



December 10th, 2015
Kovalam, Kerala

What the Board of Directors Should Know About Digital Business in 2016

Partha Iyengar

Country Manager, Gartner India

CONFIDENTIAL AND PROPRIETARY

This presentation, including any supporting materials, is owned by Gartner, Inc. and/or its affiliates and is for the sole use of the intended Gartner audience or other intended recipients. This presentation may contain information that is confidential, proprietary or otherwise legally protected, and it may not be further copied, distributed or publicly displayed without the express written permission of Gartner, Inc. or its affiliates. © 2015 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner and ITxpo are registered trademarks of Gartner, Inc. or its affiliates.

How frequently do you present to or interact with your Board?

- A. Never**
- B. Occasionally**
- C. Every Board meeting**
- D. You are a Board member**

What Is a Digital Business?

#GartnerSYM

4 CONFIDENTIAL AND PROPRIETARY | © 2015 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner and ITxpo are registered trademarks of Gartner, Inc. or its affiliates.

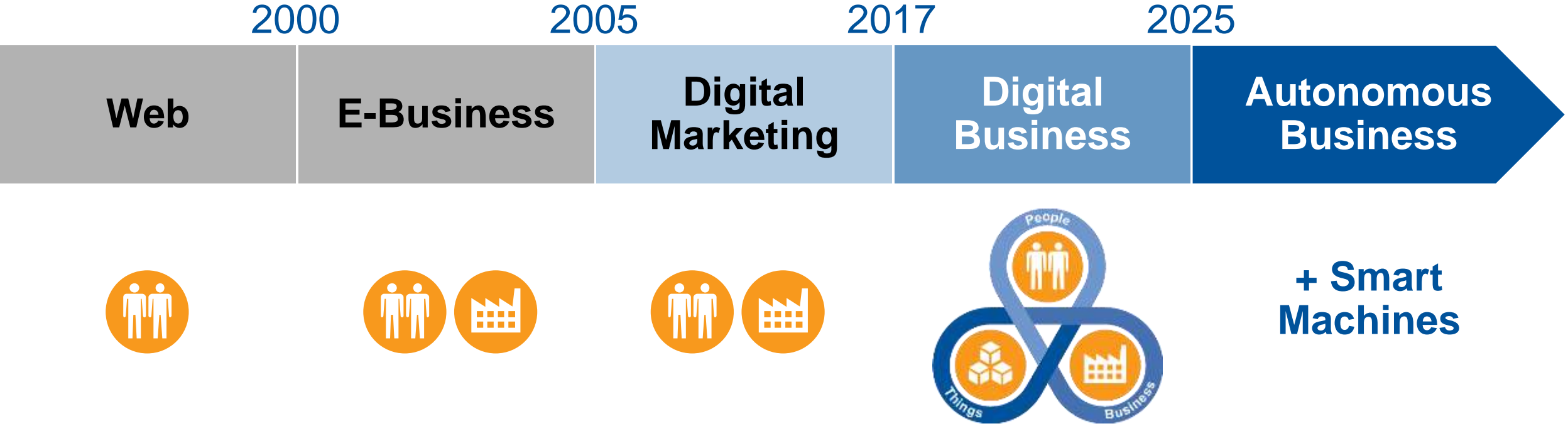
Gartner®

What Is Digital Business?



The creation of **new business designs** reached by blurring the digital and physical worlds ... via an unprecedented convergence of people, business and things.

The Journey Onward to Digital Business

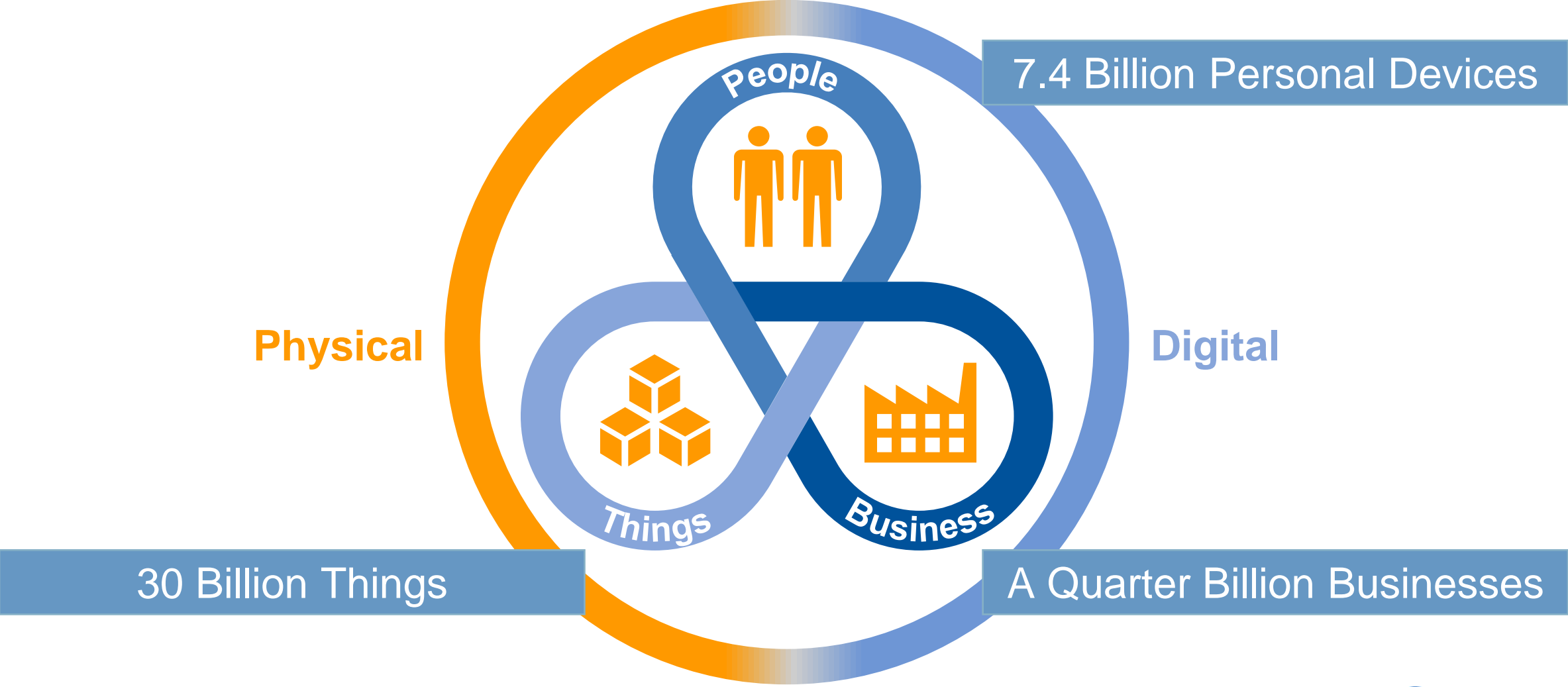


Source: "Digital Business is Here Now" (G00269535)
"Get Ready for Digital Business with the Digital Business Development Path" (G00263766)

#GartnerSYM



Digital Business: A Vast Integration



Digital Business Continues to Grow

Percentage Who Said Digital Business Best Describes Their Organization Today:

In 2015 **32%**

Board Directors are a bit more conservative, reporting in at 29% in 2015.

In 2014 **22%**

Source: Gartner Digital Business Board Director Survey, 2015

#GartnerSYM

Will Our Business Matter in 2020 With Digital Business?

#GartnerSYM

How Long Did They Know They Were in Danger?



Versus

AmazonPrime™



Andy Grove at Intel: When Intel Almost Went Out of Business



I looked out the window at the Ferris wheel of the Great America amusement park revolving in the distance, then I turned back to Gordon and I asked, "If we got kicked out and the board brought in a new CEO, what do you think he would do?" Gordon answered without hesitation, "He would get us out of memories." I stared at him, numb, then said, "Why shouldn't you and I walk out the door, come back and do it ourselves?"

Driving to Transform an Industry: The Fully Autonomous Mine



bhpbilliton



#GartnerSYM



How Will Our Competition or Our Business Model Change?

#GartnerSYM

13 CONFIDENTIAL AND PROPRIETARY | © 2015 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner and ITxpo are registered trademarks of Gartner, Inc. or its affiliates.

Gartner[®]

Business Moment Performance Grows as Machine Intelligence Grows: The Healthcare Scenario

The Doctor
on Your Wrist



The Doctor
in a Box



The Connected
Healthcare System



Business Moment

**TRANSIENT
OPPORTUNITIES
EXPLOITED
DYNAMICALLY**

The Threats Come From Within and From Without

What is the greater threat to your organization from competition?

Digitally driven from traditional industry competitors? **42%**

Digitally enabled companies entering your industry from another industry? **58%**

Source: Gartner Digital Business Board Director Survey, 2015

#GartnerSYM

16 CONFIDENTIAL AND PROPRIETARY | © 2015 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner and ITxpo are registered trademarks of Gartner, Inc. or its affiliates.



What Are These Companies Becoming?



Product company or software company?



Retailer or technology provider?



Retail pharmacy or retail healthcare provider?



Auto company or connected car company?

What Will Be the Impact of Digital Business on Revenue and Costs?

Redefining the Hotel: Welcome to Henn-na Hotel



<https://au.totaltravel.yahoo.com/news/a/28862838/robots-in-charge-at-japanese-hotel/>

#GartnerSYM

23 CONFIDENTIAL AND PROPRIETARY | © 2015 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner and ITxpo are registered trademarks of Gartner, Inc. or its affiliates.

Gartner

What Does the Board Expect From Digital Business?

Expanding to new geographies

- Growth

Greater proportion of business through digital channels

- Growth with Digital Marketing

Catching up with competition/early adopters

- Playing on defense

Generating more value through superior operations

- Effectiveness and efficiency

Creating completely new (blue ocean) markets

- Growth

Source: Gartner Digital Business Board Director Survey, 2015

#GartnerSYM

What Percentage of Revenue Do You Attribute to Digital Business Revenue?



For 2015, it is 18%

For 2020, it is 43%

Source: Gartner Digital Business Board Director Survey, 2015. Average of responses.

#GartnerSYM

25 CONFIDENTIAL AND PROPRIETARY | © 2015 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner and ITxpo are registered trademarks of Gartner, Inc. or its affiliates.

Gartner

What Should We Expect for Risk?

Top Investment Priorities in Next 24 Months



Risk Management



Information Technology **Fastest rising priority since 2014:**

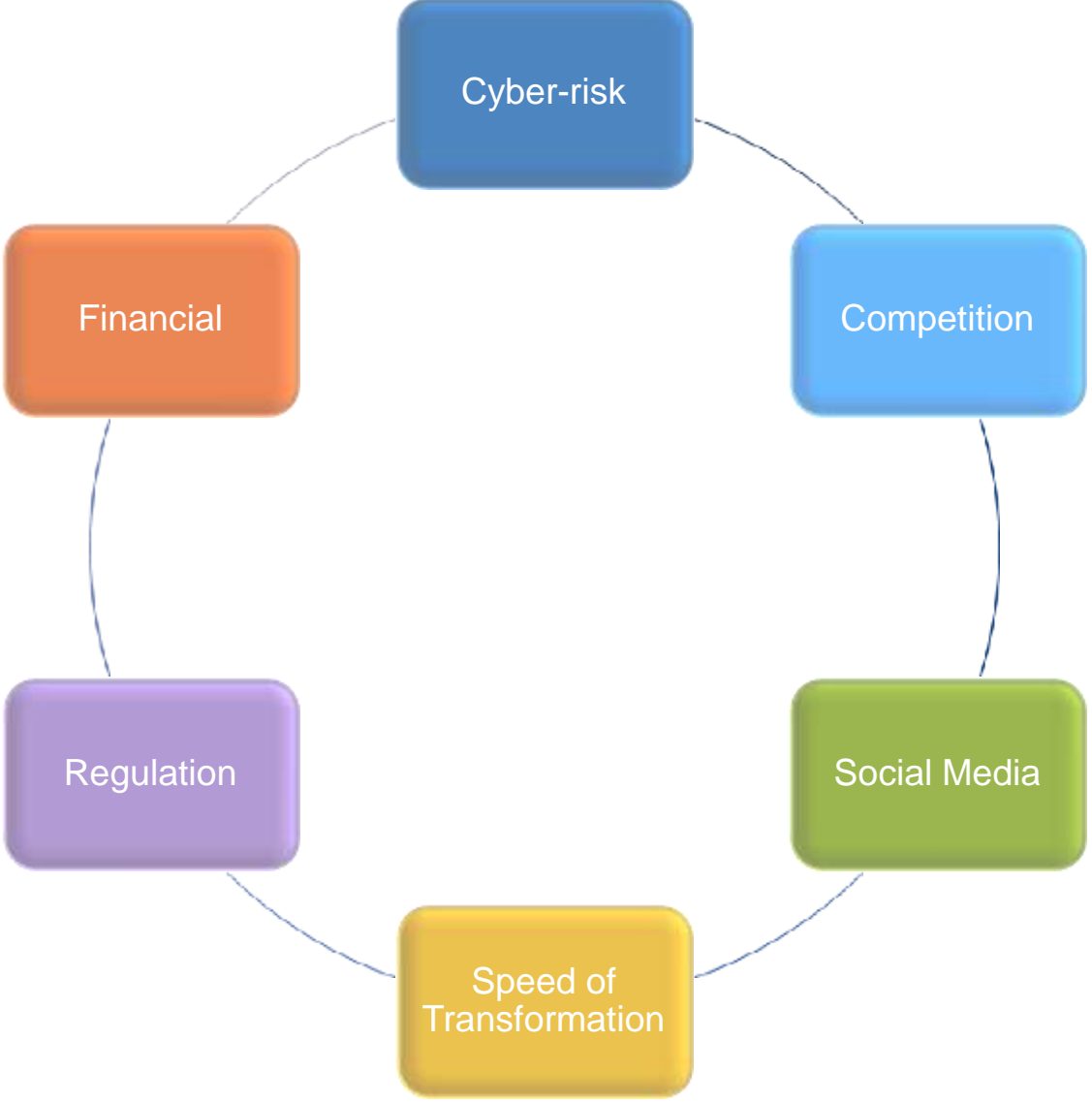
People and culture development



Global Expansion

Source: Gartner Digital Business Board Director Survey, 2015

Digital Business Creates New Risks ...







**We must also mention:
The risk of not doing**

Catching up with competition and
early adopters

Source: Gartner Digital Business Board Director Survey, 2015

What Type of Leadership Will This Require?

In Digital Business, the CEO Must ...

-  See the need for transformational change
-  Execute the transformation
-  Be prepared for the post-transformational scale up
-  Manage the risks of cybersecurity

Where Are Board Directors Getting Technology Advice Today?



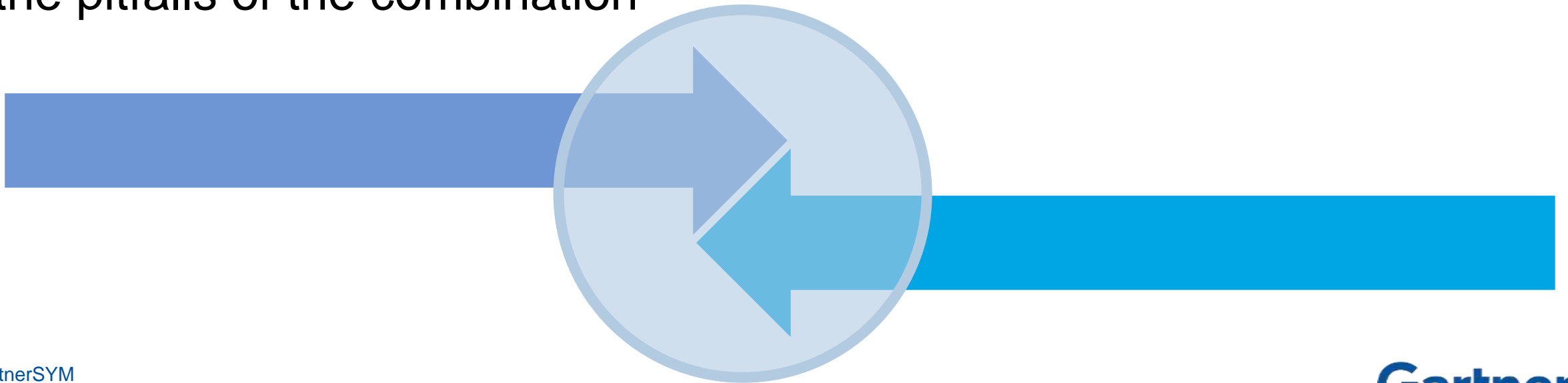
Source: Gartner Digital Business Board Director Survey, 2015

#GartnerSYM

Can't We Buy Our Way Into This?

Mergers and Acquisitions

- Focus on which business moments are created in the combination
- Look for leadership in the acquired company to take you where you need to go
- Be careful of engineering your income statement — it may blind you to the pitfalls of the combination



Should Business Executives Fear This?

Products, Cars,
Hospitals,
Factories, Cities

Platforms &
Plumbing

Apps &
Software

“Single
Face-to-
customer”

Consumer &
Employee



“Cortana,
manage my
connected
world.”



and/or its affiliates. All rights reserved. Gartner and ITXpo are registered trademarks of Gartner, Inc. or its affiliates.

What Business Executives Are Asking

Products, Cars,
Hospitals,
Factories, Cities

Platforms &
Digital

Is this a good thing for enterprises/OEMs?

Who will own the *customer relationship* & customer data?

Which digital business ecosystems should I *partner/participate in*?

Must I win in consumer world to win in enterprise?

What new *monetization models* are possible?

Where do the *higher margins* sit in the ecosystem?

When will digital business ecosystems matter?

“Single Face-to-customer”

Consumer & Employee



“Cortana, manage my connected world.”



VALIDIC



and/or its affiliates. All rights reserved. Gartner and ITXpo are registered trademarks of Gartner, Inc. or its affiliates.

Gartner®

Recommendations

- ✓ At the next Board Director meeting, review and approve the requirements for a new Board Director who is knowledgeable in Digital Business.
- ✓ If you are on multiple boards, bring stories of how your other companies are executing on Digital Business. Talk about how they are succeeding or failing and why.
- ✓ Review the executive leadership team and its skills to decide if an upgrade is necessary. Follow through on your findings.
- ✓ Define your enterprise' position in and approach to the evolving Digital Business ecosystem