Next Generation IT Strategy: Approaching the Digital Enterprise

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What Should I Expect to Learn?

- Our changing world requires a new strategy for business transformation
- Four key technologies (Mobile, Cloud, Social Media, Big Data) drive contributions and challenges to our transformation strategy
- Our Digital Capability Framework and Maturity Models (DCF and DCM, respectively) provide the capabilities to challenges into realized value
We Are Living In A World Of Change – DRIVER

- 1 Billion people engaged in social networks
- 15 Billion connected devices by 2013
- Global middle class growing from 2B to 5B by 2030
- Business and personal lives have been blurred
- More data in last 5 years than entire history of mankind
- More mobile devices than people

Unprecedented empowerment of people
Developing a Strategy Provides Answers

**Transformation Subjects**

- **Industry Drivers**
  - What are current and future industry and technological drivers?
  - How do they affect the existing business model?

- **Business Model**
  - What is the vision for the digital enterprise?
  - How should IT position itself?
  - What does the future IT strategy look like and what are the action plans?

- **Organization & Business Processes**
  - What are the Organizational consequences
  - What does the Project portfolio look like
  - Cost/benefit analysis and financial plan

- **Technology**
  - What are the technological requirements for the future business model?
  - What are the weaknesses and opportunities of the existing technology infrastructure?
  - What adjustments need to be made?
The Potential of Business Model Innovations

- Over a timeframe of 5 years, business model innovations are 6% more profitable in average than pure product and process innovations\(^1\)
- Business model innovations move up competitive advantage\(^2\)

\(^1\) Boston Consulting Group, 2008, \(^2\) Economist Intelligence Unit, 2005.
Three Approaches for Aligning IT Strategy with Business

- **IT FOLLOWS BUSINESS**
  The classical approach to the IT strategy development is to derive it from the business strategy and business organization.

- **IT AS ENABLER**
  However, IT can be also a strategic enabler for defining new business models and markets, so IT strategy can be directly derived from the business strategy. In this case IT strategy has implications for the business organization.

- **INNOVATE IT**
  Existing technology is to be replaced by more powerful, modern IT in terms of improved integration, higher performance and future security.
Evolution of IT Architecture Towards a Digital Enterprise

- **1980-90’s**: Local integration, Client-Server Architecture
- **2000**: Global IT Harmonization
- **2005**: Business Process Management (BPM) and Service Oriented Architecture (SOA)
- **2012**: Next Generation IT, becoming a Digital Enterprise
Evolution of IT Governance and the Influence Stakeholders

Local Integration
Client-Server Architecture

Global
IT Harmonization

IT Agility

Digital Enterprise

Balanced Governance
IT – Business (B) – Employees (E) – Customer/Supplier (C)

Strong IT Governance
Business Engineering

Legend
BPM: Business Process Management
CRM: Customer Relationship Management
ERP: Enterprise Resource Planning
SCM: Supply Chain Management
SOA: Service Oriented Architecture
### The Four Key Technology Trends

#### Connectivity / Mobility
- Smartphones outsell PCs
- In 2013, mobile devices will be the primary method of internet access worldwide

#### Cloud
- Any access, any workload anywhere
- ~80% of new software in 2011 was available as cloud services
- Hybrid cloud solutions drive Total Cost of Operations (TCO) and integration

#### Social Media
- There were 1.43 billion social network users in 2012
- In 2012, 63.2% of internet users visited a social network at least once a month

#### Big Data/ HANA
- Data volume for enterprise applications is doubling every 18 months
- HANA - in-memory database technology
### Value Potential Contributions (and Challenges) of the Four Key Technologies

#### Mobile Connectivity
- New mobile business channels to sell products
- Location-based specific offerings
- Enhanced customer experience (shorter support response time)

#### Cloud Computing
- One standardized platform offering different channels of access between customers and company
- More agility to meet customer needs
- Customer participation in product development through online surveys and the exchange of ideas
- Faster support service response to customer
- Offerings can be customized depending on sentiment analysis or social media analytics and are proposed directly to the client

#### Social Media
- Customer participation in product development through online surveys and the exchange of ideas
- Faster support service response to customer
- Offerings can be customized depending on sentiment analysis or social media analytics and are proposed directly to the client
- Improved communication and coherence between members of virtual teams with the exchange and storage of information on social media platforms

#### Big Data
- Faster analysis of customer preferences and requirements
- Quicker provision of products customized according to customers’ needs
- Hidden patterns in customer behavior are more likely to be detected, analyzed, and used for marketing purposes

#### CustomerCentricity
- Improved communication and coherence between members of virtual teams with the exchange and storage of information on social media platforms
- Improved client profiling allows more effective marketing activities
- More accurate knowledge management, thus employees can benefit from a better data and information retrieval

#### Effective Knowledge Worker
- Working independent of location and hardware
- Freedom of choice concerning working devices for employees
- Enhanced communication and collaboration between virtual teams
- Higher availability of data from everywhere thanks to a “centralized” cloud data storage

#### Operational Excellence
- Support for standardizing processes
- More efficient cross-channel interaction with third parties
- Mobile collaboration opportunities
- Faster implementation of new operational requirements
- End-to-end monitoring to improve processes and services
- New opportunities for an enhanced and more personal collaboration with partners and suppliers
- Real-time analysis of big data amounts
- Faster variation detection in production or other processes
- Reports are created faster, in better quality and with higher accuracy

#### IT Excellence
- Increased security and standardization requirements
- Managing different platforms and technologies
- Less support activities
- Increased IT agility to respond faster to new business requirements
- Reduced time-to-market for IT services
- More focus on innovation projects
- New and higher security requirements
- Faster solution delivery to internal clients
- Improved support activities
- Need for increased computational power and corresponding investments
- Analysis of un- and semi-structured data
Transformation Approach - Overview

Drivers (impacting future business models)

- Business Driver
  - The influence of vision, mission and strategy of the company:
    - Higher customer retention
    - Greater market share
    - Ability to execute strategies
    - Ability to enter new markets (Asia)

- Technological Driver
  - The influence of:
    - Social Media
    - Mobile Devices
    - Cloud Services
    - Database Technology (Big Data)

- Social Driver
  - The influence of connectivity:
    - Future Workers’ boundaries between work and home are nearly non-existent
    - Access resources from anywhere with any device (Bring your own Device)
    - Self fulfillment
    - Sustainability

- Political Driver
  - The influence of:
    - Multinational Jurisdiction
    - Regulations
    - Property Rights
    - Responsibilities

Future Business Models

- Integrated
- Innovative
- Forward looking
- Customer centric
- Employee centric
- Short time-to-market
- Efficient decision making process

Future IT enabled Business Models

- Business agility, time-to-market, innovation
- Responsiveness to empowered customers (Customer centric)
- On premise
- Real-time
- Address and use key technological trends

Transformation Methodology (based on BTM"

Use Cases (describing future state of processes)

Key Actions and Transformation Plan
Six Key Competencies of a Digital Enterprise - The Digital Capability Framework (DCF)

1. Transformation Capability
2. Innovation Capability
3. Customer Centricity
4. Effective Knowledge Worker
5. Operational Excellence
6. IT Excellence

DIGITAL ENTERPRISE
- Forward-looking, customer-centric
- High speed of transactions and service
- Short time-to-market, anticipating fast changes
- Innovative solutions and incorporated technology
- Highly automated decision-making

Legend: Level 0: Deficient – Level 1: Basic – Level 2: Defined – Level 3: Advanced – Level 4: Optimized
A Scorecard to Capture ‘As-Is’ State - The Digital Capability Maturity Model (DCM)

<table>
<thead>
<tr>
<th>Level 0</th>
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**Systems**
- Silo-based
- Mature, unconnected systems, e.g., collection and billing
- Example: Visa, MasterCard, Mortgage
- New platforms and collection systems
- Customer relationship systems
- Real-time analytics
- Mobile apps and advertising
- Intuitive on the go access
- Customer co-innovation

**Customer Relationship**
- Product focused
- Customer relationship managers are identified and interact on a formal basis
- Customer relationship management
- Customer Interaction Center
- Work with customer to solve immediate and long term issues
- Systematic customer experience collection
- Digital marketing
- Customer profiling
- Bundles combining products, services, and knowledge

**Advertising / Marketing**
- Departmental cost reduction
- Product metrics
- Shared Services
- Risk-based operations
- Online campaigns
- Profitability focus on segments
- Channel integration
- Customer segmentation
- Intuitive on the go access
- Customer profiling
- Personalized offering and pricing
- Optimal balance between complexity and individuality

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**1. Transformation Capability**

**2. Innovation Capability**

**3. Customer Centricity**

**4. Effective Knowledge Worker**

**5. Operational Excellence**

**6. IT Excellence**
## DCM – Transformation Capability

<table>
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<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Culture</strong>&lt;br&gt;&amp; Relying on past success&lt;br&gt;&amp; Focus on short term goals&lt;br&gt;&amp; Improving operations</td>
<td>&amp; Started to observe economic and political environment&lt;br&gt;&amp; Start challenging existing business model</td>
<td>&amp; Established strategy process&lt;br&gt;&amp; Systematically evaluate drivers for change</td>
<td>&amp; Clear understanding that change is necessary to survive</td>
<td>&amp; Focus on transformation&lt;br&gt;&amp; Transformation as a company priority</td>
</tr>
<tr>
<td><strong>Leadership</strong>&lt;br&gt;&amp; Top down&lt;br&gt;&amp; Autocratic, risk averse&lt;br&gt;&amp; protect status quo</td>
<td>&amp; More democratic leadership&lt;br&gt;&amp; “Speak up” not really established&lt;br&gt;&amp; Good manager</td>
<td>&amp; Cooperative leadership&lt;br&gt;&amp; Systematic leadership development</td>
<td>&amp; Lean structures, delegation of responsibilities</td>
<td>&amp; Leaders spend more time with change than else</td>
</tr>
<tr>
<td><strong>Strategy</strong>&lt;br&gt;&amp; No strategy in place</td>
<td>&amp; Strategy focuses on market expansion</td>
<td>&amp; Strategy focuses on product innovation</td>
<td>&amp; Strategy focuses on customer expectations</td>
<td>&amp; Strategy focuses on using drivers for transformation</td>
</tr>
<tr>
<td><strong>Value</strong>&lt;br&gt;&amp; Focus on turnover</td>
<td>&amp; Focus on cost and profit</td>
<td>&amp; Focus on profit and KPI's of key processes</td>
<td>&amp; Focus on customer loyalty&lt;br&gt;&amp; Establishing value management</td>
<td></td>
</tr>
<tr>
<td><strong>Risk</strong>&lt;br&gt;&amp; Not considered</td>
<td>&amp; Key risk identification</td>
<td>&amp; Systematically risk management internally</td>
<td>&amp; Systematic internal and external risk management</td>
<td>&amp; Strategic risk management</td>
</tr>
<tr>
<td><strong>Processes</strong>&lt;br&gt;&amp; No process standards&lt;br&gt;&amp; Fragmented, ad hoc processes&lt;br&gt;&amp; Media break</td>
<td>&amp; First standards&lt;br&gt;&amp; Local process optimization&lt;br&gt;&amp; No process ownerships</td>
<td>&amp; Established process management tools&lt;br&gt;&amp; First global processes&lt;br&gt;&amp; Some process owners defined</td>
<td>&amp; End-to-end process view&lt;br&gt;&amp; Process owners&lt;br&gt;&amp; Process management established</td>
<td>&amp; Knowledge intensive processes&lt;br&gt;&amp; End-to-end process monitoring</td>
</tr>
<tr>
<td><strong>Change Management</strong>&lt;br&gt;&amp; Change Management not considered as important</td>
<td>&amp; Realized that change dependent soft factors, lack of knowledge what to do</td>
<td>&amp; Projects use change management to sell project</td>
<td>&amp; Change management as established process</td>
<td>&amp; Flexible process adaptability&lt;br&gt;&amp; End-to-end change management from Top-Management to employees, customer, etc.</td>
</tr>
<tr>
<td><strong>Training</strong>&lt;br&gt;&amp; Train people how to do their job</td>
<td>&amp; Train functional-, technical and soft skills</td>
<td>&amp; Soft skill training seen as important</td>
<td>&amp; Train people for current and future skills</td>
<td>&amp; No change without training&lt;br&gt;&amp; Solution oriented&lt;br&gt;&amp; Focusses on skills required to transform</td>
</tr>
<tr>
<td><strong>Program</strong>&lt;br&gt;&amp; No program manager established&lt;br&gt;&amp; Few projects&lt;br&gt;&amp; Little interdependencies</td>
<td>&amp; More projects&lt;br&gt;&amp; No interdependencies managed&lt;br&gt;&amp; Independent initiatives, no overall purpose, goal</td>
<td>&amp; First cross-project reporting and standards&lt;br&gt;&amp; Common methods&lt;br&gt;&amp; Common budgeting process</td>
<td>&amp; Program management established&lt;br&gt;&amp; Common sourcing&lt;br&gt;&amp; Interdependencies&lt;br&gt;&amp; Strategic prioritization</td>
<td>&amp; Program management integrated in strategic planning&lt;br&gt;&amp; Overall transformation strategy</td>
</tr>
</tbody>
</table>
DCF & DCM: The Power to Determine the “As-Is” State

The Digital Capability Framework (DCF)

1. Transformation Capability
2. Innovation Capability
3. Customer Centricity
4. Effective Knowledge Worker
5. Operational Excellence
6. IT Excellence

Digital Transformation ENABLERS  Digital Transformation GOALS  Digital Enterprise MODEL

Digital Enterprise
- Forward-looking, customer-centric
- High speed of transactions and service
- Short time-to-market, anticipating fast changes
- Innovative solutions and incorporated technology
- Highly automated decision-making

An initial assessment of the situation of a company in each of the six dimensions helps:
- to provide support when defining the best IT strategy approach
- to derive measures for optimizing the IT strategy
- to develop a road map for implementing the IT strategy
- to monitor the progress of implementing the IT strategy
- to provide internal and external benchmarking
Innovations in Information Technology

Applications → Analytics → Mobile → Database & Technology → Cloud

Powered by SAP HANA

Services
### Banking Use Cases – How Mobility helps Banking Organizations

#### Mobile Banking
- **End User**
  - Account balances
  - Transaction history
  - Account details
  - Card management
  - PIN management
  - Complaints management
  - Notifications/alerts
  - User preferences such as languages or limits

- **Back office functions**
  - Reports, etc.

#### Mobile Payments
- **End User**
  - AirTime TopUp
  - P2P, Bill Pay, Int'l Remittance
  - Merchant Payment

- **Agents**
  - KYC details/collection
  - Cash in/cash out

- **Merchant**
  - Merchant portal, fee tracking
  - Merchant on-boarding

- **Back office**
  - Settlement, Clearing, Fee distribution

- **Customer Support**
  - Blocking, enabling, reversals

#### Mobile Money
- **End User**
  - Balance, statement, bill pay,
  - Transfer, cash in/cash out
  - Merchant payment, micropayments, loan repayments

- **Agents**
  - KYC details/collection
  - Cash in/cash out

- **Merchant**
  - Merchant portal
  - Merchant reports, fee tracking

- **Back office**
  - GL, settlement, clearing, interest rate calculation, bulk payments

- **Customer Support**
  - Blocking, enabling, reversals

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**Cost Savings**

**New Services**

**New Value**
Insurance Use Case – Claim Handler

- **Description**
  - Mobile claim handlers will receive all necessary information at their fingertips, such as customer and detailed contract information and payment status, to most efficiently capture and directly settle claims on the road.

- **Current situation**
  - Often, claim handlers on the road need to process claim data via paper-based or mail-based environments with no access to back-end information such as coverage, payment status, and so on, which leads to incomplete data and delays in claim processing.

- **Value proposition**
  - Enable faster and market-leading claim settlement process at the customer site.

- **Outcome opportunity**
  - Improve the efficiency of your mobile claim handler and shorten claim settlement cycles
  - Reduce claim handling cost through complete integration
  - Increase customer satisfaction and customer loyalty
Insurance Use Case – „Me@my Insurance“

- **Description**
  - “Me@my Insurance” provides insurance customers an up-to-date overview about their insurance coverage at any time and any place. In addition, customers will get pro-active insurance offers based on their location, e.g. customer is at the airport and he gets a travel insurance offer.

- **Current situation**
  - To get an overview about existing coverage, claims, and so on, insurance customers need to call their insurance companies due to the lack of other ways of getting this information. The result: a high volume of workload in customer service departments.

- **Value proposition**
  - Provide customers with up-to-date information on the spot on their personal device at any time. Pro-active insurance offers.

- **Outcome opportunity**
  - Reduce workload in the back office for providing customers with up-to-date information due to customer mobile self-service
  - Increase customer satisfaction
  - Improve brand awareness and customer loyalty
  - Increase revenue
Healthcare Use Case – Electronic Medical Record

- **Description**
  - SAP Electronic Medical Record provides healthcare professionals instant access to the electronic medical record of their patients.

- **Current situation**
  - Doctors need patient related info at patient’s bed
  - Critical information is often not available when needed

- **Value proposition**
  - Physicians working in hospitals (who are mobile workers by nature) have all relevant information instantly available at their fingertips without having to search in a paper based patient record.

- **Outcome opportunity**
  - EMR supports physicians by offering up-to-date information like Vital Parameters, Images (like X-rays, CT), Progress Notes, Contact information, Diagnosis and Problems
  - Improve the efficiency of your
  - Increase customer satisfaction
Oil & Gas Use Case – Incident Management

- **Description**
  - Mobile incident management enables anyone to capture initial information related to incidents, near misses, or any safety observation from anywhere at any time. Stakeholders are alerted when an incident or near miss occurs. Observations synchronize with your existing safety systems. It also provides safety trend insight by location and incident type to help mitigate future risk and implement process safety changes.

- **Current situation**
  - Most incident management processes today are paper based, with no immediate access to safety system. Capturing of incidents is delayed.

- **Value proposition**
  - The use of mobile technology improves reporting capture, accuracy, and timeliness, which enhances your safety culture.

- **Outcome opportunity**
  - Prevent incidents by transforming from reactive monitoring into proactive management of risks.
Retail Use Case – Sales Analysis

- **Description**
  - In retailing, where margins are slim and the shopper behavior is unpredictable, it is important to maintain a close view into sales profitability of individual products or assortments in the different channels or even the customers.

- **Current situation**
  - The volume of POS data and other important information required to determine the performance of individual products causes delays in the availability of this important information.

- **Value proposition**
  - Real time analysis of sales data allows retailers to promote low performing products immediately and to attract shoppers with individual offers if necessary.

- **Outcome opportunity**
  - Tighter control of sales performance, faster understanding of revenue streams and better decision making in defining the right assortment in the right channel. Increased sales through real time visibility and increased service levels.
Consumer Products Use Case – Responsive Replenishment

- **Description**
  - In retailing, where margins are slim and the shopper behavior is unpredictable, it is important to maintain a close view into sales profitability of individual products or assortments in the different channels or even the customers.

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- **Outcome opportunity**
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Utilities Use Case – Smart Meter Analytics

- **Description**
  - Provides utilities with near-real-time, unprecedented insight on smart meter data.

- **Value proposition**
  - Instant analysis of massive volumes of smart meter data at any level of granularity, aggregation, and dimension
  - Advanced customer segmentation–based energy consumption patterns that are automatically generated
  - Energy-efficiency benchmarking based on statistical analysis of consumption data and root cause analysis
  - Self-service access to energy usage insights for end customers using Web services
  - Prepackaged, in-memory-based platform for enabling consumption-driven processes throughout a utility company

- **Outcome opportunity**
  - Delivery of targeted energy management services and customer communication
  - Improved new rate design and adoption
  - Decreased customer churn rates
  - Increased load forecast accuracy and generation of cost savings through flattening of power peaks
Enter Use Cases With Rapid Deployment Solutions

A complete solution

deployed in weeks

Fast
- **Quickly address specific needs**
- Gain fast time to value with seamless rapid-deployment tools, embedded best practices
- Speed end-user adoption with guides and educational materials

Simple
- Clearly priced services and project time frames – help ensure a predictable outcome
- Modular yet integrated solutions – help ensure long-term landscape integrity
- Support across all environments (on-premise, mobile, and cloud) – leveraging the cloud to accelerate projects and deployment
+70 Rapid Deployment Solutions

Modular solutions that are pre-integrated, across SAP’s broad portfolio of solutions
Improving Digital Capabilities by Realizing Improvement Opportunities

Legend: Level 0: Deficient – Level 1: Basic – Level 2: Defined – Level 3: Advanced – Level 4: Optimized

1. Transformation Capability
2. Innovation Capability
3. Customer Centricity
4. Effective Knowledge Worker
5. Operational Excellence
6. IT Excellence
The Six Steps to a Digital Enterprise Transformation Plan

Step 1: Digital Capability Assessment
- Transformation Capability
  - 1. Transformation Capability
  - 2. Innovation Capability

Step 2: Use Cases and Mapping to DCM
- Location based Mobile Offerings (Mobile Connectivity)
- BI Cloud Services (Cloud Computing)
- Facebook based Client polls (Social Media)
- Real-time Analytics (Big Data)

Step 3: Benefit Analysis
- Invest
  - Strategic: What creates competitive advantage?
  - High Potential: What might be crucial to create competitive advantage?
- Explore
  - Operational: What do we need to be in the market?
  - Support: What may add some efficiency gains?

Step 4: Business Priority Assessment
- Must Haves
  - BI Cloud Services
  - Facebook based Client polls
  - Location based Mobile Offerings

Step 5: Strategic Roadmap
- 2012
  - Customer Centricity
  - Real-time Analytics
  - Initiative 1
  - Initiative 2
  - Initiative 3
  - Initiative 4
  - Initiative 5

Step 6: Business Case Development
- Investment Cost & Benefits Flow (Millions)
- NPV: $127.5
- IRR: 20%
- Payback: 25 months
- Initial Cost: $23.5
- Cash Flow Assumptions:
  - 2016: Stabilized
  - Delta of total sales

FALL FOCUS
COMMUNITIES CONNECTING
## DCF & DCM – Operational Excellence

<table>
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<td>Deficient</td>
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<td>Advanced</td>
<td>Optimized</td>
</tr>
<tr>
<td>Lack of recognizable process practices</td>
<td>• Lack of recognizable process practices</td>
<td>• Processes are under constant improvement and provide good practices</td>
<td>• Management monitors and measures compliance with procedures and takes action</td>
<td>• Processes have been redefined to a level of good practices, based on continuous improvement</td>
<td>• Processes integrated with 3rd parties</td>
</tr>
<tr>
<td>Issues not recognized</td>
<td>• Evidence that the enterprise has recognized that processes have issues</td>
<td>• Procedures are under constant improvement and provide good practices</td>
<td>• Procedures are under constant improvement and provide good practices</td>
<td>• Processes integrated with 3rd parties</td>
<td></td>
</tr>
<tr>
<td>Silo business processes</td>
<td>• No standardizes processes yet</td>
<td>• Mandated that these processes are followed</td>
<td>• IT tools are used in a integrated way to automate workflow, providing tools to improve quality and effectiveness, making organizational operation to adopt</td>
<td>• End-to-end service monitoring</td>
<td></td>
</tr>
<tr>
<td>Ad hoc approach that tend to be applied</td>
<td>• Ad hoc approach that tend to be applied</td>
<td>• Key systems are integrated</td>
<td>• Automation and tools are used in a limited way</td>
<td>• Planning based on market intelligence</td>
<td></td>
</tr>
<tr>
<td>Technologies</td>
<td>No automation</td>
<td>Some automation</td>
<td>Key systems are integrated</td>
<td>Automation and tools are used in a limited way</td>
<td>IT tools are used in a integrated way to automate workflow, providing tools to improve quality and effectiveness, making organizational operation to adopt</td>
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<td>Ad hoc one way communication</td>
<td>Ad-hoc approach that tend to be applied</td>
<td>Deviations are not detected</td>
<td>Deviations are not detected</td>
<td>Open information sharing on relevant criteria such as demand forecasting and capacity with 3rd parties</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>Overall approach to management is dis organized</td>
<td>Structured management</td>
<td>Management monitors and measures compliance with procedures and takes action</td>
<td>Management monitors and measures compliance with procedures and takes action</td>
<td>Planning based on market intelligence</td>
</tr>
<tr>
<td>Supplier collaboration</td>
<td>No relationship related processes identified</td>
<td>First coordinated effort with partners</td>
<td>Collaboration with key partners standardized</td>
<td>Defined collaboration models and processes with partners</td>
<td>End-to-end service monitoring</td>
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Use Cases - Not Every Technology Has The Same Impact On The Digital Capability Maturity Model (DCM)

Digital Enterprise Use Cases

**Location based Mobile Offerings**
(Mobile Connectivity)
- Provide mobile app for clients
- Gather information on their current location
- Analyze if special offerings based on location can be provided
- Send offering to customer's mobile device

**BI Cloud Services**
(Cloud Computing)
- Identify need for BI Tools
- Obtain BI Service out of a Cloud
- Run BI on demand and when needed
- Pay-as-you-go

**Facebook based Client polls**
(Social Media)
- Participation of Customer in Product development
- Ask Customers via Facebook on its needs and wishes according to a new product photos and voice notes
- Collect and assess ideas for further development

**Real-time Analytics**
(Big Data)
- In-memory computing offers rapid review of multiple levels of replenishment and inventory data
- Provide sophisticated analytical calculations simultaneously to provide replenishment options and convert to actionable and consolidated orders
The Transformation Program Benefit Matrix

---

**Invest**

- **Strategic**
  - What creates competitive advantage?

- **Operational**
  - What do we need to be in the market?

---

**Explore**

- **High Potential**
  - What might be crucial to create competitive advantage?

- **Support**
  - What may add some efficiency gains?

---

**Outsource or manage efficiency**

**Select or divest**

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Importance to current business

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Business Priority Assessment: Define Key Actions/Initiatives and their Potential

<table>
<thead>
<tr>
<th>Must Haves</th>
<th>Quick Wins</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI Cloud Services</td>
<td>Facebook based Client polls</td>
</tr>
<tr>
<td>Real-time Analytics</td>
<td>Location based Mobile Offerings</td>
</tr>
<tr>
<td>Initiative G</td>
<td>Initiative E</td>
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<tr>
<td>Initiative Z</td>
<td>Initiative F</td>
</tr>
<tr>
<td>Initiative G</td>
<td>Initiative E</td>
</tr>
</tbody>
</table>

- **Must Haves**: BI Cloud Services, Real-time Analytics, Initiative G, Initiative Z
- **Quick Wins**: Facebook based Client polls, Location based Mobile Offerings, Initiative E, Initiative F

- **Business Benefit**: high (top) - low (bottom)
- **Ease of Implementation**: low (left) - high (right)

Legend:
- **Must Haves**: BI Cloud Services, Real-time Analytics, Initiative G, Initiative Z
- **Quick Wins**: Facebook based Client polls, Location based Mobile Offerings, Initiative E, Initiative F
- **Don’t Touch**: Low-hanging Fruits

- **Low-hanging Fruits**: Initiative G, Initiative Z, Initiative E, Initiative F
Develop Integrated Digital Enterprise Transformation Plan

Customer Centricity
- Real-time Analytics
- Initiative G
- Initiative Z
- Facebook based Client Polls
- Initiative E
- Location based Mobile Offerings

Operational Excellence
- Initiative F
- BI Cloud Services

IT Excellence
- Effective Knowledge Worker

Digital Enterprise
Business Case to Support Digital Transformation Plan

### Investment Cost & Benefits Flow ($Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total cost</th>
<th>One-time benefits</th>
<th>Annual benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>($78.00)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td>($36.00)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td>($37.00)</td>
<td>$25.00</td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td></td>
<td>($7.00)</td>
<td>$55.00</td>
</tr>
<tr>
<td>Year 5</td>
<td></td>
<td></td>
<td>$55.00</td>
</tr>
</tbody>
</table>

### 5-Year Project Economics

- **NPV**: $702 M
- **IRR**: 92%
- **Payback**: 25 Months
- **3 Month Cost of Delay**: $5.3 M

### Benefit Assumptions
- 25%, 50%, 75% and 100% accrual has been assumed in years 1-4 year post implementation respectively
- Discount Rate: 10%
- 5 year cash flow analysis
Business Transformation Methods and Tools

- Business Transformation Management Methodology (BTM²)
- Customer Centricity
- Effective Knowledge Worker
- Operational Excellence
- IT Excellence

- Design Thinking
- Innovation
- Transformation

- Business Transformation Master Certification
- Adapted BTM²
- ASAP
- Enterprise Architecture
Questions?
THANK YOU FOR PARTICIPATING.

SESSION CODE:
0708

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