3 Ways Your Customer Identity Strategy Fuels Business Growth
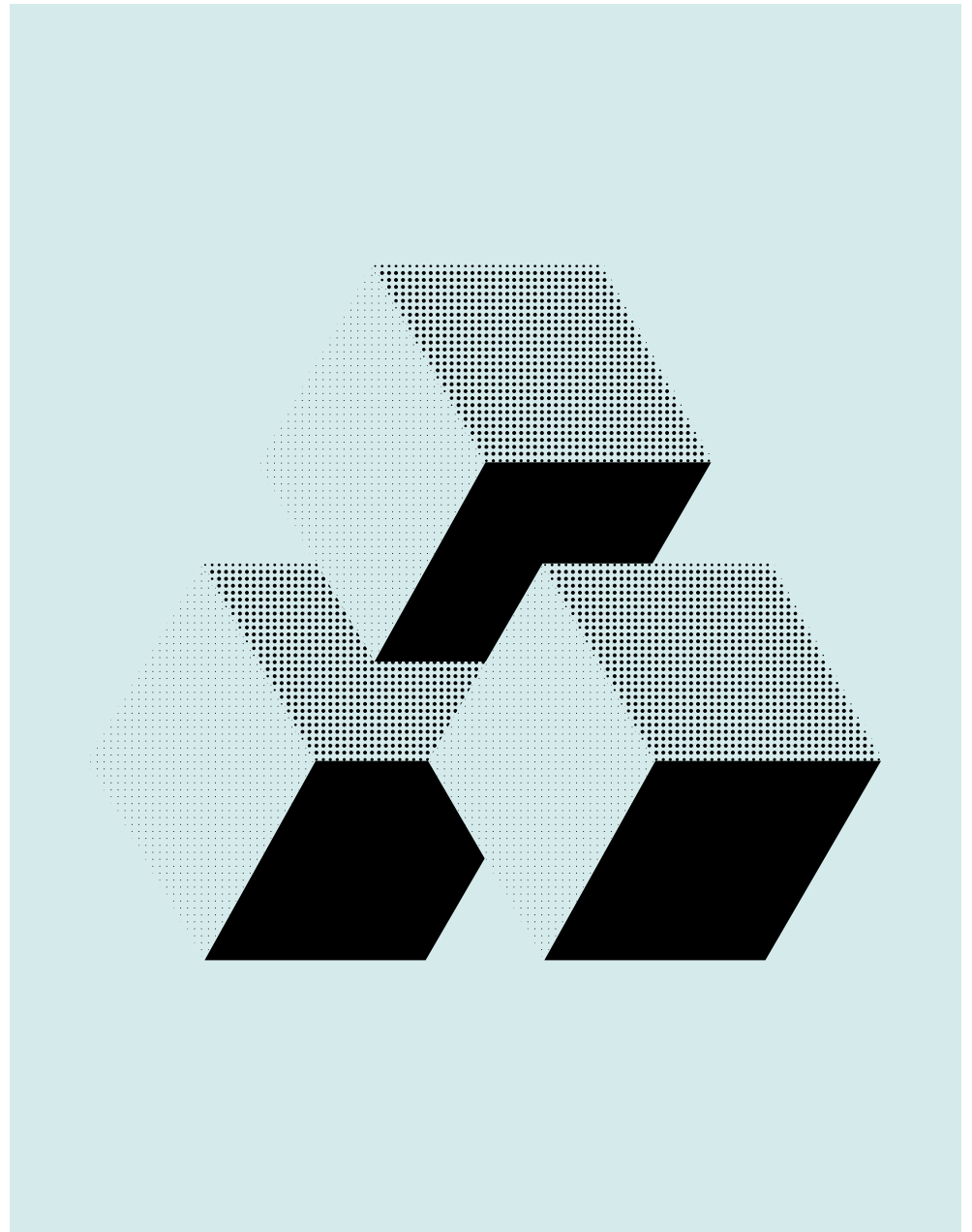
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All eyes on growth in 2022

As we put a tumultuous year in the rear-view mirror, many companies are looking for innovative ways to boost and redesign their businesses in order to jump-start growth. According to Gartner, **the majority of CEOs say recovering revenue levels by accelerating digital initiatives will be a top priority in 2021 and 2022.** While your business leaders look for new growth opportunities in the year ahead, it's worth noting that technology can be a key lever supporting recovery and expansion. In addition to reducing costs and inefficiencies, modern technologies and tools can also help you innovate and grow. It's often just a matter of knowing which solutions can have the biggest impact on your top-line as you plan for the future.

What is CIAM and where exactly does it fit in?

In the post-COVID era, digital services and capabilities are more critical than ever, and customer-facing identity and access management (CIAM) sits at their center. CIAM powers digital access experiences—from registration, to login, and credential management—while governing the identity profiles of your customers, partners, and suppliers that are fundamental to any external interaction, collaboration, or e-commerce for your business. The best CIAM solutions enable seamless customer experiences (CX) and create a strong, long-lasting connection to your brand. A great service can help you attract and keep more loyal customers, which directly translates into top-line improvements, so it's crucial to get CIAM right. This is how the technology choices your marketing, digital, and product leaders make today can impact revenue generation in the years to come.

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Two-thirds of marketers say their companies compete primarily on the basis of CX. **(Gartner, Gartner Customer Experience in Marketing Survey)**

94%

of consumers who rate a company's CX "very good" are likely to purchase more products or services from that company in the future. **(Qualtrix, ROI of Customer Experience)**

4-8%

Companies that excel at CX grow revenues 4-8% above the market average. **(Bain & Co, The Five Disciplines of Customer Experience Leaders)**

Land and expand your customer footprint

Smart approaches to customer identity will help you increase reach to both new and existing customers in three primary ways: by improving acquisition, conversion, and retention. We'll explore CIAM's role in each stage of the customer lifecycle below.

1. Acquire more customers by making a great first impression

User abandonment across websites, apps, and web portals due to poor usability is one of the biggest challenges digital businesses need to tackle to boost revenue. After all, if you never acquire new customers, you won't be able to grow your business. A good customer identity solution can help you deliver the seamless access experiences your customers want—ones that are frictionless, delightful, and secure, while respecting consent preferences for users. By enhancing CX and usability, CIAM helps you minimize abandonment rates and maximize customer acquisition.

On the flip side, poor access experiences can drive customers away. Research shows that nearly **1 out of 3 people who experience access issues during online transactions drop off, and 37% leave the checkout process**, when asked to create a new user account at an inopportune time. Of course, digital abandonment can happen for many reasons, but you never want issues with your identity layer to be one of them.

Let's take a quick look at how even seemingly small improvements in user acquisition rates can have a major impact on your top-line:

The Revenue Impact of CIAM

Annual users beginning registration process	100,000
Abandonment Rate	60% 60,000 users per year
Recapture rate with CIAM	5% 5,000 users per year
Average annual spend per customer	$50
Additional annual revenue with CIAM	**$250,000**

The most effective CIAM strategies enrich the registration and login experience, while keeping it clean and simple to use, so you'll impress and attract new customers off the bat. Best practices include:

- Delivering standout design with highly customized and branded login pages
- Making it easy to open accounts on any device (e.g., start with mobile, continue on a smart TV)
- Asking for just the right amount of information, so you don't overwhelm or bother the customer with unnecessary fields on their first visit
- Offering authentication via social media accounts like Facebook, Twitter, or Google to eliminate the need to set up an additional account

Another way CIAM supports customer acquisition is by helping digital teams quickly launch innovations. New customer-facing apps and services typically require some level of work at the identity layer, and this can become a major roadblock for under-resourced development teams. A robust identity solution offers them building blocks that are customizable yet quick to implement in order to accelerate time-to-market.

Here's an example of a potential first-mover advantage you can gain from getting new products, apps, and services out the door to your customer base quickly:

Expected monthly revenue from new app/feature	$50,000
Delay in time to market due to developers building identity in house	6 months
Recaptured revenue with CIAM	**$300,000**

2. Convert more customers through personalized experiences

In addition to helping you acquire more customers, CIAM makes it easier to convert those new users into paying (or higher-paying) customers. With modern CIAM, you'll gain cleaner, more complete data throughout the customer lifecycle for a deeper understanding of your customers' interests and preferences. Over time, CIAM provides the data and visibility needed to build highly tailored, relevent marketing and loyalty campaigns, which help drive upsells and cross-sells with existing customers. This adds massive value because research has shown that **49% of customers buy items they did not intend to buy due to a personalized recommendation, and 40% say they have purchased something more expensive** than they planned to because of personalized service. Done well, personalization **can boost your total sales by 15-20%.**

Consider the following scenario, in which personalized services with CIAM improve a company's up-sell / cross-sell rate by just a half of a percent resulting in a significant impact on revenue:

Digital customers	10M
Current up-sell / cross-sell rate	6% 600,000 up-sells / cross-sells
Increase in up-sell / cross-sell rate with CIAM	0.5% 50,000 up-sells / cross-sells
Average up-sell / cross-sell revenue potential	$10
Additional revenue with CIAM	**$500,000**

By leveraging CIAM to uncover your customers' behaviors, needs, and values, you can design highly tailored digital experiences that convert visitors into long-term patrons. Best practices for your CIAM implementation include:

- Progressively profiling users at strategic touch points in order to reduce friction by collecting data over time instead of all at once

- Consolidating user directories for a complete, 360-degree view of the customer and using this insight to promote the right services or products at the right times

- Connecting key customer attributes from various sources, such as their pre-logged-in digital footprint, clickstream, social profiles, CRM record, etc. for a more complete understanding of who your customers are and what they want (see sidebar for more information)

Assemble a tech stack that enables a 360 view of the customer

By integrating your identity stack with other applications for a unified customer profile, you'll gain valuable data and insights into users. While the CIAM layer stores all their identity attributes, it also serves as a hub with spokes out to myriad systems that hold data on their behaviors and preferences. Integration examples include:

- Marketing systems: Adobe Marketing Cloud, Oracle Marketing Cloud, Marketo

- CRM systems: Salesforce, Zoho, HubSpot

- Customer data platforms: Segment, Blueconic, Listrak

- e-Commerce / Point of Sale (POS) Platforms: Magento, Shopify, BigCommerce

- Customer analytics: Splunk, Tableau

- Social accounts: Google, Facebook, LinkedIn, Github

- Consent management: DataGrail, OneTrust

3. Retain more customers by inspiring loyalty and trust

Once you've drawn customers in via a smooth registration flow and personalized CX, nurture them and keep them coming back with seamless identification and authentication across every brand you acquire and every channel you support—including mobile apps, smart TVs, web sites, as well as call centers and in-store visits.

This is important because omni-channel users are more likely to stay loyal to your brand and embrace additional products or services, especially in retail settings, where they **spend an average of 4% more in stores and 10% more online** than single-channel customers. And customer retention is a key driver of growth, as investments in this area cost less and typically deliver an even better return than acquisition initiatives. Programs that increase loyalty and prompt follow-on purchases or referrals make a greater impact on your business by maximizing customer lifetime value.

Best practices for an effective CIAM strategy surrounding retention efforts include the following:

- Enable consistent omni-channel CX across digital interactions for multiple subsidiaries, properties, and brands

- Ensure painless password resets, a simple, but very common interaction that's a major cause of abandoned accounts

- Automate and orchestrate the customer journey to keep your identity data in sync across downstream systems for top-notch customer support

Trust is another crucial driver of modern-day customer expectations for all digital experiences. Every company faces heightened scrutiny to employ the strictest security and privacy standards for safeguarding customer data. It's important to deliver on this since **17% of customers abandon transactions due to concerns about security security** and **80% say they'd stop engaging with a company altogether if it experienced a breach**.

CIAM can help engender customer trust through invisible risk-based detection techniques that power low-friction, intelligent security for each touch point and transaction. Best practices for your implementation include:

- Use strong, adaptive multi-factor authentication (MFA) with various factors that suit the end user, but only ask for MFA when someone's behavioral context actually requires additional security

- Automate handling and reporting for data privacy requests (for GDPR, CCPA, etc.) with transparent, self-service consent management that puts control in the hands of your users

- Integrate CIAM with other technologies for additional risk signals and layers of security, like ID proofing, bot detection, device identification, and risk scoring

How key industries use CIAM to increase revenue and retain customers

Retail, Travel & Hospitality

Critical KPIs	CIAM strategies
• Registration and cart abandon rates • Customer lifetime value (CLV) • Digital uptime and speed	• Turn anonymous visitors into registered accounts, and then keep them engaged by taking your loyalty program to the next level. • Deliver more tailored retail experiences by using identity sessions to link valuable insights (i.e. clickstream data) to other downstream systems. • Provide modern, frictionless, secure authentication for new digital tools and accommodate channel-switching across your digital properties and brands.

Use case example

Albertsons supports end-to-end registration and authentication for 30 million customers per week, 2,300 stores, and 20+ retail brands.

Financial Services

Critical KPIs	CIAM strategies
• Average revenue per customer • Customer retention rates • Customer advocacy rates	• Deliver secure, scalable digital banking and wealth management (no longer a nice-to-have, but a must-have). • Leverage existing tools to authenticate users (MFA for phone, or Nuance and PinDrop over omni-channels), and move towards adaptive MFA based on user context. • Establish a centralized identity layer that supports Know Your Customer (KYC) compliance with identity proofing (in the U.S.) and open banking APIs (in the EU and Australia).

Use case example

Northwestern Mutual uses adaptive multi-factor authentication (MFA) to increase security and reduce fraudulent transactions.

Healthcare

Critical KPIs	CIAM strategies
• Patient satisfaction scores (CSAT) • Case/ticket volume • Clinician efficiency	• Provide always-on, easy-to-use patient apps, supporting secure access via SMART on FHIR APIs. • Create a unified, HIPAA-compliant view of the patient with secure authorization and strong authentication. • Connect best-of-breed service providers (e.g., benefits partners, wellness apps) through inbound SAML federation. • Give providers seamless login experiences (e.g., passwordless) that reduce their friction when moving between hospitals' EHR systems or other apps—allowing them to spend more time with patients.

Use case example

Athenahealth protects 8,000 patient portals and over 160,000 providers with modern identity.

How world-class CIAM delivers business value

Identity is a lynchpin that shapes your customers' experiences with your brand—and your business' growth—for better or worse. Since a frictionless, secure identity layer is critical to attracting and retaining customers, CIAM is simply not an area you can afford to overlook. Gartner estimates that by 2022, "**digital businesses with a smooth customer journey during identity corroboration will earn 10% more revenue** than comparable businesses with an unnecessarily frictional customer journey."

To ensure your digital solutions stand out enough to fuel this kind of growth, they should be built with secure, scalable CIAM. As the identity standard, Okta provides unmatched value through user management, authentication, and authorization components that your developers can deploy up to 7X faster and with 3X lower TCO than other identity platforms. For more information, visit **okta.com/customer-identity/**.

About Okta

Okta is the leading independent provider of identity for the enterprise. The Okta Identity Cloud enables organizations to securely connect the right people to the right technologies at the right time. With over 6,500 pre-built integrations to applications and infrastructure providers, Okta customers can easily and securely use the best technologies for their business. Over 8,400 organizations, including JetBlue, Nordstrom, Slack, Teach for America, and Twilio, trust Okta to help protect the identities of their workforces and customers.

Learn more at: **okta.com**.