

Digital Transformation in Practise

What are leading companies doing?

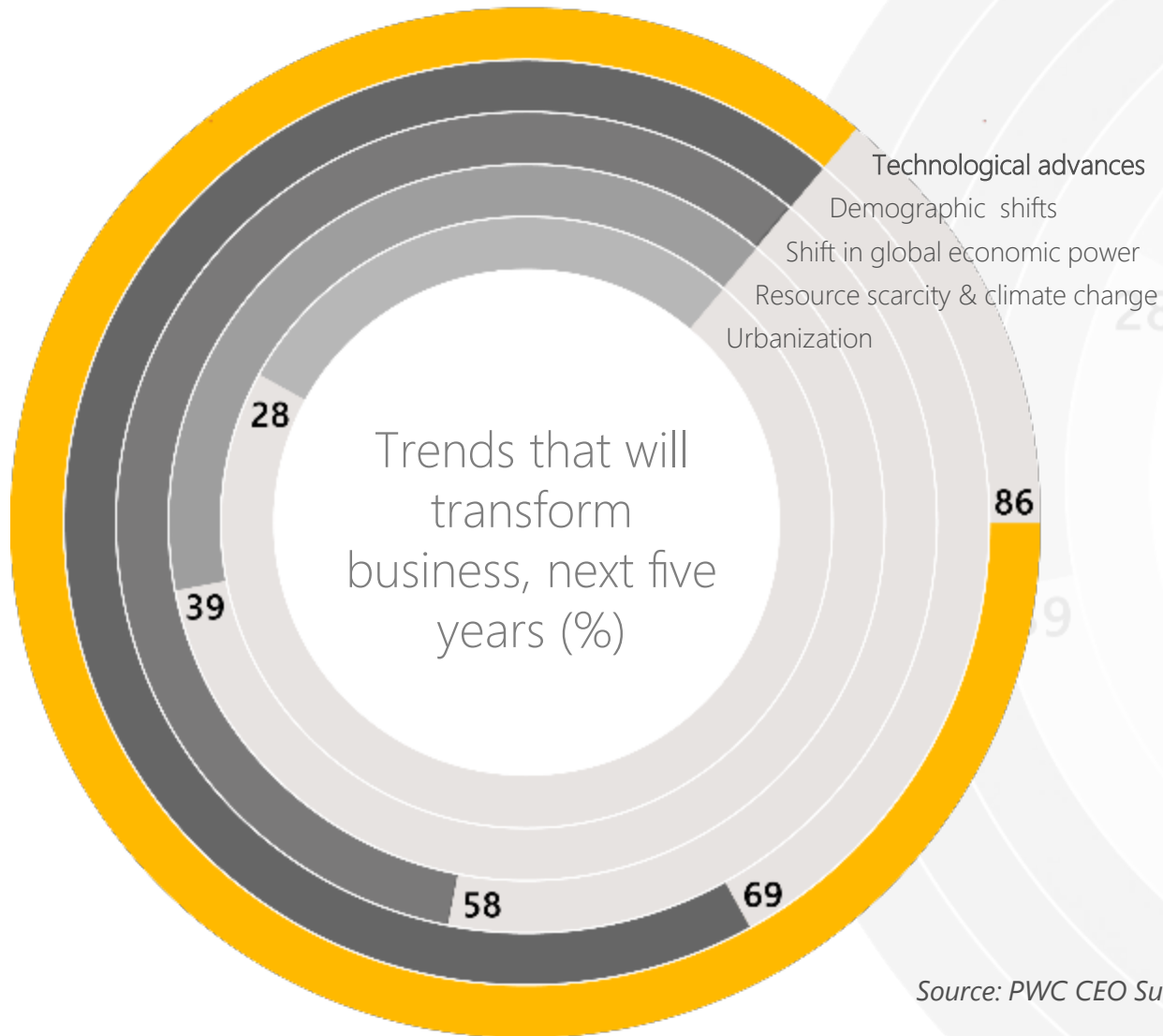
Kimberly Lein-Mathisen
General Manager, Microsoft Norway



Intelligence
Revolution

Technology
is disrupting
everything

86% of CEOs consider Digital their #1 priority

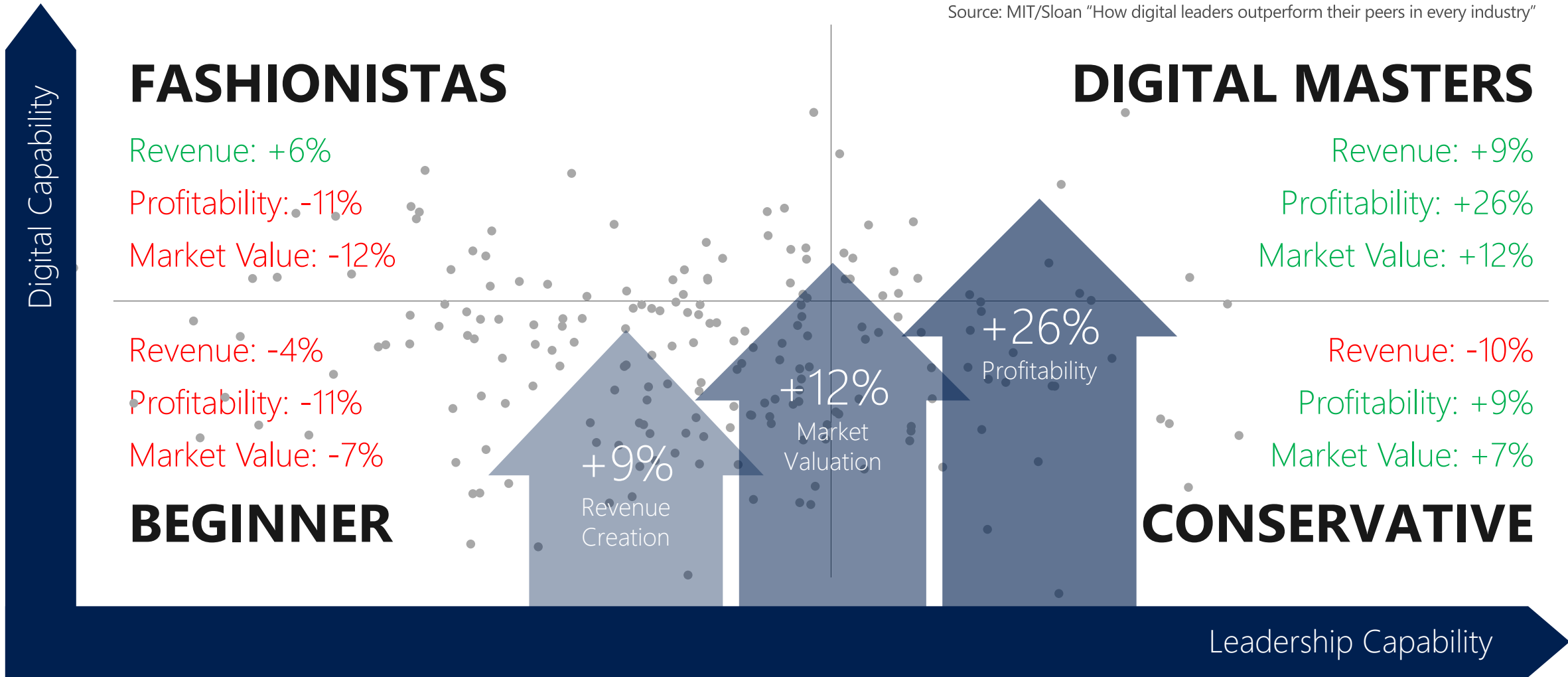


CEOs believe
technology will transform their business
more than any other
global trend

Source: PWC CEO Survey

Digital Masters perform better

Source: MIT/Sloan "How digital leaders outperform their peers in every industry"



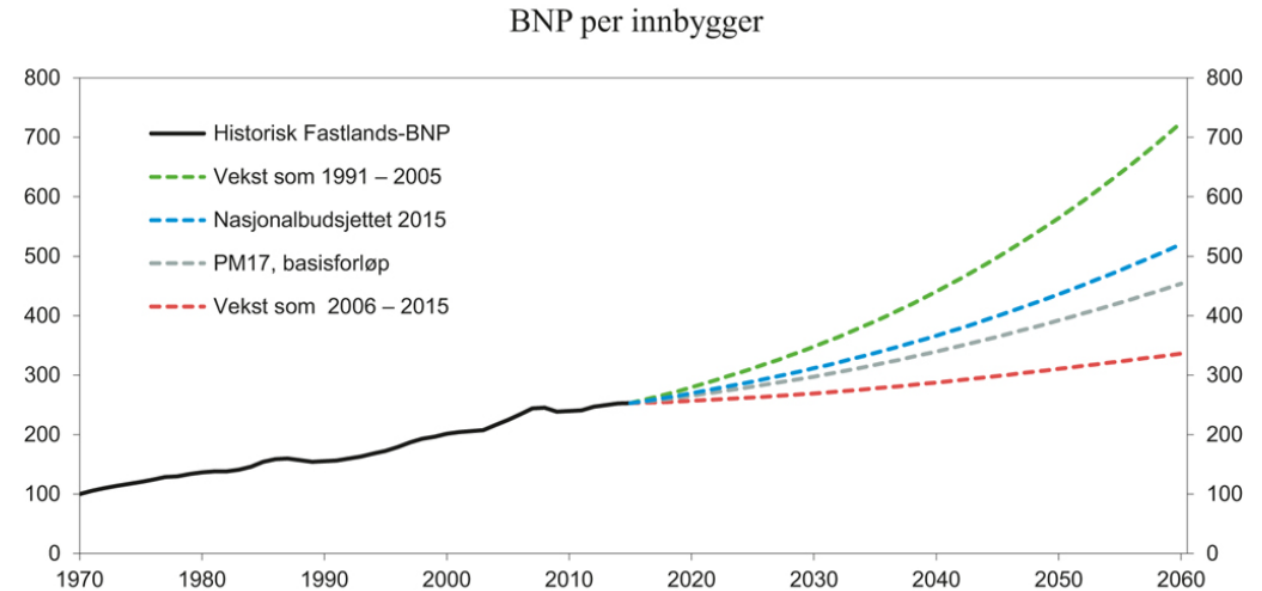
No Doubt: Norway has challenges!



PRESENTERER VÆRMELDINGA FOR NORSK ØKONOMI: Finansminister Siv Jensen sier vi må jobbe smartere for å finansiere velferden vår. Foto: Torstein Bøe / NTB scanpix

Perspektivmeldingen 2017

Mørke skyer i horisonten: I 2030 fyker Norges utgifter til værs



Figur 6.5 Utvikling i Fastlands-BNP per innbygger ved ulike produktivitetsvekst i årene fremover. Indeks.1970=100

Kilde: Statistisk sentralbyrå og Finansdepartementet.

Etterbørs Teknologi

Bare én av fem har en klar digitalstrategi

Kartleggingen «Status Norge» viser at mange norske ledere er dårlig forberedt på det teknologiske skiftet. Alarmerende, bekymringsfullt og supernaivt, advarer ekspertene.

**Stian Øvrebø Johannessen**  FØLG MEG

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Les hele avisen 

The Digital Transformation Report 2017 - Norway



Agder Energi

Amedia

BKK

Bama

Bane NOR

COOP

Circle K

DNB

DNV

Eidsiva

Elkem

Gjensidige

Helse Sør-Øst

MøllerGruppen

NSB

NorgesGruppen

Orkla

Posten

Reitangruppen

Ruter

SAPA

SR Bank

Schibsted

Sporveien

Statnett

Storebrand

Telenor

Tine

Widerøe

We ask three main questions to understand the focus on digital transformation and how far each company has come on their digital journey

WHY

...do you focus on digital transformation

We look closer at the **importance of digital transformation** at the highest executive level compared to other strategic priorities.

We dig deeper to understand whether digitalization is primarily a key lever to improve and sustain **core business**, or rather a lever for building tomorrow's business through a focus on adjacent or entirely **new business areas**

WHAT

...do you focus on in regards to digital transformation

We focus on **digital development areas**, to understand which of them that are **prioritized the highest**

These areas include *Engage Your Customers, Transform your Products, Optimize your Operations and Empower your Employees*

HOW

...do you operationalize digital transformation

We examine digitalization on an operational level, to investigate **how the executives approach the uncertainties** of operating in a new digital reality

We move closer into the machine room to examine **how digital challenges are approached** and how dilemmas related to balancing the old reality with the new digital paradigm is solved.

WHAT | Our point of departure for exploring the "What" of digital transformation builds on a framework with four primary domains

Engage your customers

- Harness data for a complete view on the customer journey
- Draw actionable customer insights
- Deliver personalized, differentiated customer experiences

Empower your employees

- Protect your organization, data and people
- Create a productive workplace to embrace diverse workstyles – and get things done anywhere
- Provide insights to your employees to drive fast, better decisions



Transform your products

- Utilize data to shift from hindsight to foresight
- Disrupt with new business models, products and services
- Differentiate and capture new revenue opportunities

Optimize your operations

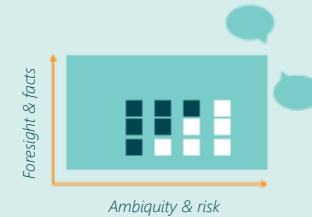
- Accelerate the responsiveness of your business
- Improve service levels and reduce costs by moving processes from analog to digital
- Anticipate the future with intelligent processes

HOW | A framework with seven capabilities measures how the companies design the right setup to succeed with their digital transformation agenda



Digital Leadership

- To what degree the company has executive sponsorship and broad, capable digital leadership of your digital transformation agenda



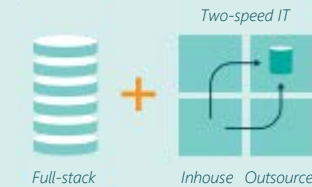
Governance and Performance

- To what degree the company's governance model support the desired future mindset, new ways of working, and agile decision-making processes necessary to succeed with its digital transformation agenda



Functional Clarity

- To what degree organizational responsibilities for digitalization are clearly defined, both with regards to articulating a company-wide direction and enable execution with agility and speed



Technology Development

- To what degree the company has an agile technology development setup that ensures fast tracking of build and scale development activities without compromising its operational IT



Ways of Working

- To what degree a startup mindset and methodologies (processes and tools) is adapted into the relevant parts of the business



External Collaboration

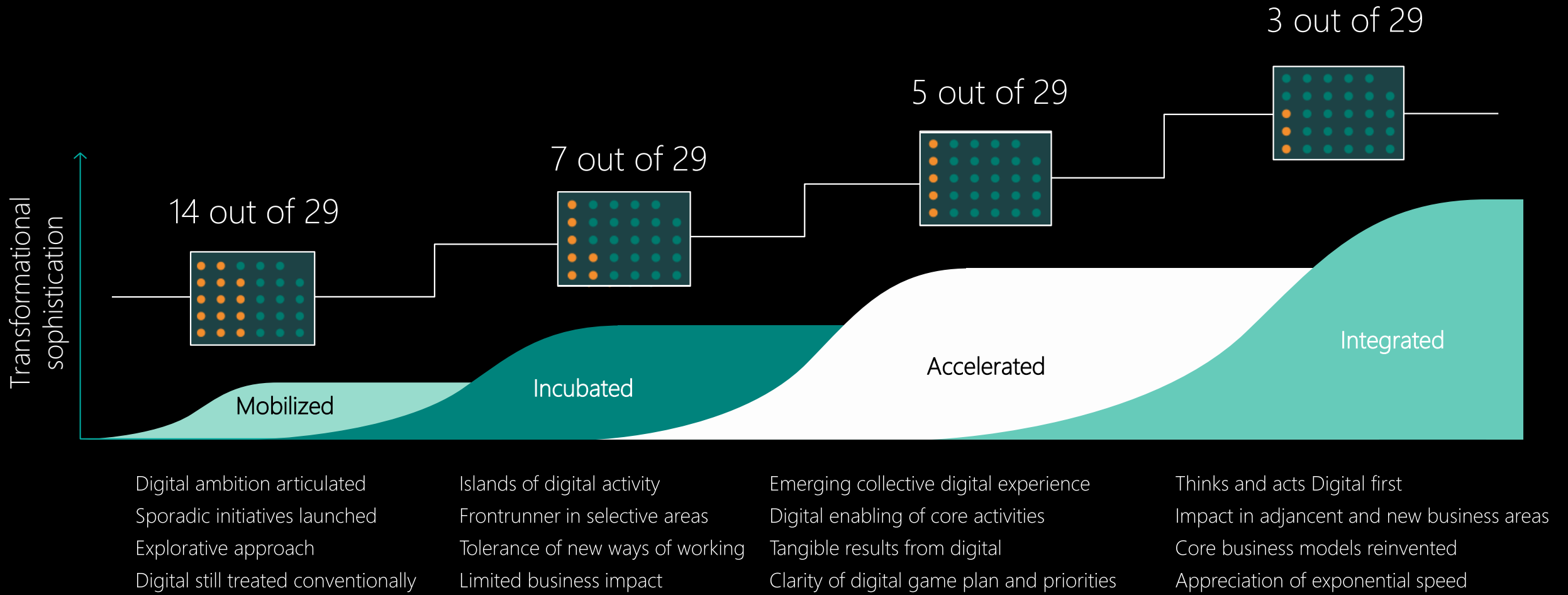
- To what degree the company leverage external collaboration in open and collaborative ecosystems to enhance its transformative capacity



Competencies

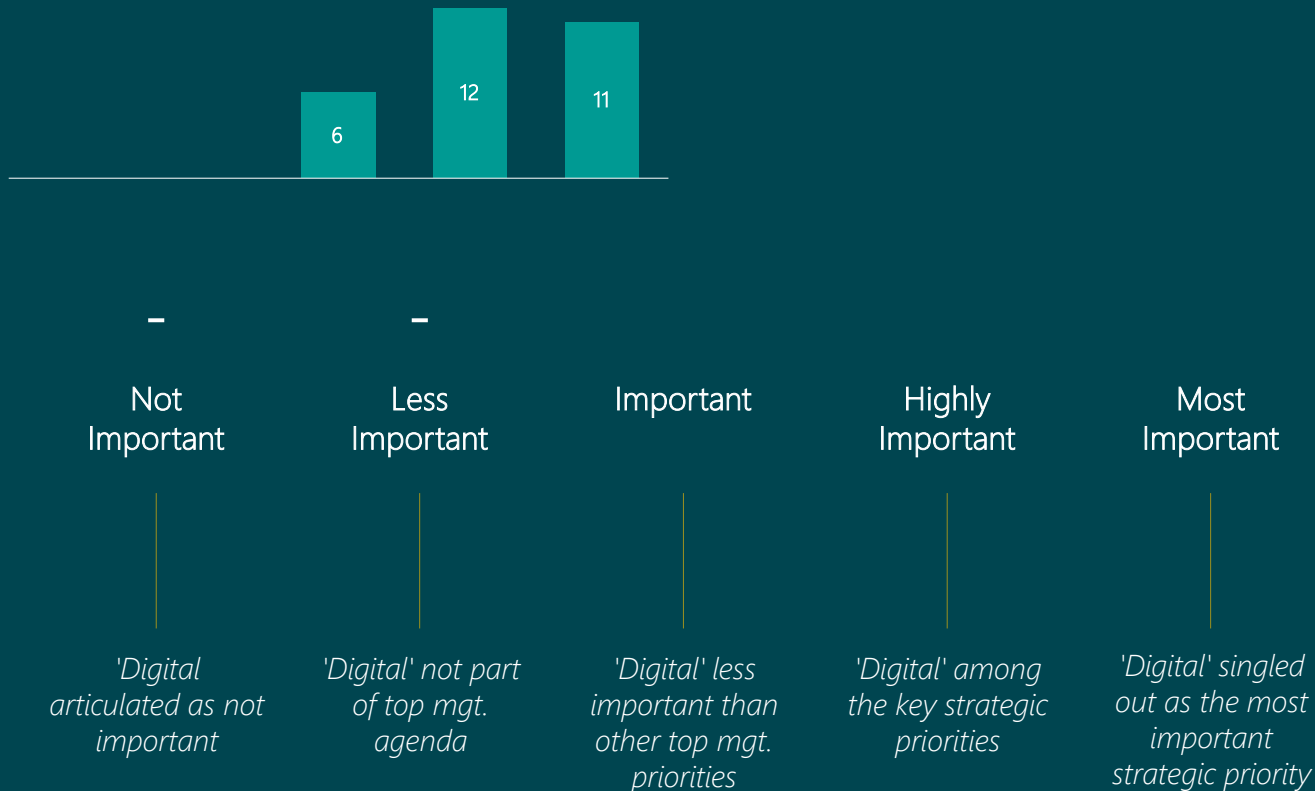
- To what degree the company is able to identify, attract, develop, and retain the necessary competencies to succeed with your digital transformation agenda

Digital maturity in Norway



WHY | Digital transformation a key priority on the strategic agenda and anchored at the very top in most companies

How important is the Digital Transformation agenda at the highest executive level?



1

The results underscores the **central position of digitalization** on strategic management agendas.

2

The digital agenda is anchored at the **Board level in 48%** of the companies and at the **CEO level in 38%**.

3

Ownership from the top is strong and many leaders are vocal in their expectation of the digital transformation agenda.

WHY | Digitalization is expected to affect companies' core business strongly and only a few expect digitalization to generate growth in new and adjacent business areas

Where do you expect Digital Transformation will create most impact?

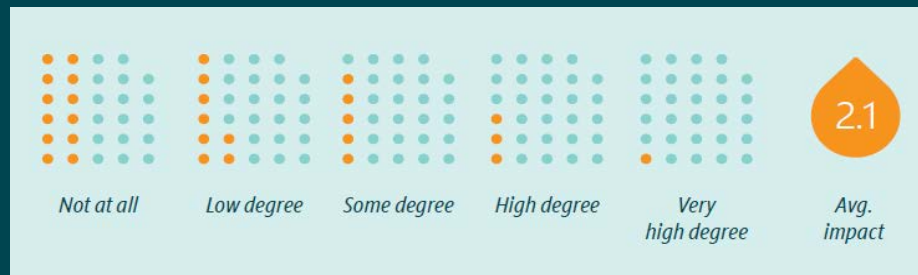
Core business



Adjacent business



New business



1

Companies focus strongly on leveraging digital opportunities in the transformation of the core business

2

The companies expect limited impact of digitalization on adjacent and new business areas

3

For ~75% of the companies digitalization is primarily a lever to *Stay relevant* or *Gain efficiencies*

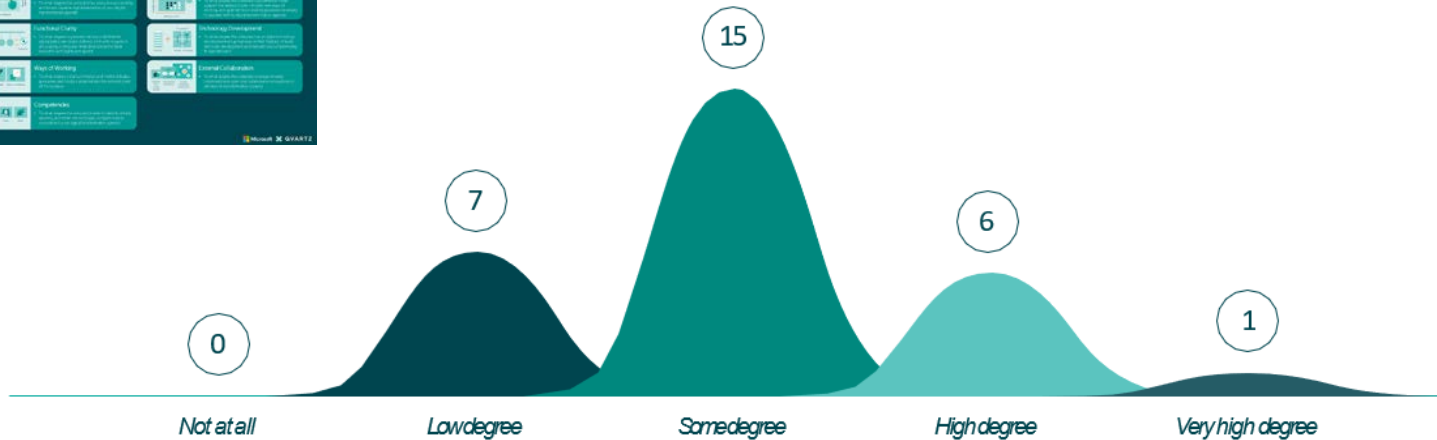
4

About one third of the companies prioritize digitalization to create growth

WHAT | The optimization of internal operations and engagement of customers is the primary digital focus – the empowerment of employees is not prioritized today



HOW | Companies assess their own development on the seven capabilities as relatively high – however, organizational issues are challenging



Traditional governance model with a gravitation towards linear thinking and a tendency to push the company back to regular processes and decision criteria.

Introduction of new governance mechanisms like decision making processes and evaluation metrics, but difficulty in making it work in conjunction with the traditional governance model.

Digital transformation ambition clearly supported by a new generation governance model including minimum interference decision making, light decision bodies and progress metrics.

1

Generally, companies experience progress in moving ahead on their digital agenda

2

Across the board, there is a strong sense of digital ownership and buy-in from management

3

Organizational issues seems to be a primary pain point as clarity and structures are unclear

'Over the past 18 months, digitalization has been placed more centrally on the agenda. The challenge is not to develop the digital strategy – it is to understand how to execute and implement it.'

– TELENOR

Finding #1: Digitalization is not «hype»

*'Going from understanding to action is the key to future success
– however, this is easier said than done. Changing our mindset and
the way we work is the main challenge'*

— STOREBRAND

Finding #2: Digital transformation is hard

“Digitalization is part of everything we do. Digitalization is not something that can be “managed” by a separate organizational unit – all employees have to be digitally competent. This has been a major cultural shift.”

- AMEDIA

Finding #3: Employees risk being left behind

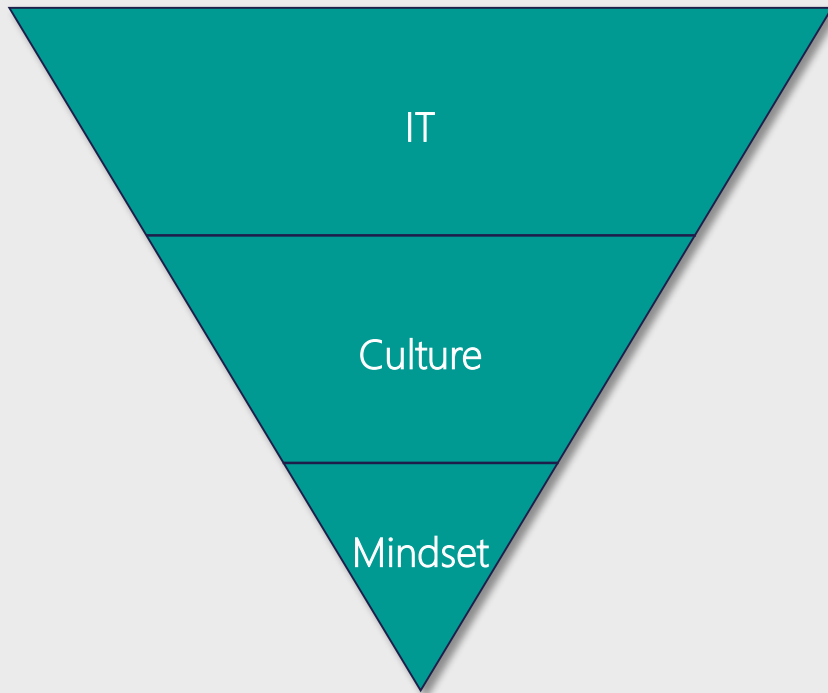
OBSERVATIONS | We have collected hands-on experience and key learnings from a range of different industries

WHAT WE HAVE LEARNT SO FAR?

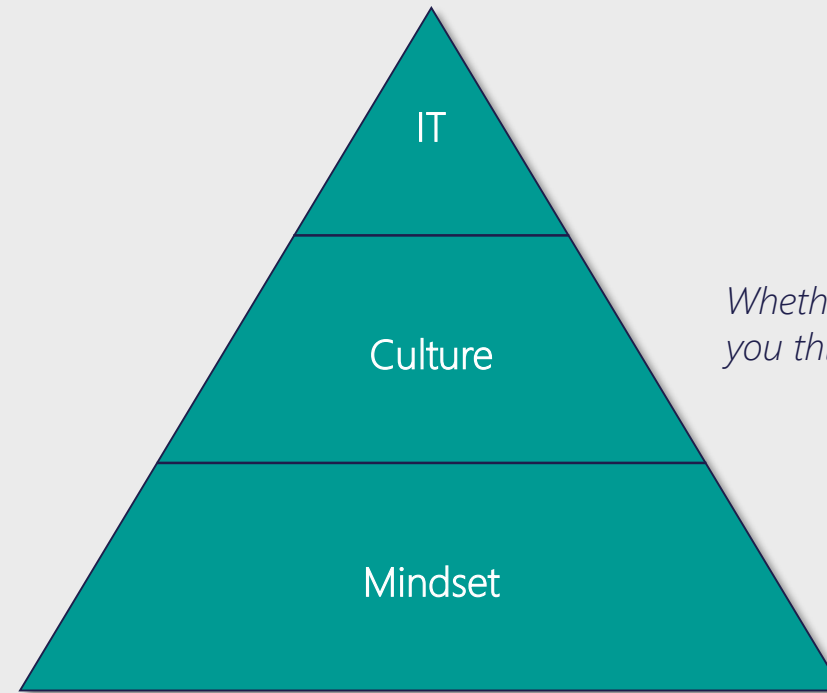
1. **Digital Competence Center** is a strong catalyst for getting started and shaping ideas to products – however, do not underestimate the massive *change management* required in the organization to take products to market
2. **Dare to cannibalize and set up competing units** – benefit may be for wider than new products
3. **Don't get too stuck on technology** – ask what you would really like to change in the business. The four lenses (*engage customers, transform products, optimize operations, empower employees*) work well.
4. **Think less product and more customer experience**
5. **Protect your core business** – but challenge the definition of boundaries for core e.g. "*What if you were a data company that happened to sell...*"

It is really not about IT but rather willingness to evolve business

Perception



Reality



*Whether you think you can or whether
you think you can't, you're right*

Henry Ford

Imperatives for the board

- What are the new business models and currencies that are disrupting your space?
- How does your business strategy create a competitive advantage?
- What is your Big Data strategy?
- How will you utilize the Cloud as a platform?
- Is security on the governance agenda?
- How will you comply with new regulations like GDPR (privacy)?
- Are you planning for the human resources implications? – diversity, new skills, new jobs, life-long learning



Must do's for leaders

- Become 100X more externally focused
- Get “hands-on” with technology & learn
- Be much more deliberate & ambitious about talent/capability – outstanding & diverse!
- Require your leaders to Perform & Transform
- Champion innovation by fast failure & iteration
- Pursue winning by sharing: eco-system approach
- SPEED UP!



