

What is digital transformation ?

- It's about new business models and new business performance
 - It's about innovation
 - It's about customers' experience
 - It's about totally new mindsets
-
- It's not about numerization, digitization, tools, IT, ...
 - It's not an inconsistent collection of IT/digital experiments
-
- It's about why you do it and not how !

« When wind blows,
you can either look
for a shelter or build
a windmill »



For legacy businesses, digital transformation means running current business while building the future business model

« changing the engine of a plane while in flight and on fire »



Digital transformation involves the use of technology to dramatically improve the performance and to radically change the reach of your business

The current flaws

Current ways of engaging digital transformation

- Cost cutting and increased efficiency
- Facing the unknown by making experiences and experiments
- Spin-offs

Suggested ways of engaging digital transformation

- Define a new business model and hence performance
- Define a new value chain
- Imagine a new customers' experience
- Define a new organization and a new culture

New business model

- From bricks to clicks or from product to platform
- Redefine your Michael Porter 5 forces because of new scope and hence new ecosystem
- Dare a Blue Ocean approach

Joseph Schumpeter

- Entrepreneurship
 - => new combination
 - New products
 - New services
 - New markets
 - => losses and profits
 - Drivers for growth
- Creative destruction
 - Reboot the system

The History of INNOVATION CYCLES

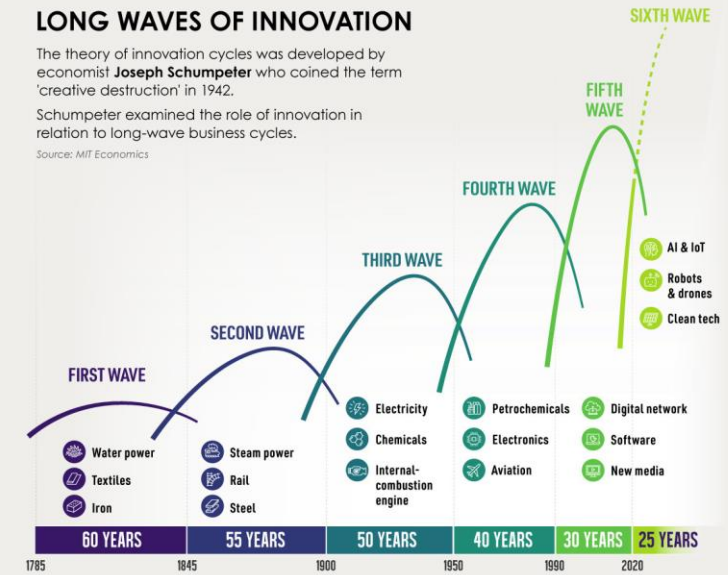
Below, we show waves of innovation across 250 years, from the Industrial Revolution to sustainable technology.

LONG WAVES OF INNOVATION

The theory of innovation cycles was developed by economist **Joseph Schumpeter** who coined the term 'creative destruction' in 1942.

Schumpeter examined the role of innovation in relation to long-wave business cycles.

Source: MIT Economics



KEY BREAKTHROUGHS

FIRST WAVE

During the Industrial Revolution, the first factory emerged—a cotton mill in Britain.



SECOND WAVE

As railways proliferated, their networks strongly influenced urban growth.

Source: Nacima Baron, I&AL

Source: Nacima Baron, I&AL

THIRD WAVE

Henry Ford's Model T introduced the assembly line, revolutionizing the automotive industry.



FOURTH WAVE

Aviation gains mass adoption on a global scale, providing a lever to economic integration.

Source: OECD

FIFTH WAVE

In 1990, 2.3M used the internet—by 2016 this reached 3.4B.

Source: World Bank



SIXTH WAVE

As climate challenges intensify, clean tech may reshape business models and consumption patterns.

Source: OECD

Michael Porter's



Michael Porter

- Assess and optimize your positioning within a given market (red ocean)
- Same strategy -> intense competition - > war price

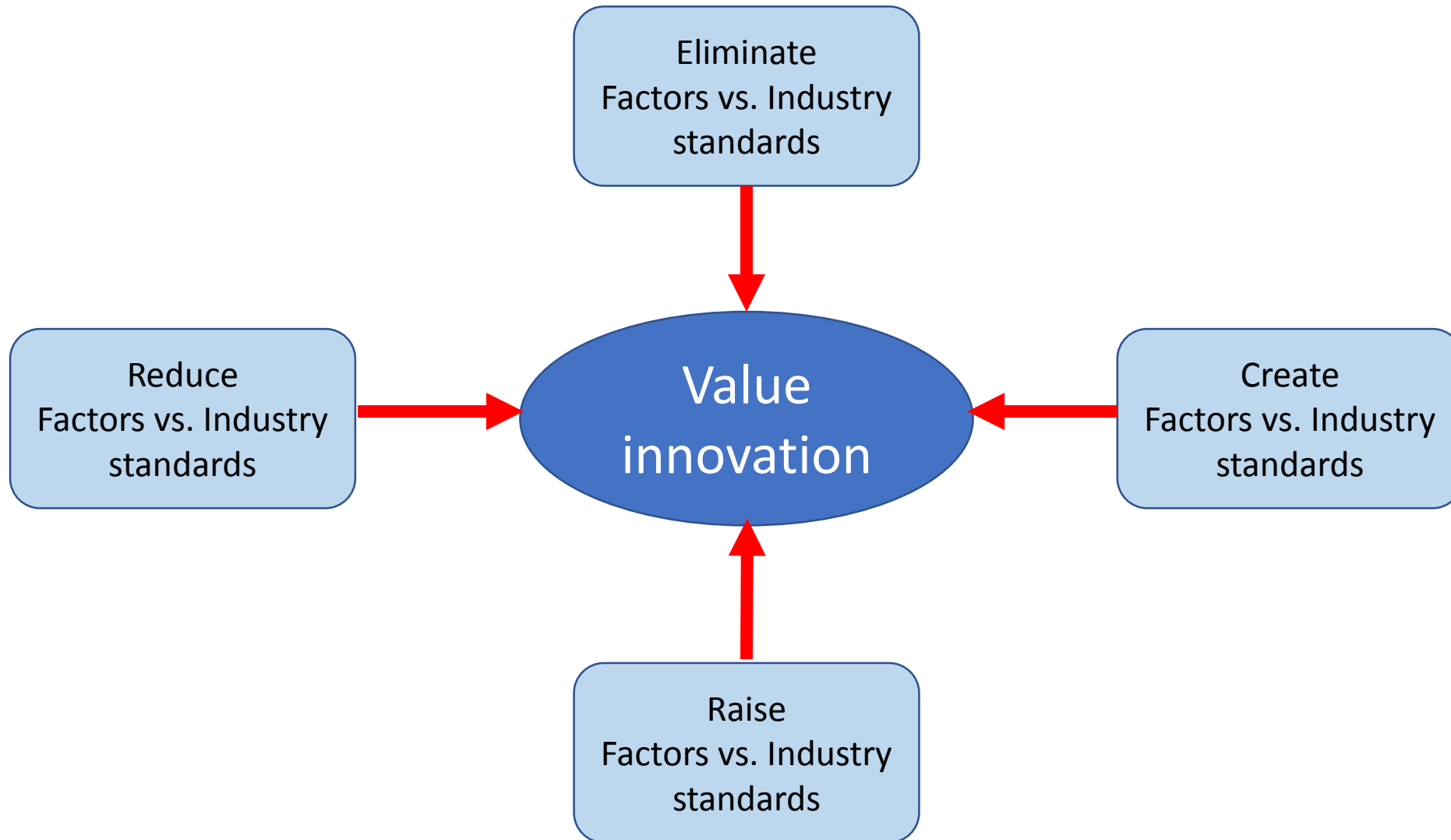
Chan Kim & Renée Mauborgne



Chan Kim & Renée Mauborgne

- Create new and uncontested market space
 - Attractive for customers
 - Repulsive for competitors (negation of own strategy)

Chan Kim & Renée Mauborgne



New customers' experience

- Customers' experience
 - Starbucks ... the third place
 - Eataly ... theater
- Customer + data
 - Direct and indirect network effect
 - Old fashion acquisition cost and retention rate
 - Create an initial emotional spark (big bang)

New customers' experience

- Solve the pain points
 - Doodle
 - Tricount
 - ...



« Customers don't want drills they want holes »

« Customers' inspired growth, suppliers enabled innovation »

New customers' experience

- Product as service
 - Access vs, ownership
 - Razor and blades
- Moving to a platform means
 - Sharing information and resources
 - Competing
 - Collaborating
 - Co-evolving
 - Coopeting

New customers' experience

- What's the consequence ?
 - How do you assess a company's value ?
 - What are the critical assets ? Where do you find them in the balance sheet ?



- Loosing money 9 years on 11
- +/-5 G\$ revenue and 5,5 G\$ costs
- Market value 37 G\$
- Bought for 44 G\$ LBO
 - 13 G\$ debt (7 major banks)
 - 1 G\$ debt and interest / year (before 51 M\$)
- Revenues
 - 91 % advertising
 - 9 % data licensing (twitter analytics, Twitter blue)

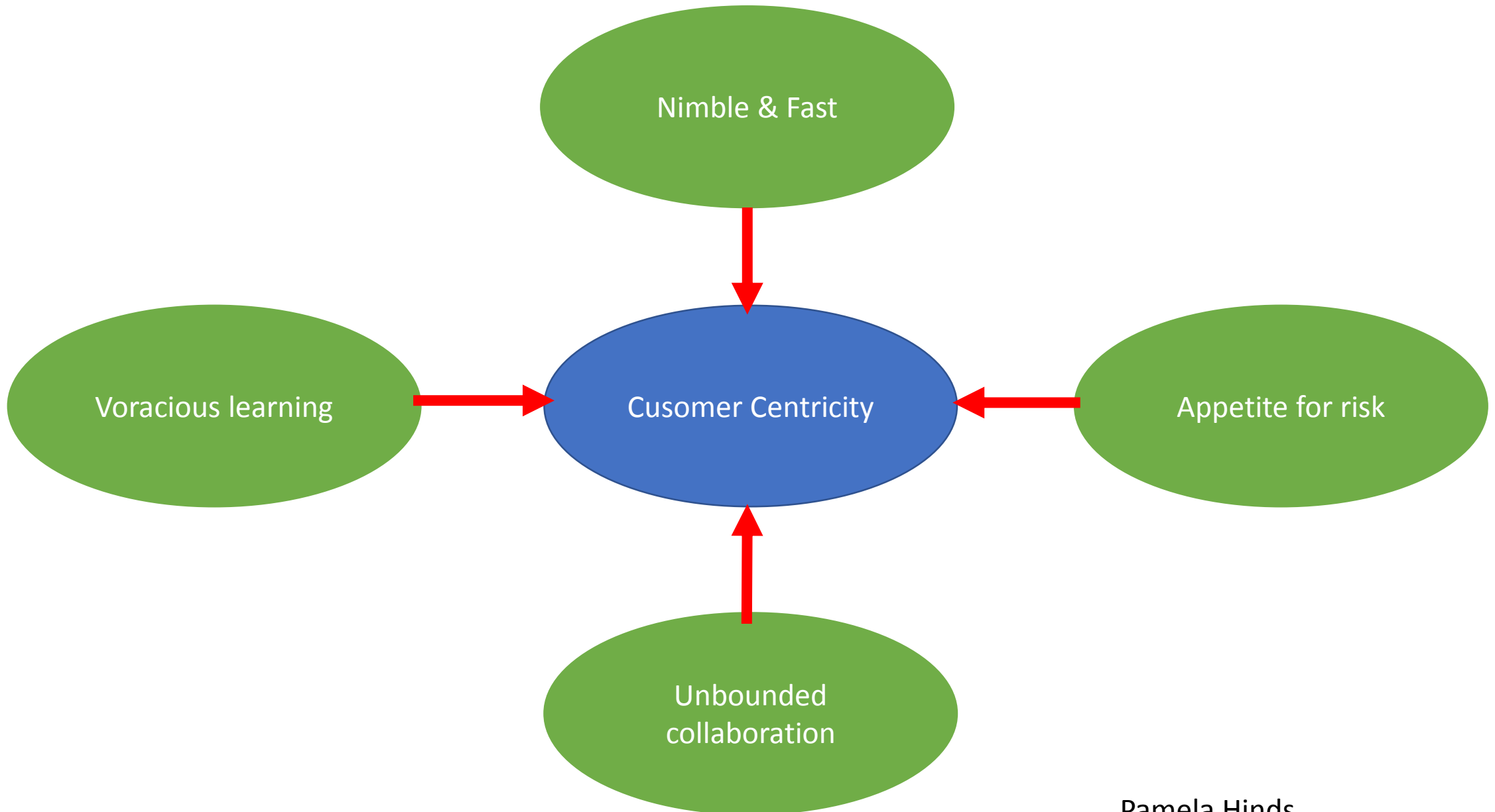
Twitter Inc 53.70 **+0.00 (+0.00%)**

Period Ending:	30/06	31/03	31/12	30/09
Total Revenue ▼	1176.66	1200.98	-	1283.82
Revenue	1176.66	1200.98	-	1283.82
Other Revenue, Total	-	-	-	-
Cost of Revenue, Total	540.68	507.45	-	484.48
Gross Profit	635.98	693.53	-	799.34
Total Operating Expenses ▼	1520.42	1328.82	-	1260.66
Selling/General/Admin. Expenses, Total	524.89	449.67	512.87	451.93
Research & Development	454.86	371.7	-	324.25
Depreciation / Amortization	164.69	150.68	-	122.65
Interest Expense (Income) - Net Operating	-23.34	-15.44	-	-13.28
Unusual Expense (Income)	-	-	-23.8	740.8
Other Operating Expenses, Total	-141.35	-135.24	379.49	-109.36
Operating Income	-343.76	-127.83	-	23.15

New organization and new culture

Company culture vs. Tools

CDO (seniority & change management – Comex level) vs. CIO (IT knowledge)



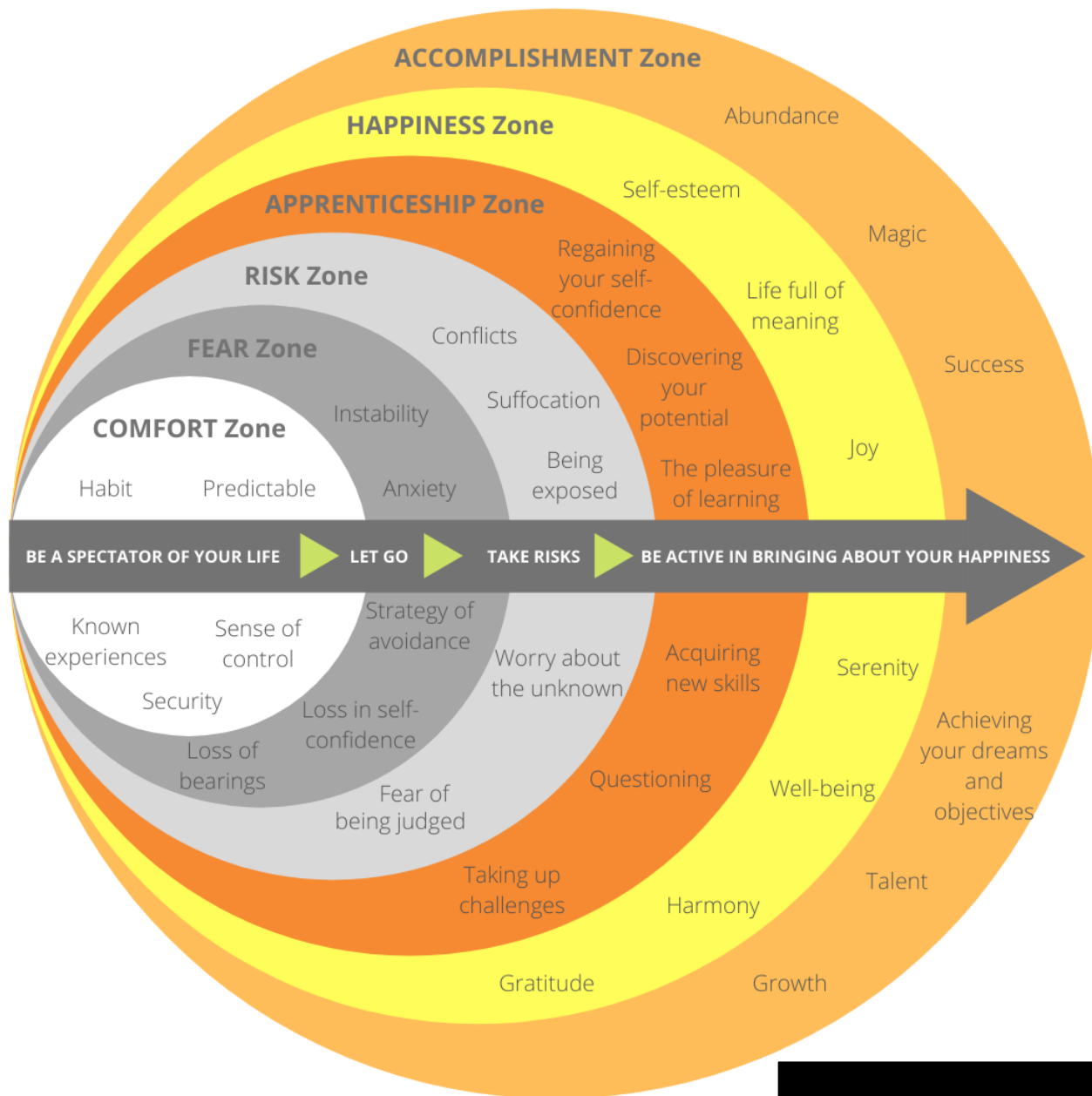
New value chain

- Industry 4.0
 - Digital twins
 - IoT
 - ...
- Technology embedded in every activity and process
- The strategic question being :
 - New way of creating value or of extracting value ?

<https://www.dhl.com/global-en/home/insights-and-innovation/insights/logistics-trend-radar.html>

Cybersecurity





To infinity
and beyond...

Tactics or strategy

- E-initiatives, even if numerous, don't make a digital transformation strategy
- The digital transformation is *per se* embedded in the overall strategy and can be its corner stone
- 3 usual ways of doing so called digital transformation
 - Agile spin-offs
 - Experiments
 - Leverage technology to cut cost and/or improve efficiency

Digital thinking
Think big, start small and scale fast

DIGITAL TRANSFORMATION STRATEGY

7 ESSENTIAL STEPS TO DRIVE DX SUCCESS IN THE ENTERPRISE

04. MAP OUT TECHNOLOGY

Choose tech solutions that scale with your long-term strategy.

05. SEEK OUT PARTNERS & EXPERTISE

Do more - and do it faster - with partners that share in your vision.

06. GATHER FEEDBACK & REFINE

Be flexible, learn from experience, and adjust accordingly.

07. SCALE & TRANSFORM

New ways to improve will emerge - embrace them!

03. START SMALL BUT STRATEGIC

Jump-start digital transformation with an impactful, measurable initiative.

02. PREPARE FOR CULTURE CHANGE

Put humans at the heart of digital transformation.

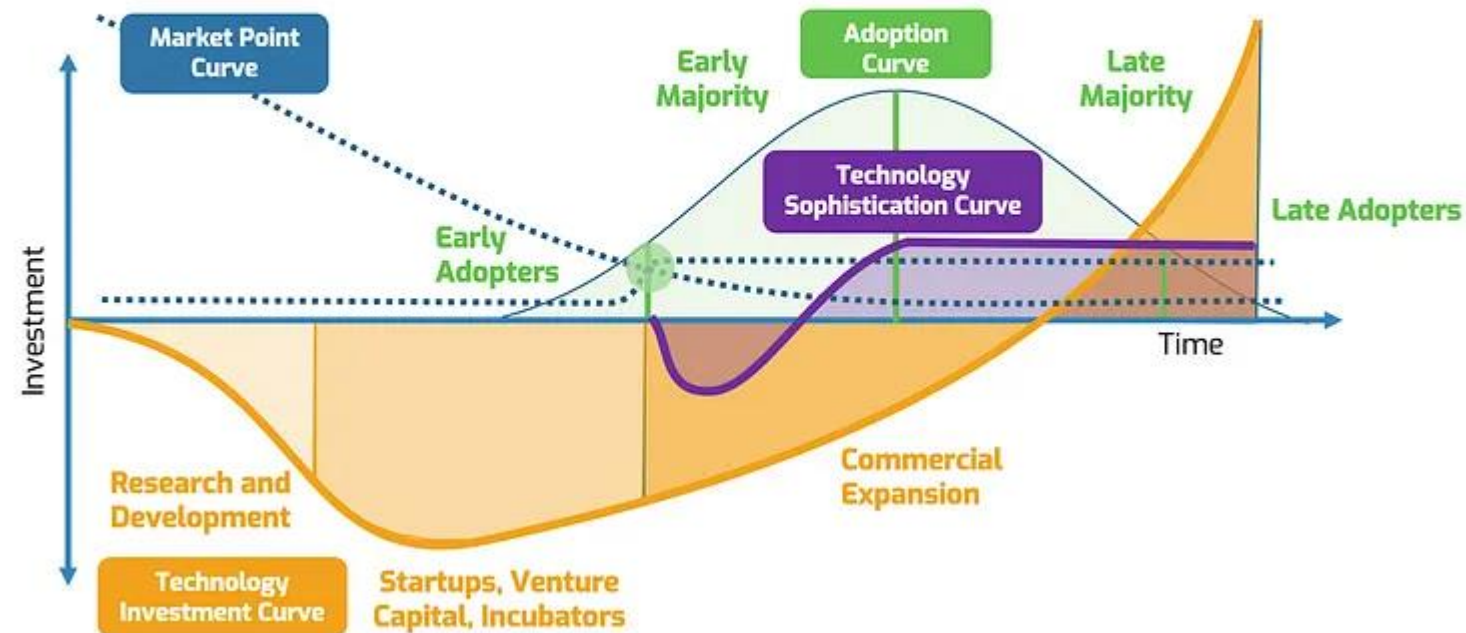
01. ALIGN ON THE WHY

Define the business value of digital transformation.



The challenge ... the cash drain

The 4 curves of Digital Transformation



What is a company made of ?

- The board with the chairman of the board
- The executive committee with the CEO
- The senior management
- The middle management
- The « deep state »

let's get the buy-in ... how are the
dots connected ?



What kind of company ?

- Natural born digital company
- Product legacy company
 - With stable or growing margins
 - With declining margins

Big bang or incremental changes ?



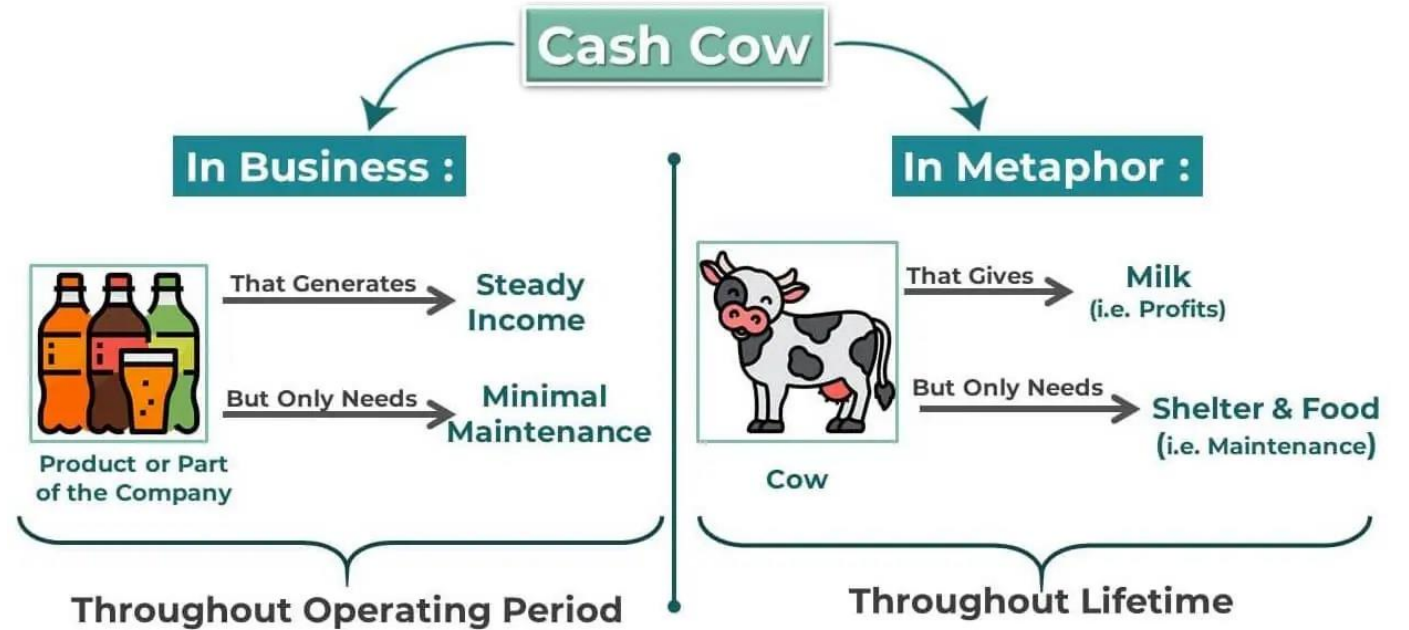
Big bang

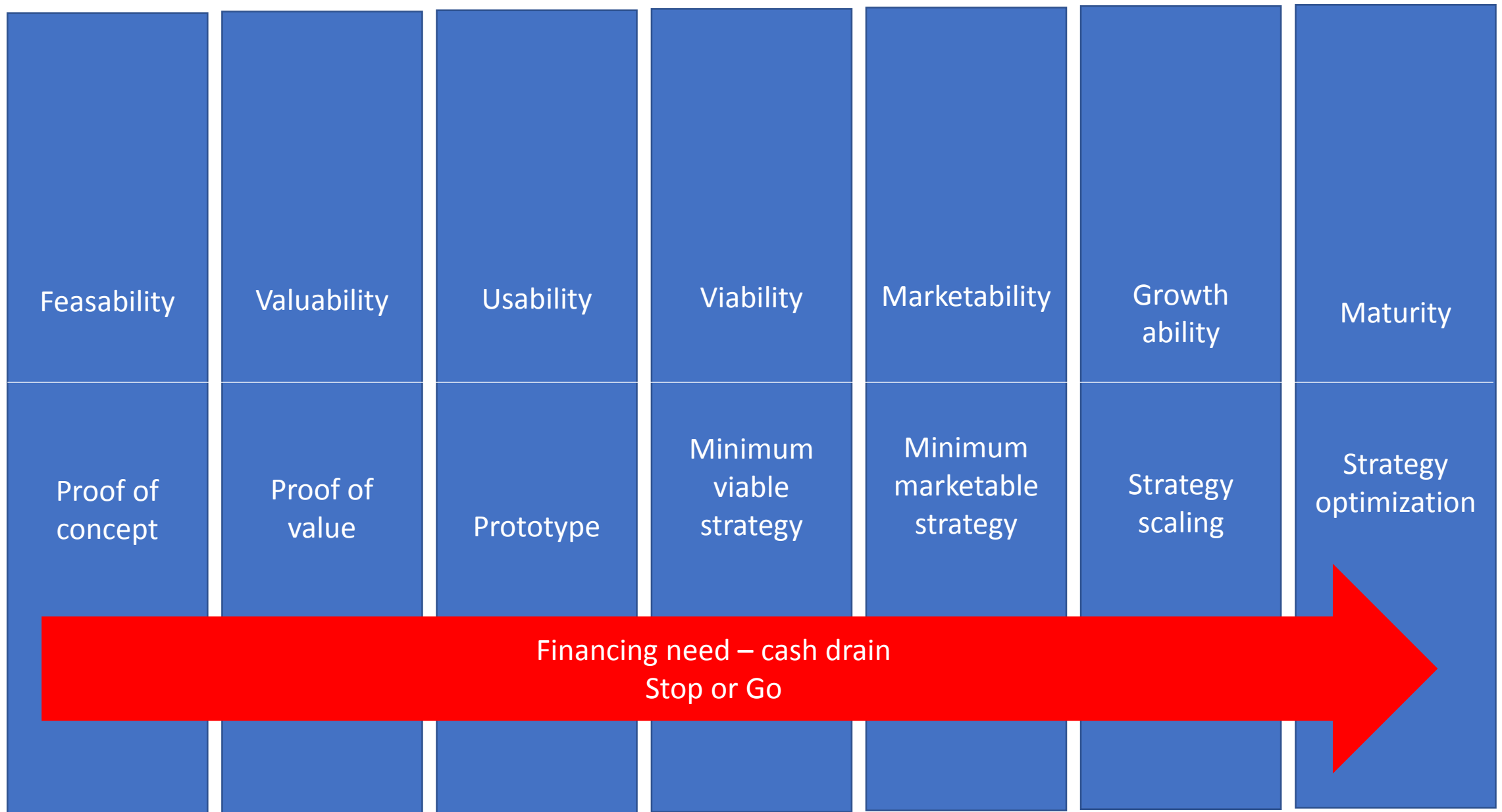
- There is no plan B
- Not possible to go back
- Fail fast and learn faster



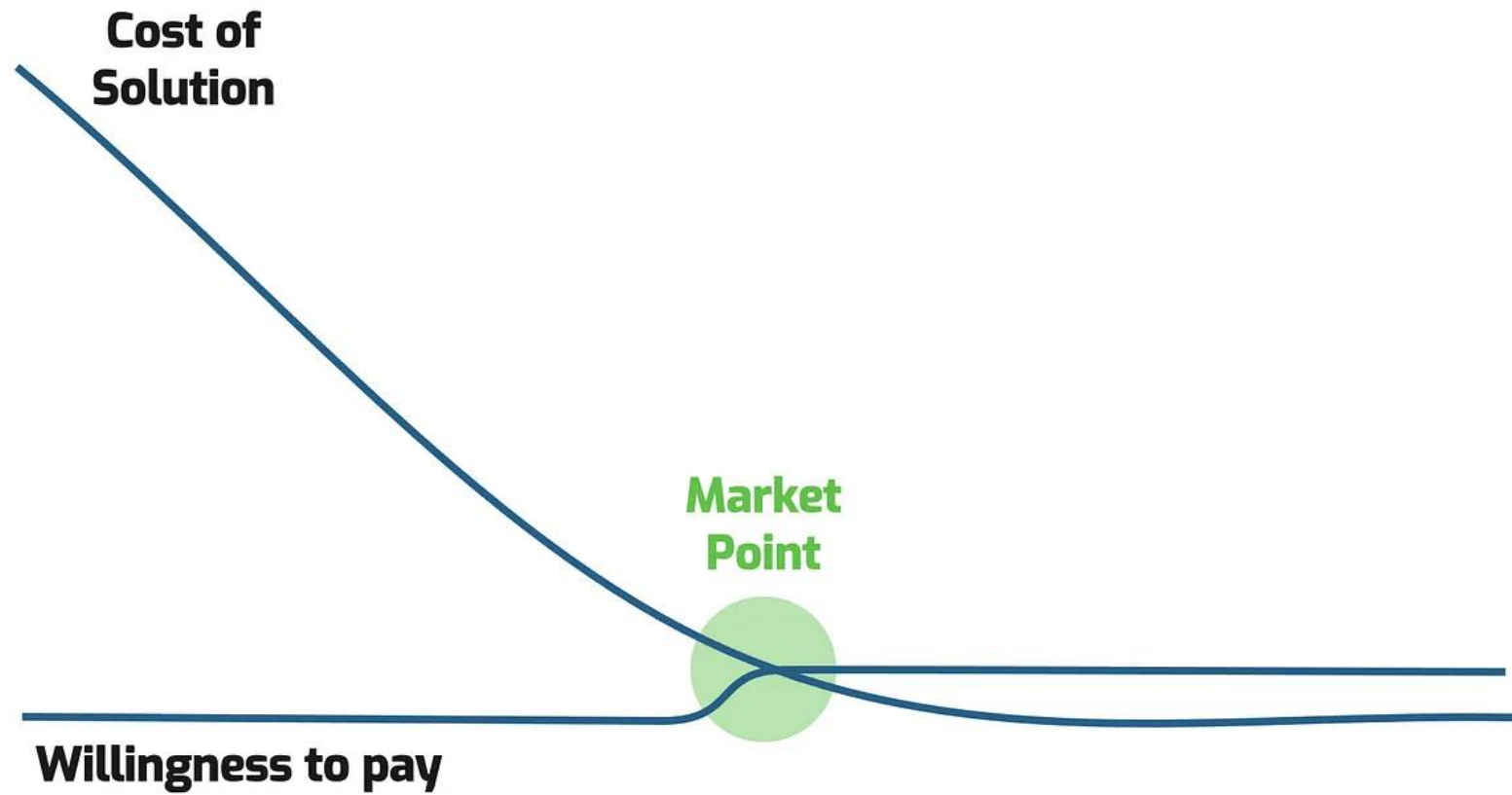
Milking the cash COW

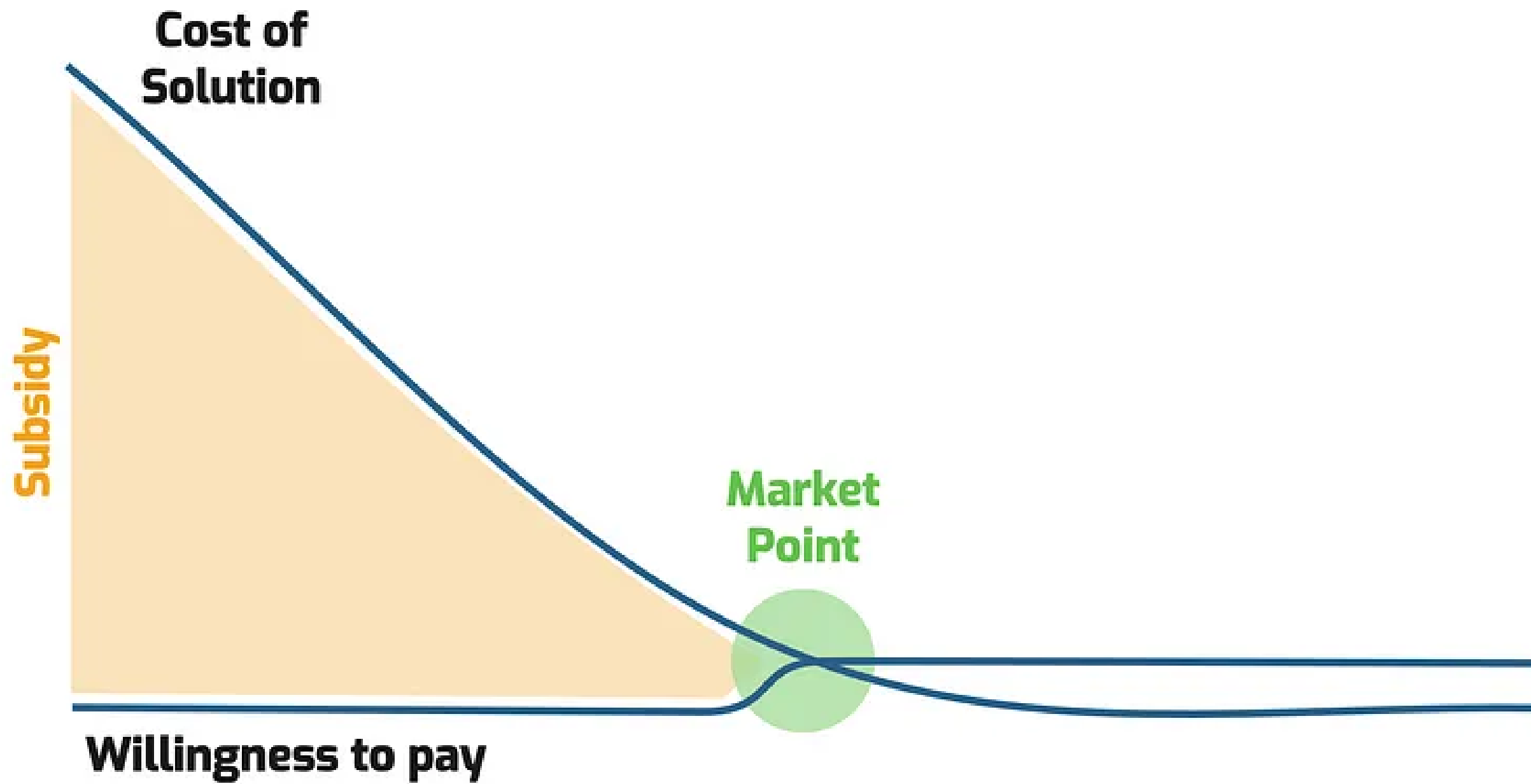
- 2 models co-exist
- No sense of urgency

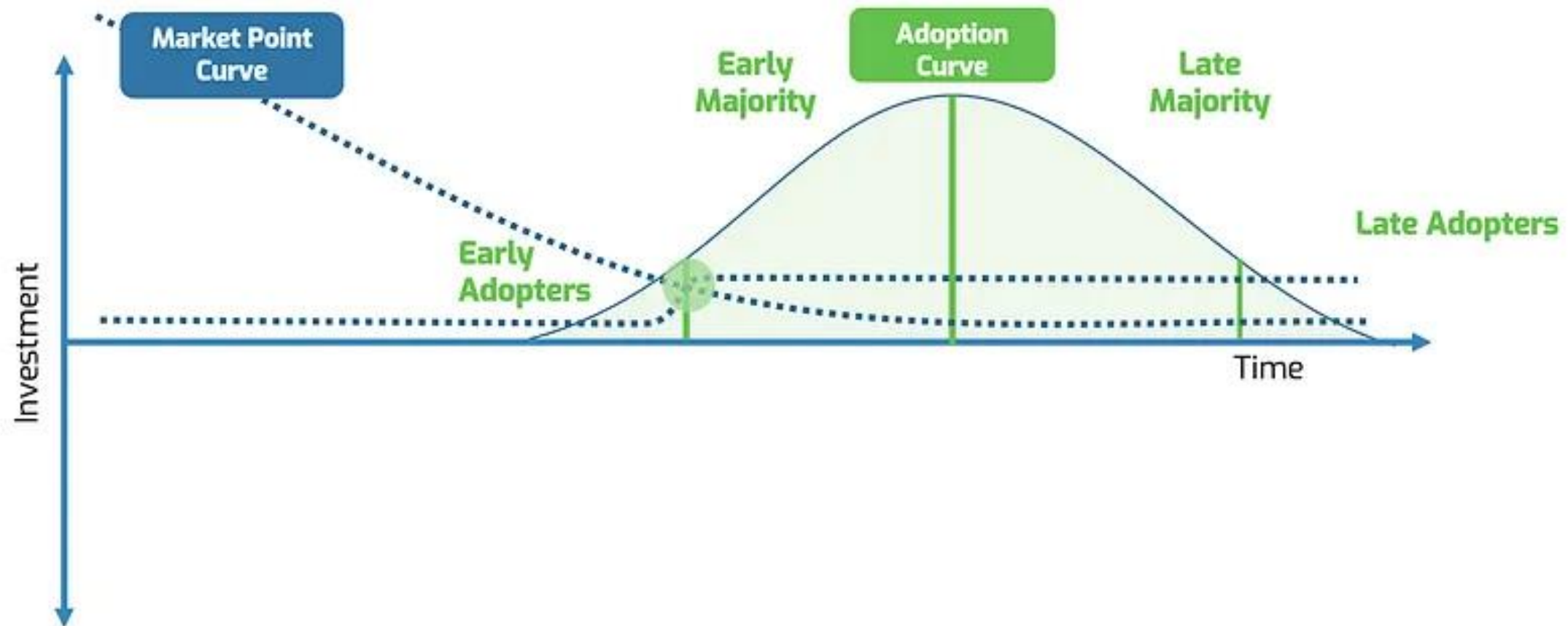


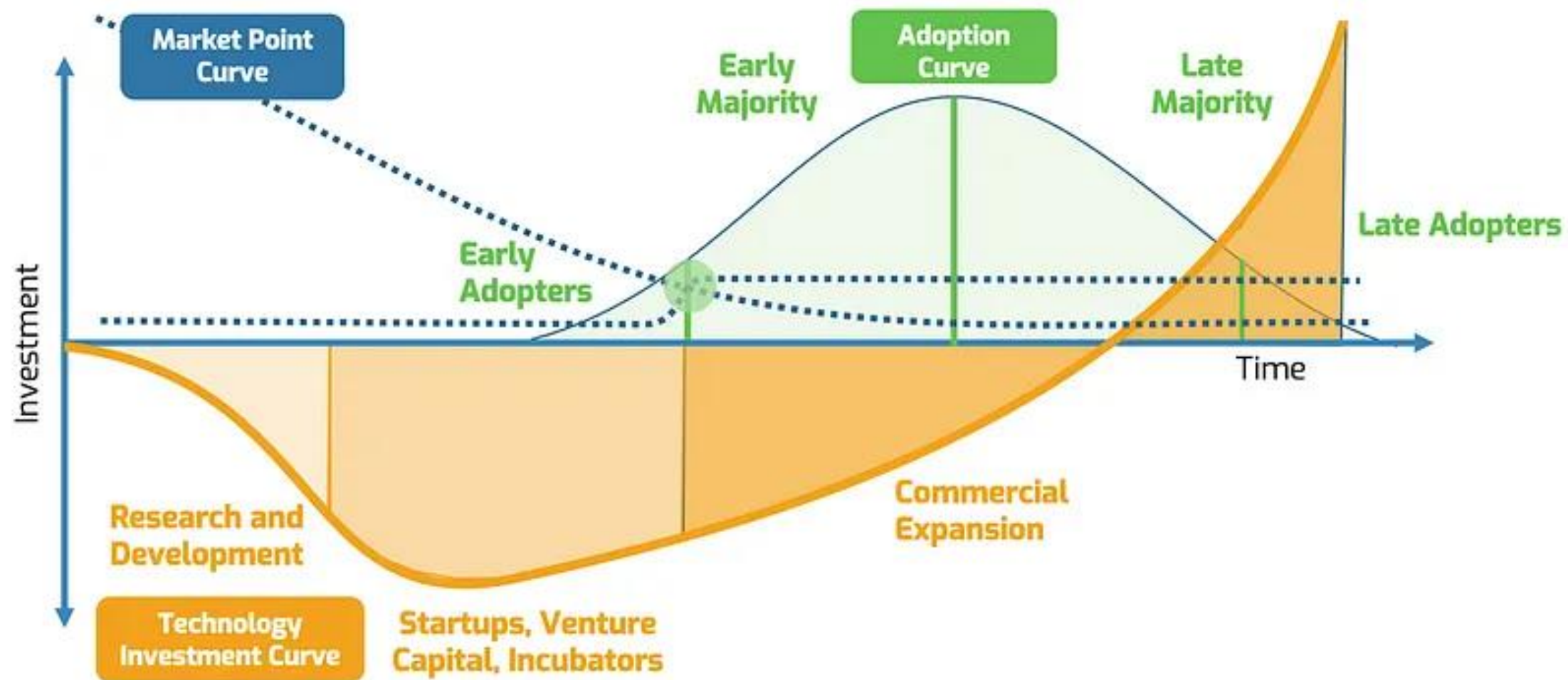


The Market Point Curve









The 4 curves of Digital Transformation

