

REWIRED

Outcompeting in the age of digital and AI

Hong Kong REWIRED Roundtable

September 19, 2024

How technology has changed

Old paradigm

Large system - slow evolution

Avoid custom developments

Outsource to lower cost

“Utility”

New paradigm



Modular architecture - rapid evolution



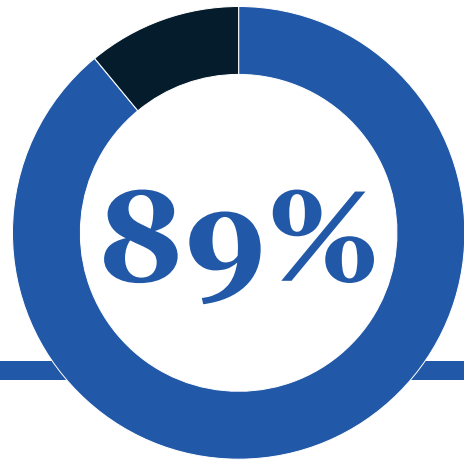
“Assemble” custom solutions from building blocks



In-source for competitive advantage and speed

“Competitive differentiator”

You know the story!



have a digital and AI transformation underway

30%

of expected revenue increase delivered

25%

of expected cost reduction delivered

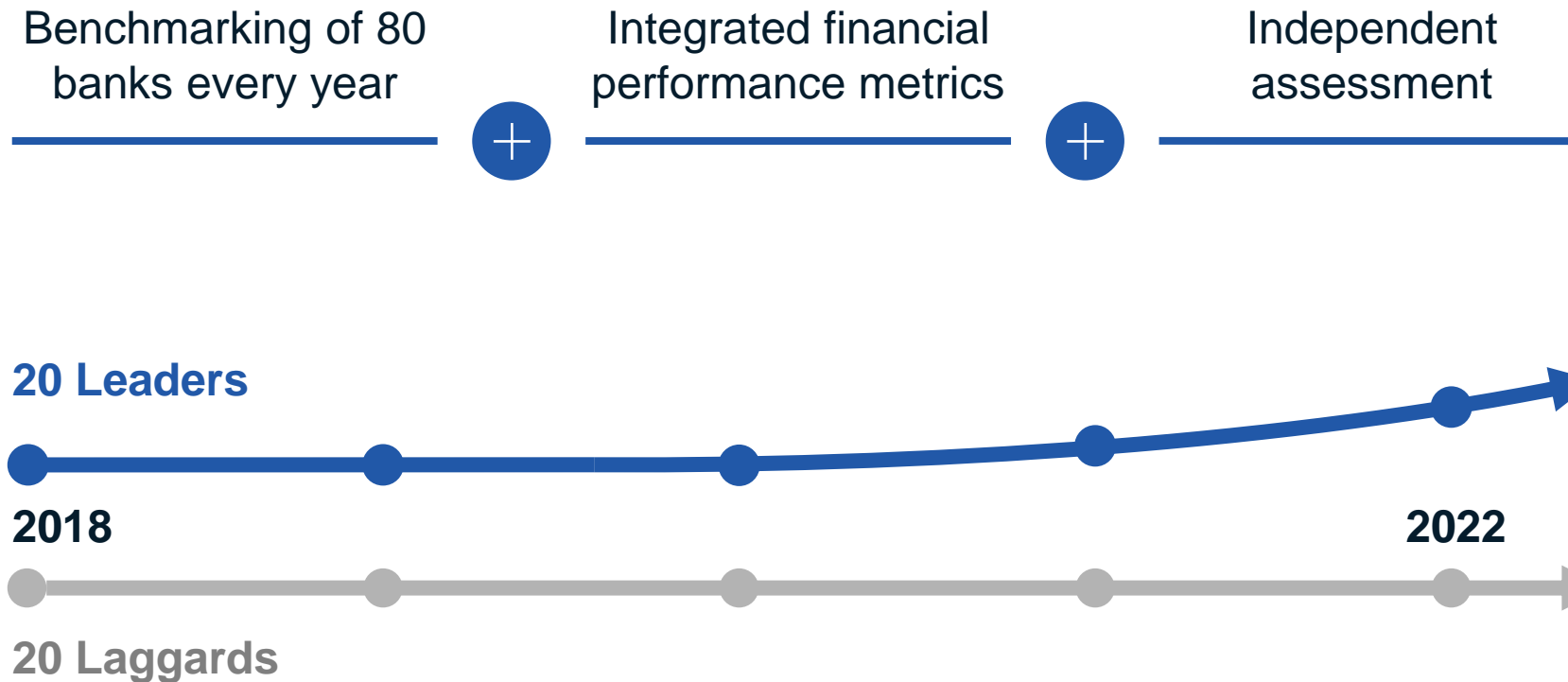
Is it **worth** the investments and efforts?

Will it provide **competitive differentiation** or is this just **table stakes**?

Will we be **financially rewarded**?

...and if so, **what exactly** should we do?

Learning from Banking



Harvard
Business
Review

Leaders far outperform on every financial metrics

They **embed tech everywhere** in their core processes / journeys

They **built capabilities** to drive continuous digital/AI improvements

+

These capabilities provide **hard-to-replicate competitive advantage**

Companies that are rewiring

verizon✓



Freeport McMoRan
COPPER & GOLD



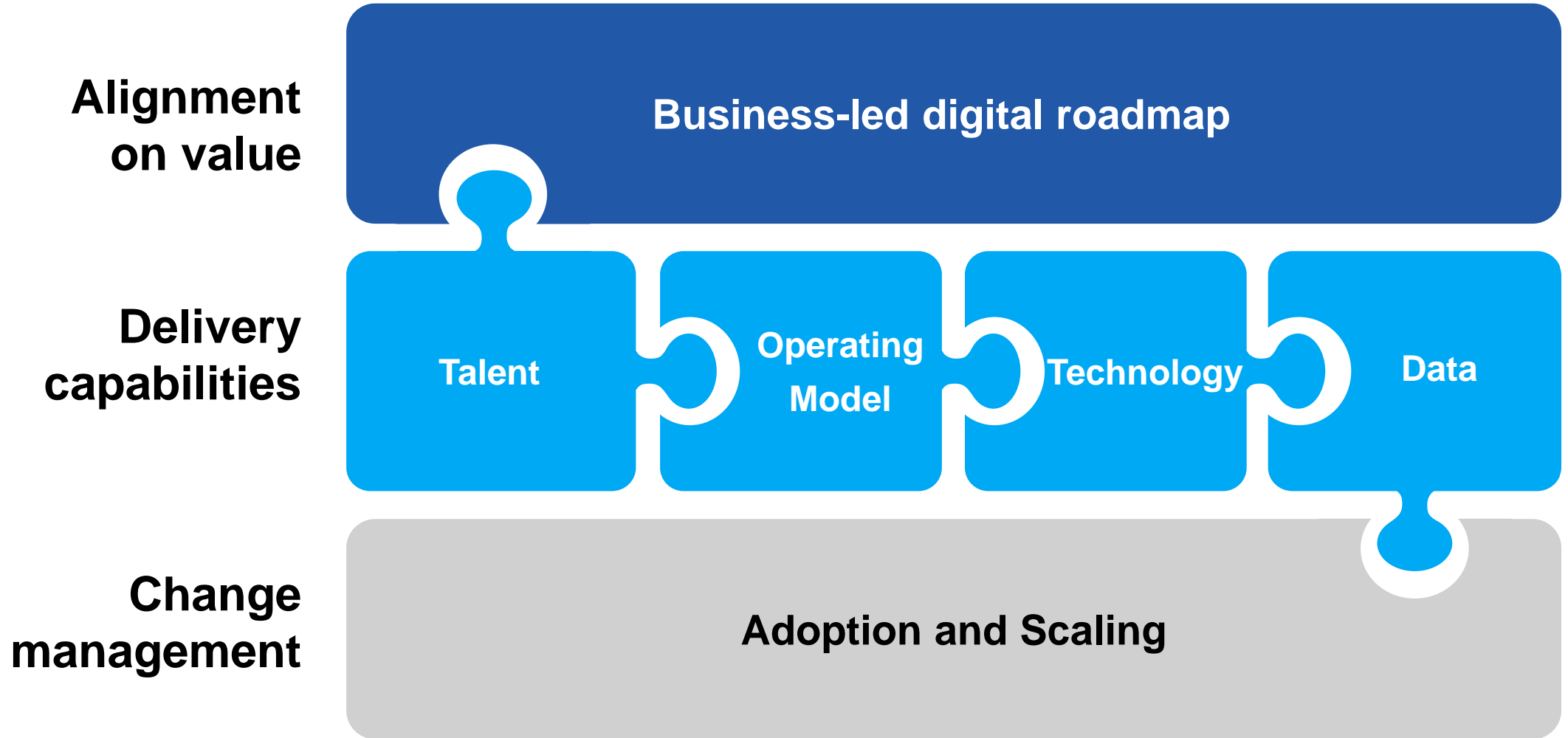
LEGO



TOYOTA



Capabilities of Rewired companies



REWIRED maturity markers

Experimenting

Experimentation and early successes

<1% EBIT value created from siloed use cases

Value Roadmap	Siloed use cases
Talent	Pockets of digital hires
Operating model	Side cars
Technology	Centralized
Data	Controlled by data specialists
Adoption and scaling	“Last mile” challenges

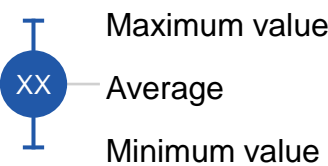
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Enterprise-wide business innovation
with digital & AI

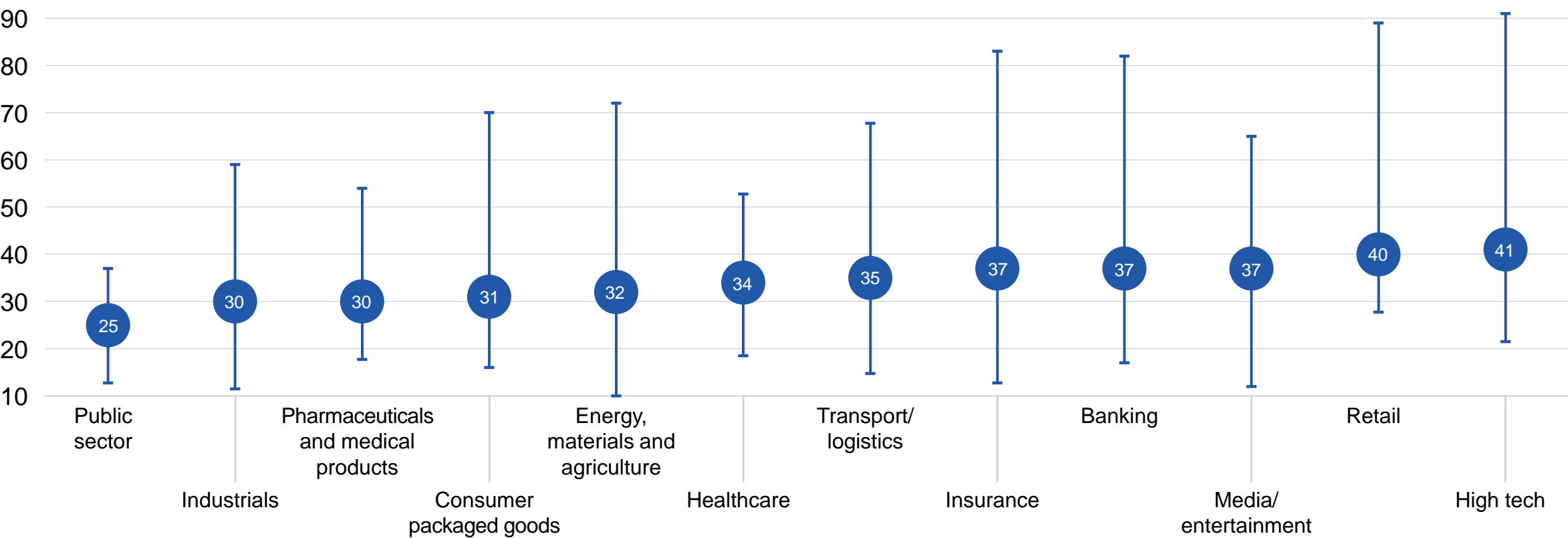
>20% EBIT value created, enterprise-wide

Business-led roadmap, C-suite owned plan
Sweeping shift in talent mix
Embedded delivery - Product & Platform model
Distributed, modernized, easy to use - ITaaS
Easy to consume
Business owned and architected to scale

Wide spectrum of digital and AI capabilities



Average Digital Quotient and AI Quotient scores by sector¹



1. Digital Quotient (DQ) and AI Quotient (AIQ) assessments measure digital and AI maturity across core capabilities and management practices that are essential to capturing value

Current AI and GenAI killer applications

Select examples

Traditional AI Generative AI



Yield optimization

BHP



Pricing optimization

ExxonMobil
Chemical



Sales optimization

PILOT
COMPANY

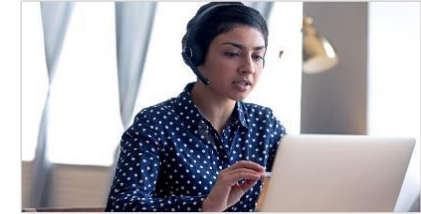


Supply chain
optimization

 **TOYOTA**

Contact centers

CMS ENERGY



Specialized field forces

Teck



Sales/advisory services

McKinsey
& Company



Software
development

IBM



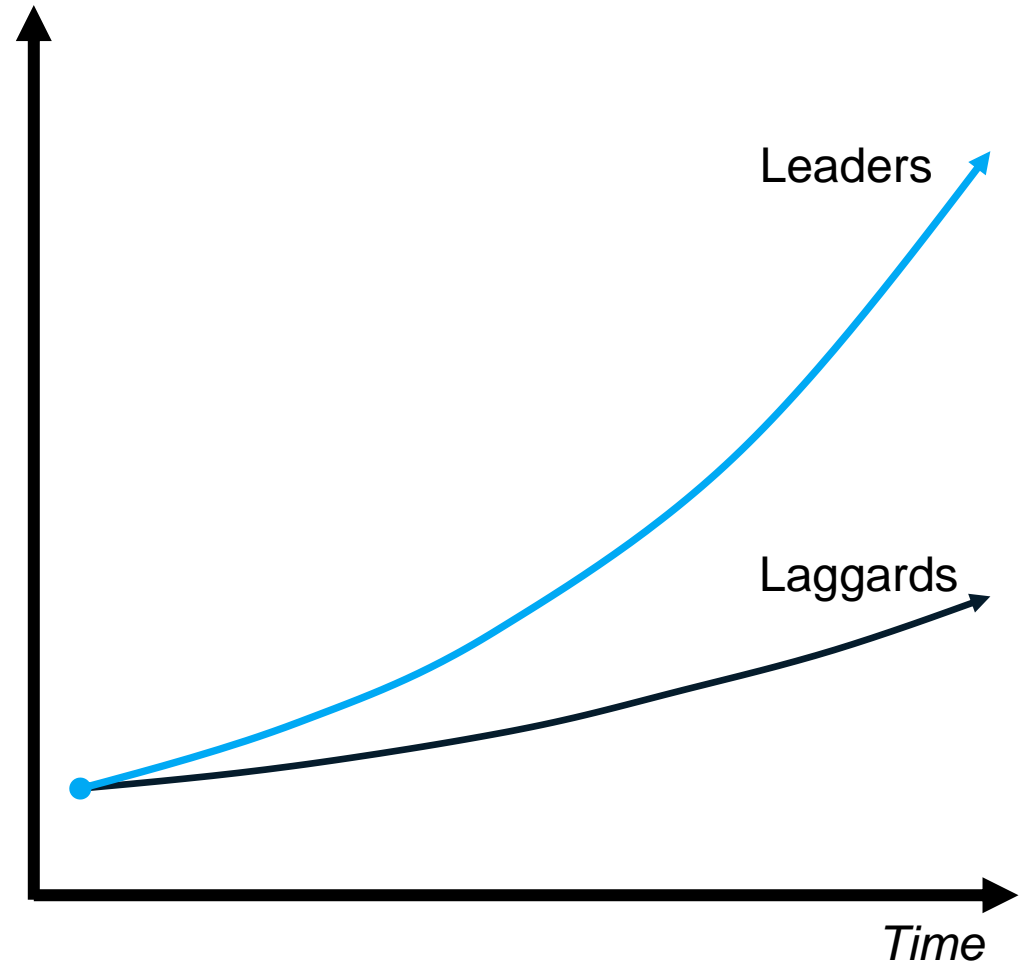
Is your rate of change fast enough?

Every company has a digital & AI transformation underway

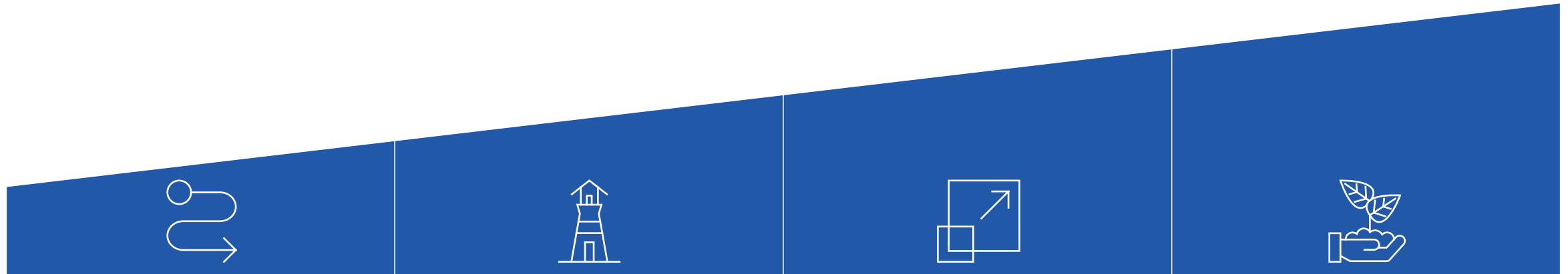
How **well** is your company leveraging technology to improve CX and unit cost

The rate of improvement matters and compounds over time, creating **competitive distance**

The rate of improvement is driven by **core capabilities**



Typical transformation phasing



Blueprint

~3 months

Leadership learning journey

Vision and prioritized domains

Roadmaps and business case

Capability building plan

Lighthouses

6-12 months

1-3 lighthouse domains being transformed

Pods stood up with new talent – new ways of working

Foundational enablers set up (e.g., cloud infra and data platform)

Scaling

24-36 months

Additional domains

Op model formalized

Tech talent evolution

Maturing SW engineering

Data products/management

Surgical core system modernization

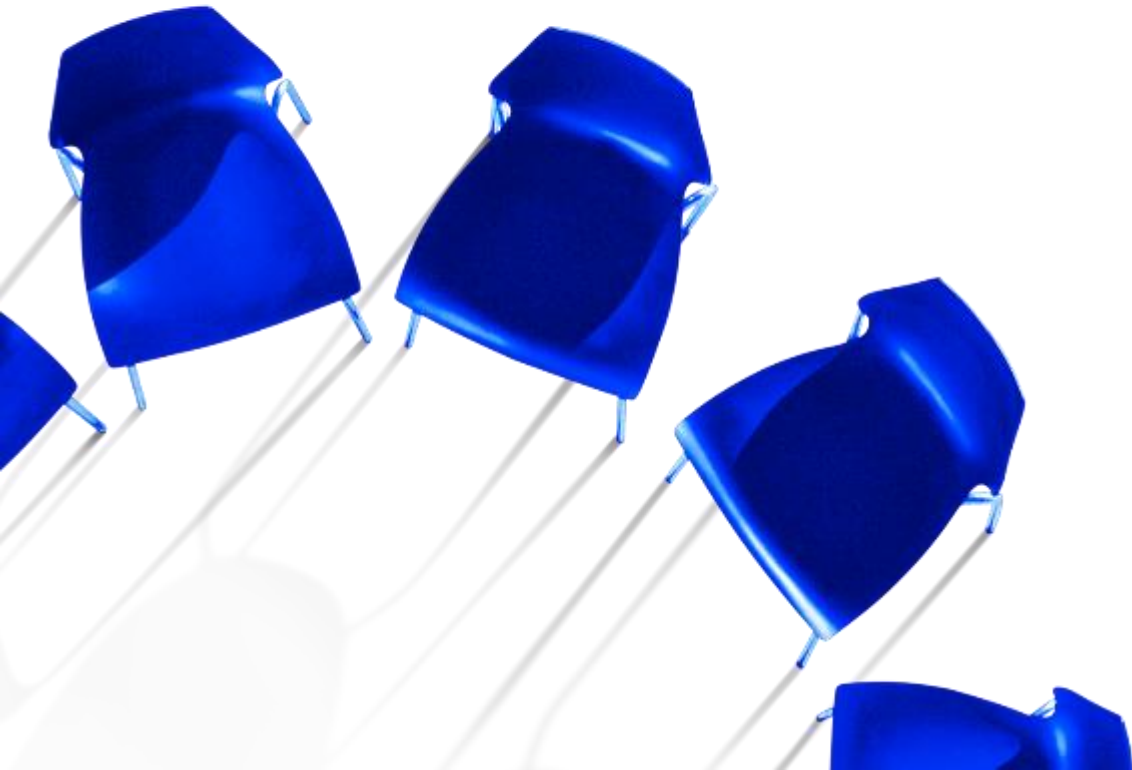
Sustaining

Ongoing

Digital and AI fully integrated into business as usual

Unified Tech organization with in-house talent

The ultimate corporate team sport



CEO

C-suite alignment
Enterprise capabilities
Arbitrages across

BU Heads/COO/ Business Functions

Domain reimagination
Change management
Business case delivery

CFO

Transformation business case
Planning and funding process
OKR/QBR management

CIO/CTO/CDO

Modern software engineering
Data architecture
Core system modernization

HR Lead

Talent bench
Employee value proposition
Skill-based talent management

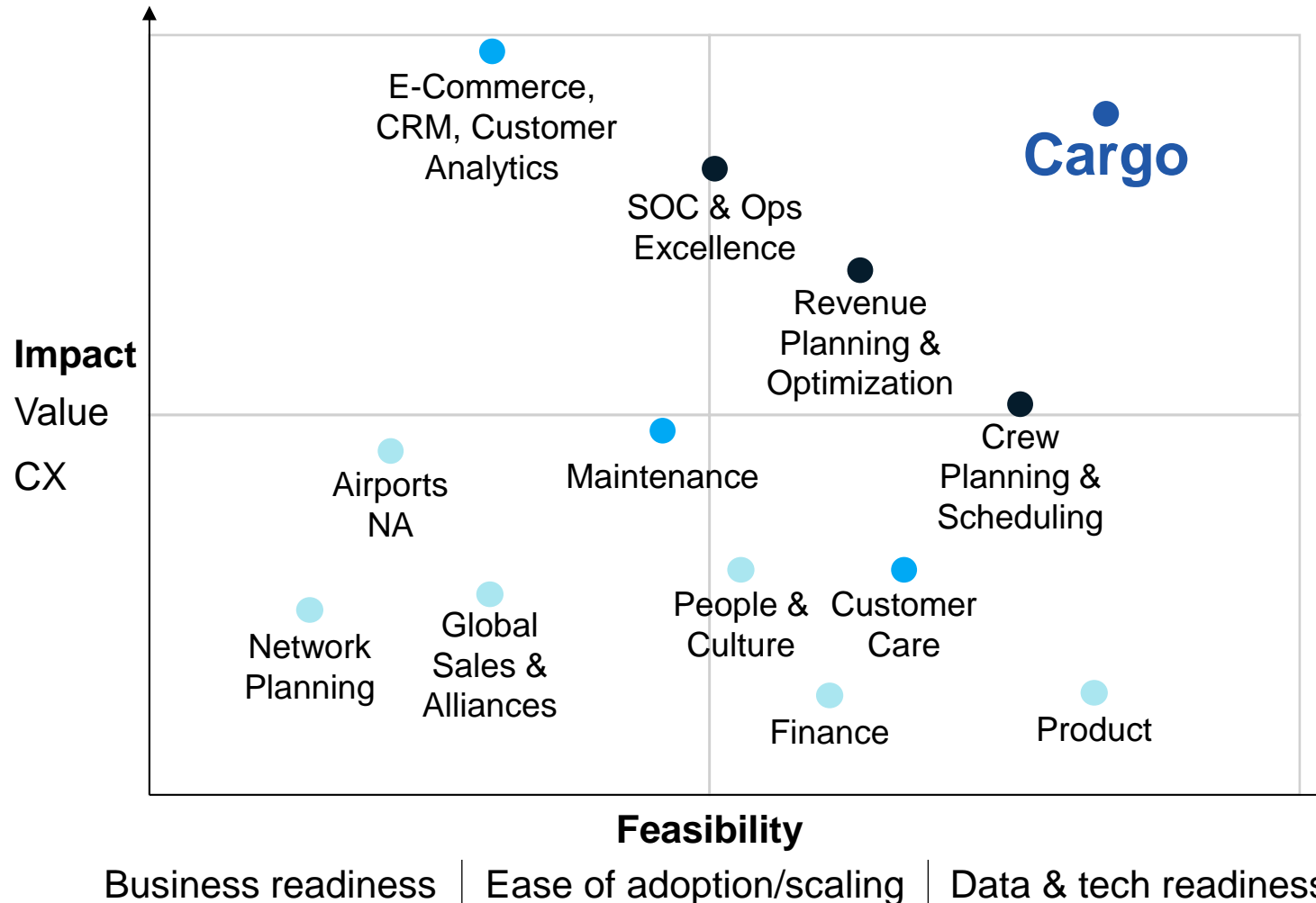
Legal/risk/compliance

Embedding of control functions
Evolution of policies
Managing new Digital/AI risks

Additional material

Transform by business domain

Airline example



Roadmap of use cases

Wave 1 – Increase utilization

Capacity forecast

Show rate estimator

Cost function

Wave 2 – Optimize pricing

Customer lifetime value

True cost to serve estimator

Inventory forecasting

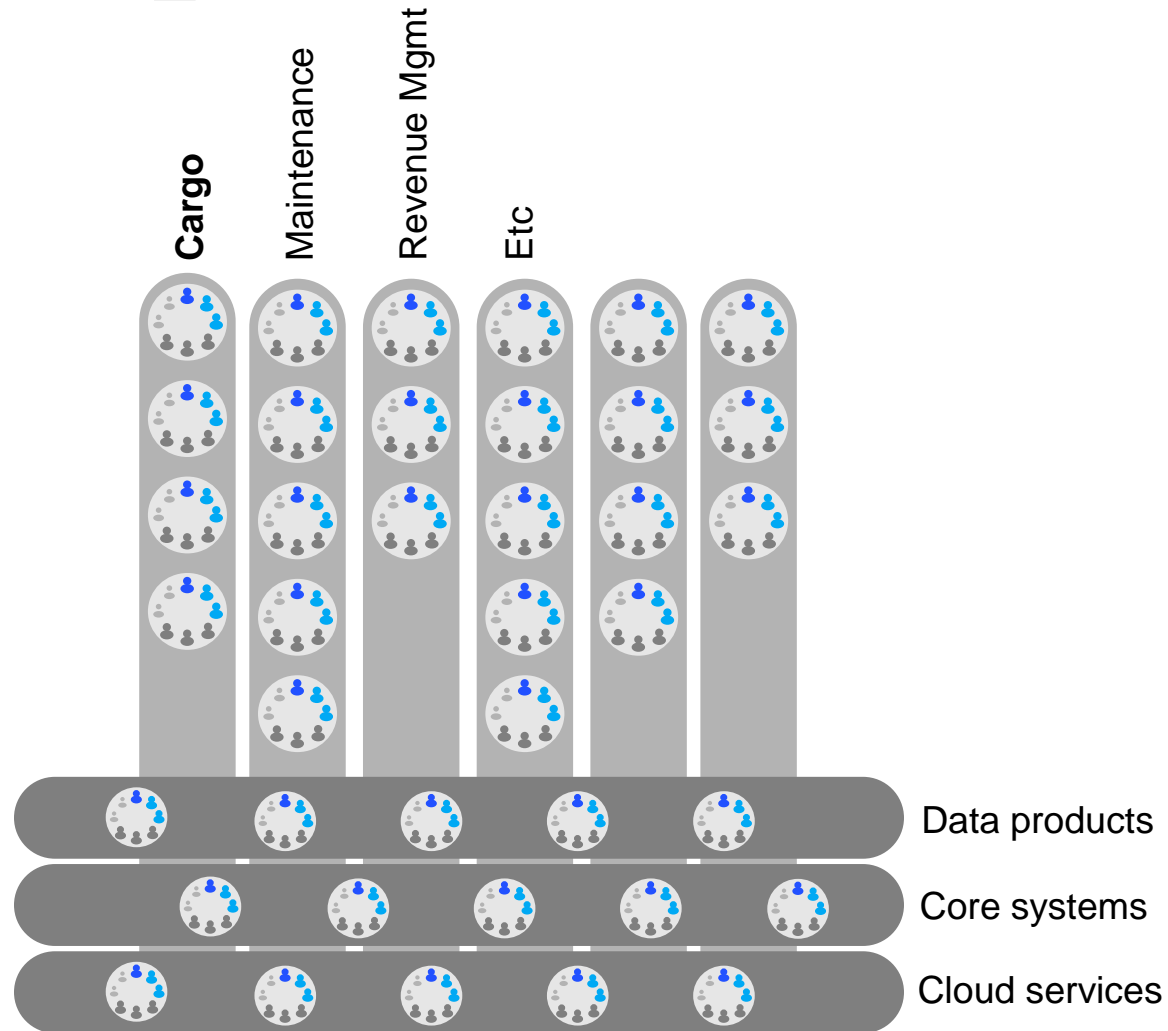
Wave 3 – Airwaybill process

Airwaybill acceptance assistant

Deviant airwaybill risk

Utilization forecast

Bring business, tech and ops closer



Option 1: Digital factory



Option 2: Product & platform



Option 3: Enterprise-wide agile



In closing...

It's not enough to “just do it” – you need to **Lead Industry**

It's not about shiny ‘use cases’ – but **Domain Transformation**

It's never just Tech – think business **Change Management**

It's not a transformation – it's a journey, **Build Capabilities**

It's not just IT – the entire **Top Team** must play