



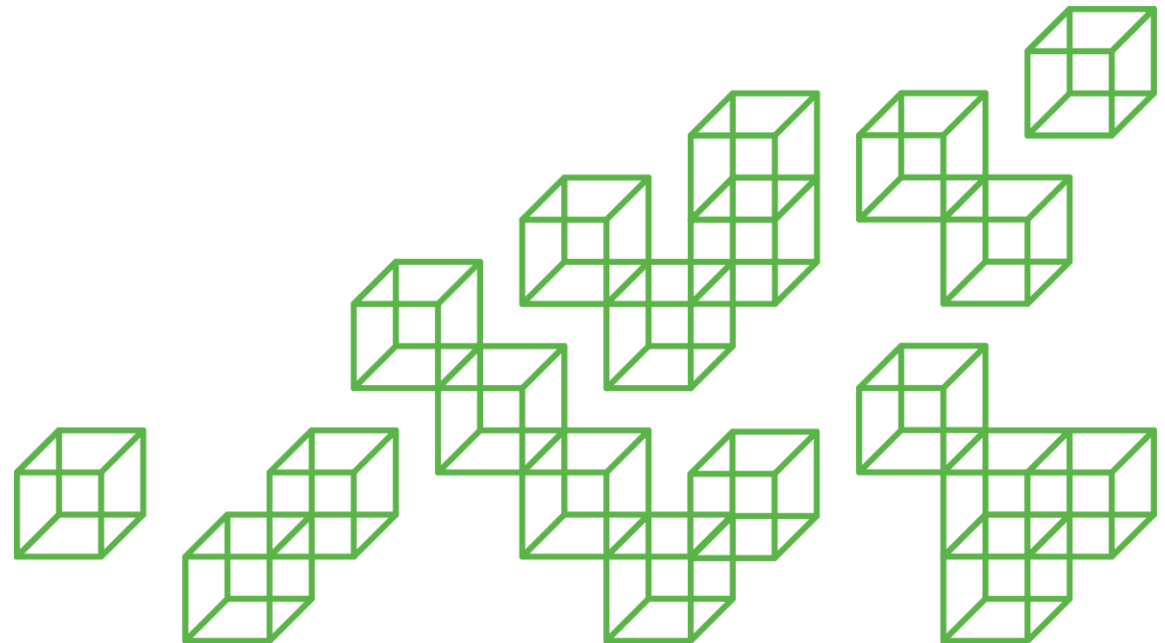
NOV 14, 2017

Paths to digital transformation

ODF Community Conversation

Led by Keith Warren

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Overview

1

What is digital transformation

2

MIT CISR's pathways to future ready

3

Digital readiness assessment

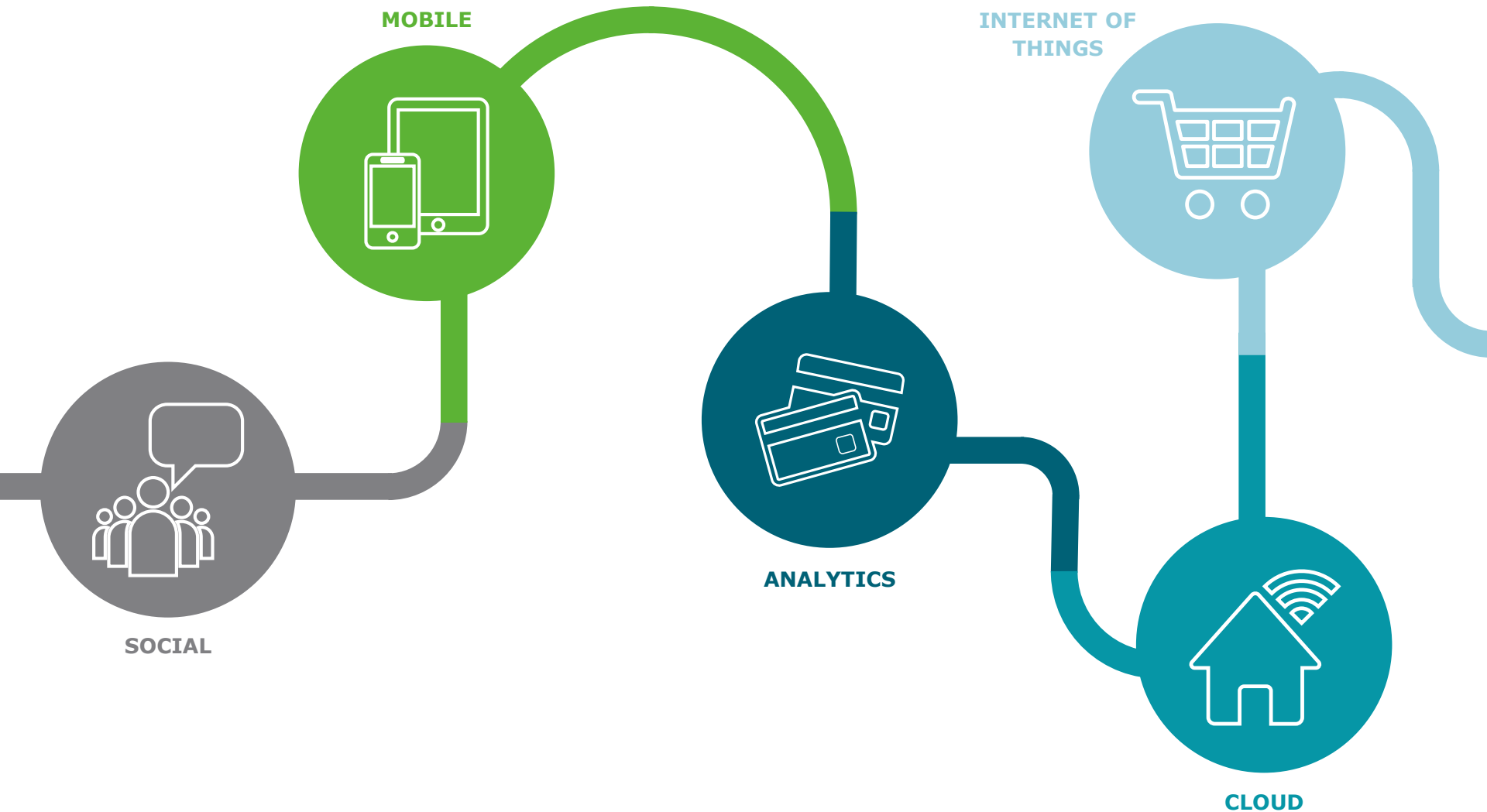
4

Discussion

What is digital transformation?

Business transformation using digital technologies

SMACIT - A way to think about digital technologies



Gartner's hype cycle offers a perspective on influential technology trends

Hype cycle

Three Trends

AI Everywhere

Deep Learning
 Deep Reinforcement Learning
 Artificial General Intelligence
 Autonomous Vehicles
 Cognitive Computing
 Commercial UAVs (Drones)

Conversational User Interfaces
 Enterprise Taxonomy
 Ontology Management
 Machine Learning
 Smart Dust
 Smart Robots
 Smart Workspace

Transparently Immersive Experiences

4D Printing
 Augmented Reality
 Brain-Computer Interface
 Connected Home

Human Augmentation
 Nanotube Electronics
 Virtual Reality
 Volumetric Displays

Digital Platforms

5G
 Digital Twin
 Edge Computing
 Blockchain
 IoT Platform

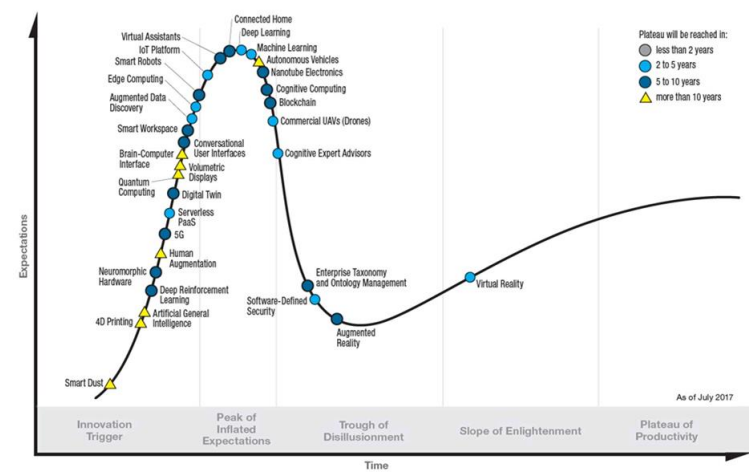
Neuromorphic Hardware
 Quantum Computing
 Serverless PaaS
 Software-Defined Security

gartner.com/SmarterWithGartner

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Gartner Hype Cycle for Emerging Technologies, 2017



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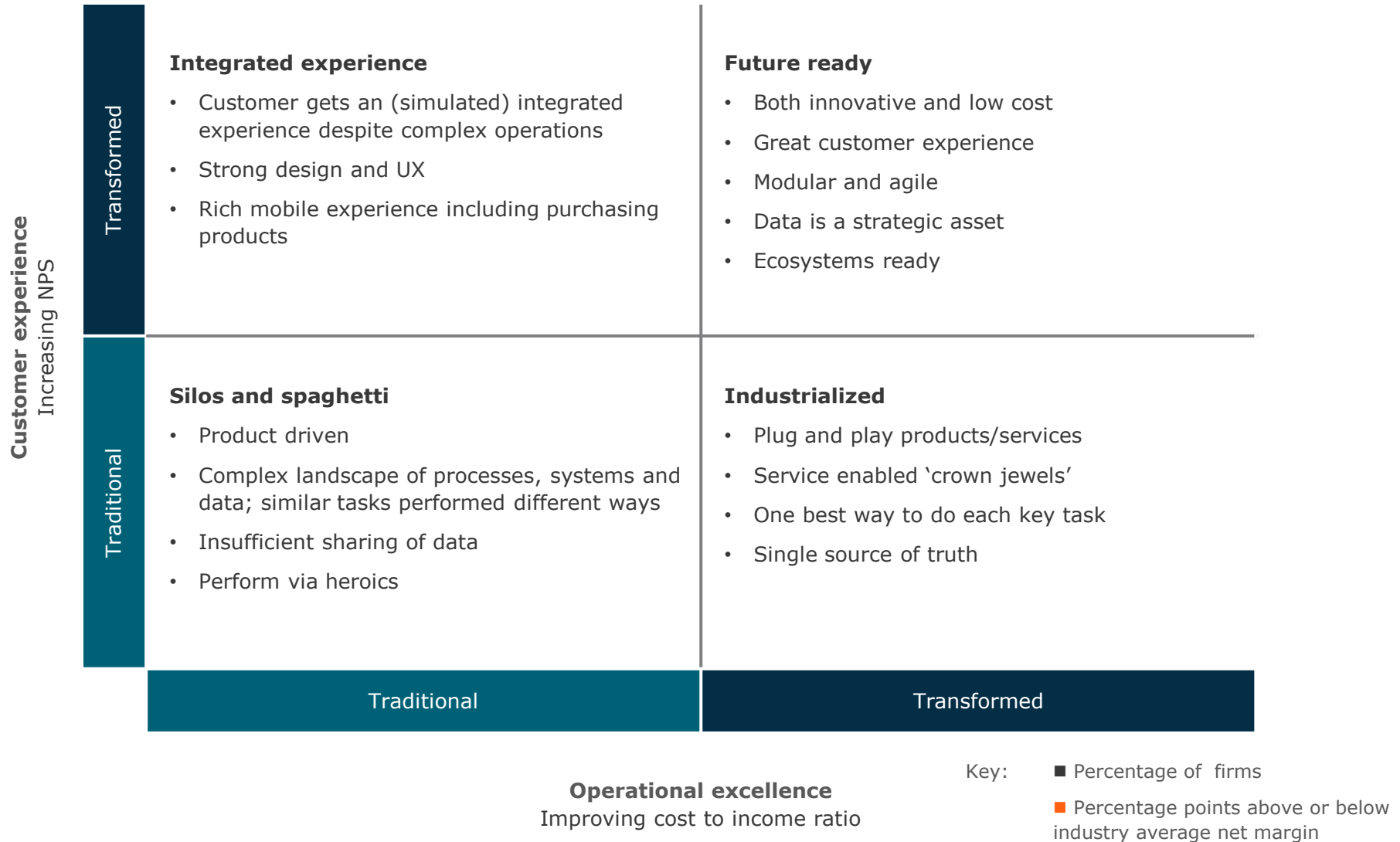
Digital readiness assessment

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Companies evolve in the digital journey across operational excellence and customer experience

A 2016 study on Digital found 4 categories of digital maturity



Future ready firms have the best margins compared to competitors

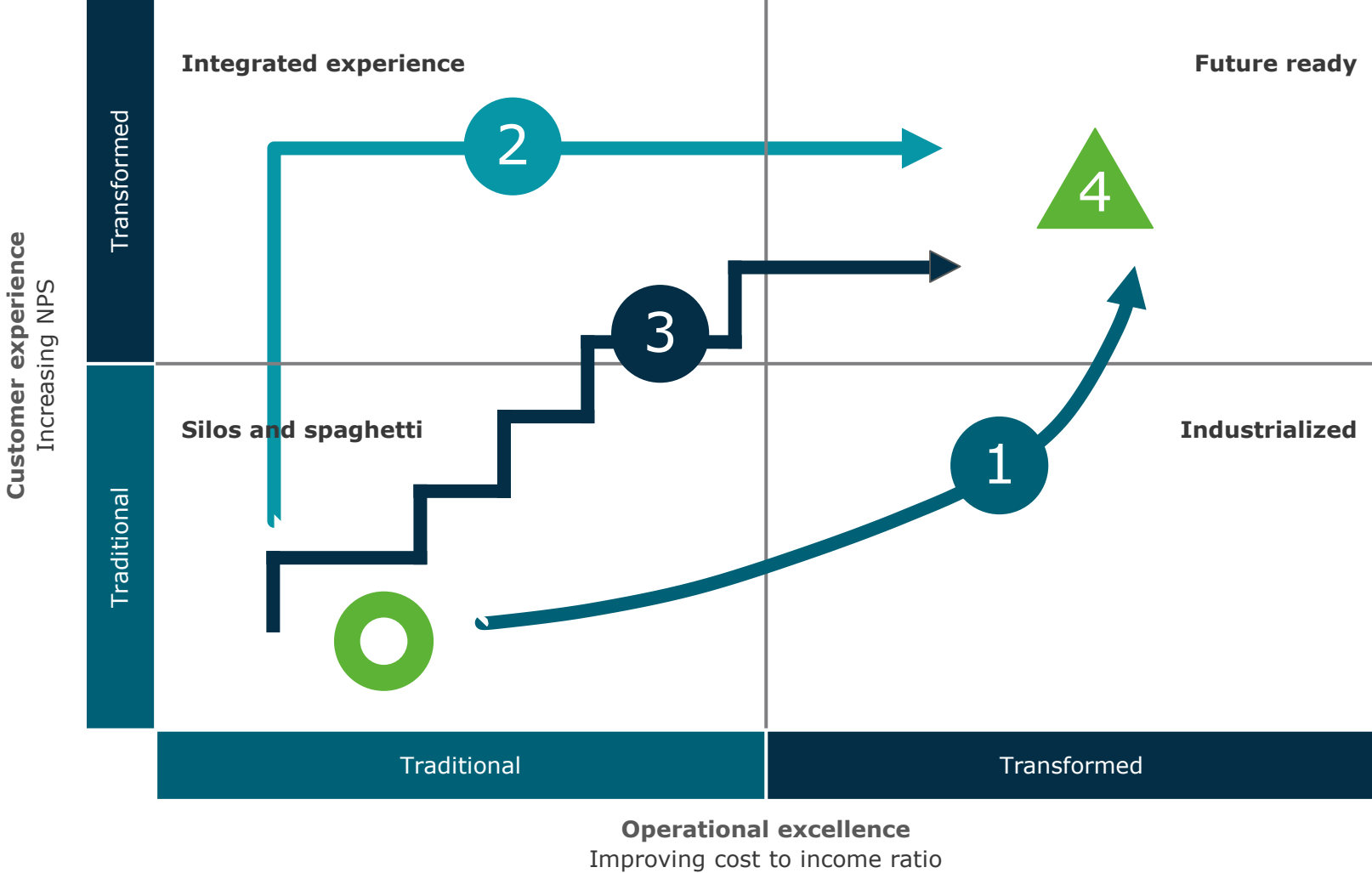
Source: MIT CISR CIO Digital Disruption Survey



Source: MIT CISR 2015 CIO Digital Disruption Survey (N=413) and 2016 company interviews. Customer Experience=effectiveness on customer knowledge+ omni channel capability + customer experience projects + customer experience performance. Operational Efficiency = effectiveness on automation and employee productivity projects+% of core capabilities with APIs + cost of operations performance. Quadrants are splits at 2/3 along each axis. Net Margin is relative to industry average.

Four pathways to future ready

Source: MIT CISR CIO Digital Disruption Survey



Choosing your pathway

Benchmark your customer experience and operational efficiency against the competitors, then choose:

- ❑ **Pathway 1** if your customer experience is around industry average
- ❑ **Pathway 2** if your customer experience is significantly below average and you can't wait to improve, or there are scary new competitors
- ❑ **Pathway 3** if customer experience is a problem but you can identify a few limited initiatives that will make a big difference. Start with those then move on to operations
- ❑ **Pathway 4** if you can't see a way to change the culture, customer experience, operations fast enough to survive

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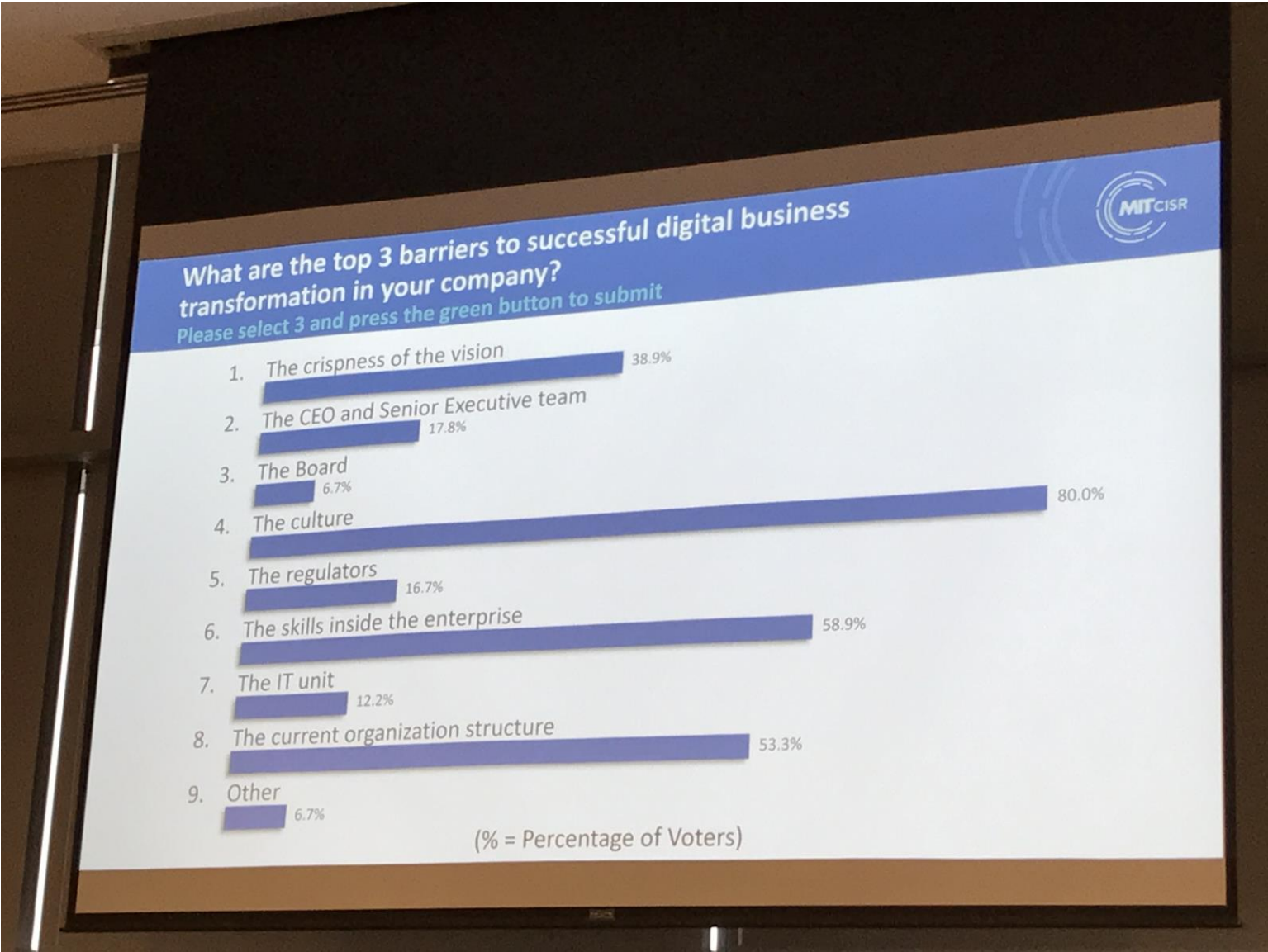
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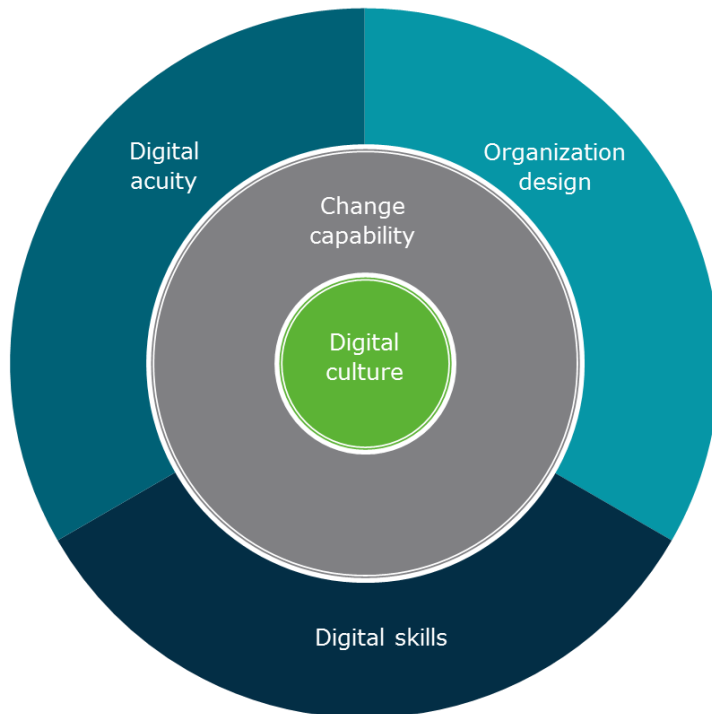
Poll results from MIT CISR Partners Forum - 2017



A first step is understanding an organization's digital readiness

The people and organizational factors that will enable digital transformation

There are 5 elements to digital readiness



Digital acuity - the digital awareness and strategic focus required to set a path for digital transformation

Organization design - the structure, processes, integrators, systems, incentives required to facilitate faster, more agile processes

Digital skills - technical and business skills required to build, deploy and use digital technology

Change management - the core project management and behavioral change capabilities required to execute on enterprise level change

Digital cultures reward speed, agility, innovation, evidence-based decisions, collaboration, empowerment, openness to learning and transparency

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Organization design is a critical capability for all organizations on a digital journey

1.

Digitally-enabled organizations outperform their competitors

2.

These digitally-enabled organizations represent a quantum shift in how people work, who works with who, what is rewarded, and the skills required

3.

A purposeful approach to organizational architecture is required for success - people will stall, divert and resist transformation efforts without thoughtful design of structure, roles, processes, systems, incentives and culture



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