement, as well. That's very important. That's immediate feedback loop from the operations, and immediate voice-of-the-customer back into the operation.

MM: Carlos, just to put the last stone in this stair step of metaphors We started off with content. Then we had these legacy workflows

that became structured conversations. Then services into the platform – into engagement infrastructure. Then perhaps into a customer portfolio management firm where we're starting to manage customer relationships. Using analytics really to steer particular stories – content-services – to very specific sets of users.

This last piece is what you've just introduced in terms of what you called ...

CG: Pixel-Addressable. It's sort of like on print, we have all points addressable on a page, with print-on-demand or variable printing. The same idea with a screen, every pixel can be addressable.

MM: Yes. So the idea then is that each pixel can become almost a universe in and of itself. Right?

CG: And even at the pixel level there's metadata that tells all we need to know about that pixel.

MM: That's right.

MM: So then what's beyond that?

I suggest that the visionary terminus for this whole thing – the context that gives shape and meaning and trajectory to all this technology – is what I'm calling a brand engagement theater.

A brand-engagement theater is the logical collection of all those brand touch points that I am a consumer of. I have interest and a willingness to engage in, and therefore activate.

The question then becomes how do we as marketers start to design and orchestrate these fully immersive environments around a particular customer? And his or her preferences, as well as modes of engagement, modes of consumption?

CG: Right.

MM: It seems to me that the transformational CIO really has a long-term vision that in part is pretty concrete, but in other parts is still what I'll call, 'Strategically Ambiguous'. That is to say it's kind of in that direction, but we'll know when we get there.

Understanding that new technologies come onboard and onstream almost on a daily basis. Filling out more and more of our ability to achieve these long-term visions.

As we look at this brand-engagement theater, we have to understand that it's really about creating and maintaining relationships with individual consumers. All the technology and all

the services and all the content at the end of the day comes back to creating and maintaining long-term mutually satisfying relationships with customers.

CG: And to me, again, looking at it from being proactively paying very close attention to the company's directions and goals – the changes that are impacting a lot of pain in the organization – we need to be prepared. That means that we need to be architecturally prepared and, of course, secure in how we're communicating.

But to be able to provide the framework for the leadership such that they can start, once they're shown Another important element of this, 'Wow ...' this sounds great, but it's all pie-in-the-sky, is that people need to see it and touch it and feel it. We need to be prepared so that that conversation can take place.

It's not just the very labor-intensive media-planning phase for one particular brand for one particular channel. It's just all consuming. Just exponentially, you go across the whole organization. We have to facilitate the ability for that collaboration. So that messages can flow across the entire organization.

That framework is the layer that allows for us to be – again – that traffic cop. I started to talk about an arbitrator. You're looking and never able to touch. You know all these things are going on, but you're never able really to touch. Now you can, with this framework in place. It binds everything in a way in which a conversation can take place. Architecturally, we need to be prepared.

When it happens ... It's already happening. It's already happening in more granular levels. That's evidenced by a lot of the recent acquisitions and recent direction that the large agencies are following.

It's happening.

MM: One of the things that you just said that I want to develop a little more fully is that the future is about one-to-one relationships managed over a life cycle of engagements.

CG: Exactly.

MM: The way that we're going to get there is through technology. We have clients to serve today. We have revenue to book today.

So what we need is a bridge from here to tomorrow.

CG: Yes.

MM: Part of that is that we have what I'll call a CIO blueprint. A visual summary of what we're building over time.

As we put in this particular new set of services, we can see how they fit.

So this CIO blueprint becomes really important for showing both structured conversations in legacy workflows. That's one thing.

The other part, which you've kind of addressed a little bit vis-à-vis Norton & Kaplan in the balanced scorecard, is the notion of a strategy map. A high-level visual depiction of exactly what priorities we have this quarter, this year, over the next 3 years. How do we prioritize our investments and marshal our available resources, to achieve these operational goals of improving our ability to attract and serve customers?

CG: Well, if we effectively implement a Kaplan & Norton strategy map, it's a major overhaul in a lot of cases. But just basically taking the principles.

What we're saying is that we now have access to information about all the assets that we own in an organization. All of them. Whether they're people assets or capital assets or what have you. We also know what business processes have to be mobilized to deliver goods and services to customers.

By implementing a strategy map literally, as Kaplan & Norton would, it suggests that we are orchestrating that conversation across all value chains within the organization. It goes from a goal or a strategic objective all the way to its execution and its metrics.

We took that one step further, by saying there's a way in which you orchestrate that value chain. Along the way, we have those performance indicators that need to be fed back in. But we're saying that we literally have to go across and understand that my value chain has impact horizontally across other functions.

Also, my value chain has certain indicators of performance that go vertically to report up. So we tie those principals together. We have to, in order that we can answer that basic question.

In its purest sense, a strategy map says that you are mobilizing assets such that value is created across all functions that touch my customer. That ultimately leads to shareholder value.

That's a lot of work to implement that correctly across every aspect of the company. But in a general sense, we have to mature to a level that we understand what a business performance management framework looks like; what the more traditional operational infrastructure and systems look like.

They mature on their own, anyway. Whether an organization is using Six Sigma, as an example. If they want to follow that model; it doesn't matter. They will also conform to the notion that process, technology and people have to come together in a quality fashion.

We're saying we're ready for this layer that sits in top of all that. Its action-oriented, performance-driven, but it's strategically aligned.

MM: Right. So to pick up on that theme, you've added then the third piece. You've said that first of all, there's a CIO blueprint. At the end of the day, that's going to be a component business model that describes high-level, 'What are the services that enable us to create and deliver value?' All the way down to these legacy workflows and these structured XML conversations.

So the CIO blueprint is the description of all the technical resources that enable us to be a business.

The second thing then was the strategy map. That is how we really establish a compass. What we're trying to do and how we measure what we're trying to do. And how we measure the performance of the intangible assets.

You just introduced another function of a transformation CIO; to develop a way of describing and measuring the performance of these intangible assets of an organization. Be it a customer process, an innovation process, accounting process or an infrastructure process. Right?

CG: That's correct.

MM: Part of the job of a CIO is to then abstract all of the intangible assets of an organization. Describe them in some sort of uniform way, using something like a balanced scorecard plus, as a starting place.

But then describing each of those assets in metadata. And in some sort of an ongoing performance measurement process.

CG: Exactly.

MM: The third element you introduced here is the notion of a process-control or a

management process-control framework. That is the process methodology by which we drive innovation into our operation. It's the process methodology by which CIOs innovate new processes and new systems that add strategic new value.

You mentioned that one management process control framework is Six Sigma. Six Sigma tends to be more manufacturing. Another one might be Lean Six Sigma for services. That's more oriented toward a service business, but still the same idea of 'Lean', and Six Sigma.

For application development, it might be CMMI – Capability Model and Maturity Integration. That's really more about managing the technology life cycle and technology acquisition and development.

CG: That's correct.

MM: As well as something like ITIL, which is the IT Information Library. That's a framework or set of guidelines for documenting best practices for the delivery of IT services.

CG: That's right. Yes.

MM: So it may well be that there are one or two of these kind of large management process-control frameworks that start out, but that ultimately begin to meld into a meta-framework, comprised of one or two of these process-control methodologies.

CG: That's correct.

MM: And that it's the principal job of a transformational CIO to say, 'Here's our process methodology. Here's how we're going to drive innovation into our operation. And here's how we're going to measure progress'.

And that you need all three. Right? You need infrastructure. You need a strategy map and a way of tracking progress against strategy. Then you need a management process-control framework by which to manage progressive levels of discovery and innovation. And driving that back into operational capability.

CG: That's correct.

You did a great job of articulating this. Just like I've been saying all along. A lot of these different functions within the agencies are maturing. Well, so is IT maturing? They're evolving their tools and their methodologies. And if they have certifications in a variety of different languages or platforms that they specialize in, and so forth.

Of course, we mature the way in which we manage the operations. So it comes into play some of the things you suggested with CMMI. Some of the basic principles of that; I don't know how many organizations really, really go all the way up to that Level 5. Maybe the largest government agencies who spend a lot of money on it.

MM: I find this interesting The only creative agency network that seems to really understand the importance of management process-control frameworks – and specifically, CMMI – has been Publicis.

Their CIO has been on a Jihad for the last 3 years, driving CMMI capability model maturity integration into every corner of the Publicis enterprise.

CG: I was at the FAA for a number of years and worked closely with the General Services Administration (GSA) managing a services contract. During that time I was exposed to the results of some of those best practices. There's just so much work that goes into just maintaining that.

We just need to be smart enough to understand the fact that we have a process and its steps also clearly understood. Whatever it is.

We have to embrace a process that ultimately is a blending of best practices that make sense for your situation. You take what you said out of CMMI and you take what you can about Lean and Six Sigma. Or TQM, which was a big thing in the government some years ago.

If something is going to come and go at the end of the day, we're all facing the same challenges. We have to be consistent with the process. And then mature it – whatever that is.

Along the way, standards come up. Hey – even those IT systems can also be engaged in that conversation that we were talking about a while ago. In fact, they should be.

MM: Exactly. So as we start to move toward the conclusion of this interview, perhaps you can talk specifically about some of the technologies and some of the vendors you see leading the way. Say for example in analytics, content-creation and agile-development methodologies for services.

Content management and content optimization and so on.

CG: I could speak categorically about it. What I mean by that is, there are so many players and

so many new businesses and new startups around the notion of the conversations that are going on in social.

We have to scrape social conversations that we're accepted into; analyze and post updates back to Twitter, FaceBook and the like. Add in the new ad models and customizations such as through Facebook connect.

And there are all kinds of different startups focused on mobile application development. Everyone is making a play for these very quick wins – low-value – point solutions that are tied to nothing.

But the key elements that I focus on and want to stay focused on, and some of the players that do want to get out of the rut that they were in, and elevate to a new level that says, 'Okay. We have to be really sophisticated about content'.

Now as an enterprise, there are a whole slew of things that would be candidates for assets in a repository for an enterprise. There aren't any players out there. EMC making a big play with Documentum and people like that. Interwoven and those big, big systems that manage so much different content that they have to be considered.

But is that needed in this conversation we're talking about? In this new layer? Not necessarily. We just need to interface into a system like that.

Ultimately, to have the pieces in place by bringing in all these best-practice technologies.

MM: With respect to technologies, where do you suggest ...

CG: There's no one particular vendor. But there is an alliance with standards organizations. So we follow very closely what every peer organization in a supply chain wants to be conversant in. The tools that will move along with them are the tools that are more sensitive to the degree of automation that might be needed.

To be more specific, I alluded to certain things on the document-management side. Well, there's also a campaign management. There's also the online content-management system (to populate a website) and so forth.

We just need to continue on the standards that map into our process. And the tools that will likely be very adaptive, because it's in a state of flux at the moment, anyway.

So just follow the standards. And certain vendors are starting to rise to the top. We'll see which ones are going to be meaningful.

Being services-oriented, we get to take those functions that are needed. I don't have to buy and bolt on all this legacy stuff that I don't need, if I just need certain functions to be part of my conversation.

MM: Carlos, I think we're about getting to the end of this particular conversation. We covered quite a lot of territory. I want to thank you so much.