

IT'S NOT ABOUT THE TECHNOLOGY

There's a lot of talk about the concept of digitalization, but success is not about the technology. The software won't be successful unless the **journey is successful**," said Mike Ettling, President SAP SuccessFactors.



BEGIN /

Stuart Dickinson, CEO UXC Oxygen

Good Morning Everyone

My name is Stuart Dickinson. I am the CEO of UXC Oxygen.



We've all seen the examples

We operate today in world of digital native organizations who have grown up with a digital bias and focus.



But for many:

- For many of our organizations - indeed for the great ones, who have been in business for many years, today the journey is remarkably different than for those starting from scratch.
- The challenge to bring the customers, business and employees along at a similar speed and continue to deliver delightful experiences is significant.



WHAT'S GOING ON?

WAVES OF DISRUPTION



Slide credit: Xero

We continue to get hit with waves of disruption

Individuals,
teams,
organizations,
industries,
society.

Source: Xero



WHAT ARE GLOBAL CUSTOMERS LOOKING FOR?

The CEO growth imperative – Regardless of root causes of the challenges brought on by new economic realities the question which all CEOs must grapple with is where does growth come from in the future and how equipped am I to reach it?

Source: PwC CEO Survey 2016

Need to look for alternatives to global trend based growth. Selling the same thing into the same market doesn't work anymore. How can I prepare my business for a complex, fast moving, global marketplace?



Lets bring that local and start with a simple premise around building for a designed customer

NZ Digital Experience study findings and outputs. What is the customer looking for?

What are the areas NZ business needs to be focused on?

SAP digital research shows poor digital experiences provided by some of New Zealand's largest and best-known brands are closely tied to loss of customer loyalty, advocacy and insights

- Assessment of over 6,500 digital interactions in New Zealand shows **37%** of consumers are unsatisfied with their digital experiences
- Strong correlation evident between delightful digital experiences and improved loyalty, advocacy and consumers' willingness to share private data
- To improve their digital experience scores, top performing brands offer services that establish a deeper emotional connection with customers

NZ customers who are delighted with their digital experience are over **4.5 times more** likely to remain loyal to a brand than those who are unsatisfied. The NPS for this segment was an impressive **69%**. The research found just **17%** of consumers that are unsatisfied with the digital experience would remain loyal, while the NPS score

for this segment is a staggering **-54 %**.

Analysis showed New Zealanders who are delighted with the digital experience are more willing to share private data than those who are unsatisfied. The results varied across different types of data:

40% of delighted consumers would disclose their buying preferences

28% their social media usage

25% their health records

21% their web browsing history

Of the 8 industries assessed for the report, **banking** was the top performer, closely followed by **insurance**. Both sectors returned positive digital experience scores, with more delighted than unsatisfied customers. **Retail groceries** was the next best performing industry with a score of zero, meaning they have an equal amount of both delighted and unsatisfied customers. **Telecommunications, consumer goods retail and government** were the three lowest scoring sectors

New Zealanders rated their satisfaction with the digital experience from individual brands across 8 industries based on 14 attributes, including security, engagement, personalisation, responsiveness, simplicity, among others.

Safe and secure was by far the most important digital experience attribute to consumers, with **72%** of respondents ranking it as one of the most important components of a delightful digital experience. The next most important attributes were services that are **available anytime on my terms (42%), and cohesive, integrated, and simple (42%)**. However, those brands that performed well particularly also scored significantly higher in the more emotional attributes, such as ***predicts my preferences and excites and engages me***.

“These findings demonstrate the strong connection between the digital experience and business outcomes in New Zealand,” said Graeme Riley, Managing Director, SAP New Zealand. “The vast differences between consumer loyalty, advocacy, and willingness to share personal information highlights the urgency with which the country’s brands must prioritise improving the digital experiences they deliver for their customers, and demonstrates the rewards available to those that do.”

Source: New Zealand Digital Experiences Report, SAP, 2016



How do we align for the future?

- How do we bring multiple multiple stakeholders along on the journey?
- How do we create a framework that aligns all our activities to enable a future somewhat as yet undefined end state?
- What if in fact there is no end state? And we are on a journey that continues ad nauseam as the journey accelerates.

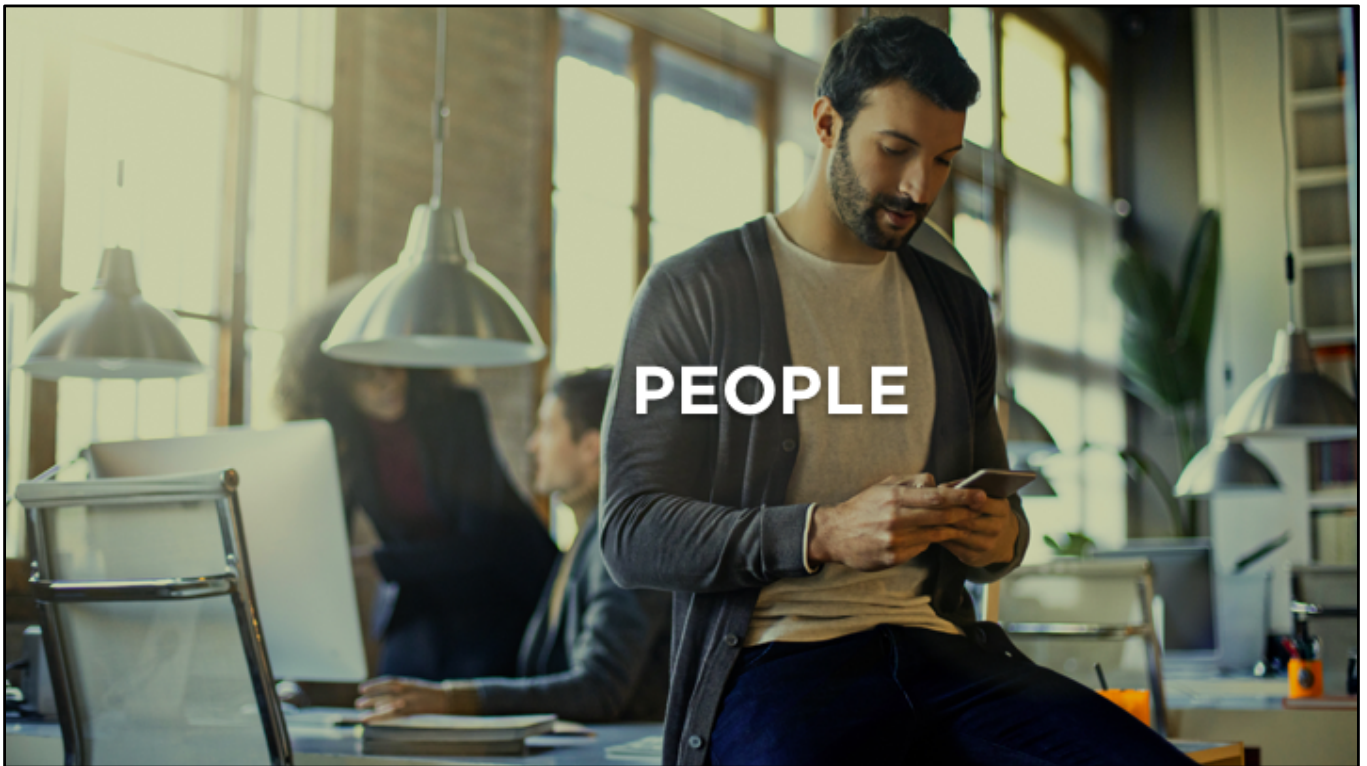
How do we create alignment between a business audience who wants; Simple, Scaleable and Good Looking; with an IT organisation who is setup to provide Safe, Secure and Sustainable (concept source – @raywang)



WHAT SHOULD WE BE FOCUSED ON?

Traditionally when we have thought about enabling business change we have focused on enabling three core areas; **people**, **process** and **technology**.

We have sought to move each of these areas forward at a similar speed.



What does all this mean in the business engine room? – How can CIOs transform established businesses to meet the challenges posed by the new digital and economic demands?

For CIOs it's the rise of Trimodal IT – Learnings about a bi-modal approach have instigated a refinement of the model.

A new **tri-modal** approach recognises that the jump between safe and secure (the town planners), and agile and novel (the pioneers) development is often too large. A third middle state (the settlers) takes what pioneer IT teams have created, files off the rough edges, and introduces maturity points including project and process shifts, more rigor and planning, and in general starts the adaption to a more long-term operational model.

Source: How IT leaders are grappling with tech change: Bi-modal and beyond. By [Dion Hinchcliffe](#) for [Enterprise Web 2.0](#) | January 14, 2015

Characteristics..

- **Indiepreneurial:** Often sceptical towards the traditional corporate model, many digital businesses pride themselves on remaining independent entrepreneurs. By steering clear of traditional market and business logic, they may want to solve a

real-world problem or simply create amazing new experiences.

- **Human Capital:** Skilled human resources, both ICT users and producers, are at the heart of the ICT revolution. Necessary skills include policy, technical and change management skills as well as broad information and digital literacy, and techno-entrepreneurship.
- Unlike traditional corporations, whose legacy business processes and internal structures often take priority over people, digital enterprises can't afford to take talent for granted. It's part of a broader cultural shift, and it's about far more than just attracting, developing and retaining the right technical talent. In a world of knowledge workers, the productivity, engagement and commitment to a shared vision of everyone involved with the organization are critical to a company's success.
- In these "people first" companies, the organization's primary role is to constantly invest in the knowledge and well being of its people – including its outside community – whose unique talents and ideas become in some way tangible in the end product or service itself.

Source: *Digital Business Transformation: Digital Disruptors*, Ericsson



Then:

Long time and distance between idea and execution. Security paramount, low business risk, incremental advance, IT driven process. Fixed goals and strict financial drivers

Now:

- **High-speed:** Speed, above all else, is the defining characteristic of digital markets.
- **User-experience driven:** Wherever there is a point of contact with users, which is all but inevitable in digital markets, user experience is critical to success.
- **Product-focused:** In any sector that's been digitally transformed, product development is constantly ongoing. This includes everything from updates, versions and additions to improvements down to single buttons. This goes for hardware as well as for software and services, where a significant breakthrough in design or functionality can unleash a completely new ecosystem of added value products.
- **Innovation-driven:** "Innovation" in a traditional company is a formally organized project. In today's digital enterprises it's a default mindset. A pre-digital boardroom meeting might have asked: "What's the first-year revenue forecast?" Or "What's the business plan?" Today, by contrast, it's just as often a matter of

trying out something new, seeing if people like it, and finding a way to monetize it further down the road.

- **Development never stops:** Product development is constantly ongoing. A significant breakthrough in design, functionality or service offering can create a completely new ecosystem of added value products.

Source: *Digital Business Transformation: Digital Disruptors*, Ericsson



Technology is becoming commoditized

Then: In the 90s, a typical IT system for a mid-sized company could cost millions of dollars to install.

Now: Today the same technology might be affordable to an individual for a fraction of the price – possibly as a cloud service, or just as likely, for free online. The cloud, in fact, is a prime example of a commoditized technology, hosting entire operational infrastructures for companies whose technology investments might consist of nothing more than laptops, smartphones and tablets. By remaining “light” on technology and equipment, these businesses can scale, shift strategies or spin off into new collaborations whenever and wherever their markets demand.

- **Hyperconnectivity:** High-speed internet, whether fibre, 4G or LTE, is the fundamental force driving digital transformation. Reliable and widely accessible, it has propelled us into an era in which people and businesses from all parts of society are constantly online, connected to one another and to all connected things. Once connected, their ideas, behaviours and whereabouts become to some extent datafied, and therefore available as resources to be communicated and analyzed from nearly any corner of the world.
- **The Internet of Things:** Increasingly, internet connections are becoming embedded

into everything from cars and TVs to electrical appliances and physical environments. Powered by miniaturized microchips and sensors, these objects are constantly adding new sources of real-time data that can be aggregated and utilized across a range of markets including utilities, transport, retail and more.

Source: Digital Business Transformation - Disruption of Industry Logics, Ericsson



I would argue that to succeed in today's digitally connected environment there are two other areas that need to be considered at the same level; **data** and **autonomous insight**

So aligned to business strategy each of these areas needs to change rapidly. The requirements are realigning to enable business of tomorrow.



The data challenge

Then: Data was all about getting structured master data to support core business ERP and transactional initiatives.

Now: Data is the foundation of digital business. Every touch point, every click, every machine interaction is relevant and useful insight. It needs to be harvested, augmented, interpreted and

Data and content is continuing to explode.

There will be 80 billion sensors by 2020, producing 90% more data per second than all of the data produced previously.

You need to design for data discovery and insight. Otherwise you won't see the woods from the trees. Human interface designers need to be on the team to support data discovery and visualisation.

Leading analysts argue today that if you aren't generating at least 20% of your business revenue by 2020 from a data insight stream you won't have a digital business model.

We are seeing SAP take the first tentative steps in this direction with Data as a Service provided as insights from the Sybase 365 mobile messaging network to enable market targeting.

SAP Digital Consumer Insights - Consumer location data to help improve advertising, proximity marketing, location planning, and more. Access anonymized mobile data that shows how many consumers pass through a chosen location each hour and where they come from. Get detailed information about their demographic characteristics and the devices they're using.



The opportunity for autonomous insight

Then: Structured reporting – predominantly based on key metrics. Looking at how the business and the organisation has performed in the future.

Now: See the future before it happens. Predict the outcomes.



Underpinning everything we've talked about is the concept of digital transformation.

The US and German SAP user groups have combined to publish a significant paper on the topic....

They argue ... There are some pivotal next steps that you should consider sooner rather than later:

- 1. Think of yourself as the next disruptor, versus reacting to those who get there first.** Take some time to imagine how you can disrupt your competitors using Digital Transformation, rather than waiting until you have to resort to defensive moves.
- 2. Get started as soon as possible, work in an agile manner, take calculated risks and accept that not every digital initiative spawns a unicorn.** If you think you can wait and see what others are doing before making your own moves, you are likely to find yourself behind the pack and trying to play catch-up. Assemble some strategic approaches, and then build buy-in with your peers.
- 3. Start identifying the people who can transform with you, and help them get the right training and knowledge to succeed.** For those who can't take this step, figure out if they can still contribute in different roles and, if not, work with them to transition to something else.

4. Begin to differentiate between strategic and non-strategic processes and assets.

What can you do to move non-value added processes to standard software solutions versus custom?. Customize where you need to for competitive advantage,. Recognize out-of-the-box software will help you move faster than highly customized software. If you have outsourced the creative assets you need in your journey, consider bringing them back under your control.

5. Cultural change management and transformation are key enablers of success.

Change is scary and the fear of the unknown is real. And while we all talk about the importance of creating a culture that encourages risk-taking, we know that in most member organizations, the learned behavior is vastly different.

- As partner I would add a 6th one – find yourself a strong partner with a local, region and global perspective who can help you sort the wheat from the chaff and who can help you deliver value quickly and efficiently

Source: Digital Transformation: Moving Forward, By Geoff Scott in SAP Business Trends, 10 May 2016.



The 10 key factors of third era IT architecture success: Leading companies of tomorrow must move to the third era of IT architecture.

Leading IT organizations are transforming to derive value to their customers through this new model of IT by following the following 10 key factors for success:



1. Install power outlets

Flexibility in your enterprise architecture is key. Use APIs in order to create clear demarcation points. Open APIs up to external parties where needed and possible. Use data as power source, make sure it complies with all regulations for use, and make it easy to plug into.

2. Harvest information out of data

Learn how to extract information and knowledge from data. Create a strategy based on:

Decision latency – do we really need <1 ms real time decision making?

Outcome – what you want to achieve with analytics and how should the follow up actions look like.

Sourcing – Decide where you can use external analytics services, or build it all yourself.

3. Learn to speak new languages

As an IT department, your stakeholders are the business and the customer. Take part in meetings in cross-functional meeting from the beginning. Tailor the language of vision/strategy and viewpoints on architecture to your audience. Use new ways (video, animation, app prototypes) to bring your message across.

Source: By [Martijn Akse](#), Diginomica



4.LEGO™-nize complexity

Compose architectural building blocks in reference architectures usable by everyone. Rationalize. Eliminate multiple building blocks with the same purpose. Limit the implement options to no more than three.

5. Build a playground

Agile teams demand freedom in execution and they need constraints. Give only the required blocks to agile teams to play with. Experiment, and adjust continually.

6. Create a minimum set of rules

Where people are playing, there are rules to comply to. Keep the rules to the bare minimum – e.g. non-negotiables such as regulatory requirements and key architectural principles. Create validation points for non-negotiables and explain what the business rationale is to have a specific validation point. The non-negotiables should guarantee the correct functioning of the enterprise architecture model that enables enough flexibility to guarantee short time to market.

Source: By [Martijn Akse](#), Diginomica

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- **EXPERIMENT**
 - **ELEVATE**
 - **CONNECT THE DOTS**
 - **HIRE THRILL SEEKERS**

7. Experiment

Try out crazy scenarios you never dreamed possible – moonshot ideas. Organize multi-disciplinary brainstorm sessions to boost creativity and take advantage of new and different insights.

8. Elevate

Adopt a cloud all-in strategy. Cloud is no longer a goal by itself, but a foundation that enables flexibility in terms of scalability, performance and time to market of IT solutions.

9. Connect the dots

Many vendors have great 'cloud-based-API-enabled-ready-to-be-used-out-of-the-box' solutions. Build a chain of best-of-breed solutions in order to fulfil business requirements. Revisit the chains periodically to increase value where possible.

10. Hire thrill seekers

Your architecture team is in need of thrill seekers. Traditional architects often do not fit the profile. You need resources that are able to support and enable every topic described above. Creative individuals, who are fine with making mistakes, dealing with daily changes and creating architectures on the fly.

Source: By [Martijn Akse](#), Diginomica



The proof is compelling already

The research shows that companies that achieve high levels of digital transformation are reaping the benefits. As a result of digital initiatives, 86% of UK respondents said they have seen or anticipate seeing growth in revenue, 85% in customer retention, and 69% in pace of to business opportunities.

Source: *Global Readiness Survey*

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