Building Platforms For A Digital Society

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Country Manager Research (India)
Agenda

- What is Digital Business
- CEO Survey Findings
- Digital Business Transformation
- “Born Digital” Behavior
- Digital Business “Template” & Examples

So what do YOU do?
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.
Growth is a top 3 business priority for 64% of CEOs.

22% of CEOs have technology in their top 3 priorities.

Talent is the #1 constraint to growth, cited by 24% of CEOs.

20% of CEOs say they treat information like a balance sheet asset.

38% of CEOs think they will invest in digital marketing, but only 8% think they will invest in the internet of things.

Over the next 5 years, 22% of CEOs have technology in their top 3 priorities.
22% 2014

Digitally attributable revenue will double over 5 years

34% Are changing business model, now or in the next 2 to 3 years

41% 2019

10% Mentioned the word ‘security’ in their top 5 business priorities

19% believe the internet of things will be a top investment in the next 5 years

95% do long range planning most between 5 to 15 years

50% agree AI will replace millions of knowledge jobs in the next 10 to 15 years

Gartner CEO Survey 2015
84% of CEOs expect digital to increase profit margins.

50% of CEOs say their industries will be digitally transformed by 2020.

46% of product value will be digital by 2020.

38% of CEOs think political unrest is the top concern for their companies.

50% of CEOs say their industries will be digitally transformed by 2020.

Gartner CEO Survey 2016
# Digital Business Will Change Your Enterprise, Competitors and Industry

<table>
<thead>
<tr>
<th>Improved Operations and Engagement</th>
<th>Sporting Goods</th>
<th>Healthcare (hospital)</th>
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<tbody>
<tr>
<td>Reduce costs with IoT and 3DP in factories</td>
<td>Improve productivity with IoT in hospital</td>
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<table>
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<tr>
<th>New Revenue Products/Services</th>
<th>Sporting Goods</th>
<th>Healthcare (hospital)</th>
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<tbody>
<tr>
<td>Launch new products: wearable fitness monitor &amp; connected equipment</td>
<td>Launch new service: remote home health monitoring</td>
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<th>New Business Models</th>
<th>Sporting Goods</th>
<th>Healthcare (hospital)</th>
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<tr>
<td>Launch joint ventures with health insurers, gyms, hospitals</td>
<td>Establish new points of care: retail locations, gyms, community centers</td>
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<th>New Competitors</th>
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<tr>
<td>Retail pharmacies, fitness gyms, smartphone makers, health portals, seniors' homes, sporting goods brands, apparel brands, medical devices</td>
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<th>New Hybrid Industry</th>
<th>Sporting Goods</th>
<th>Healthcare (hospital)</th>
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<td>SIC 3949</td>
<td>SIC 8010</td>
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New industry created: Connected "Lifecare?"
Digital Mesh

- Device mesh
- Continuous and ambient experience
- 3D printing materials
- Adaptive security architecture
- Advanced systems architecture

Smart Machines

- Information of everything
- Machine learning
- Autonomous agents and things
- Mesh app and service architecture
- IoT architecture and platforms

New IT Reality
The Digital Business ‘template’

Current Business + Digital Technologies = Digital Business

Digital Technologies
- Internet of Things
- Smart machines
- 3D printing
- Human augmentation
- Mobile, social, analytics, cloud

Digital Trends
- Sharing economy
- Unbanked coming online
- Second screen
- Quantified self

New Regulations
- Legalization of autonomous vehicles
- Legalization of remote prescriptions
- Taxation and trade policies on 3D printed goods
New Digital Products and Services

Financial Services + Digital Technologies
Big data, social

Digital Trends
Unbanked coming online

New Regulations
Eliminating digital divide. Banking licenses granted to e-commerce players

"Mr. Ma (Alibaba), … has a trove of data revealing whether small firms pay their bills on time. He can also bundle together firms that know each other, so that a seller can help guarantee a bank loan to a regular customer. According to Alibaba the proportion of Ali-loan's lending that goes bad is a trifling 0.35%"
Source: Economist

Auto Insurance + Digital Technologies
Internet of Things, mobile

Digital Trends
Young drivers not owning cars, insurance too expensive

New Regulations
Legalize pay-as-you-drive insurance

One-day car insurance, Tokio Marine
Digital Business, Full-Scale Mandates

Manufacturer

Digital Technologies
Internet of Things, big data, 3DP

Digital Trends
Digitalization of service, maintenance & manufacturing

Country

Digital Technologies
3G/4G (ubiquitous) access, digital services, CGI centric

Digital Trends
Financial inclusion, Transparency, E-government, Cashless society, “Smart City”

New Regulations
None

Financial streamlining, Demonetization, Organized Industry segments,...

Industrial Internet

Digital India
A generation of organizations founded after 1995, whose operating models and capabilities are based on exploiting Internet era information and digital technologies as a core competency.

- **Not just startups** — Amazon is 20 years old
- **Not just small** — Google has 60,000 employees
- **Not just “bit” businesses** — Tesla Motors makes cars
- **Not just American** — Alibaba Group is Chinese
The No. 1 weapon of the born-digital companies that will compete with you …

Is not more money.

Is not special technology.

Is not a secret.

Is not an excuse.

It is superior leadership thinking and competencies.
10 Leadership Thinking and Competencies to Copy

- **Business Focus**
  - Mission Matters
  - Business Model Experiments
  - User-Centric

- **Resourcing**
  - Machine First
  - Extreme Talent

- **Risk Judgment**
  - Relative Risk
  - Portfolio Investing
  - Data-Driven

- **Geek Reverence**
  - Tiny Sourcing

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So......

What do you (business leadership) do?
It starts with …

Changing Your Mindset
Roadmap for Digital Business Leadership

1. Enable Digital Business Models
2. Build a Digital Business Technology Platform
3. Scale Bimodal IT to Digital-Class
Enable Digital Business Models
Not Ready for Digital Business

Nexus
- Mobile
- Social
- Cloud

Info.
- CRM
- BI
- ERP
- Core Systems

IT
Physical Smart World & Ecosystems: Part of Digital Business Models

Nexus

Mobile

Social

IoT

Info.

Cloud

BI

OT

Smart Machines

APIs

Ecosystems

CRM

IT

ERP

Core Systems
Shift the IT Organization's Center of Gravity

Nexus

Ecosystems

Information Systems

Physical Smart World
IT Enables the Entire Digital Business

- Nexus
- External Partners
- Ecosystems
- Information Systems
- IT
- Physical Smart World
- Operations
- HR
- Finance
- Sourcing
- Marketing
- Customer Experience
- Supply Chain
- Sales
Build a Digital Business Technology Platform
Digital Business success depends on the creation and leverage of the new Digital Business Platform. Only one of these components (IT Systems) is internal to the enterprise and under its control.
Building the Digital Business Technology Platform

Customers

Customer Experience Platform

Ecosystems Platform

Partners

Analytics and Algorithms Platform

IoT Platform

Employees

Information Systems Platform

Things
Digital Business Technical Platform: Services Based, Loose Coupling

- Customer Experience Platform
  - Multichannel Interaction and Commerce
  - Social Networks
- Customer Portal and Apps
- Connected Things (Partner)
- Customer Analytics
- Connected Things (Customer)
- IoT Analytics
  - OT Systems
  - Connected Things (Enterprise)
- Algorithm Engines
- Business Intelligence
- Partner and Supplier Analytics
- API Management Software
- End-to-End Ecosystems Platform
  - API Management Software
  - Back-Office Systems
  - Core Systems
  - Endpoint Computing
  - Supplier Portal and Apps
  - Business and Operational Analytics
  - Business and Partner-Facing Public APIs

- Employee Collaboration and Workplace
  - Employee Portal and Apps
  - Ecosystems Platform
  - OT Systems
  - Core Systems
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- Industry and Partner-Run Ecosystems
  - API Management Software
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  - Business and Partner-Facing Public APIs
Scale Bimodal IT to Digital-Class
For Many Enterprises, Their Bimodal IT Does Not Scale Well

2014 Good for starting

2016+ How do we scale this?

Business

IT Mode 2

IT
A Standardized Digital Platform Leads to Scalable Innovation

Mode 1
Integrate and standardize here

Mode 2
Drive business innovation here

Digitalized Product
Digitalized Operations
Digitalized Service
Digital business model

Ecosystems
Customer
Info Systems
Physical Smart World

Innovation 1
Innovation 2
Agenda

What is Digital Business

CEO Survey Findings

Digital Business "Template" & Examples

"Born Digital" Behavior

So what do YOU do?

Digital Business Transformation
Building Platforms For A Digital Society

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