



# The Dawn of the Digital Economy

*New Roles, Rules & Requirements*

*Philip Carter*

*Chief Analyst, IDC European Research*

SAP Portugal Innovation Forum, Lisbon

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By the end of **2016**, **two-thirds** of the CEOs of FT500 enterprises will have **digital transformation** at the center of their corporate **strategy**

Source: IDC FutureScape, 2016

89%

of organizations have  
digital transformation  
as a key business  
priority!

Source: IDC European Digital Survey, 2016; n=308

# Digital Transformation is a CEO Priority in Europe

'We're also taking advantage of the immense business opportunities offered by digitalization'



**Joe Kaeser**  
CEO Siemens

'The possibilities of the digital revolution must be put to good use'



**Tom Enders**  
CEO Airbus

'We will lead the digital revolution sweeping through the world'



**Jes Stanley**  
CEO Barclays

'We felt we have to go digital in a much more proactive way'



**Paul Bulcke**  
CEO Nestlé

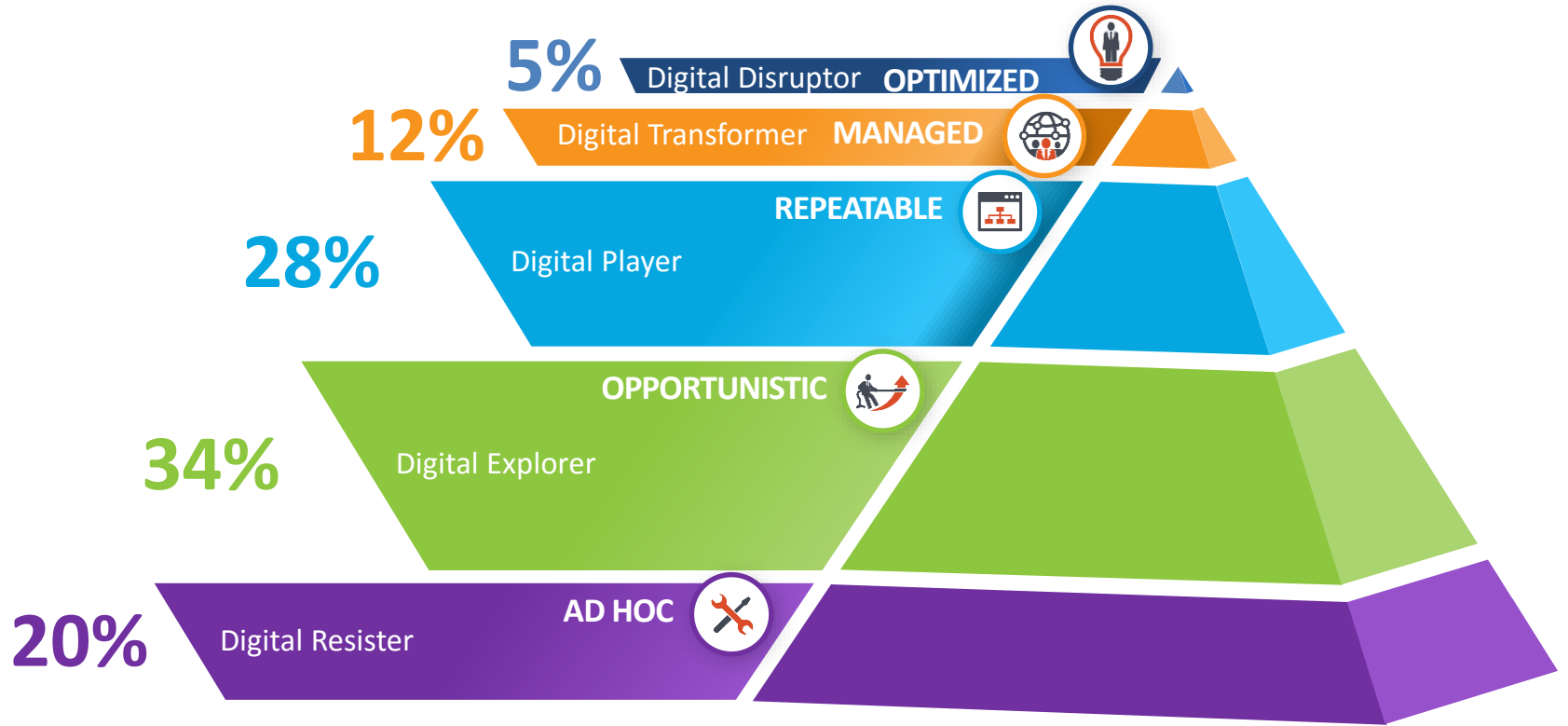


"AUDI's share of sales from information technology software and software based services for **'automobility'** should account for half of total sales by 2020 (2016: €60 billion) "

**Prof. Rupert Stadler, CEO Audi**



# But, the Digital Divide is Developing



Source: IDC, Digital Transformation MaturityScape Benchmark, 2016. n=413  
Showing the % of organizations in the world at each stage of Digital Transformation



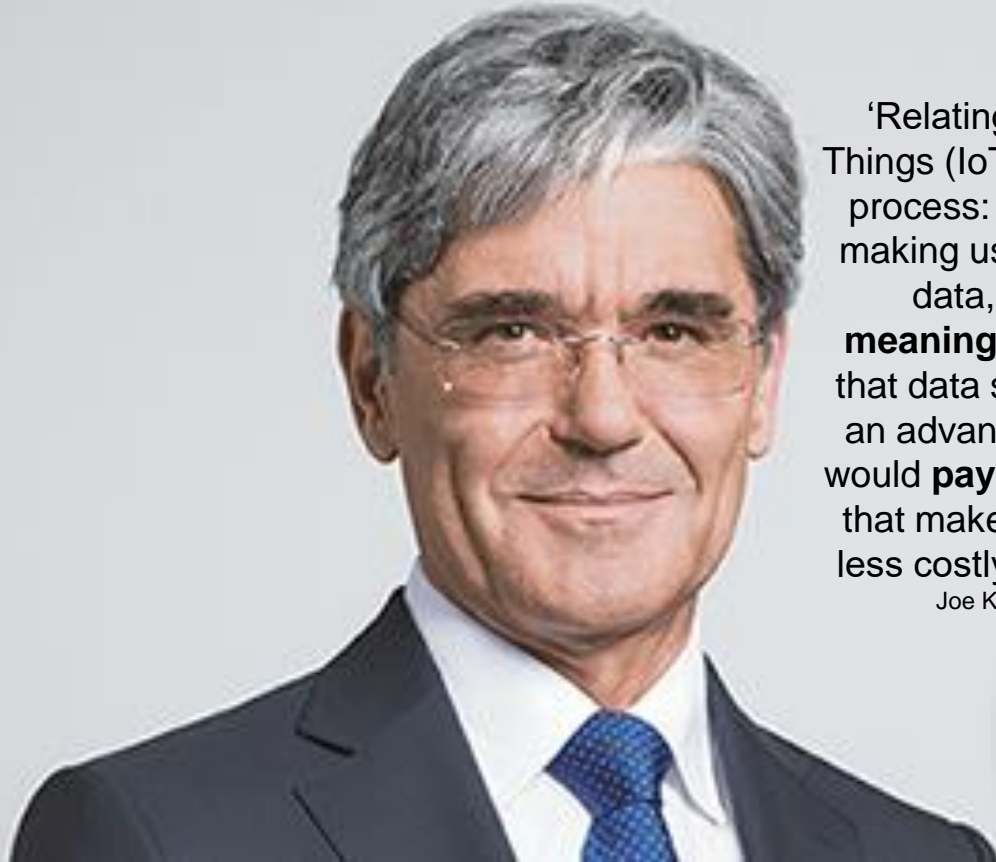
# The Five Dimensions of Digital Transformation

# Those Who Thrive in this Digital Economy will be the Organizations that:

Turn  
information  
into a  
competitive  
advantage







‘Relating to the Internet of Things (IoT), there’s a two-step process: collecting data and making use of it. Once I have data, how do I make **meaningful analytics** out of that data so my customer has an advantage? My customer would **pay me for information** that makes life easier, better, less costly, or more valuable.’

Joe Kaeser, CEO Siemens

**SIEMENS**  
*Ingenuity for life*

# Forklift Manufacturer Example

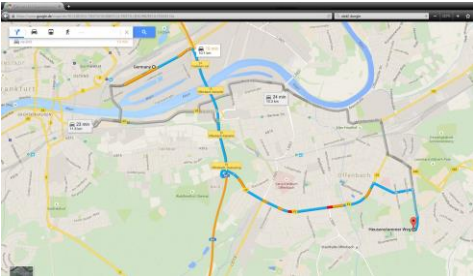


- Processing IoT data from fleet of forklifts
- Collects data and analytics from the forklifts for predictive maintenance
- Provides a fleet management service to the forklift buyers via a Web application

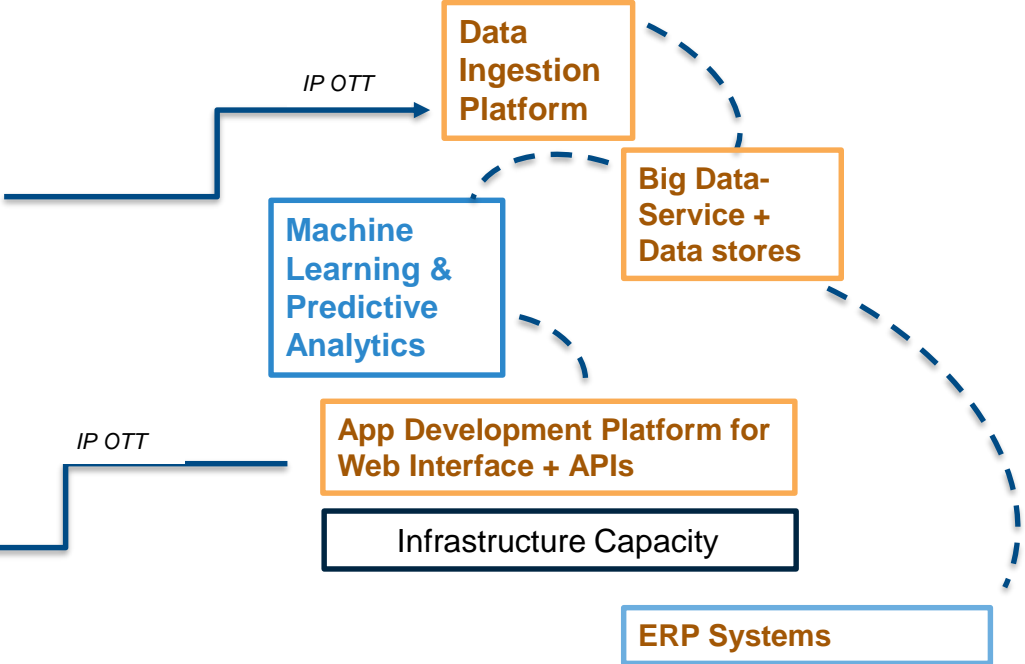
# Forklift Manufacturer Example



Forklift Sensors



Web Frontend



The eBay logo is displayed in its characteristic multi-colored font: 'e' is red, 'b' is blue, 'a' is yellow, and 'y' is green.

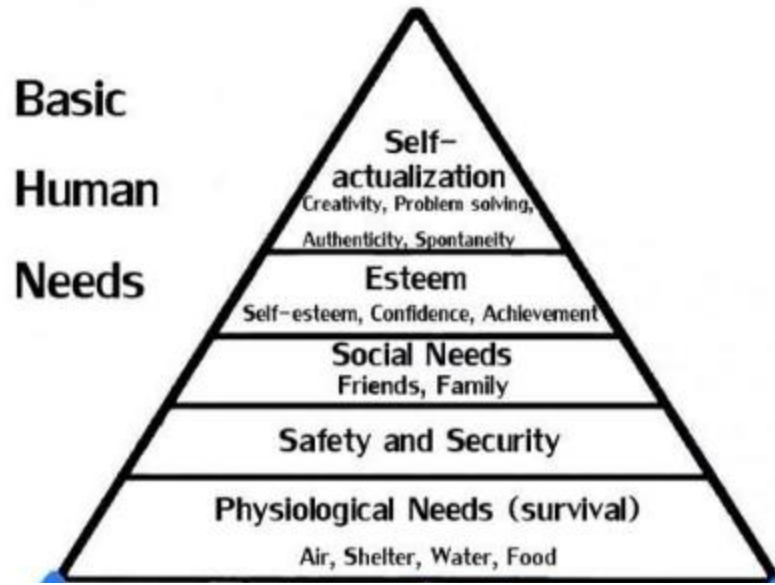
**‘If you don’t have an Artificial Intelligence (‘AI’) strategy in the world that is coming you will die’**

**Devin Wenig,  
CEO eBay**

# Those Who Thrive in this Digital Economy will be the Organizations that:

Blend digital and physical experiences to garner customer & 'ecosystem' allegiance









**WENT TO THE MOON**

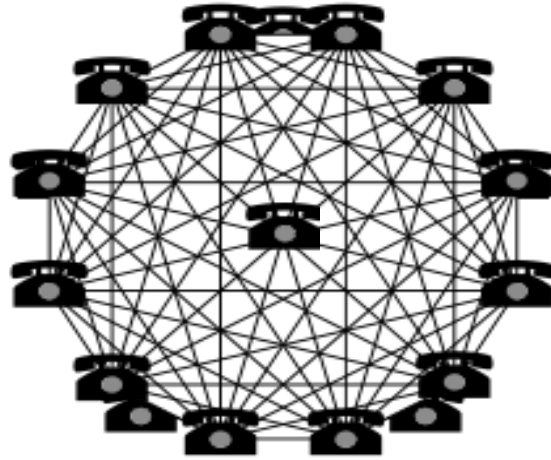
**TOOK 5 PHOTOS**



**WENT TO THE BATHROOM**

**TOOK 37 PHOTOS**





*Metcalfe's  
Law*

**Network Effects**  
Value rises as more people  
use the platform



# Those Who Thrive in this Digital Economy will be the Organizations that:

Create new digital revenue streams from a digital platform



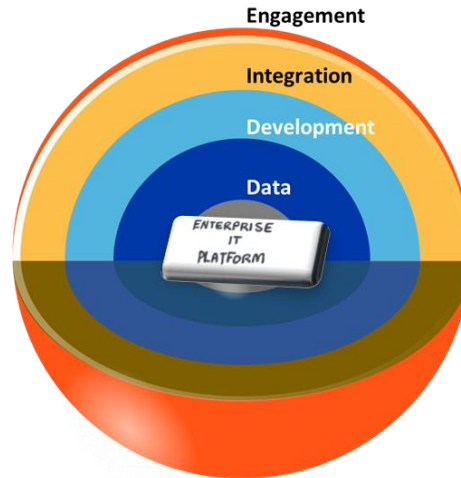
## Stage 1: Islands of Innovation



## Stage 2: Building the Digital Platform



## Stage 3: Scaling the Enterprise Digital Platform: Integrated Architecture



# The Digital 'Dream Team'

## The dream team



- The Strategic CIO complements both CDO and CTO
  - Tactical CIO requires a very strong CDO partner
  - Disruptive CIO makes the CDO or CTO role redundant
- CTO
  - Integrates IT into products and services
  - CTO is the technology leader in R&D
- Develop a holistic "use-case" journey for the organization

# Those Who Thrive in this Digital Economy will be the Organizations that:

Win the  
talent wars





# Those Who Thrive in this Digital Economy will be the Organizations that:

Can execute upon a vision for digital transformation





‘Digital Transformation  
can only be successfully  
implemented with the  
personal commitment  
of the CEO’

*Gisbert Rühl, CEO, Kloeckner & Co*





# Those Who Thrive in this Digital Economy will be the Organizations that:



Can execute upon a vision for digital transformation



Blend digital and physical experiences to garner customer allegiance



Turn information into a competitive advantage



Create new digital revenue streams from an enterprise digital platform



Leverage technology to win the talent wars



# Digital Transformation is Multi Faceted and Accelerated

Leadership Transformation



Omni-Experience Transformation



Information Transformation



Operating Model Transformation



WorkSource Transformation



## Talent mastery (Worksource DX)

- Work optimization and talent sourcing
- Process, People, Culture
- KPI: Best place to work index



## Leadership mastery (Leadership DX)

- CEO must take the DX driver seat
- Vision, Organization structure, Commitment
- KPI: Competitive share in core and new markets



## Relationship mastery (Omni-experience DX)

- DX is a customer-centric business strategy
- Reach, Relevancy, Reciprocity
- KPI: Net promoter score



## Operational mastery (Operating model DX)

- Automated and agile processes
- Scale, Scope, Speed
- KPI: Critical process cycle time



## Information mastery (Information DX)

- Information is at the core of the DX economy
- Syntax, Semantics, Socialization
- KPI: % of revenue generated from information



