



## How to Move Your Business From Digitally Distraught to Digital Determined

Meredith Whalen

SVP, IT Executive, Industry, Software and Services Research

#### You are Building a New Business Model

#### PERCENTAGE OF TOTAL EXPECTED BENEFITS ALLOCATED TO EACH MODEL



Platform-based Revenue Model 21%

Data Monetization 19%

Contextual
Offerings and
Pricing

18%

Risk Reward Sharing



Sharing **Economy** 



### You Are Building a New Set of Capabilities

Data Management

**67%** 

Enable an organization to turn internal data into insight by organizing, maintaining, and refining data sets and data processes

Sensing & Learning

44%

Apply continuous sensing and collective learning to improve experience, efficiency and effectiveness.

Data Monetization

43%

Take data and turn it in to insight, automation and/or a revenue stream for the organization.

**Experiential Engagement** 

40%

Create an immersive CX so the customer has an easy, frictionless, and pleasing experience with the organization.

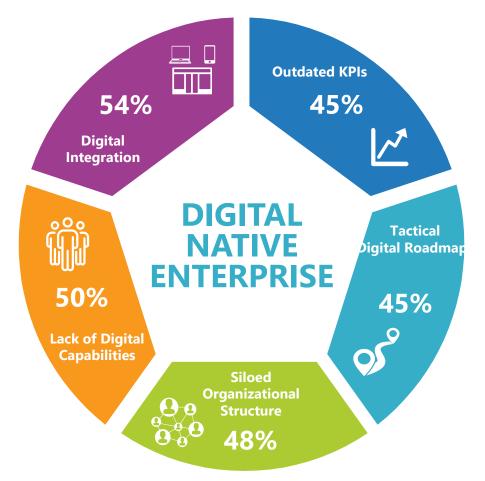
Scaled Digital Business

36%

Deliver hyperpersonalized digital services at scale through autonomic processes.



# Organizations are Facing Challenges On Multiple Fronts





#### It Takes Digital Determination to Survive



**HARVARD BUSINESS REVIEW** 

Why So Many High-Profile Digital Transformations Fail<sup>3</sup>

by Thomas H. Davenport and George Westerman March 9, 2018



**INFORMATION AGE** 

...90% of digital projects fail to meet expectations and only deliver incremental improvements.<sup>1</sup>



#### The Digitally Distraught v. Digitally Determined

54%

The Digitally Distraught

46%

The Digitally Determined

8%

Impromptu DX

DX initiatives are tactical and disconnected from enterprise strategy 26%

LOB DX

DX initiatives are initiated at the function or LOB level

20%

**Short Term DX** 

DX initiatives are tied to enterprise strategy but with short-term focus 29%

**Integrated Strategy** 

Integrated, continuous enterprise wide DX innovation is in place 17%

**DX** is the Strategy

The enterprise strategy is to use DX to transform markets with new business models and services



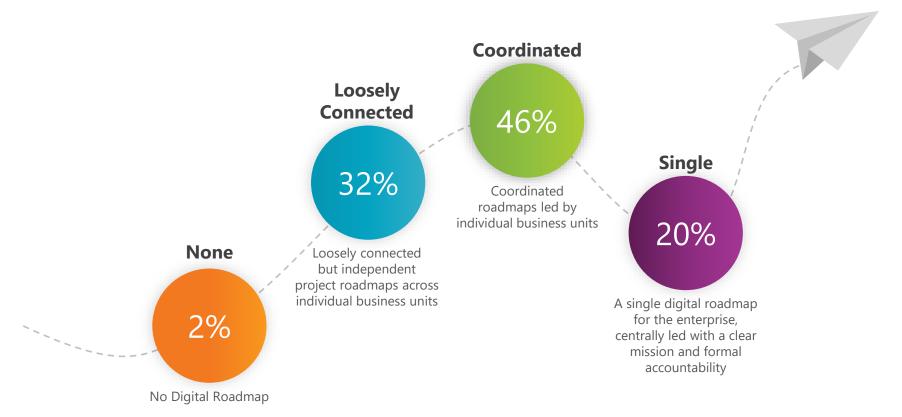
### The Digital Determination Blueprint



#### ORGANIZATIONAL STRUCTURE AND CULTURE

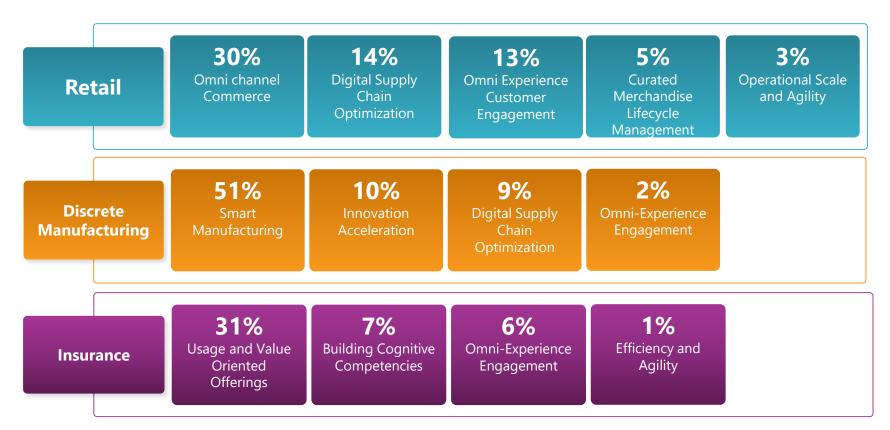


### Develop a Single Roadmap Tied to Digital Strategy





### Align Digital Budget to Strategic Priorities





#### Prioritize Use Cases

Retail
Top 3 Use Cases (2018)

\$7.7B

Omnichannel order orchestration and Fulfillment

\$6.5B

Omnichannel commerce system

\$6.1B

Augmented Virtual Experience

**Discrete Manufacturing Top 3 Use Cases (2018)** 

\$28.6B

Robotic Manufacturing

\$23.4B

Asset Instrumentation

\$21.0B

**Autonomous Operations** 

Insurance
Top 3 Use Cases (2018)

\$4.1B

Usage–Based Insurance - Vehicles

\$0.8B

Telematics-Enabled Fraud Management

\$0.8B

Intelligent Customer Onboarding



#### Break Digital Roadmaps into Horizons





## HORIZON 1 Use cases that are deployed today.

Real Time Inventory Management

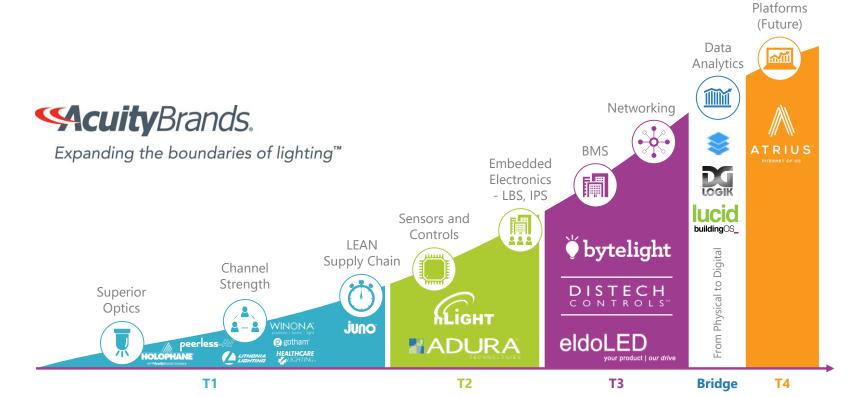
HORIZON 2
Use cases that
are being
incubated



# Use cases that imagine the possibilities.



### The Digitally Determined Strategy



IoT Software/



### The Digital Determination Blueprint





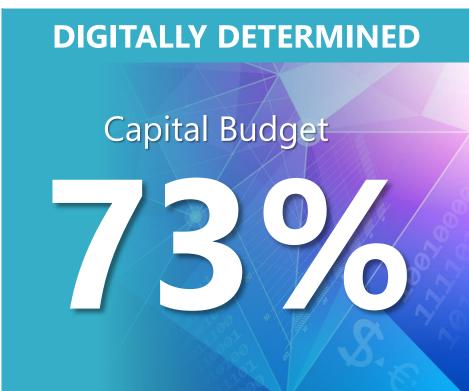


ORGANIZATIONAL STRUCTURE AND CULTURE



### Need Digital Funding Tied to Long Term Investments

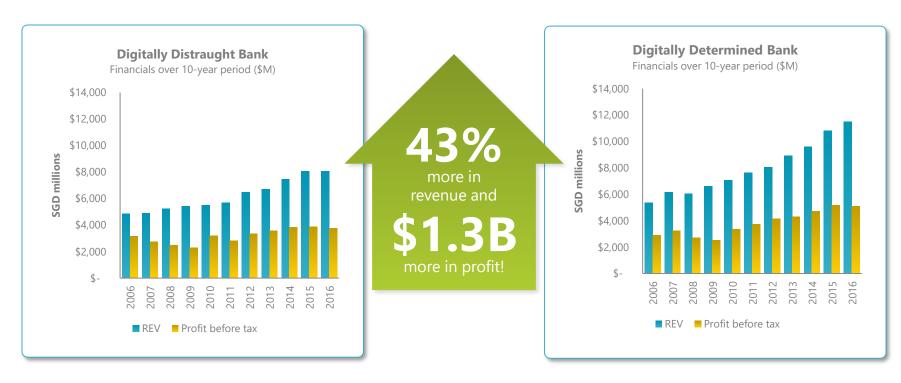






### Demonstrate that Digital = Inherent Value

#### THE FINANCIAL RETURNS OF DIGITAL

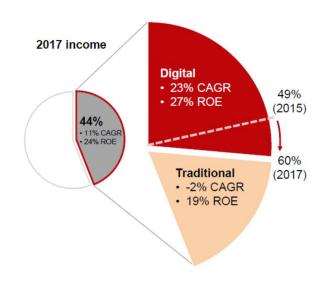




Source: IDC

#### The Digitally Determined Financials





#### Two distinct segments based on customer behaviour

- Digital (D): predominantly online / mobile interactions
- Traditional (T): predominantly offline interactions

We have been progressively helping our customers adopt Digital behaviours

The Digital segment is growing faster, with superior ROE

2017 figures annualised based on 1H17, where applicable; CAGR refers to 2015-2017 income





# 3006 of organizations do not have digital KPIs



#### The New Digital KPIs

**Success Metrics** 

**Financial KPI** 

**Business KPI** 

**Operational KPI** 

#### Innovation Rate

40% of company capital budget allocated for DX initiatives by 2020

40% of DX Innovation Initiatives approved for implementation by 2020

Companies spend 10% less per year on DX failures over 3 years

#### **Customer Advocacy**

20% more profitable customers each year for 3 years

Improve customer NPS score to positive 50/100 by 2019

Increased customer interactions for 50% of non-profitable products within 1 year

#### Data Capitalization

Platform strategies drive data-related IT investments to exceed 25% of total IT by 2019

Platform-related revenue accounts for 10% increase in total revenue each year over 5 years.

APIs reduce data acquisition and sharing costs by 50% over 3 vears

#### Digital Operations

Achieve 50% market share for target DX product or service by 2020

Introduce 1 new DX product or service each year for the next 3 years

Increase the % of self healing processes by 10% per year for three years.

#### Work and Labor Supply

50% of executive compensation tied to digital MBOs

Percentage of ondemand, knowledge worker labor hour increases by 10%/year over 3 years.

10% of repetitive enterprise interactions are augmented by Al each year for 3 years.



#### KPIs The Digitally Determined Are Using

Innovation Rate

40%

Measures to track the balance of work to labor (human and digital) supplies, and individual worker contributions **Customer Advocacy** 

43%

Metrics to track customer advocacy (e.g. net promoter score or NPS) Data Capitalization

43%

Measures for organization's return on data-related investments:

Digital Operations

47%

Measures to track a business' ability to transform and automate business processes

Work and Labor Supply

**27%** 

Measures to track the balance of work to labor (human and digital) supplies, and individual worker contributions



## How the Digitally Determined Are Using KPIs



Quarterly performance reviews

Annual and or strategic planning quidance

As part of monthly operating reviews

For managing and directing daily/weekly activities

Presenting them Presenting them to investors to suppliers



### The Digital Determination Blueprint

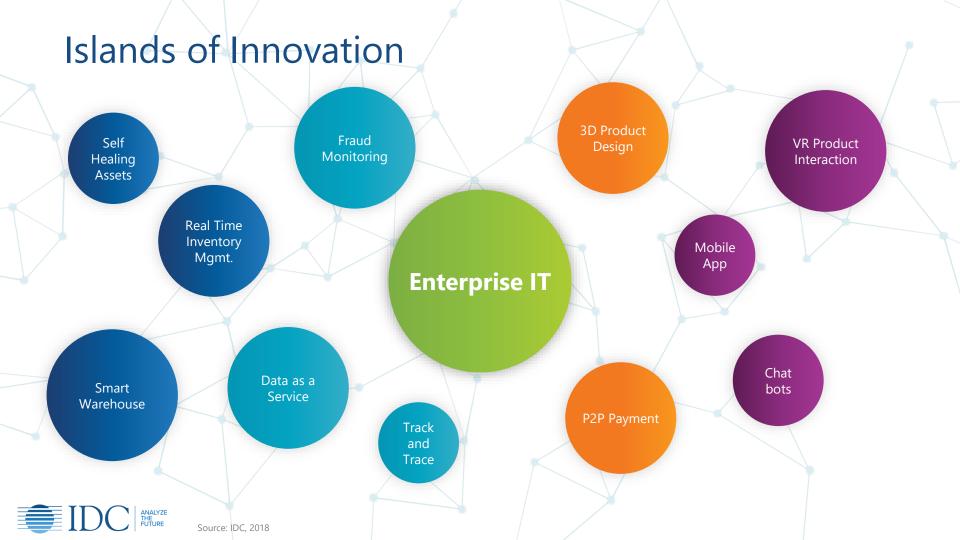






ORGANIZATIONAL STRUCTURE AND CULTURE





#### The Digitally Determined Platform Strategies

#### The Sidecar

21%

We have two separate technology environments (one for the core IT platform and another for the digital innovation) which are connected by leveraging APIs



## The Standalone Platform

33%

We have an external facing digital platform serving a network of connected customers, partners and suppliers that use (and pay for) the information and services provided through the platform



#### **The DX Platform**

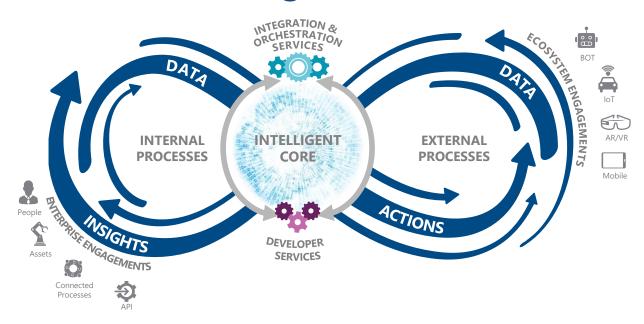
33%

We have a fully integrated enterprise-wide technology architecture enabling digital products, services, and experiences; while modernizing and integrating the internal IT environment.





#### The Key Elements of a Digital Platform



Cloud-based API strategies that **orchestrate** exchange of data across your ecosystem

Agile application architectures on PaaS using microservices and containers

New customer experience technologies that fully support customer and ecosystem-facing business models

An intelligent core based on data management, cognitive, artificial intelligence, and machine learning

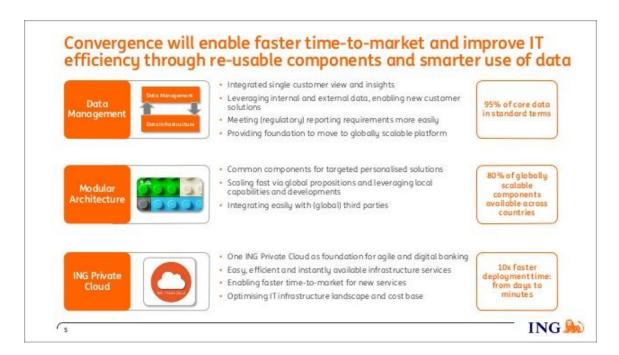


#### The Digitally Determined Platform

ING is investing in EUR800 million in digital transformation initiatives through to 2021 as part of its Think Forward programme.

The primary focus is to move to a single integrated banking platform in the Netherlands and Belgium.







#### Connecting the Numbers

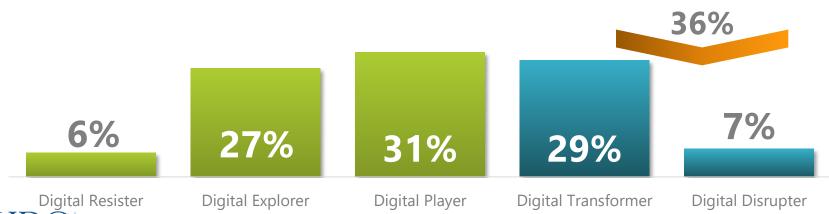
37%

Have a single business strategy built around digitally transforming 24%

Have a single digital roadmap for the enterprise

33%

Have a fully integrated enterprise-wide technology architecture



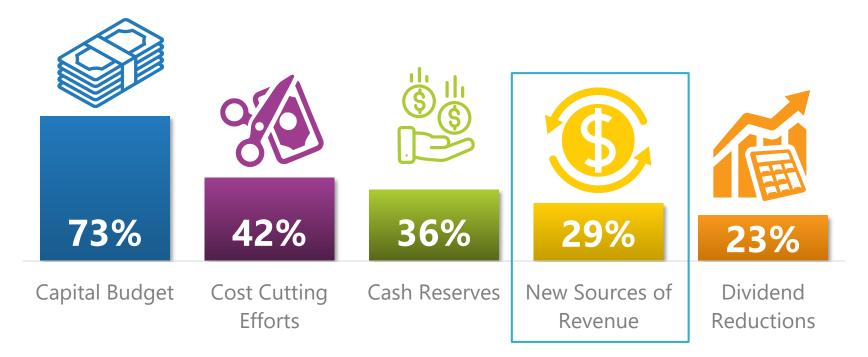


Source: IDC, Worldwide Digital Transformation Maturity Model Benchmark, n=1841. Doc #US4322011. Dec 2017. IDC Global DX Leaders Survey. Worldwide, Digitally Determined sample. n = 838. June, 2018

# DIGITAL BUDGET BENCHMARKS



# Digitally Determined How Digital Initiatives are Funded





#### 2018 U.S. Digital Transformation Tech Spending by Dimension

# Leadership Transformation

Omni-Experience Transformation



26%

Information Transformation



25%

Operating Model Transformation



46%

WorkSource Transformation

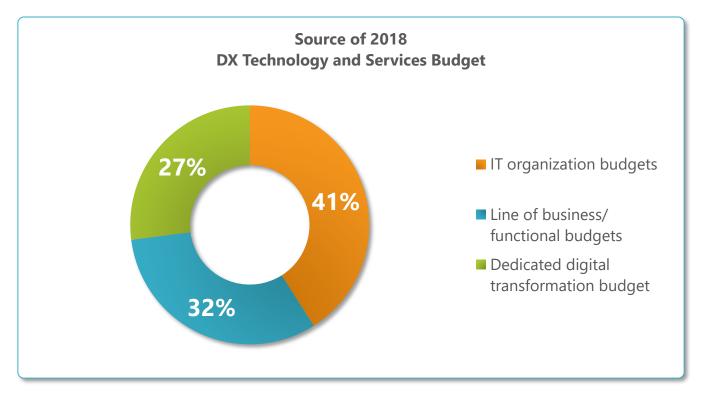


3%



1%

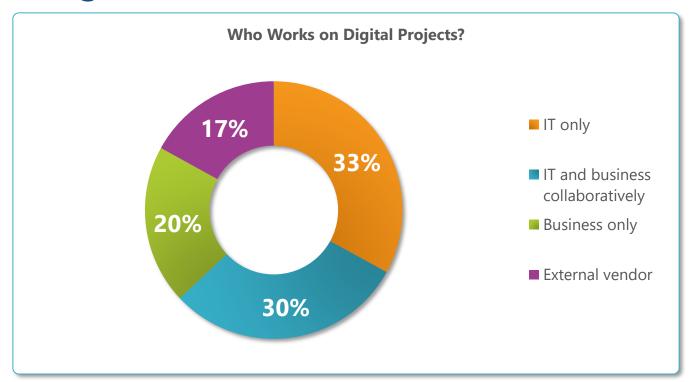
# Digitally Determined Sources of Digital Budgets





#### Digitally Determined

#### Partnering to Get the Job Done





## Digitally Determined Top Digital Tech Investment Areas

60%

#### **SECURITY**

- 1. Security Analytics
- Security and Vulnerability Management
- 3. Web Security

**50%** 

#### **IT INFRASTRUCTURE**

- Networking Equipment
- 2. Servers
- 3. Infrastructure Software

40%

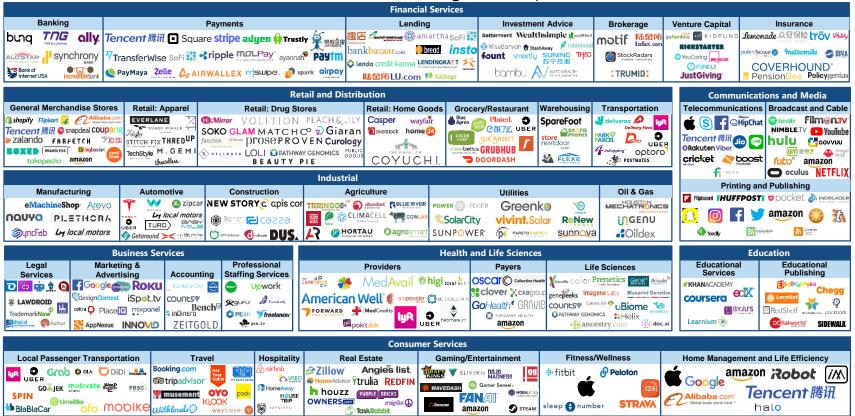
#### **CLOUD**

- 1. Analytics as a Service
- 2. laaS
- Private Cloud



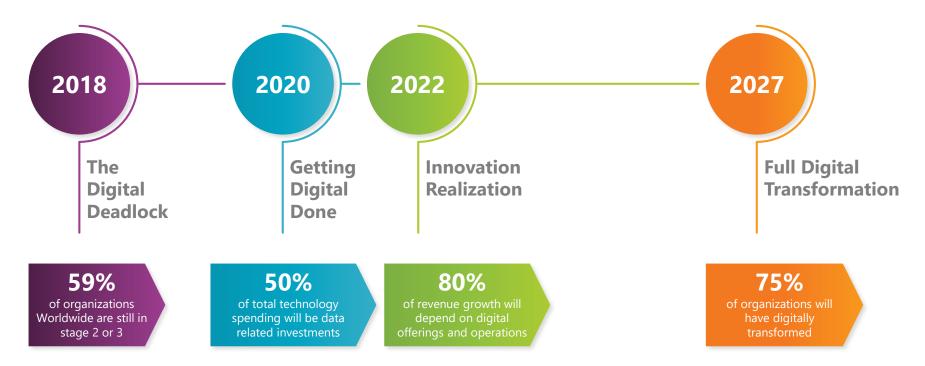
#### Not In My Industry (NIMI) Syndrome

IDC Market Glance: Digital Disruptors





## Once Through the Challenges, You are Cleared to Digitally Transform











Guidant is your **digital transformation partner**, offering the best of the CIO practitioner network with industry-defining technology advisory services from IDC.

To thrive in the digital economy, organizations must transform to treat technology and data as their lifeblood, embrace innovation, and digitally enhance the customer experience. Our fact-based research, leadership programs, and peer community provide the tools for success.

## Educate and Validate Decisions

Our research provides insights into the applications of emerging technologies while addressing foundational decisions around IT modernization, platforms, and digital security.

## Translate Insights into Action

Our community of technology executives and networking events facilitate candid peer discussions about best practices.

#### Develop Digital Leadership Skills

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