Survival of the Quickest:
The Race to Become a Digital Enterprise

Philip Carter
VP, IDC European Research
23rd of October, 2015
SAP Business Transformation Summit in St. Leon Rot, Germany
By the end of 2017, two thirds of the CEOs of the G2000 enterprises will have digital transformation (DX) at the center of their corporate strategy
Digital Transformation is a **CEO** Priority

'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

'Everything we do in this networked world has to be open’

Volkmar Denner, CEO Bosch

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

Paul Bulcke, CEO Nestlé
Thrivers Versus Survivors

The Global 2000 Largest Companies

2/3rd
Thrivers
Digital transformation at the center of their corporate strategy

1/3rd
Survivors
In reactive mode risking company survival

© IDC Visit us at IDC.com and follow us on Twitter: @IDC
Those Who Thrive in this Digital Economy will be the Organizations that:

Can execute upon a vision for digital transformation
‘Up to half the world's banks may lose out and disappear due to failure to keep pace with digital disruption’

BBVA chairman and CEO Francisco Gonzalez
Those Who Thrive in this Digital Economy will be the Organizations that:

Blend digital and physical experiences to garner customer allegiance.
In 2014, Domino’s Pizza sold €185 million worth of pizza via its mobile platform in the UK and Ireland alone.
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

Turn information into a competitive advantage
The hidden gem in the Caesars bankruptcy assessment

Its US$1 Billion information asset
Those Who Thrive in this Digital Economy will be the Organizations that:

Create new digital revenue streams from connected systems
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 connected systems
- Leverage technology to win the talent wars

Leverage technology to win the talent wars
Your interest rates are determined on the level of social interactions that you have through their social media platforms.

The more Facebook likes and shares = the better rates you get!
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 connected systems
- 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
The Digital Transformation Journey
IDC’s Digital Transformation MaturityScape

Digital Transformation is the approach by which enterprises drive changes in their business models and ecosystems by leveraging digital competencies.

Source: IDC, Digital Transformation Maturity Model, 2015

© IDC Visit us at IDC.com and follow us on Twitter: @IDC
1 in 5 organizations in Europe are classified as ‘Digital Resisters’


Source: IDC, European Digital Transformation Maturity Model Benchmark, 2015; n=412 IT and LOB Executives, May 2015
Your Assessment vs. the Peer Benchmark


Source: IDC, European Digital Transformation Maturity Model Benchmark, 2015; n=412 IT and LOB Executives, May 2015
3 Actions We Can Take to Move from “Digital Explorer” to “Digital Transformer”

1. Re-Think IT
Have you gone through a major IT re-organization in the last 12 months?

Retweet 🔄 = Yes

Favourite ★ = No

© IDC   Visit us at IDC.com and follow us on Twitter: @IDC
55% of European organizations have gone through a major IT re-organization in the last 12 months

IDC European IT Executive Survey. April 2015, n=1451
The 3rd Platform Driving IT Growth

Innovative Industry Solutions

3rd Platform

2nd Platform

1st Platform

Cloud
Big Data/Analytics
Mobility
Social Business

LAN/Internet
Client/Server

Mainframe
Terminal
3D in IT leadership

INNOVATION
3rd platform technology adoption
- Legacy system and process replacement
- As a function of business investments in IT

TRANSFORMATION
Partnership-led digital transformation (DX)
- The glue that binds them together

INTEGRATION
Operational IT management
- Legacy modernization
- Increasingly be sourced outside of the enterprise and where IT manages the process

Source: IDC CIO Agenda, 2015
3 Actions We Can Take to Move from “Digital Explorer” to “Digital Transformer”

1. Re-Think IT
2. Define Digital
The 3rd Platform’s ‘Innovation Phase’
What does the IoT ‘Stack’ Look Like?

Wrong Question
The Internet of Things (IoT) ‘Stack’

- IoT is a network of networks of uniquely identifiable end points (or things) that communicate without human interaction using IP connectivity - either at a lot local level or from a central control point
- It is about data capture, transport, analysis... but also business processes/decision making.
- Bringing together people, processes, data, and things to make networked connections more relevant by turning information into actions
The ‘Use-Case’ approach
Major IoT Use Cases for Automotive

- Tracking and tracing
- Scheduling, responding & process optimization
- Predictive and Optimized Operations
- Advanced offers
Major IoT Use Cases for Industrial Machinery

- Tracking and tracing
- Scheduling, responding & process optimization
- Predictive and Optimized Operations
- Advanced capabilities

- Product traceability
- Integrate production line components
- Asset security
- Supply/Demand optimization
- Component reordering on-demand forecasting
- Creating performance based contracting models
- Remote machinery/goods monitoring
- Warranty management
- Supply chain optimization
- Mfg process monitoring & optimization
- Predictive maintenance, Improve eqpt uptime
- Predictive and Optimized Operations
- Orchestration product movement
- Compliance optimization

Evaluating, planning for next 12-24 months

Currently exists or will be operational in the next 6 months
Major IoT Use Cases for Transportation

- Tracking and tracing
- Scheduling, responding & process optimization
- Predictive and Optimized Operations
- Advanced offers

Graph showing the current operational status and future planning for various use cases.
3 Actions We Can Take to Move from “Digital Explorer” to “Digital Transformer”

1. Re-Think IT
2. Define Digital
3. Make Bold Bets
Continuous Improvement Versus Innovation

This is what continuous improvement can get you

Innovation

Product Enhancements
3 Actions We Can Take to Move from “Digital Explorer” to “Digital Transformer”

1. Re-Think IT
2. Define Digital
3. Make Bold Bets