

Long Live the Digital Revolution!



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Leading Digital Transformation

AIRMIC Conference, 10 November 2016

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Agenda

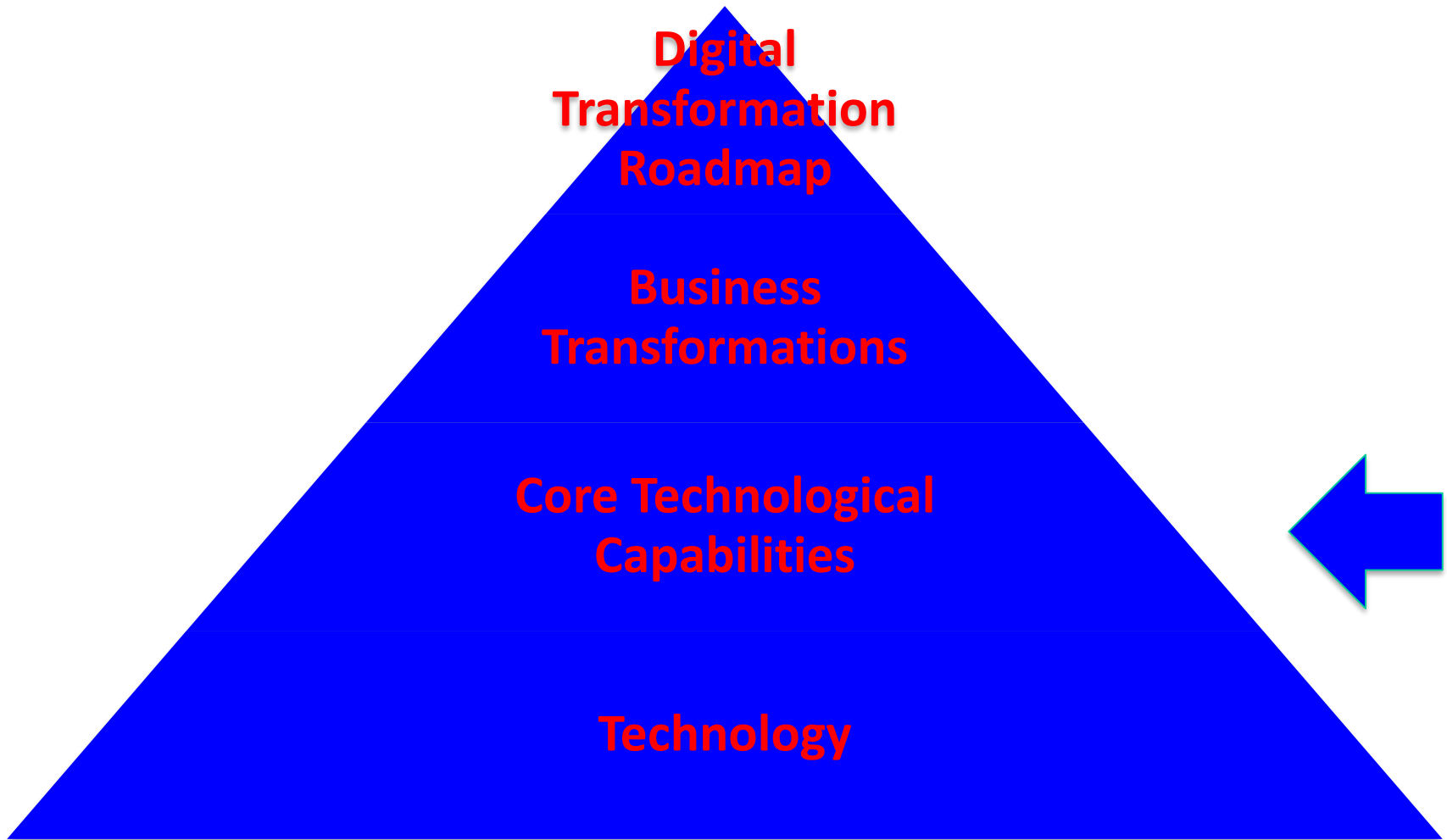
- Where does Digital Transformation come from?
- Business Digital Transformations
- The New Risks
 - Leadership
 - Governance







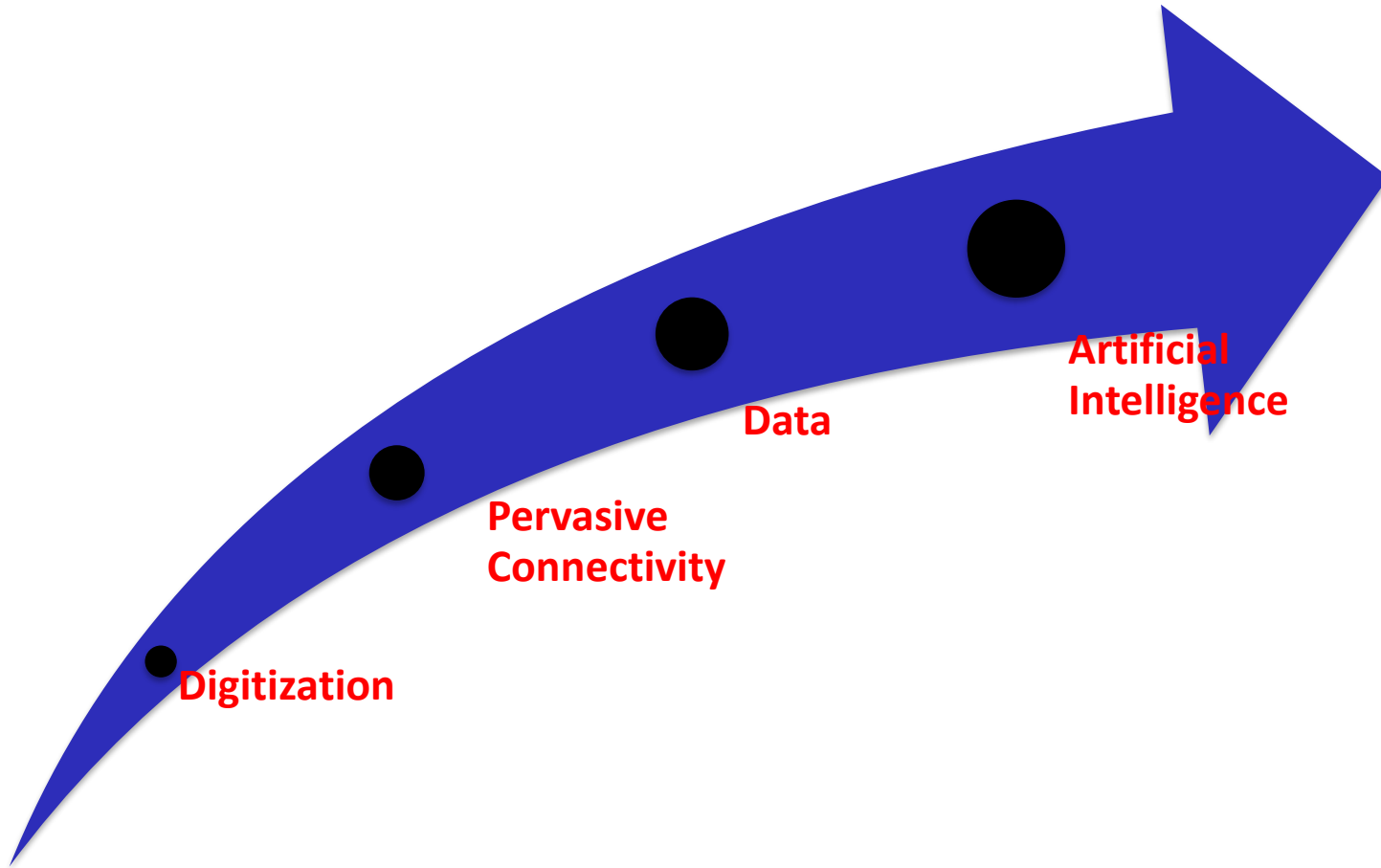
The Transformation Pyramid



Core Technological Capabilities

Digitization X Connectivity X Data X **Automation**

Core Technological Capabilities Development



A brief history (in 3 phases) of the digital transformation

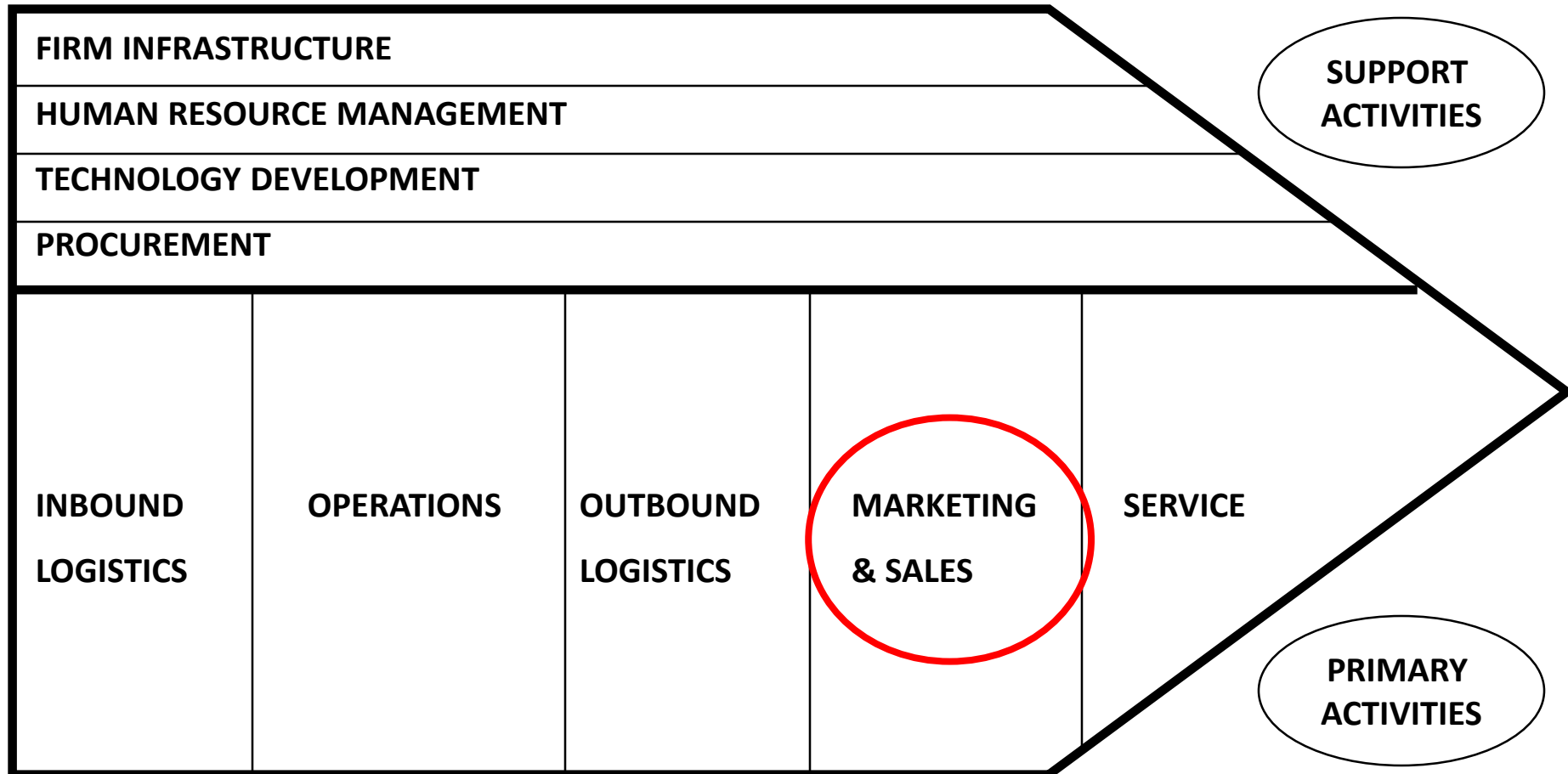
Phase 1- Late 90s/Early 00s

Digitization

X

**Limited Connectivity
(mostly of technical Systems)**

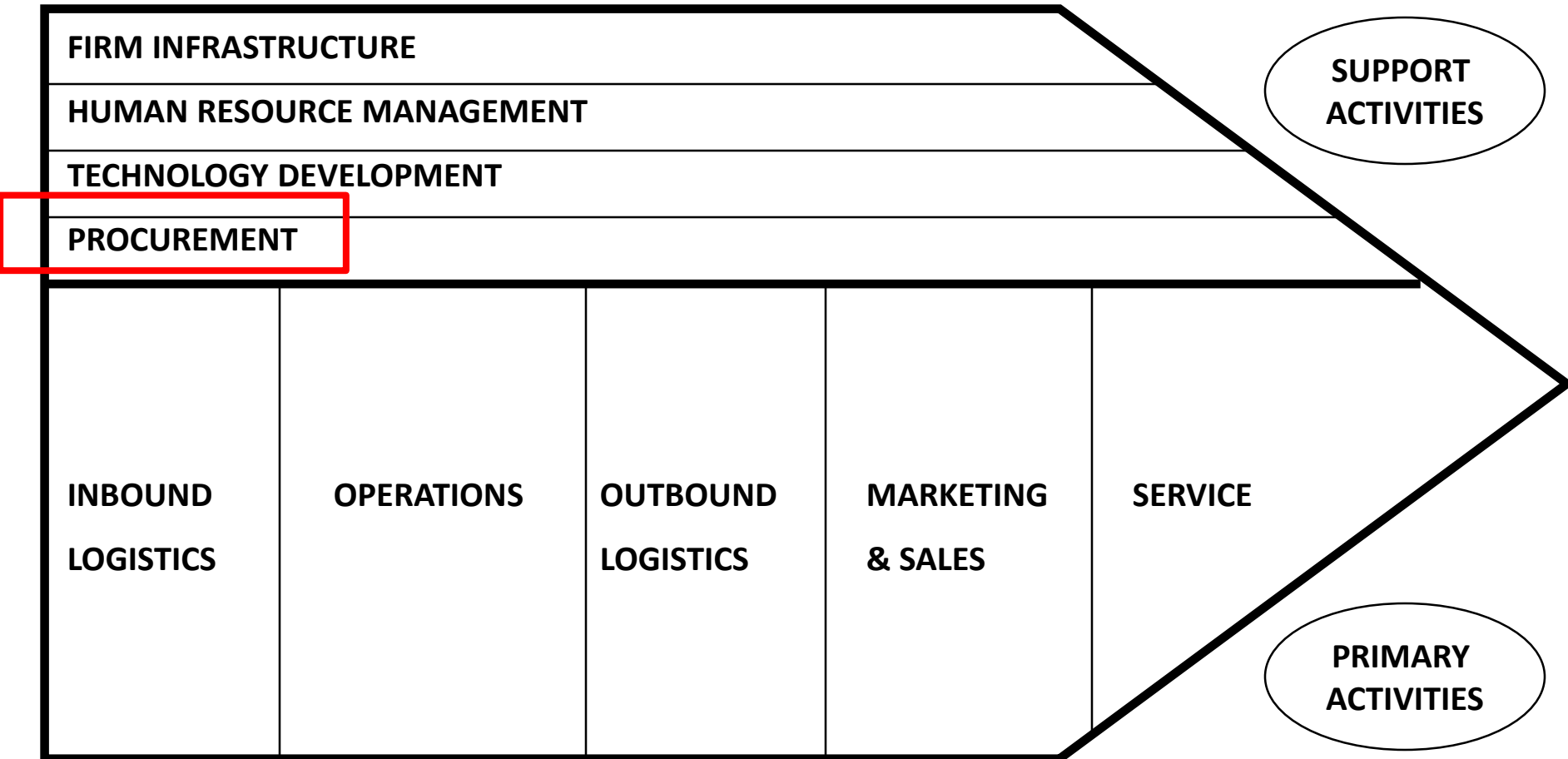
Firm Value Chain



http://www



Firm Value Chain





A R I B A[®]



amazon.com[®]

The Amazon logo features a thick orange curved arrow pointing from the 'a' to the 'z'.

Walmart

The Walmart logo includes a yellow six-pointed starburst icon to the right of the word "Walmart".

Save money. Live better.

ebay

Buy.com

A small red circle containing a white letter 'R' is positioned to the left of the text "Rakuten Group".

Rakuten Group

Sears

The Sears logo features a red curved line underneath the word "Sears".





**Nokia 7650 Symbian smartphone. Announced 1Q 2002.
Features 2.1" TFT display, VGA camera, Bluetooth.**

Phase 1

- Process digitization
 - Marketing and communication
 - Procurement
- Digital marketplaces (b2b & b2c)
- Product and service digitization (“blown to bits”)
 - From reflex cameras to digital cameras
 - From music players to digital players

Phase 2 - Early 00s to Late 00s

**Digitization
X
Connectivity
(Systems + People)**

A bigger commons

Cross-border bandwidth used

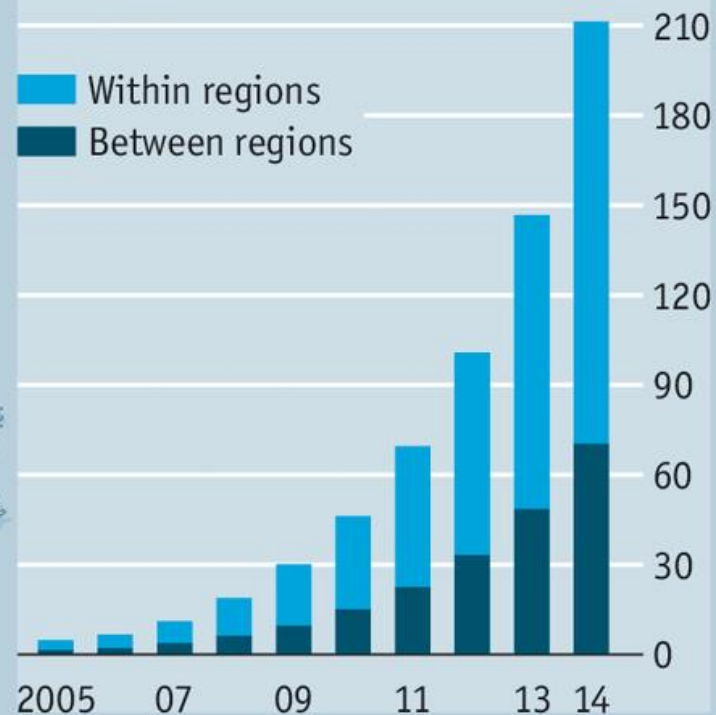


Between regions, 2014, terabits per second

<0.1 0.1-1.0 1.0-5.0 5.0-20.0 >20.0

Source:
McKinsey

Total, terabits per second





LinkedIn



LIVE JOURNAL

foursquare



vimeo

YouTube



facebook



S



twitter

my Blogger



Bēhanc



flickr

tumblr.



velp



tribbl

FEBRUARY 5, 2012

TIME

STRANGERS
CRASHED MY CAR,
ATE MY FOOD AND
WORE MY PANTS.

TALES FROM THE
SHARING ECONOMY

BY JOEL STEIN



time.com

Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate.





NETFLIX

NEW SERIES



BBC ONE

The Night Manager

Episode 1



BBC THREE

Life and Death Row

Series 2: 3. Truth

TODAY'S

Most Popular

BBC ONE

1 EastEnders

01/03/2016

BBC ONE

2 EastEnders

29/02/2016

BBC ONE

3 Happy Valley

Series 2: Episode 1

BBC ONE

4 The Night Manager

Episode 2

BBC THREE

5 Life and Death Row

Series 2: 3. Truth



BBC THREE

Cuckoo Series 3

3 episodes



BBC ONE

The Voice UK

Series 5: 8. Battles 1

NEW SERIES

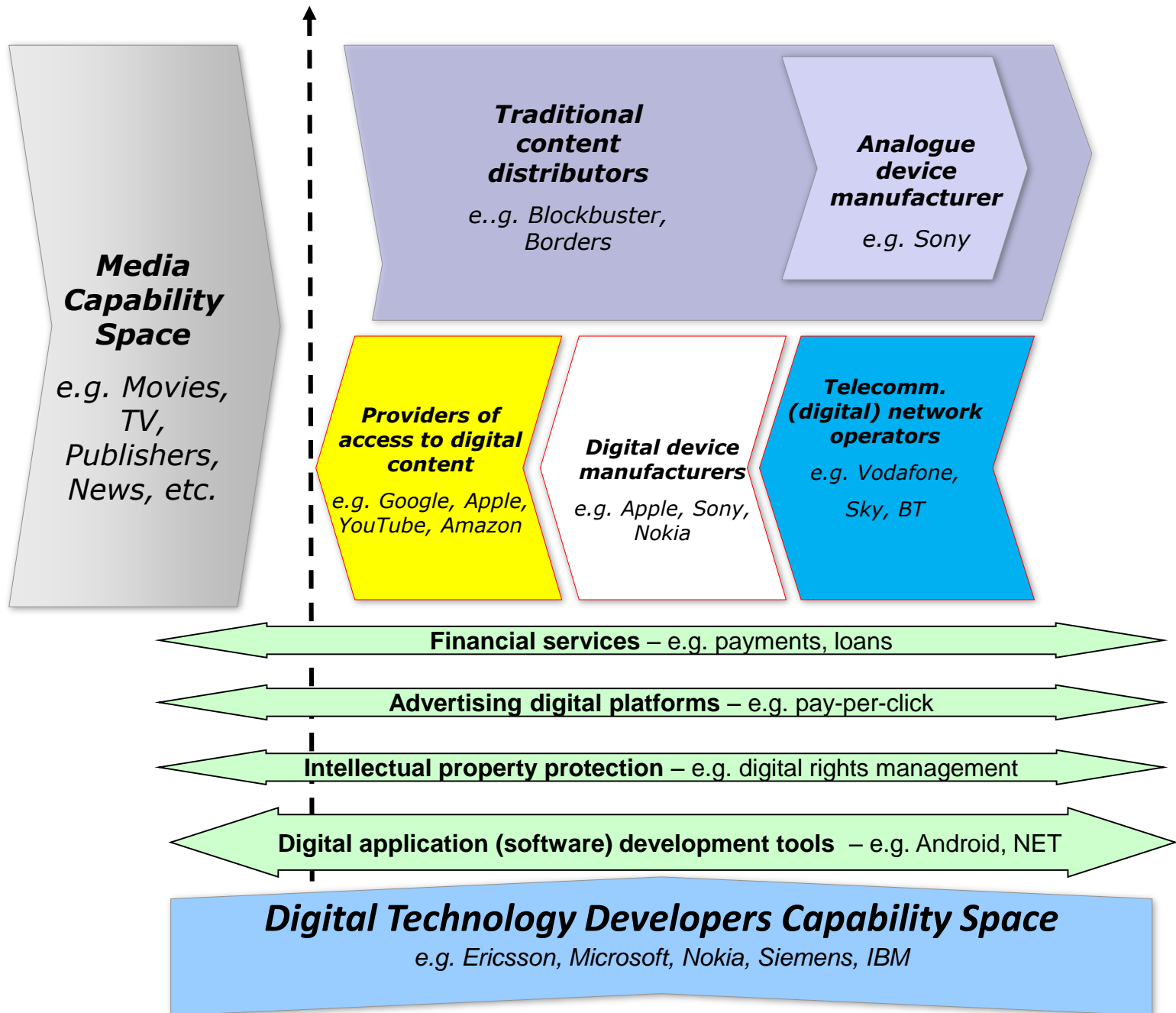


BBC THREE

Thirteen

Episode 1

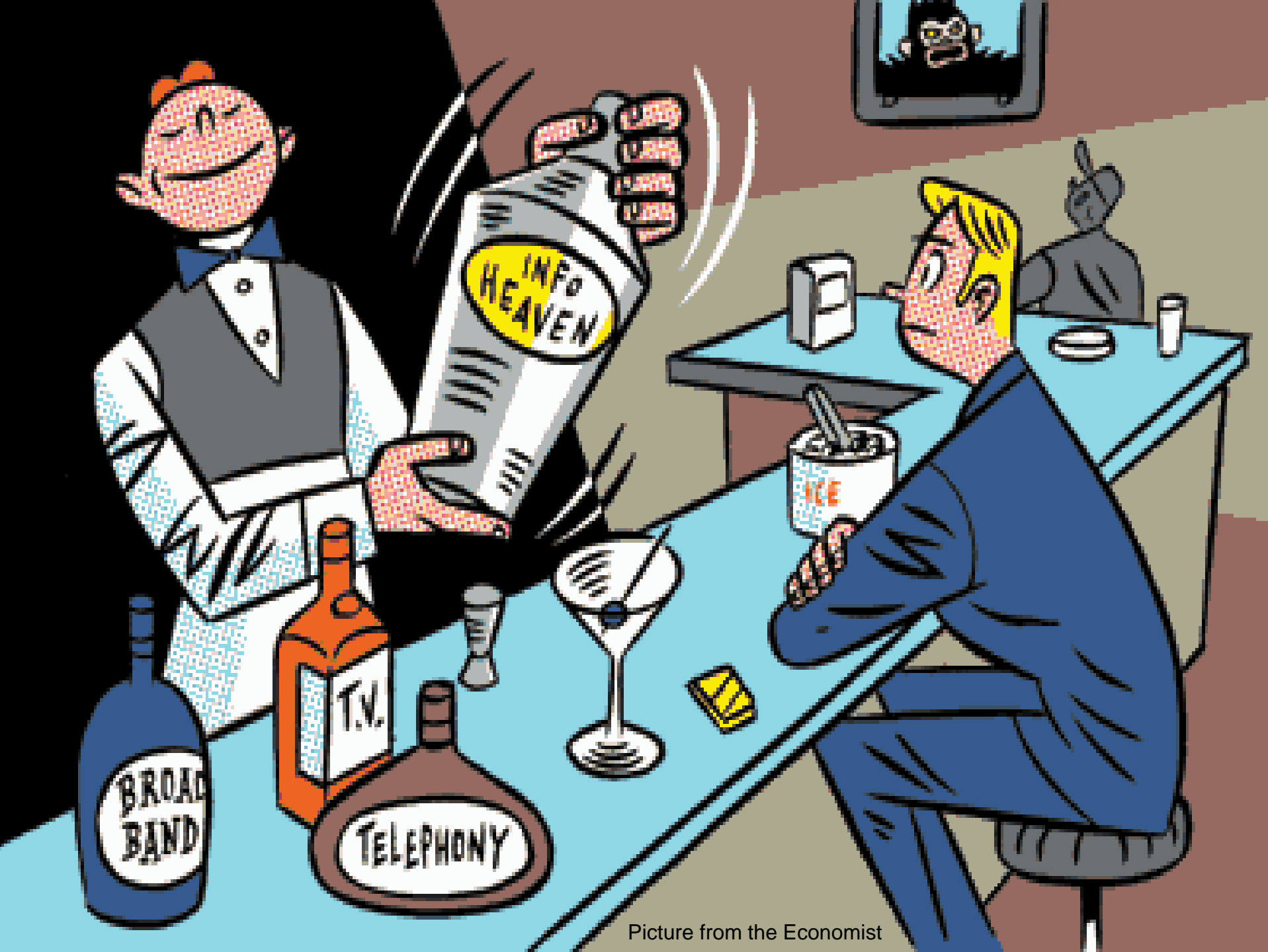
[View all 40 programmes](#)





Secure Payments By

PayPalTM



Picture from the Economist



The Customer Journey

Phase 2

- Social Media
- Sharing Economy
- App Economy
- On-Demand Economy
- New Business Opportunities and Business Models
- New Digital-Only Value Chains
- Convergence
- Digital transformation of legacy business models and functions – e.g., media, customer service, etc.

The Current Phase - Late 00s - Future

Digitization

X

Connectivity (Everything)

X

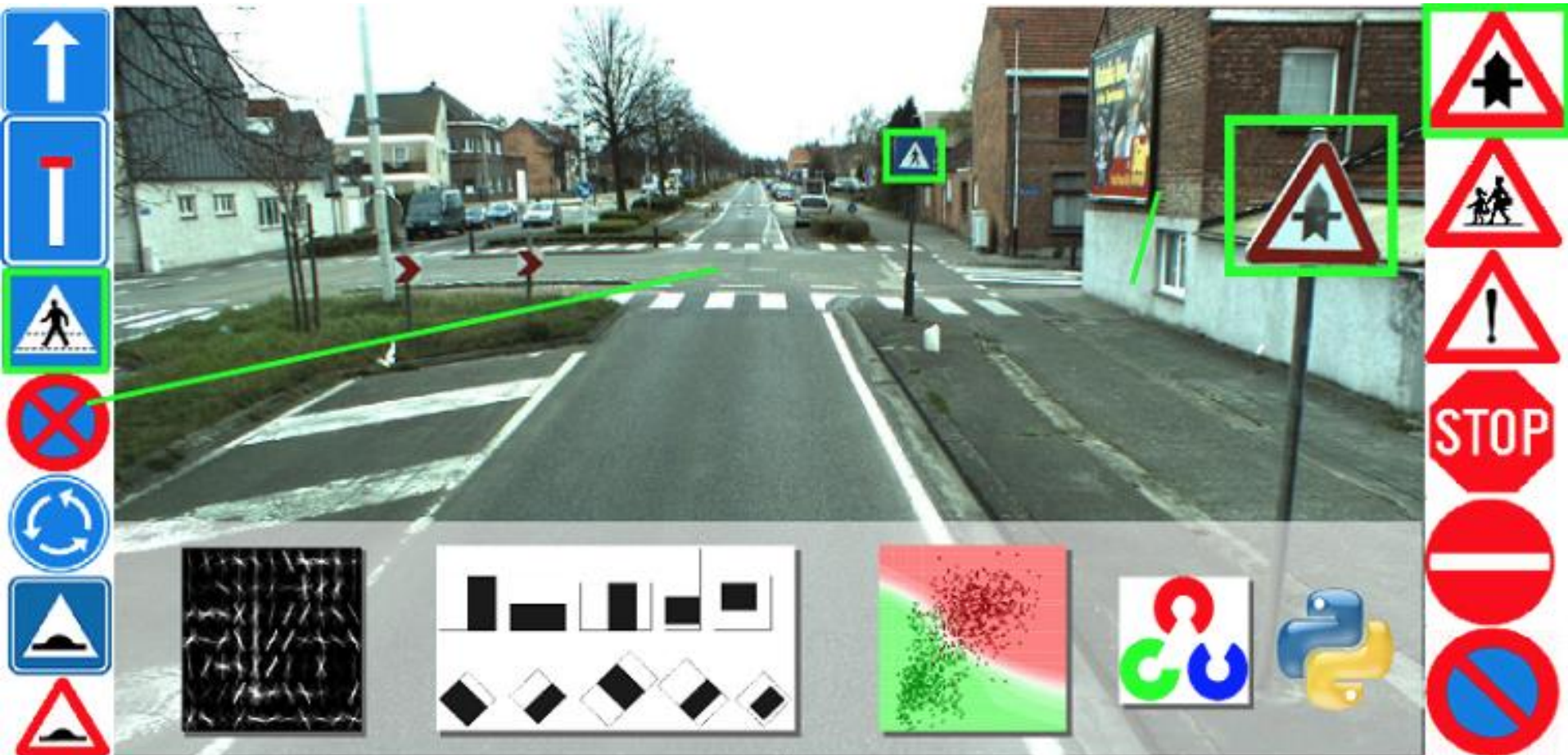
Data

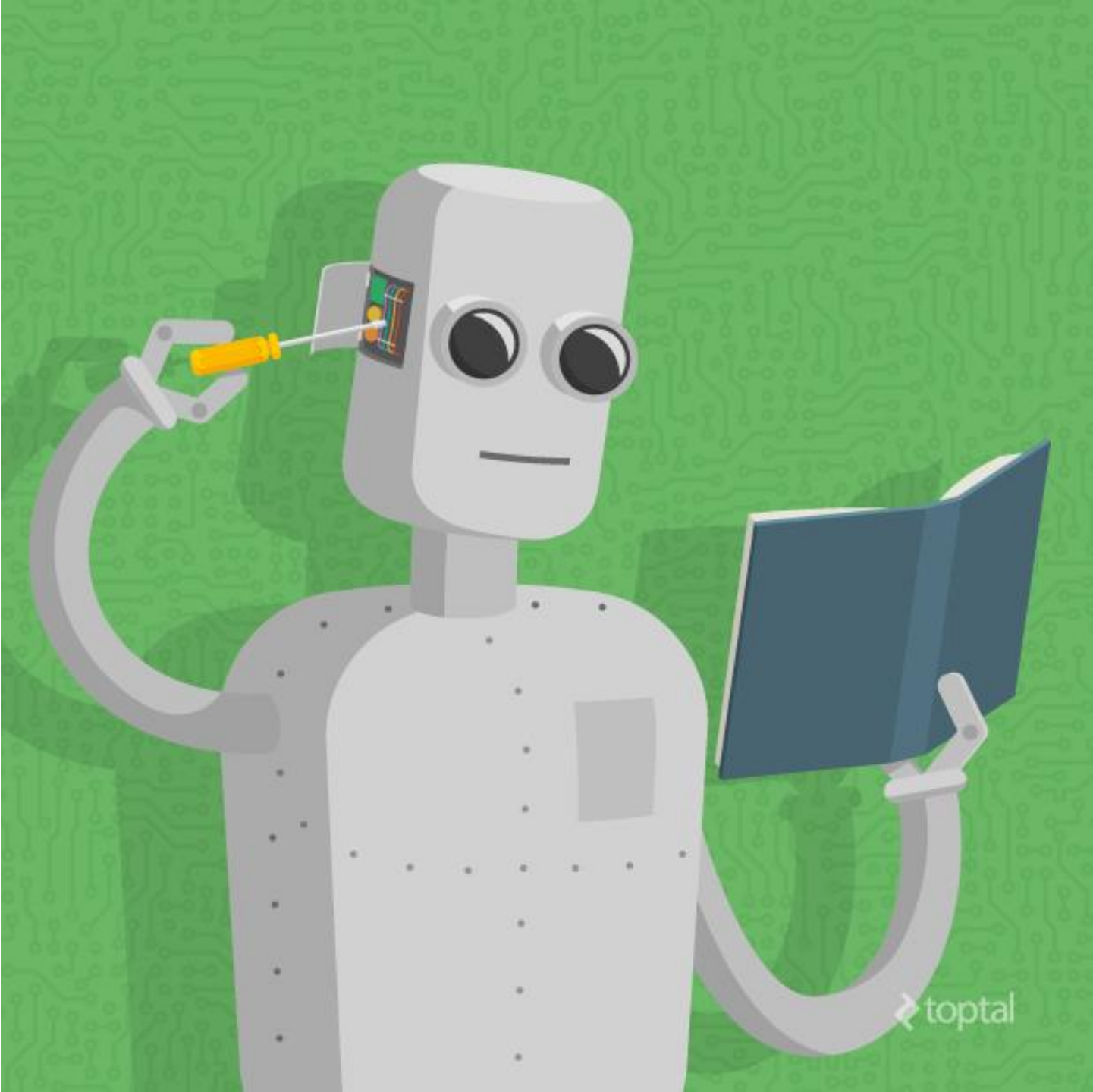
X

Artificial Intelligence (Automation)

“Information is the oil of the 21st century, and analytics the combustion engine.”

Peter Sondergaard, Gartner







Welcome To
The Future

by 2030

**Pervasive
Digitization**

X

**80% of the
World
Population**

Source: The Economist,
2015

X

**35 ZB
OF DATA**

Source: Intel, 2015

X

**AI &
Pervasive
Automation**

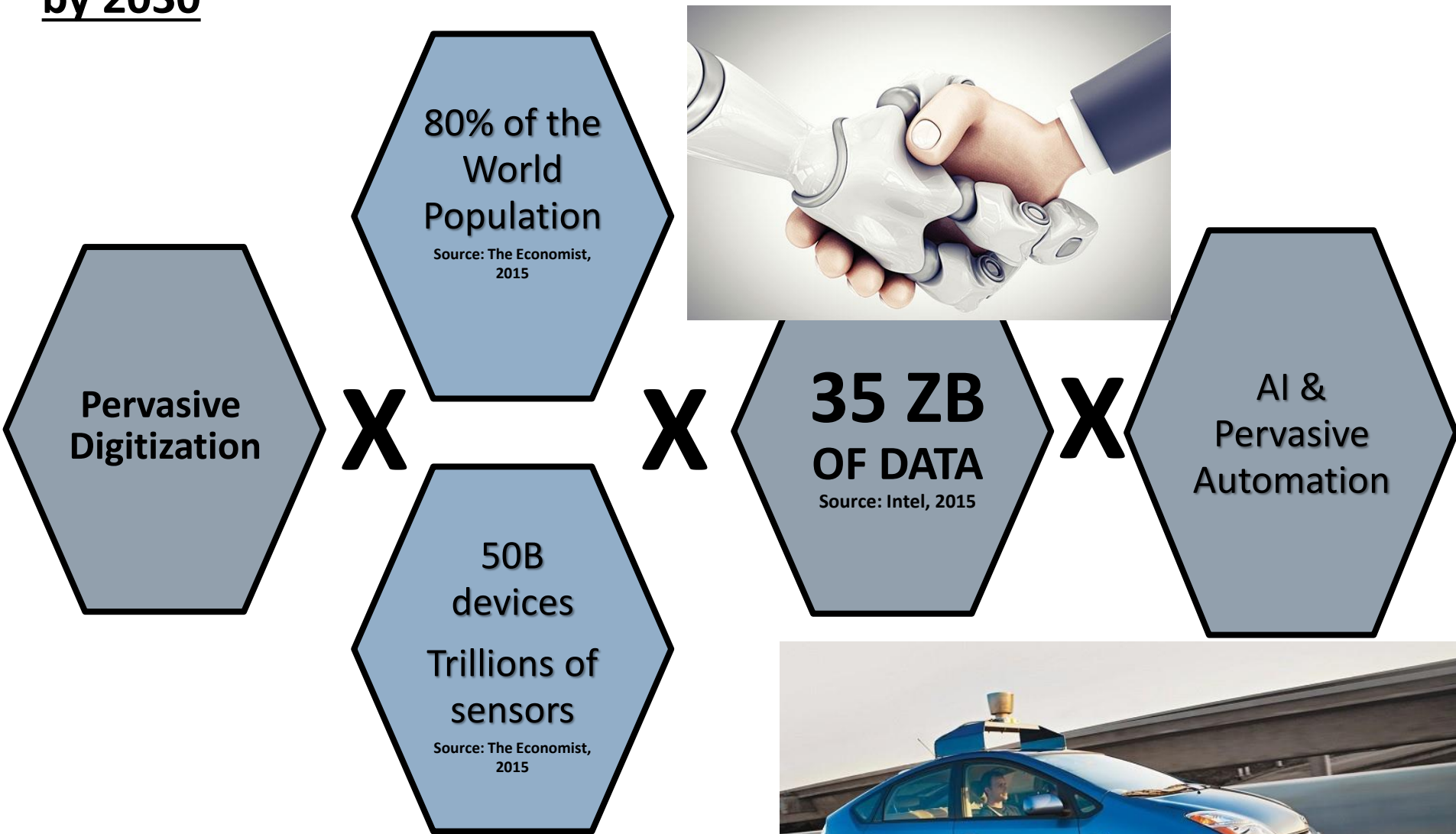
**50B
devices
Trillions of
sensors**

Source: The Economist,
2015



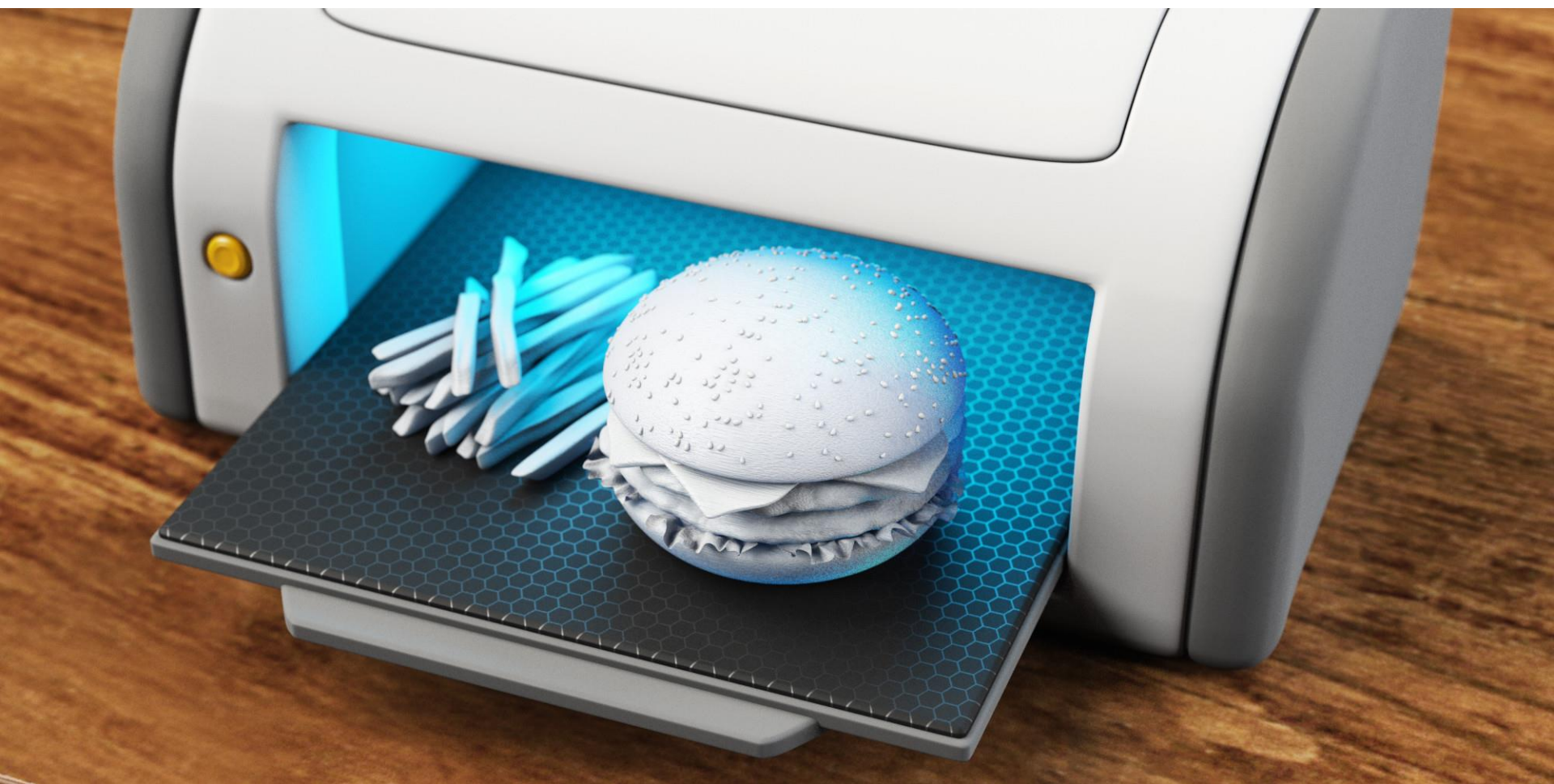
CASS
BUSINESS SCHOOL
CITY UNIVERSITY OF LONDON
— EST 1894 —

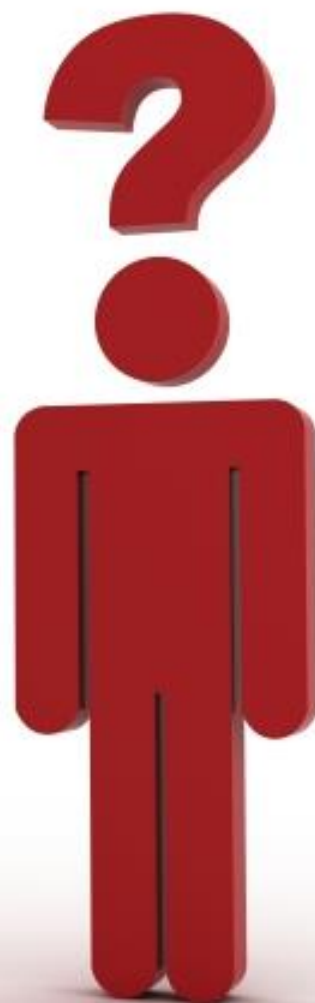
by 2030



BLOCKCHAIN

In the making...





Business Transformation

Straight Ahead

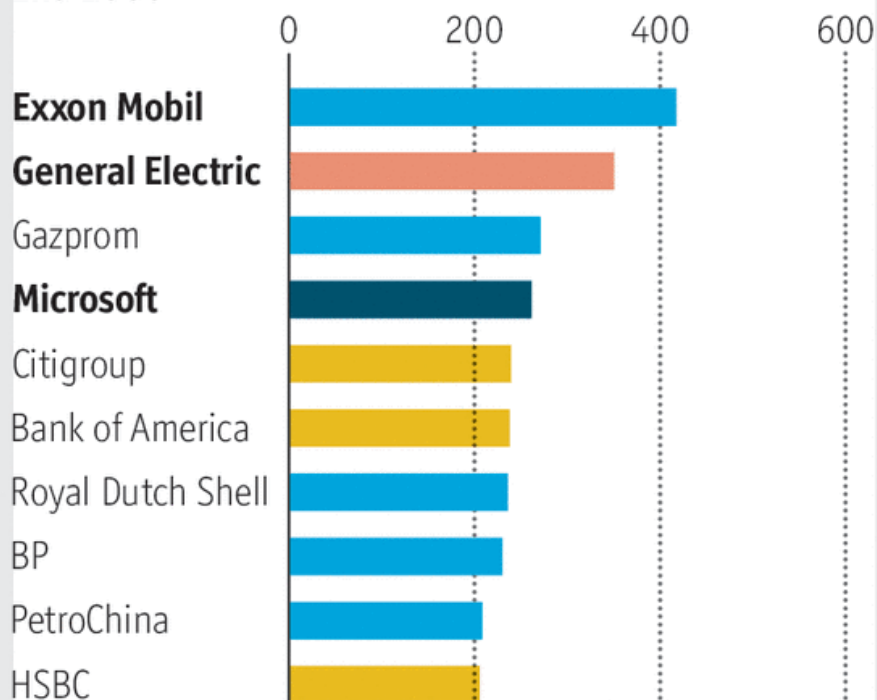


A virtually new world

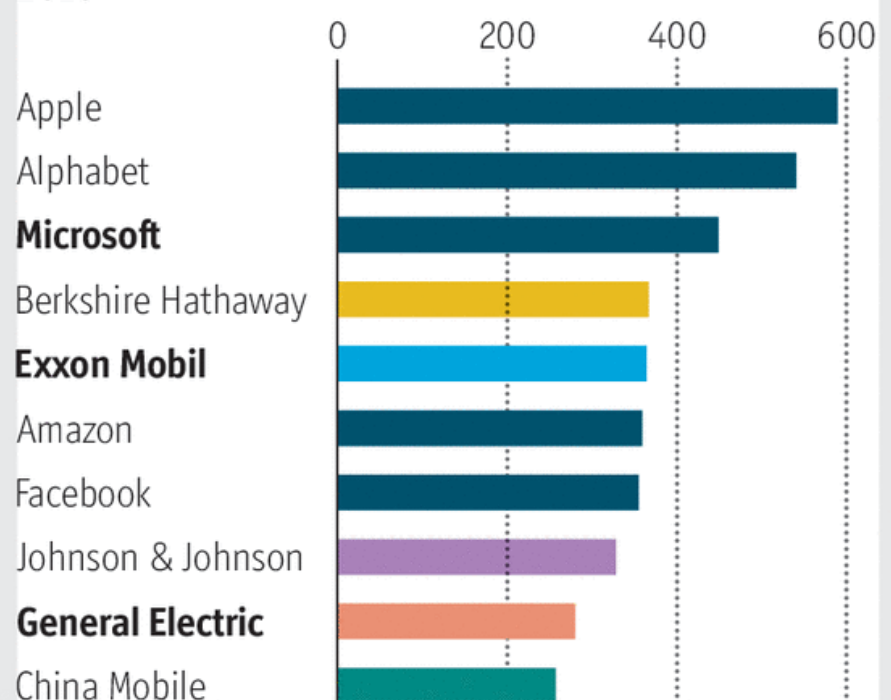
World, largest listed companies by market capitalisation, \$bn

Sector: ■ Energy ■ Financials ■ Health care ■ Industrials ■ IT ■ Telecoms

End 2006



2016*



Source: Bloomberg

*At August 24th 2016

Robots and artificial intelligence (AI) will dominate legal practice within 15 years, perhaps leading to the “structural collapse” of law firms, a report predicting the shape of the legal market has envisaged.



Business Transformations

1. From Brick-and-Mortar competition **to Digital (AND Brick-and-Mortar) competition**
2. From Resources and Capabilities and Entry Barriers **to Business Model Innovation**
3. From Stand-alone Products **to Connected Products (and Platforms)**
4. From Corporate Innovation **to Open Innovation**
5. From “linear” Supply Chains **to Ecosystems**



LEADERSHIP

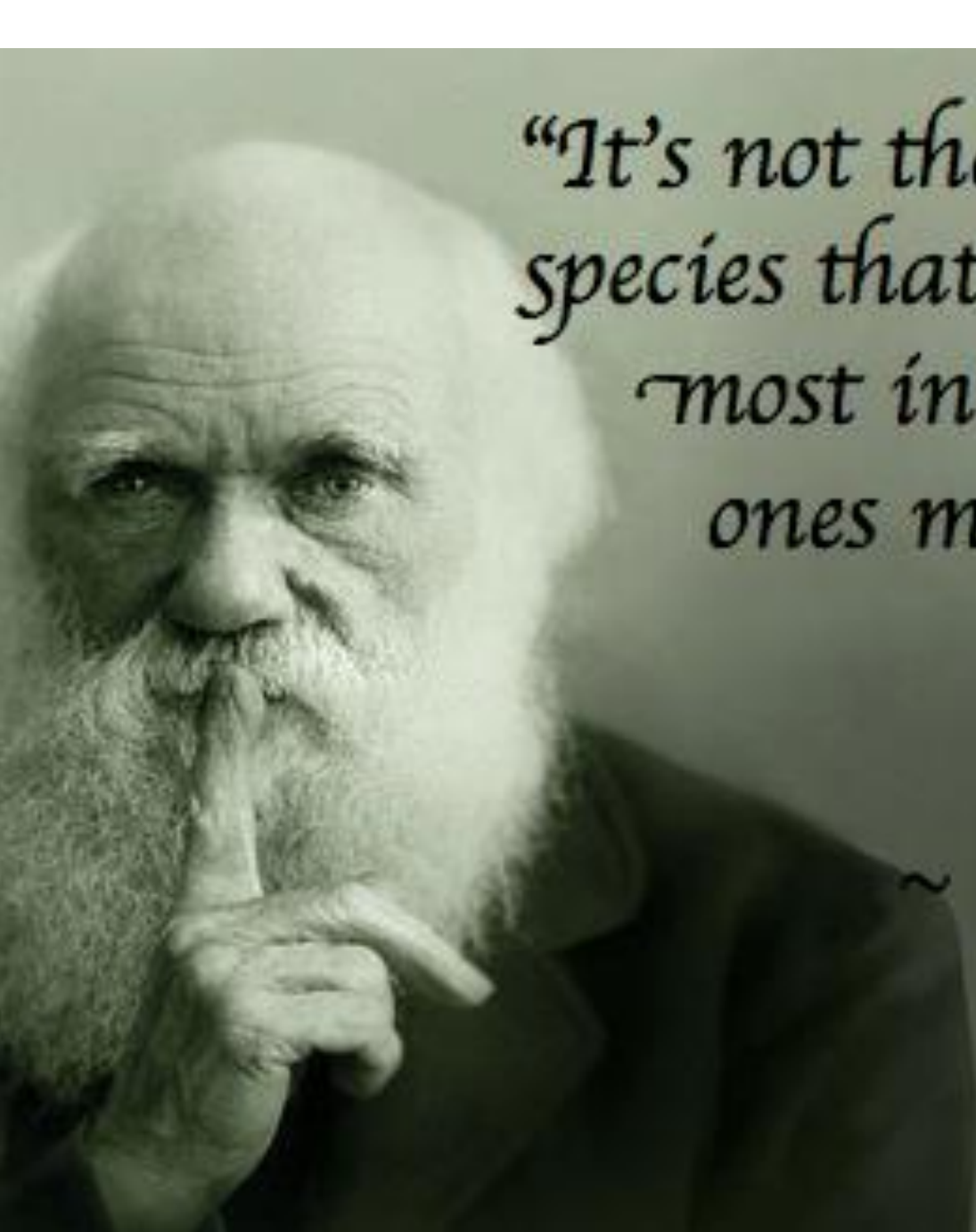
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**KEEP
CALM
AND
REINVENT
YOURSELF**



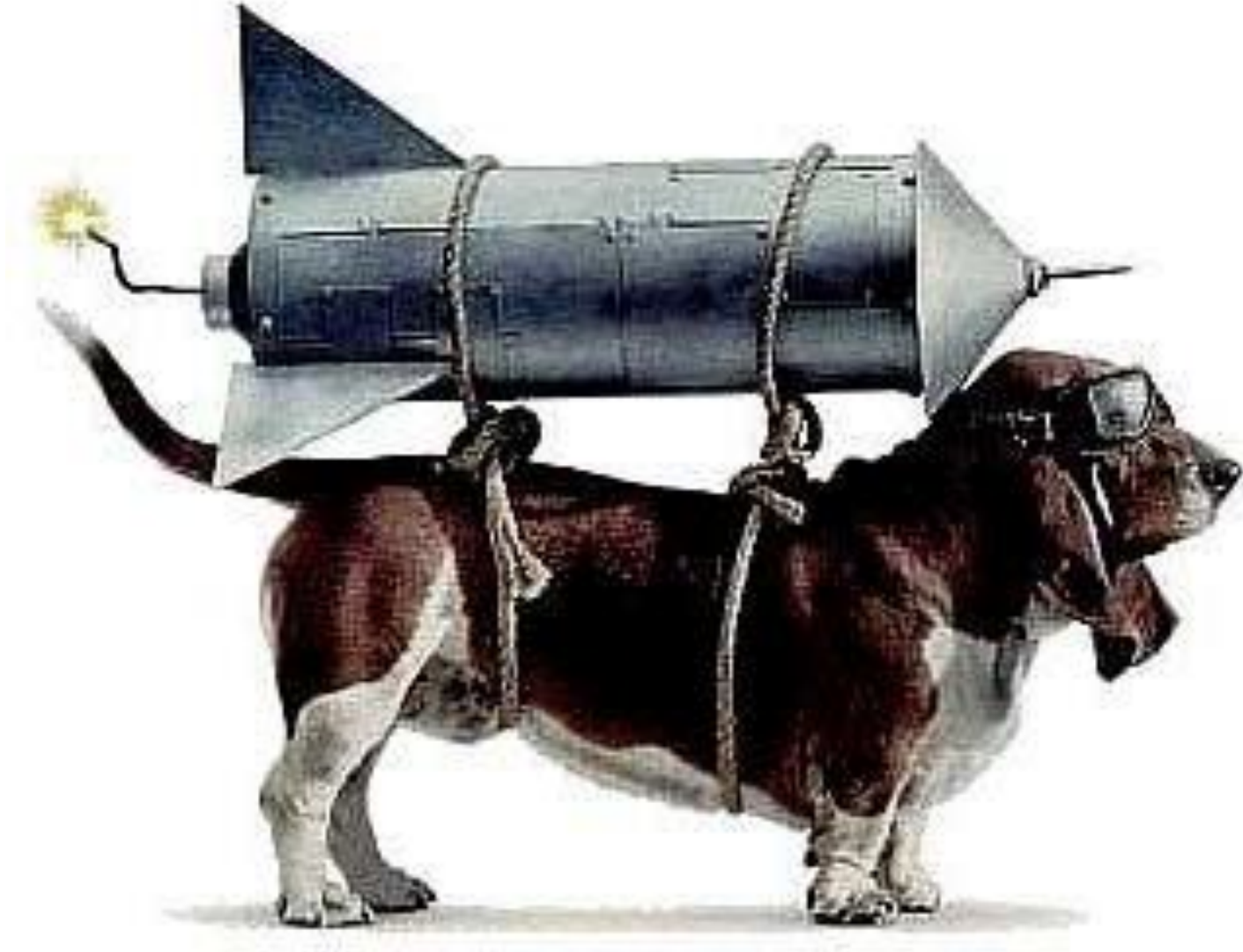
*"It's not the strongest of the
species that survive, nor the
most intelligent, but the
ones most responsive to
change."*

~ Charles Darwin

Business Transformations

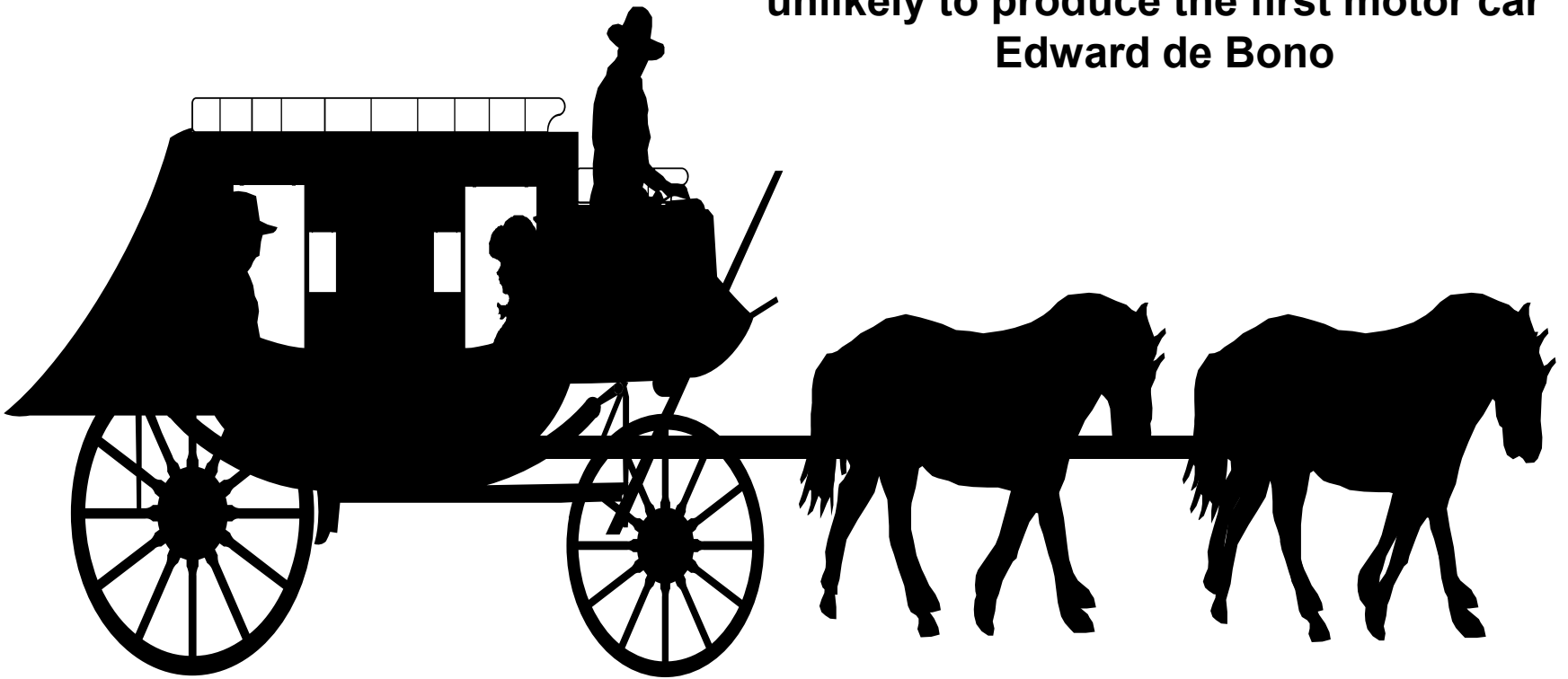
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Is this what's happening to your business model?



**“Removing the faults in a stage-coach may
produce a perfect stage-coach, but it is
unlikely to produce the first motor car”**

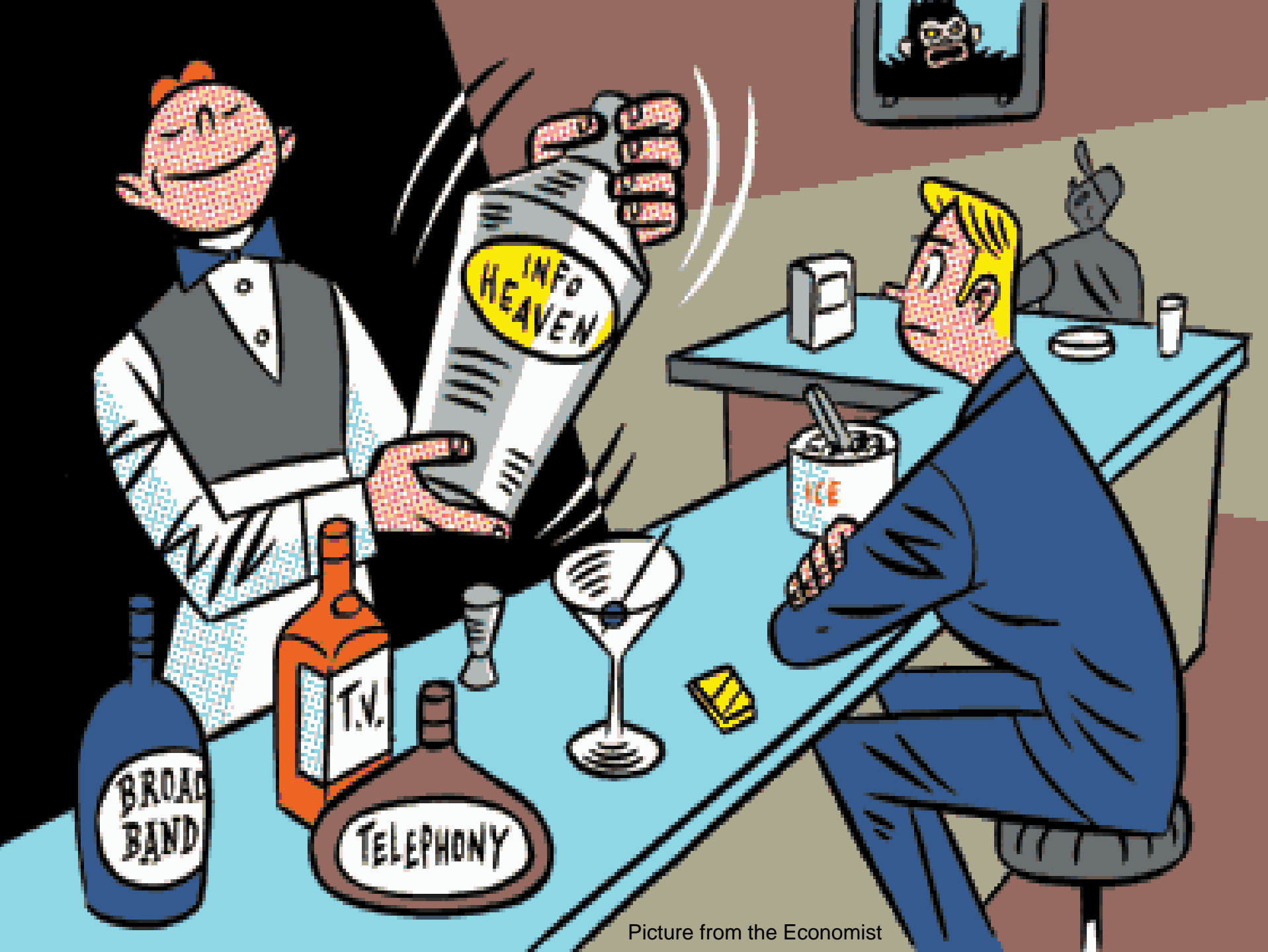
Edward de Bono



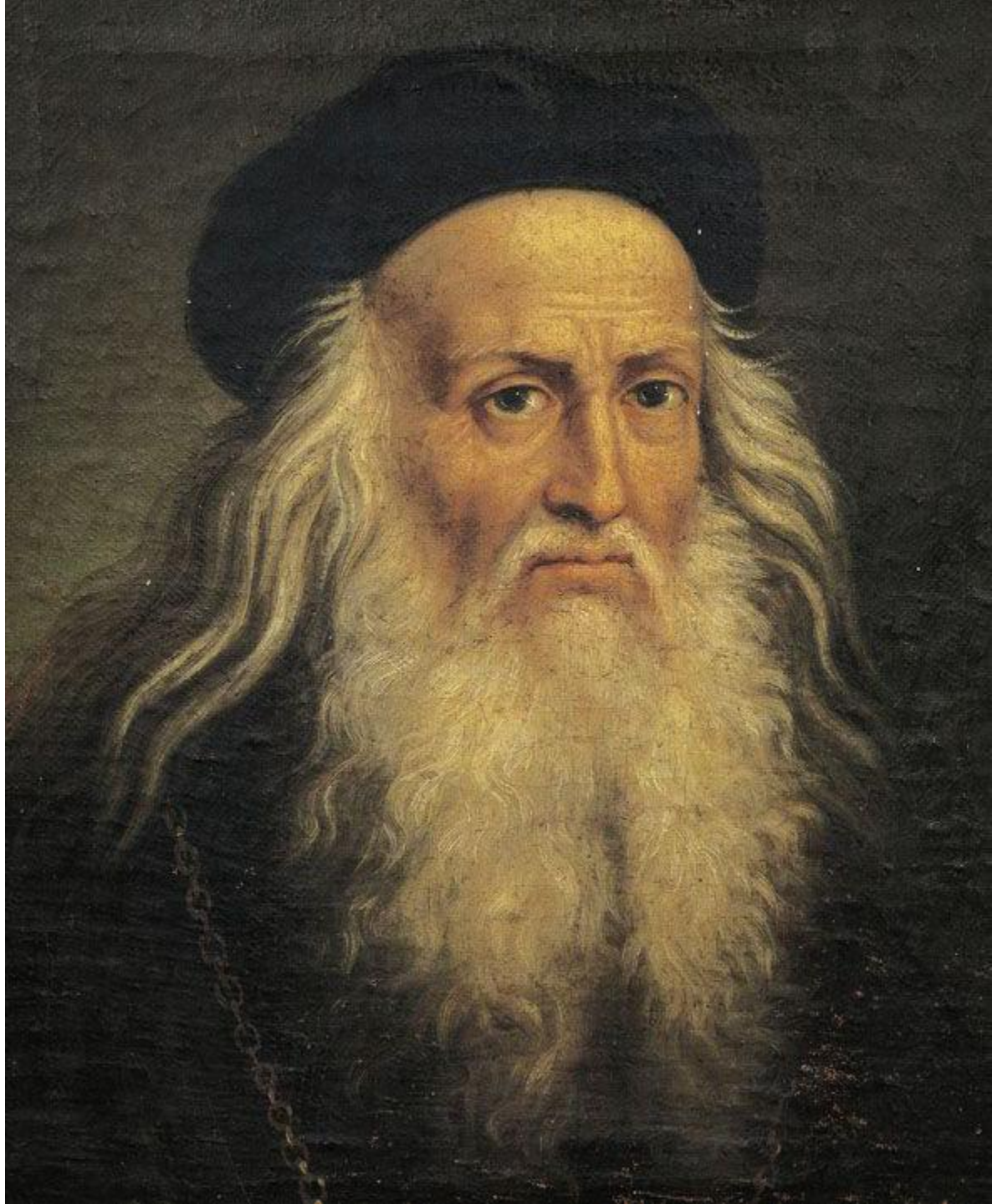
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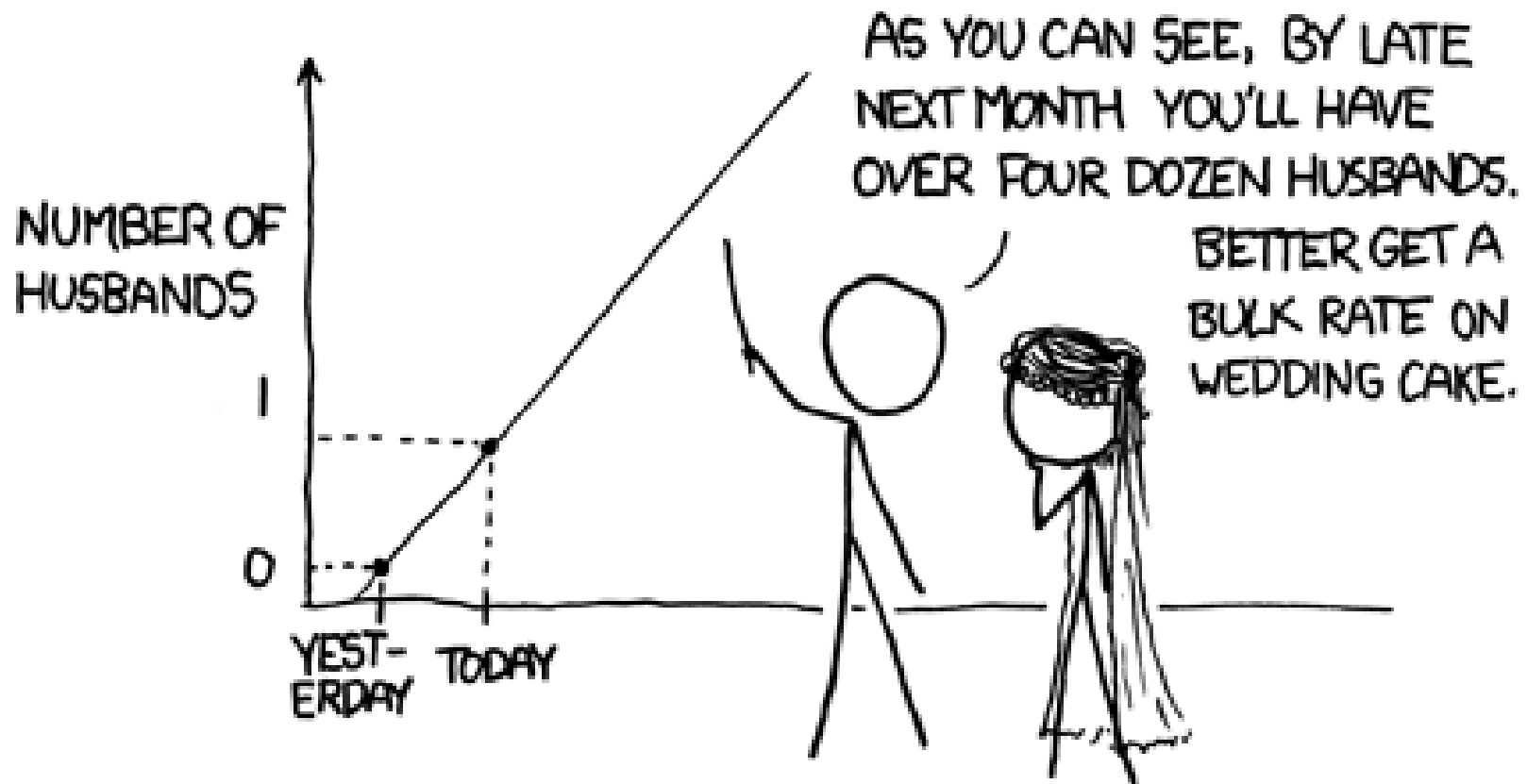
“In the short run products get connected, in the long run connections make products”



Picture from the Economist



MY HOBBY: EXTRAPOLATING



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accept respect



Contracts & Incentives AND Value Exchange

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Corporate Governance

Governance

- Managerial Opportunism → Monitoring
- Managerial Incompetence → Recombination
- Managerial Narrowness → Right to exist/Legitimacy

Governance Digital Transformation

- More information
- More media scrutiny
- More transparency
- Lower search costs



Governance Digital Transformation

- Identity, Privacy, Security
- More filtering
- More path-dependency
- Higher opportunity-cost
- Legitimacy of the new business models



Governance Digital Transformation

- The Governance process
 - How?
- The Governance scope
 - What?
 - Who?
 - For Whom?

Governance Digital Transformation

- Managerial Opportunism → Monitoring (↓)
- Managerial Incompetence → **Recombination (↑)**
 - **Boards and strategic leadership**
- Managerial Narrowness → **Right to exist/Legitimacy (↑)**
 - **Boards and scrutiny on legitimacy**





Agenda

- Where does Digital Transformation come from?
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Thank you!



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