IVI Community Event

Organizational Readiness for Digital Transformation
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Introduction

Digital business transformation goes beyond traditional process optimization, to leveraging traditional and disruptive technologies in innovative combinations to transform how an organization generates value across its:
- product and service offerings
- business and operating models
- organizational boundaries and ecosystems
- employees and consumers

IT IS NOT THE STRONGEST OF THE SPECIES THAT SURVIVES, NOR THE MOST INTELLIGENT THAT SURVIVES. IT IS THE ONE THAT IS THE MOST ADAPTABLE TO CHANGE.

CHARLES DARWIN

If you don’t innovate fast, disrupt your industry, disrupt yourself, you’ll be left behind.

John Chambers
Chairman and Chief Executive Officer, Cisco, USA

Digital is the main reason just over half of the companies on the Fortune 500 have disappeared since the year 2000

Pierre Nantermo
CEO of Accenture

90% of CEOs believe the digital economy will impact their industry, but less than 15% are executing on a digital strategy.

MIT SLOAN AND CAPGEMINI
Key Highlights from IVI’s 2016 Digital Survey

- 132 survey respondents
  - 26% CEOs/Managing Directors; 24% CIOs/IT Directors/Managers focused on digital
  - 19% professional services; 19% computer-related business; 10% financial services

- Technology Trends

<table>
<thead>
<tr>
<th>Technology</th>
<th>Implemented</th>
<th>Implement within 18 months</th>
<th>Currently evaluating</th>
<th>Currently not interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile technologies</td>
<td>47%</td>
<td>24%</td>
<td>24%</td>
<td>5%</td>
</tr>
<tr>
<td>Cloud technologies</td>
<td>41%</td>
<td>30%</td>
<td>25%</td>
<td>3%</td>
</tr>
<tr>
<td>Social technologies</td>
<td>38%</td>
<td>25%</td>
<td>30%</td>
<td>7%</td>
</tr>
<tr>
<td>Digital marketing</td>
<td>9%</td>
<td>26%</td>
<td>26%</td>
<td>15%</td>
</tr>
<tr>
<td>Smart machines</td>
<td>12%</td>
<td>15%</td>
<td>28%</td>
<td>48%</td>
</tr>
<tr>
<td>3D printing</td>
<td>9%</td>
<td>12%</td>
<td>17%</td>
<td>62%</td>
</tr>
<tr>
<td>Artificial Intelligence</td>
<td>6%</td>
<td>19%</td>
<td>24%</td>
<td>52%</td>
</tr>
</tbody>
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Key Highlights from IVI’s 2016 Digital Survey

- Top 5 drivers
  - Improve operational efficiencies: 62%
  - Improve customer engagement, relationships, and service: 59%
  - Enhance existing product/service offerings: 57%
  - Create new revenue streams: 55%
  - Keep pace with/outperform competitors: 53%

- Top 5 barriers
  - Cultural issues: 49%
  - Insufficient funding: 42%
  - Competing priorities: 39%
  - Siloed implementation in business units: 39%
  - Skills shortages/difficulty in finding digital talent: 36%
Key Highlights from IVI’s 2016 Digital Survey

- Scope for improvement across all key facets of the digital transformation journey
- Organizations scored ~40 behaviour statements using a 4 point scale:
  - ‘not achieved’, ‘partially achieved’, ‘largely achieved’, and ‘fully achieved’

“The organization has an agreed upon and shared business-aligned digital strategy that can rapidly adapt to turbulent business conditions”
- 6% state ‘fully achieved’; 29% state ‘not achieved’

“The organization has access to suppliers and partners across the IT service value chain, and readily leverages the capabilities of the ecosystem, and creates synergies amongst its ecosystem participants”
- 8% state ‘fully achieved’; 26% state ‘not achieved’

“The organization can readily accommodate ‘outside-in innovation’, leveraging the considerable knowledge base of other innovators, such as vendors or customers, to uncover and apply new ideas for using technology”
- 12% state ‘fully achieved’; 28% state ‘not achieved’

“The organization supports agile business operations and high-speed innovation cycles by effectively managing the delivery of new IT services using a spectrum of development methodologies”
- 7% state ‘fully achieved’; 31% state ‘not achieved’

“The organization possesses advanced business analytics and reporting capabilities, and analytic skill sets to exploit information around operations, products, services, sales and marketing”
- 9% state ‘fully achieved’; 28% state ‘not achieved’

“To achieve digital business objectives, the organization can rapidly address gaps in leadership and employee skills”
- 12% state ‘fully achieved’; 26% state ‘not achieved’
IVI’s Digital Readiness Assessment (DRA)

- Analyses the organization’s preparedness for digital transformation, given its current IT infrastructure, technology and operational approaches, and identifies priority areas to improve and invest in.

- Conceptualises the organization’s digital transformation journey using a Plan-Make-Sell-Operate (PMSO) framework.

- Delivered Q2 2017 as one of IVIS’s core offerings.

- Online survey, supported by structured interviews and validation workshops, and a series of related usable assets.
Overview of DRA: Survey Breakdown

SURVEY BREAKDOWN

Level of Digitization
- Scope
- Scale

Digital Transformation Goals for the Organization
- Drivers
- Barriers
- Technologies
- Vision: Digital Paths

Digital Business Behaviours
- Planning & Execution Management
- Ecosystem Management
- Delivery & Operations Management
- Talent Development & Org Design
- Investment & Financial Management
- Information Exploitation Management
- Risk, Controls, & Cybersecurity Management

Operational Priorities
Category weightings

Survey Components/Data Captured

Analysis Provided

Digital Archetypes
Current & future view

Strategic Priorities for digital transformation
Key Barriers to digital transformation
Priority Tech for digital transformation
Strategic Direction for digital transformation

Participant Interviews/Workshop
Improvement Issues
Priority CCs
Next Steps & Action Planning
Overview of DRA: Management Behaviours

1. Planning and Execution Management
   Establishing a coherent direction and actions regarding how digital can assist the organization to compete and thrive

2. Ecosystem Management
   Leveraging the capabilities of, and creating synergies amongst, participants involved in the value chain supporting digital business objectives

3. Delivery and Operations Management
   Providing the digital enablement across the organization

4. Talent Development and Organizational Design
   Aligning leadership, skills and management structures in support of the organization’s digital business objectives

5. Investment and Financial Management
   Improving the return on investment from IT-related resources

6. Information Exploitation Management
   Leveraging data to improve decision-making and business outcomes

7. Risk, Controls, and Cybersecurity Management
   Mitigating threats to digital business objectives, and enforcing regulatory obligations, standards, policies and guidelines

Digital Business Behaviours
Management Dimensions
Overview of DRA: Insights Provided

- Digital readiness index score – an overall digital readiness rating

- Shortlist of prioritized capabilities and recommended improvements

- Additional supporting tools to guide the transformation journey
  - IT-CMF
  - CIP

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<thead>
<tr>
<th>Prioritized Improvement Dimension</th>
<th>Improvement Themes</th>
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<tr>
<td>Make</td>
<td>Leverage partners and the business ecosystem: Accommodating outside-in innovation through leveraging the capabilities of partners and other innovators in the business ecosystem to uncover and apply new ideas for using technology in the design and delivery of new products and services.</td>
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<td></td>
<td>Create digital products and services: Building products and services with the aid of digital technologies, using continuous development or DevOps techniques.</td>
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