



THE DIGITAL ADVANTAGE

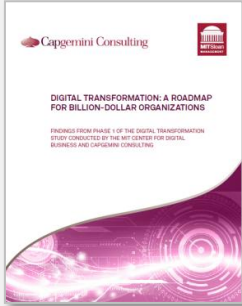


*HOW DIGITAL LEADERS
OUTPERFORM THEIR PEERS IN
EVERY INDUSTRY*

Den norske Forsikringsforenings årskonferanse

28. januar 2014

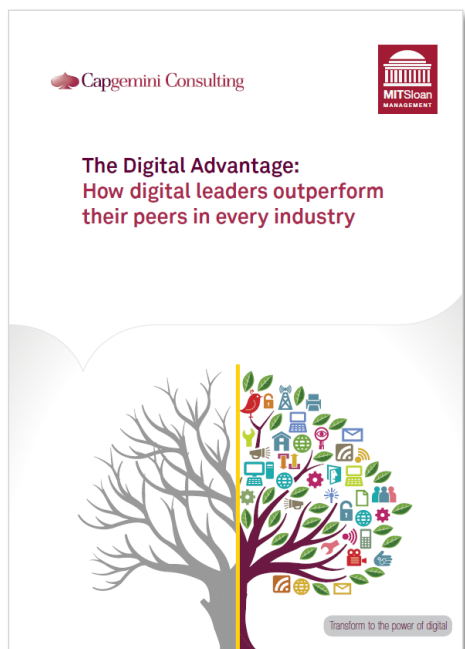
Martin Landberg, Vice President
martin.landberg@capgemini.com

Capgemini Consulting has been partnering with the MIT Center for Digital Business on a 3-year research programme on digital transformation

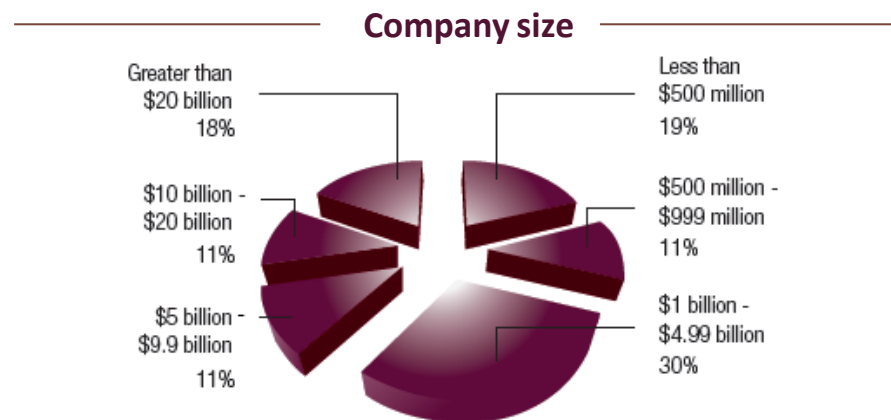
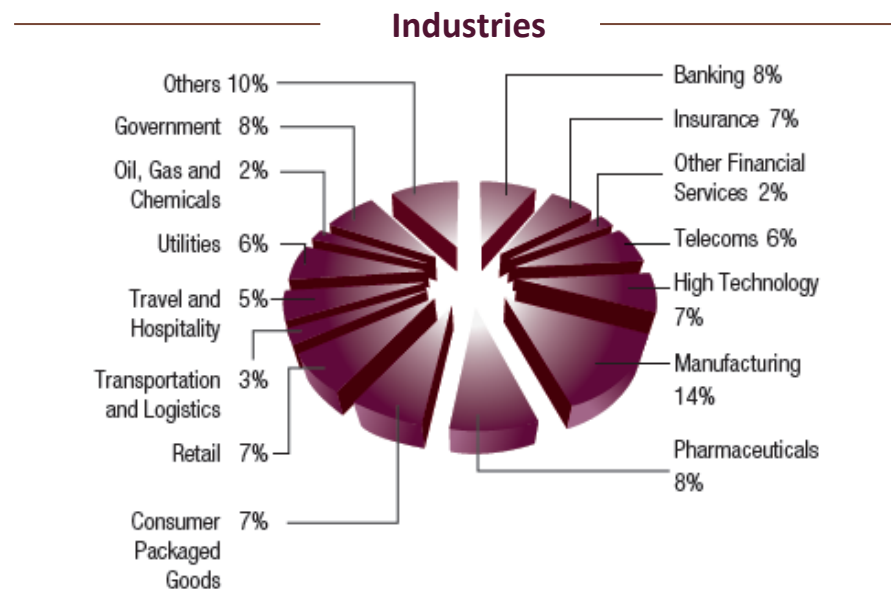
	2011	2012	2013
RESEARCH THEMES	“Digital Transformation Framework”	“Digital Transformation Performance”	“Digital Transformation Execution”
RESEARCH	<ul style="list-style-type: none"> • 160 in-depth interviews in 50 companies (15 countries) • Europe (54%), NA (35%), APAC (16%) 	<ul style="list-style-type: none"> • Appox. 400 companies surveyed in 30 countries (5 continents) • 11 industry sectors benchmarked 	<ul style="list-style-type: none"> • > 2,500 companies surveyed • Global scope
OBJECTIVES	<ul style="list-style-type: none"> • Understand the digital phenomenon • Define a “digital maturity” framework 	<ul style="list-style-type: none"> • Digital leadership and financial performance • Digital maturity at sector level • Define “DNA” of digital leaders 	<ul style="list-style-type: none"> • Establish how digital transformation is managed in practice • Understand execution challenges
OUTPUTS			

“The Digital Advantage” study identifies essential components of digital maturity and examines the link between digital maturity and financial performance

The research is based on surveys from 469 senior executives in 391 large companies around the world



- Digital maturity and financial performance from 184 publically traded companies
- 7% insurance companies in sample
- Including 5 large Norwegian insurance companies



What do these companies have in common?



What is digital transformation and digital maturity?

Digital transformation is the use of technology to radically improve performance of enterprises.

Digital Intensity

THE WHAT

Technology-enabled initiatives in:

- Customer Experience
- Internal Operations



A word cloud containing terms related to digital technology and operations. The most prominent words are 'Digital', 'Connected', 'Real-time', 'monitoring', 'design', 'operations', 'sales', 'Optimized', 'Location-based', 'in', 'Mobile', 'marketing', 'media', 'Communities', 'products', 'of pricing', 'social', and 'work practices'.

Transformation Management Intensity

THE HOW

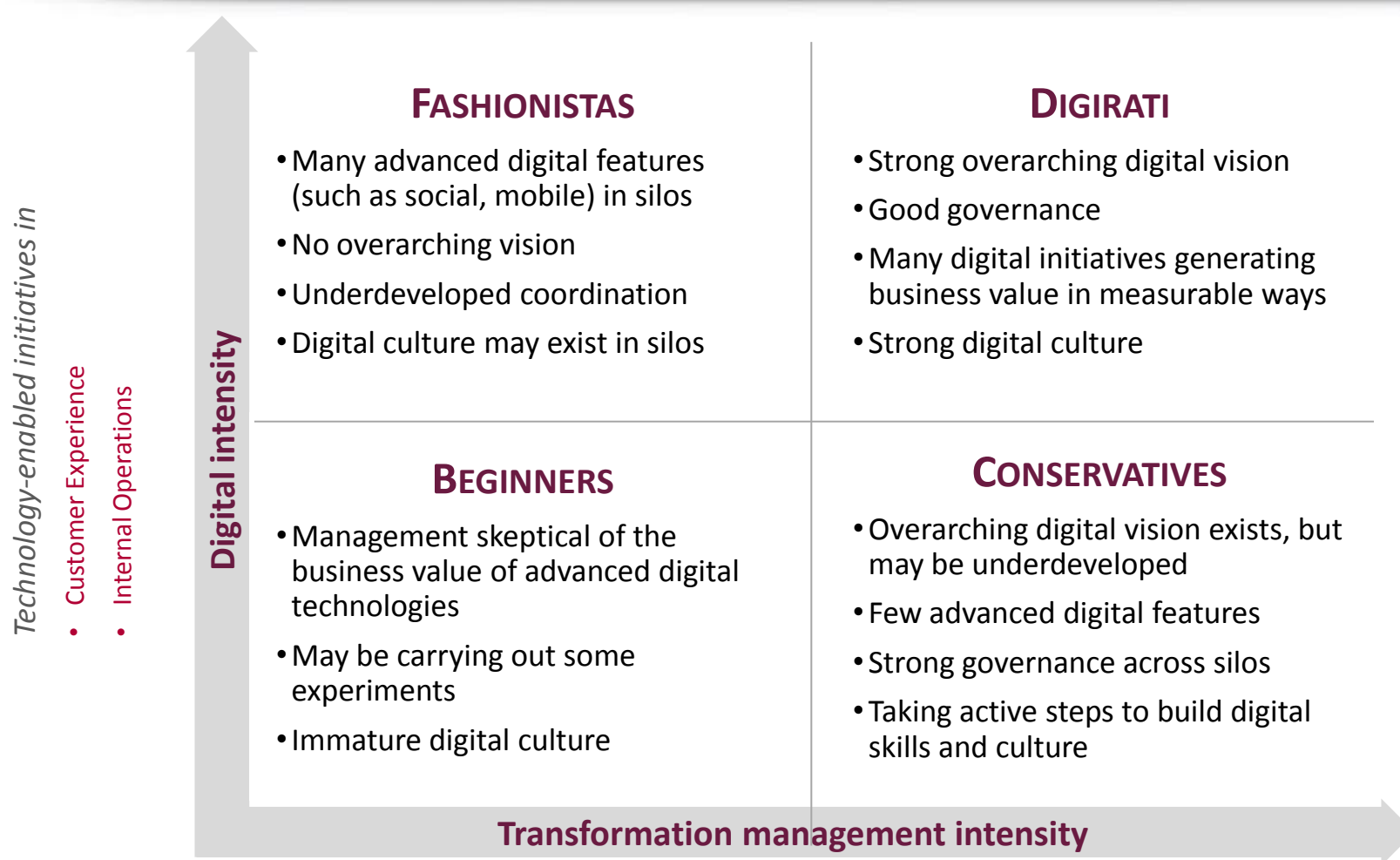
Leadership capabilities including:

- Vision
- Governance
- Engagement
- IT-Business Relationships



A word cloud containing terms related to leadership and organizational change. The most prominent words are 'skills', 'New', 'Evolving', 'work practices', 'future', 'coordination', 'Cross-silo', 'culture', 'Vision', 'Crowdsourcing', and 'Adapt'.

Four levels of digital maturity – with Digirati companies being strong at both digital intensity and transformation management intensity

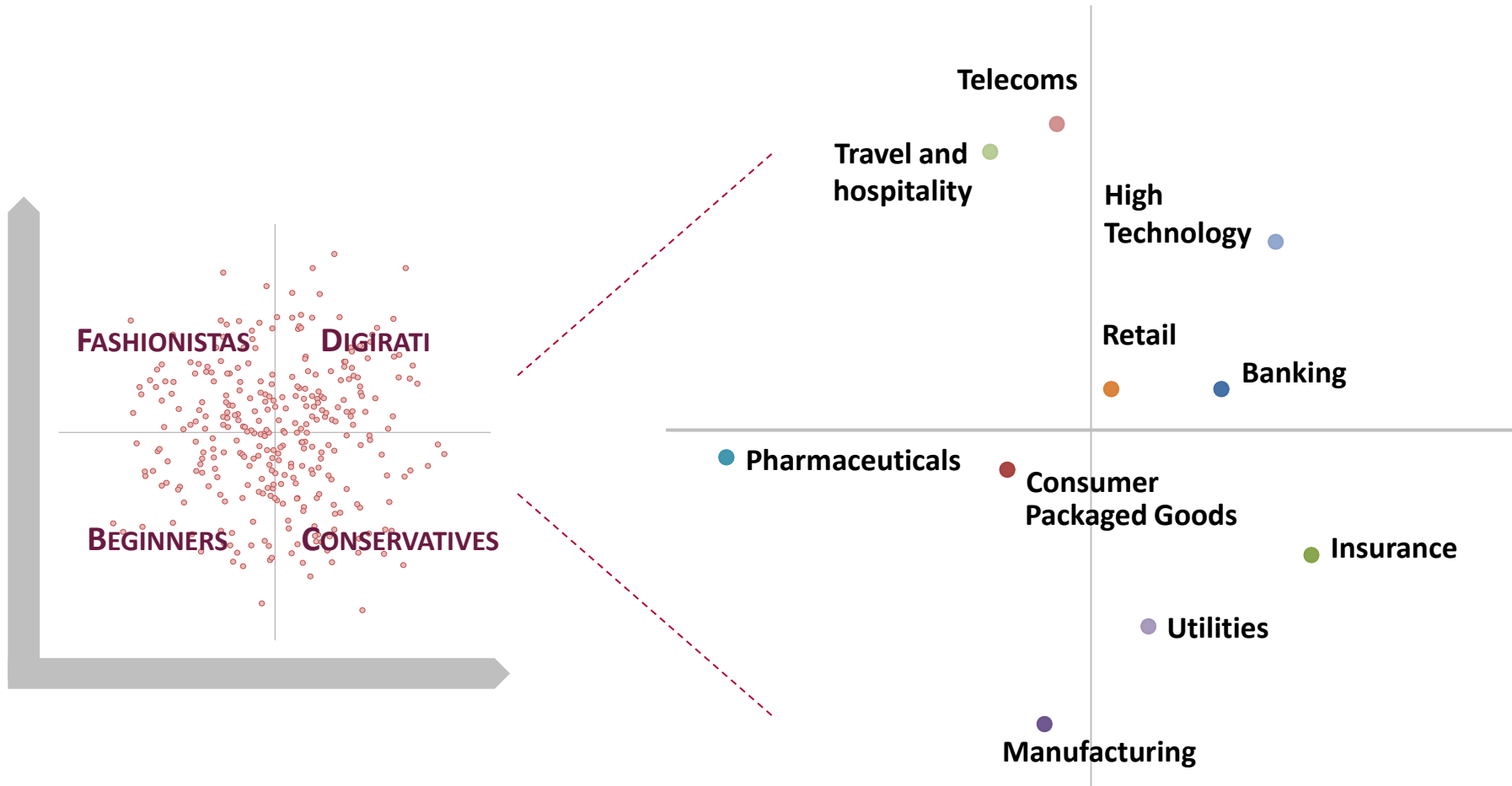


Leadership capabilities including

- Vision
- Engagement
- Governance
- IT-Business Relationships

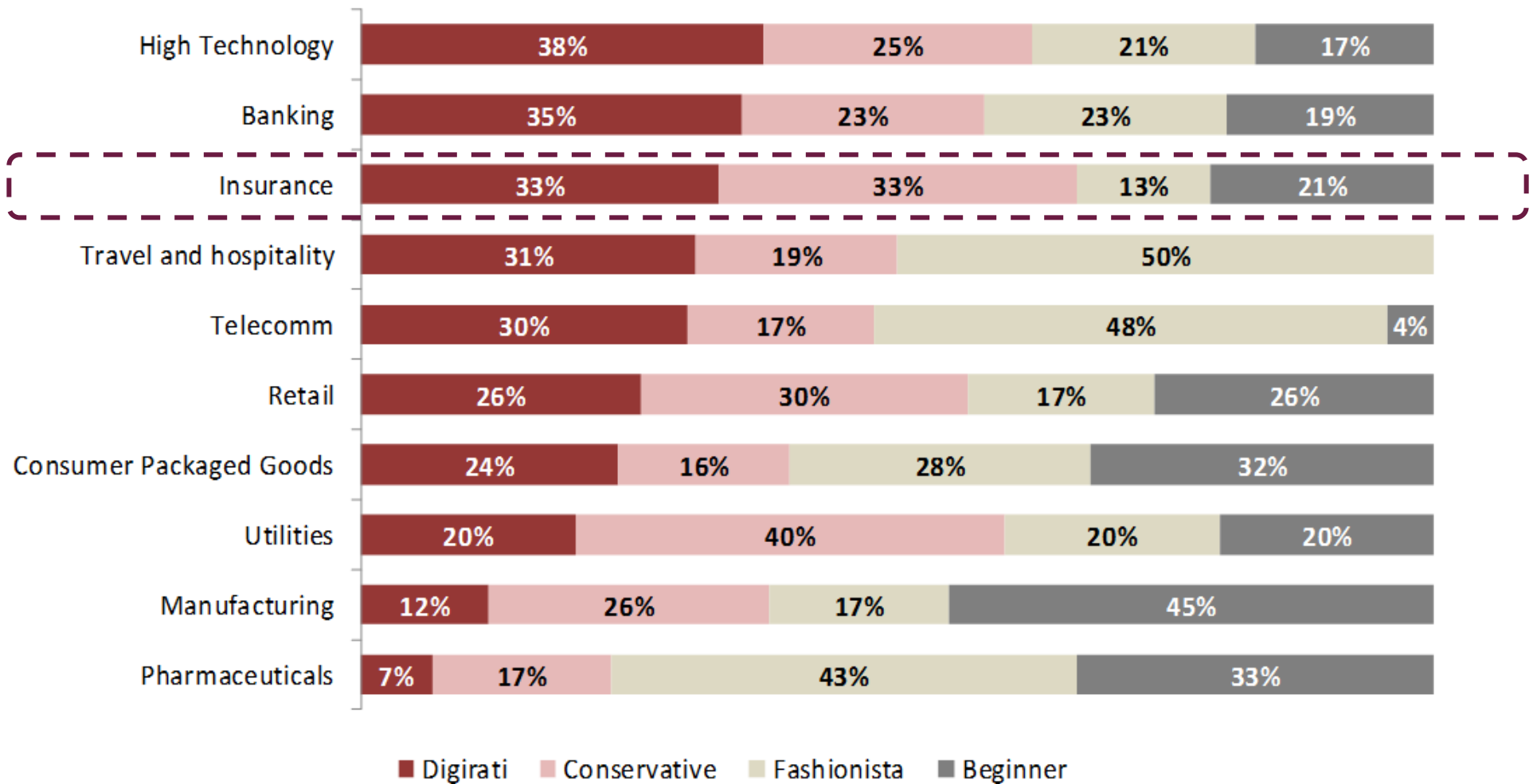
Some industries are more mature than others...

Average industry maturity:



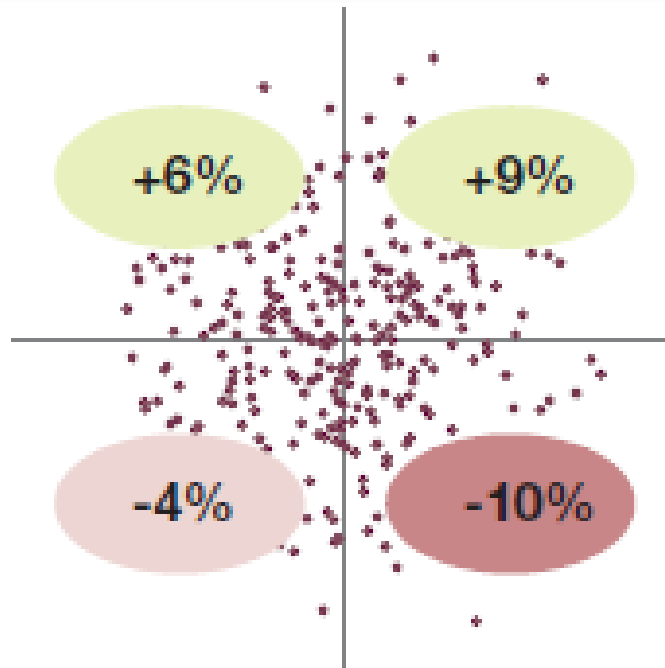
...but every industry already has digirati

Percentage of firms in each industry by quadrant:



Digitally-mature companies delivers significantly better financial results than their peers

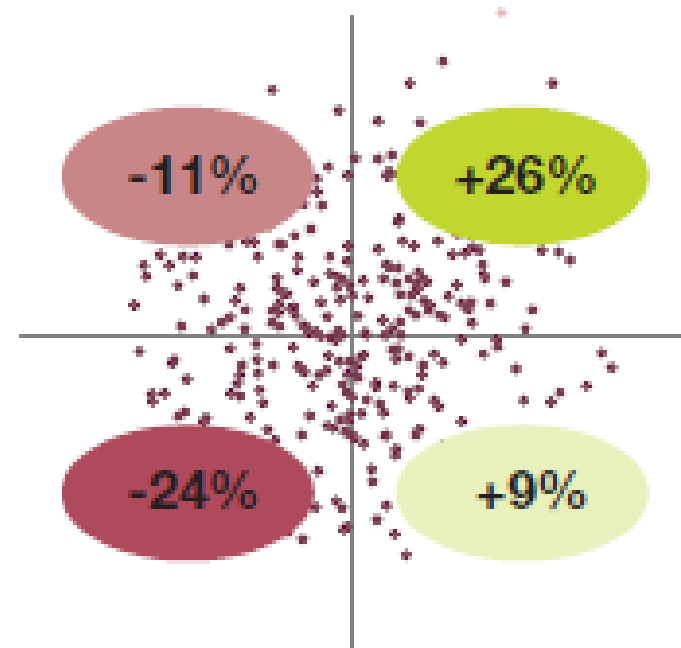
Revenue generation



Basket of indicators:

- Revenue/employee
- Fixed assets turnover (revenue/property, plant & equipment)

Profitability



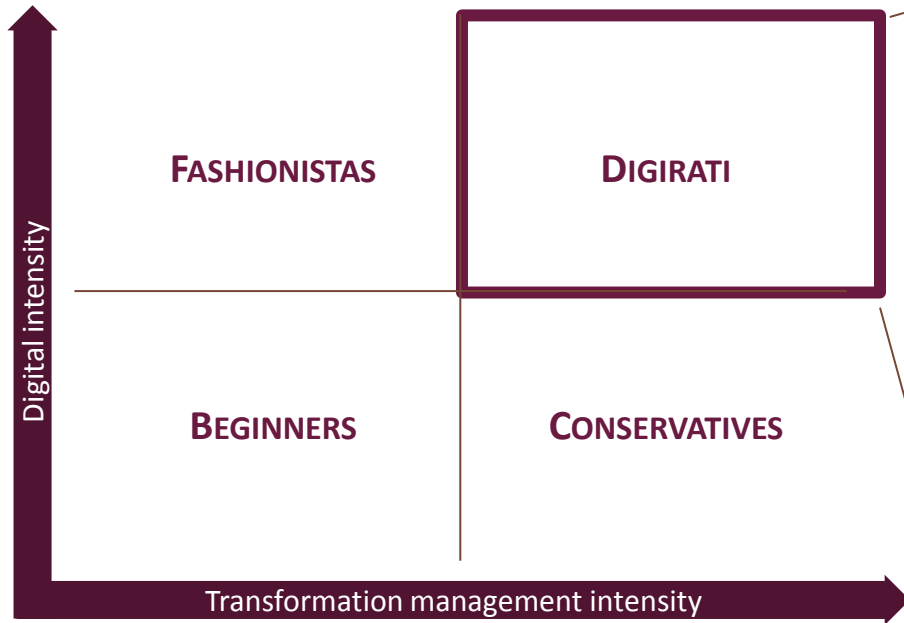
Basket of indicators:

- EBIT margin
- Net profit margin

Average performance difference for firms in each quadrant versus the average performance of all large firms in the same industry for the 184 publicly-traded companies in our sample

Digirati companies have a common digital DNA that outperform their peers in digital maturity and financial performance

A common digital DNA has been identified for Digirati companies



“
What do you want to be famous for? Where to start? What to do next?
”

Prioritise Digital Intensity Initiatives

Digirati-companies distinguish themselves by **excelling in one or more areas** within digital intensity. They make strategic choices about how they will be excellent and focus on **complementary capabilities**:

Process digitization

Internal collaboration

Customer experience

Mobile

Customer analytics

Social media

Strong Transformation Management Capabilities

Four key transformation management practices that enable companies to **align their digital efforts** under a **common vision** and **coordination structure**, and **engage the company** in making the vision a reality:

Transformative digital vision

Engagement

Digital governance

IT-Business relationship



Martin Landberg

Vice President
Head of Customer Experience
Capgemini Consulting Norway



Email: martin.landberg@capgemini.com
Mobile: +47 926 87 404



Please visit www.capgemini-consulting.com for more information on Digital Transformation