Deloitte.
Digital

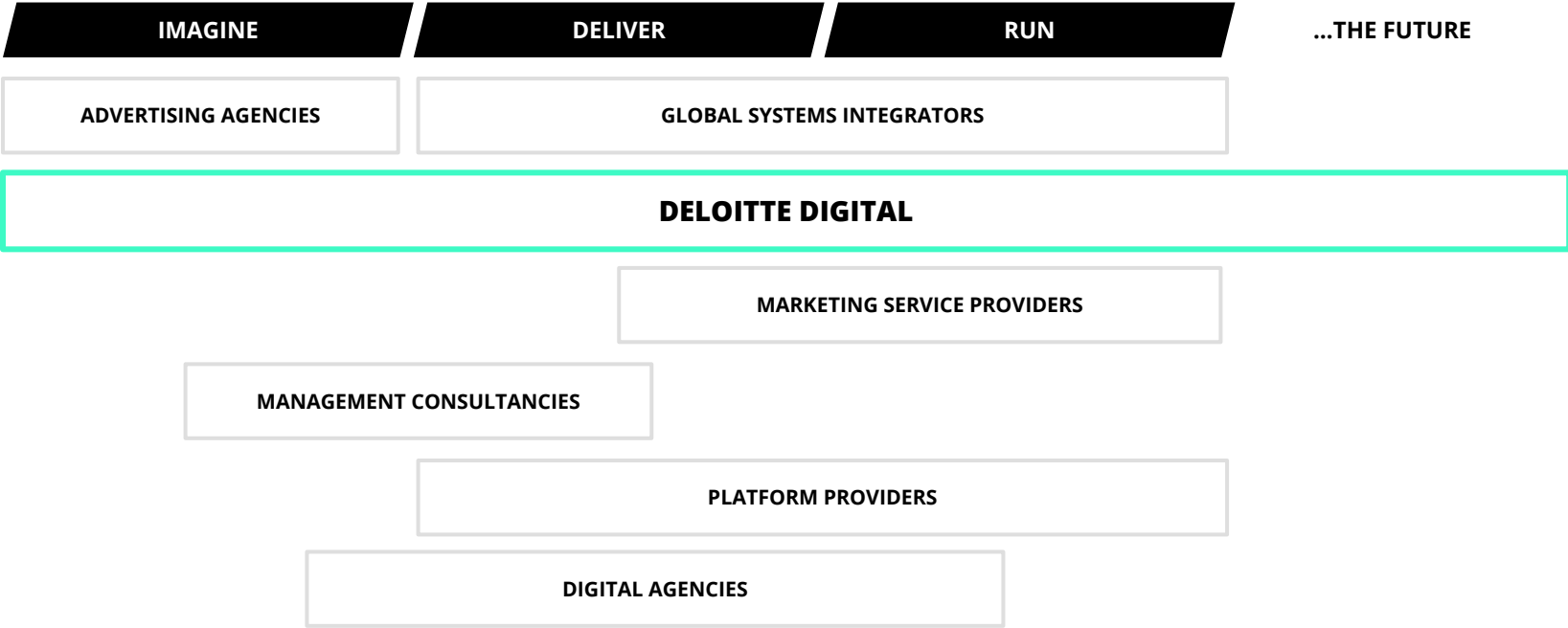**WHY, WHEN & HOW do i start a**

Digital Transformation?

March 2019

Brittany Fox

We like being different.

Unlike our competitors, we're a one-stop shop, able to provide true end-to-end capabilities for our clients.

IMAGINE	DELIVER	RUN	...THE FUTURE

ADVERTISING AGENCIES	GLOBAL SYSTEMS INTEGRATORS

DELOITTE DIGITAL

MARKETING SERVICE PROVIDERS

MANAGEMENT CONSULTANCIES

PLATFORM PROVIDERS

DIGITAL AGENCIES

End to End offerings

DIGITAL TRANSFORMATION

- Unprecedented change.
- Growing connectivity, competition, and consumer power
- Disrupt others before you are disrupted
- **Digital—business—transformation is the new norm.**

DIGITAL EXPERIENCE

- focus on customer experience and a new holistic business strategy.
- Integrating across the enterprise to demonstrate value at each and every touchpoint.

DIGITAL CORE

- An exceptional front-end strategy must be supported by an exceptional back office
- New expertise, processes and systems, and potentially a new operating model.

What are we hearing?

The Competitor

The CEO gave a directive to transform. Now.

"Our CEO has a vision for digital and has set aggressive goals for transformation. How do we execute?"

The Disrupted

Help! We are being disrupted. What do we do?

"Amazon is entering my industry? What non- traditional competitors will disrupt me? How do we disruption-proof ourselves?"

The Fatigued

Our digital projects lack clear direction or real life benefit.

"We have 60 websites and 40 apps and yet all it seems to do is confuse our customers. How do we bring it all together to realize the benefits"

The Sub-Scaled

Our dedicated digital group is no longer enough.

"To date we've had dedicated digital group, but it's no longer sufficient? We need Digital across the org; How do we scale?"
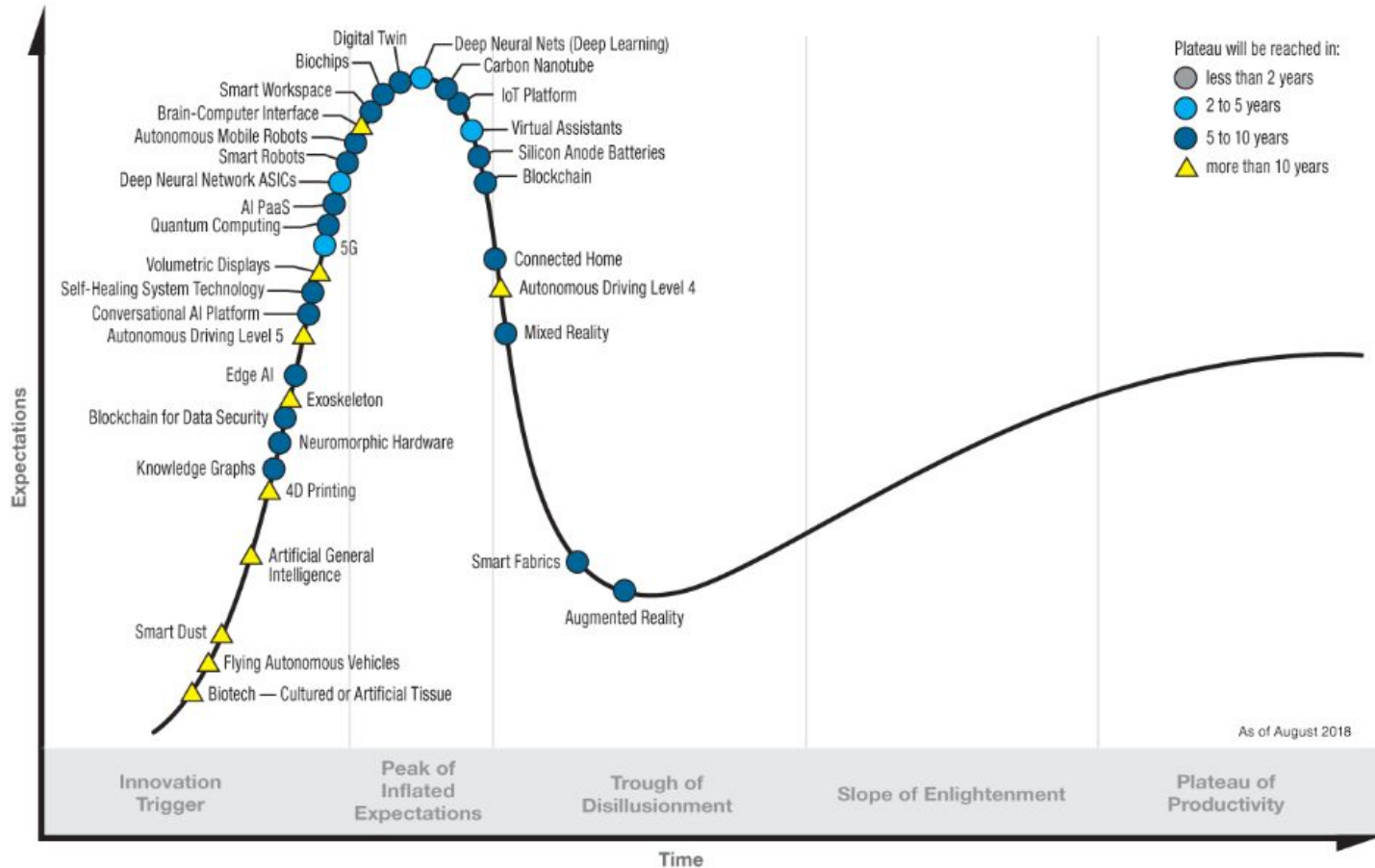
The Spot Solution

We need a new mobile app for "x".

"I know what I want and I need help getting it done. Let's not boil the ocean right now, but focus on delivery."

Hype Cycle for Emerging Technologies, 2018

As of August 2018

What is Digital Transformation?

Define ambition to then gain advantages using innovation, design, organization and digital technology applied **to existing and new business models** - in strategic, creative, agile and adaptive ways, through **innovating offerings** to **rapidly enable** what is needed **at scale** for **exponential impact.**

FUTURE-PROOF A BUSINESS.
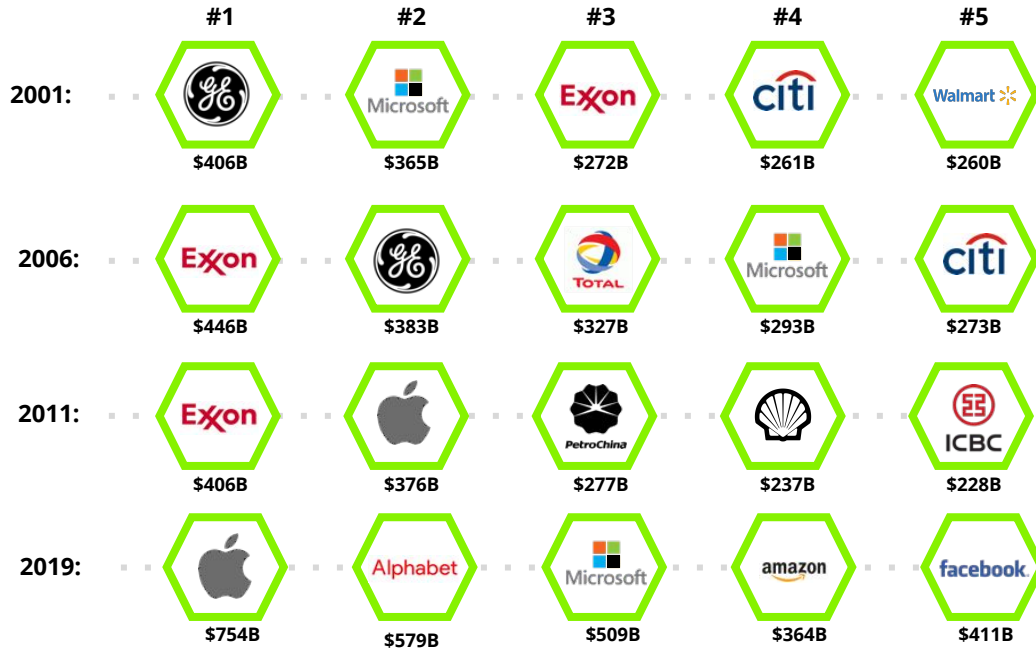
Why should I future-proof?

Future proofing is digital.

50% of fortune 500 companies in 2000 no longer exist today.

THE LARGEST COMPANIES BY MARKET CAP

Top 5 Publicly Traded Companies (by Market Cap)

	#1	#2	#3	#4	#5
2001:	GE $406B	Microsoft $365B	Exxon $272B	citi $261B	Walmart $260B
2006:	Exxon $446B	GE $383B	TOTAL $327B	Microsoft $293B	citi $273B
2011:	Exxon $406B	Apple $376B	PetroChina $277B	Shell $237B	ICBC $228B
2019:	Apple $754B	Alphabet $579B	Microsoft $509B	amazon $364B	facebook $411B

Source: Visual Capitalist, The case for digital transformations.

Businesses are struggling to adapt

#1

Reported biggest challenge impacting a company's ability to compete in a digital environment is **lack of experimentation**

37%

Agree their leaders share results from failed experiments in constructive ways that increase organizational learning

78%

Of early stage companies are not pushing decision-making authority into lower levels of the organization
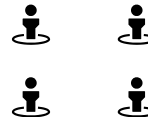
90%

Indicated they **need to update their skills** at least yearly, ½ reporting the need to update skills continuously

66%

Not satisfied with how their organization supports ongoing skill development

50%

Of companies expressed a **negative outlook when asked about technology disruption**. 25% felt it was a threat to survival.

Source: 2018 MIT SMR and Deloitte Digital business research

Consumer preferences are being shaped by digital

78% of customers cite 'experience' as being important when choosing where to purchase.

Customers are expecting the same experience to your business as the last digital experience they had, even if it wasn't in your industry.

Experience Driven

Customers are looking for compelling experiences, before during and and after the sale

Seamless connections

Customer expects seamless, context aware connections between their physical and digital worlds

Personalised

Expects business to know them in order to have tailored preferences and services

Transparency as trust

Visibility into process, status pricing is becoming the baseline expectation

Social

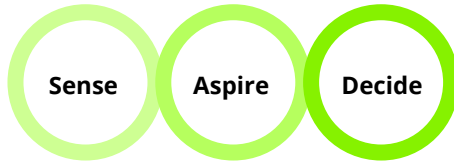Social is key for both informal and formal reviews

When do I know?

Strategic Framework

IMAGINE

Get the right focus

Quickly **set ambitions and chart a path to success** by developing a roadmap to achieve those ambitions

| Sense | Aspire | Decide |

Define the ambitions, look forward, explore broadly

DELIVER

Get the concept right

Make it tangible, **put the ambition in motion** by moving forward and launching in the market

| Deepen | Design | Prove |
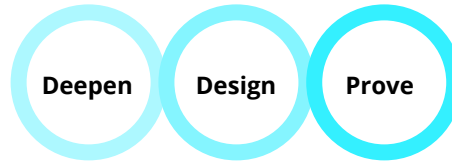
Iterative concept refinement, and offerings in market for faster income statement and balance sheet impact

RUN

Get the business to scale

Once the ambition is refined, **scale the ambition** through flexible and integrated delivery teams

| Launch | Scale | Operate |
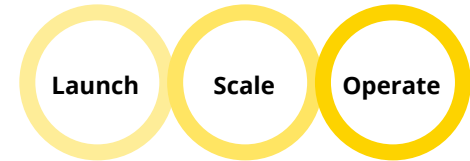
Agile operations to create business impact at scale

what is your ambition?

- Discuss the advantages your business will get and whether these advantages show-up in your existing business model, or if they need to come via an entirely new business model

- challenge whether it's ambitious enough
- Define the ambition

Designing and delivering the ambition

Strategic Cascade

Set Objectives ← → | Define Mission Priorities ← → | Ensure Operational Alignment ← →

1. What is our winning aspiration?

2. Where will **we play**?

3. How will **we win**?

4. What **capabilities** must be in place?

5. What **management systems** are required?

The digital purpose of the organisation

The right playing field for Digital

The unique right to win in Digital

The set of Digital capabilities required to win

The support systems required

|

Define Customer Value

Connecting customer experience to quantifiable business value amplifies business success

How we measure

CUSTOMER VALUE

**Experience Value =
the value created for your customers**

**Business Value =
the value created for you**

EXPERIENCE VALUE MEASURES

HOW SATISFIED ARE THEY?

BUSINESS VALUE MEASURES

HOW MUCH DO THEY PROMOTE US?

HOW MUCH DO THEY SPEND?

WHAT IS THEIR COST TO SERVE?

These measures all represent customer-specific data—the cornerstone of Customer Experience Value (CX^V)

Putting it into Practice

1 DEFINE VALUE
Define experience value and business value for your organization, including priority metrics

How we measure

EXPERIENCE VALUE	BUSINESS VALUE
The value created for customers	The value created for you

EXPERIENCE VALUE
The value created for customers

HOW SATISFIED ARE THEY?
- Satisfaction score
- Net Promoter Score
- Emotional connection

BUSINESS VALUE
The value created for you

HOW MUCH DO THEY PROMOTE US?
- Social advocacy
- Size of social audience
- # of referrals

HOW MUCH DO THEY SPEND?
- Revenue
- Up-sell propensity
- Expected tenure

WHAT IS THEIR COST ?
- Acquisition Cost
- Service Cost
- Retention Cost

2 KNOW WHO DRIVES VALUE
Segment customers based on customer value and baseline priority metrics for each segment to measure return on investment

Customer value dashboard

3 CREATE VALUE THROUGH EXPERIENCE
Invest in each value segment proportionate to the bottom-line value they do/will create and focus on the moments that matter most
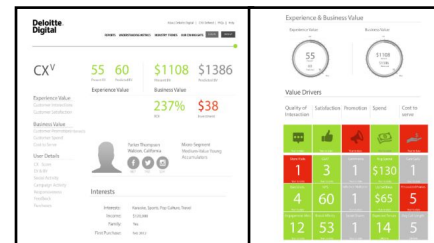
4 TRACK AND ENHANCE VALUE CREATION
Measure changes in priority metrics to gage effectiveness of your CX investments and apply value insights to improve CX

Improved metrics for High Value Fashionable Frank:

HOW SATISFIED ARE THEY?
Gave highest CSAT rating in an in-store checkout survey

HOW MUCH DO THEY PROMOTE US?
Posted a great review on company FB page

Tweeted about quick checkout to 1300 followers

@ShopQuick Thanks so much for an amazing quick checkout.

Digital Ambition within your business

WHERE TO PLAY (Markets & Customers)

Transformational

Adjacent

Core

Unknown needs...

which must either be discovered or developed

Known and knowable needs...

which can be planned for and tackled

HOW TO WIN (Products & assets)
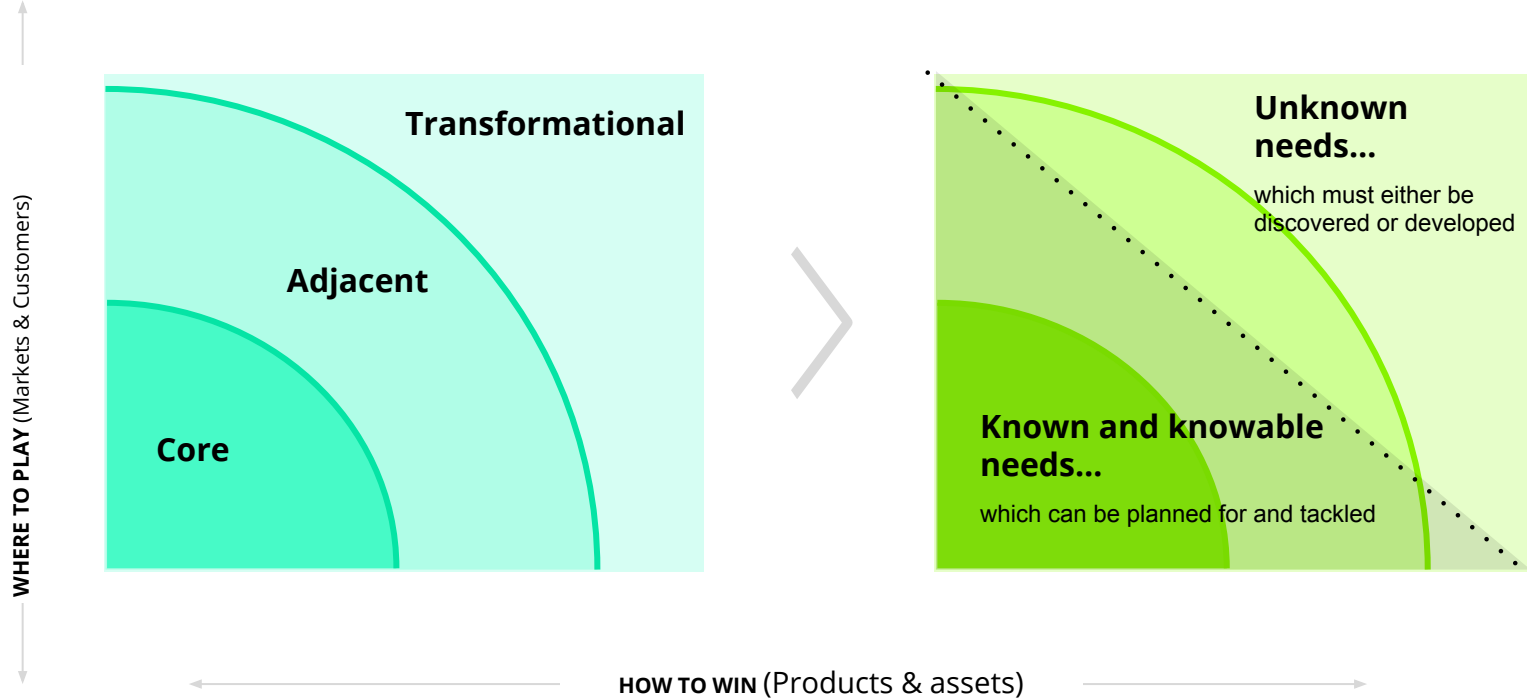
Then innovation

1. Discuss unmet needs.
2. known needs to uncover, and unknown needs to discover.
3. Shape these needs into projects, with anticipated timing.
4. This feeds the business model design and the digital transformation roadmap
5. Finish this part by having a conversation to confirm the advantages gained.

To imagine the future is to:
a) Decide what to do..
b) Lead and organize the business to transform.
c) Communicate to the market the new forms of value from the business.
d) Digital transformation roadmap and C-Suite/Board materials.

The final Imagine step

So how do you digitally transform?

Asses the opportunity

Analysis

The DVF Framework helps us to identify and prioritise concepts which meet customer needs, make financial sense and are realistic to implement

D- Is the concept **desirable for customers** and does it meet their needs?

V- Is the concept financially viable in that it provides **significant member value for investment made**?

F- Is the concept feasible with **current people, processes and technology**?

Desirability

Feasibility

Viability
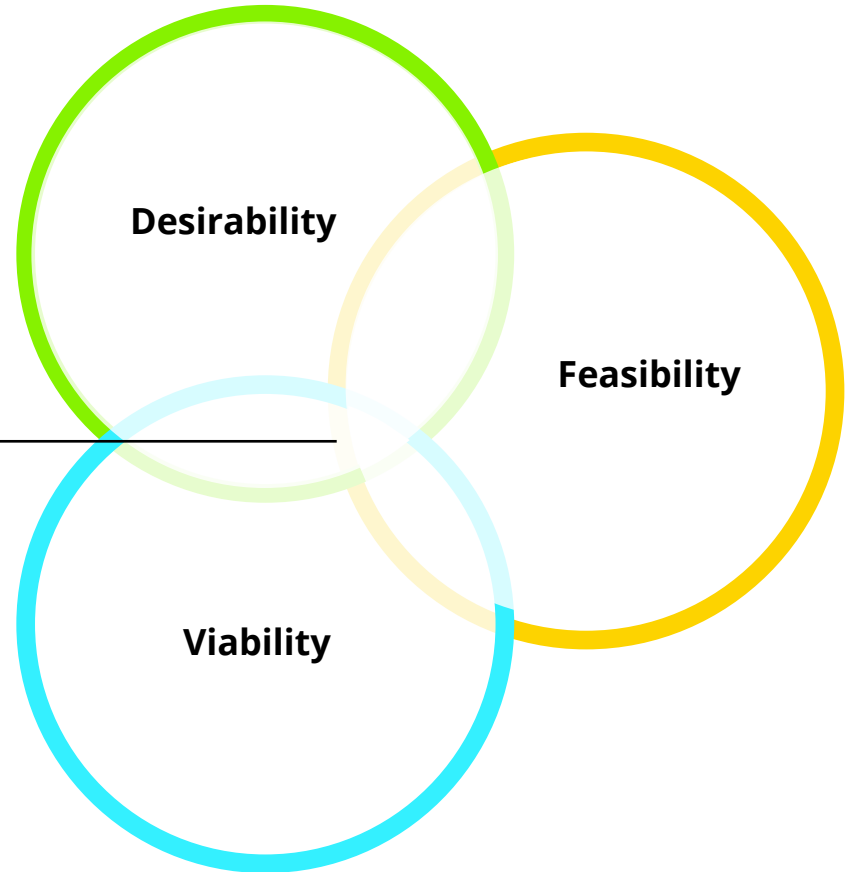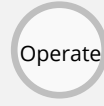
Launch Delivery

- Test out the business operational readiness. Drive this phase with an Agile methodology and a customer-centric lens predicated on business results.
- Operational readiness assessment.
- Refine the roadmap and Epics inventory and groom a new backlog of user stories, to seed the Scale phase.
- Feedback from the market / users and adoption tactics monitoring will further inform the future release activity.

Outcomes
- Shift in momentum as ideas come to life at budget and at speed
- Confidence gained by delivering a working pilot to a small number of customers
- Valuable feedback from the initial deployment from customers and business to direct refinements in the next phase

Phase 0 & 1: Timelines.

Phase 0:
Discovery
(5 weeks)

Phase 1:
Implementation
(12 weeks)

Phase 2:
Enablement & Support
(12 weeks)

Solution Workshops

Solution Architecture & Design

Prioritise, Plan & Document

Playback Design & Sign-off

Configuration

Data Set-up & Integration

Campaigns, IP Warming, Journeys

Training, Enablement & Support

Project Management & Governance
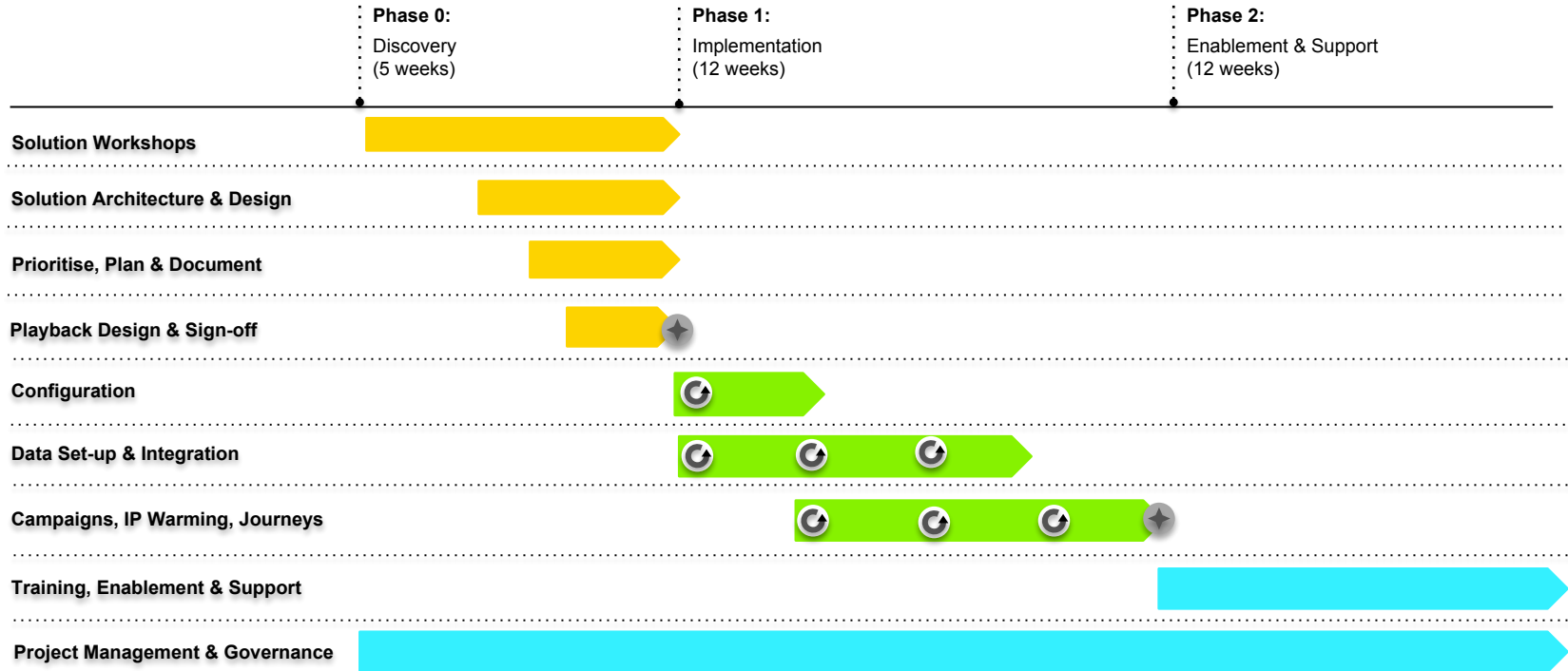
Agile Process

Our agile methodology follows standard approaches which are tailored to meet client and project needs.

Agile development provides opportunities to assess the direction throughout the development lifecycle. This is achieved through regular cadences of work, known as Sprints, at the end of which teams must present a potentially shippable product increment.
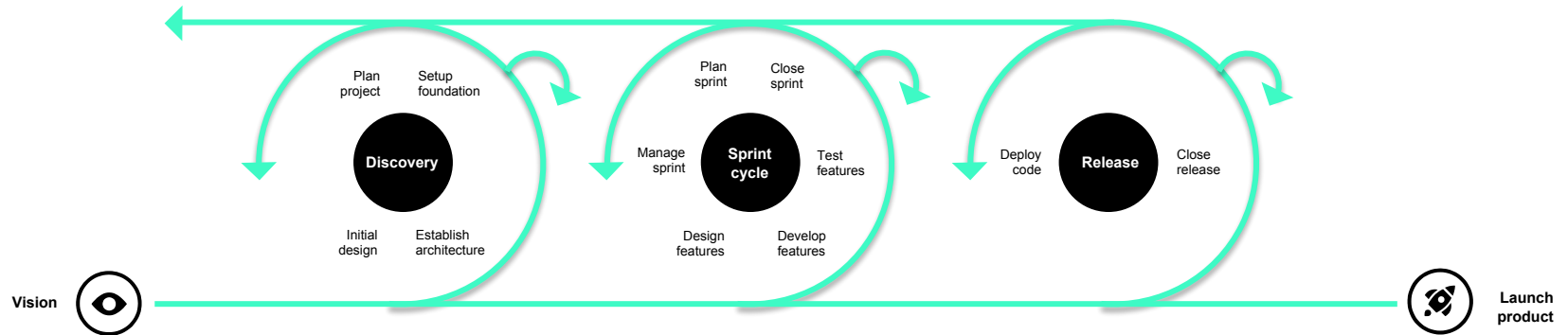
Once we are sufficiently mature, we go into Operate mode. We transition resources, build tighter integration to core systems, develop organizational planning models and reach stakeholder alignment. The focus is on the business efficiency, monitoring and support

Operate Delivery

Outcomes
- Realization of a fully functional product released to the market

Deliverables can include
- Operational impact assessment looking at how the new business affects the current operation in terms of revenue/cost, HR, brand, and other criteria
- Resource transition assessment determining how resources are to be moved into the core organization
- Knowledge transfer task list considering what key knowledge bases must be owned and understood by the client for the new business to succeed

Success Factors

Culture to drive change

OLD RULES	THE CHANGING WORLD OF WORK	NEW RULES

Old	New
People as workers	People & intelligent machines co-working
Homogenous workforce	Diverse workforce
Significant permanent workforce	Significant contingent workforce
Hierarchical, siloed	Networks of collaborative teams
Traditional office	Frictionless, smart workspaces
Slow to adapt	Nimble
Innovation department	Innovation by everyone
Command and control leadership	Inclusive leadership
Knowledge	Emotional, creative and digital intelligence
Profit driven	Purpose driven
Technology owns people	Technology works for people

Source: Deloitte, 2017

Business chemistry

https://bit.ly/1igP6Dv

Digital DNA

23
traits of being digital

Traits of maturely digital organisations.

It carries the underlying instructions, development, functioning, and replication for "being" digital.

- Continuously Innovating
- Real Time & On-Demand
- Ongoing Shifts in Decision Rights and Power
- Modulating Risk & Security Boundaries
- Fluidity
- Geography Agnostic
- Morphing Team Structures
- Intentionally Collaborative
- Dynamic Skill Requirements
- Changing Nature and Typology of Work
- Constant Disruption
- Increased Customer Involvement
- Democratizing Information
- Multi-Modal Operations
- Uneven Velocity between Digital & Legacy
- Productive Mobility
- Changing Mix of Traditional & Non-Traditional Stakeholders
- Flattening and Changing Hierarchy
- Agility
- Continuous Ecosystem Disruption
- Constantly Changing Decision Criteria
- Fail Early, Fail Fast, Learn Faster
- Iterative

Create your digital landscape with the current and future wish list

Call out the known problems, integrations, systems and data services to visually see if things don't make sense

DATA SERVICES

- CRM DB
- BW
- Wherescape DW
- Cognos Metadata

3rd Party
- DMP
- Assist Australia
- legacy Data
- Competition Data

Data Lake

BUSINESS SYSTEMS

| CRM | ECC (ERP) |

Dealer management Systems (DMS)
- Vital Software
- Nidasu

Fleet Management System

DMS Integration

Telephony

Product Database (PDB : Custom)

| Digital Asset Mgmt (MAP : Custom) | Digital Asset Mgmt (MAD : Custom) |

| Loyalty Management System | Document Management System | MRM Campaign Management |

In Dealership Experience Tech

eCommerce Platform

ANALYTICS & REPORTING

| BI Tools (Cognos, others) | Crazy Egg / Hotjar | Advanced Analytics | Big Data Analytics | Management Information Reporting |

ORCHESTRATION

Marketing Automation
- Marketing Cloud

Web Analytics
- Analytics brand
- 2nd Analytics

Social Media Analytics
- SocialBaker
- Falcon
- Brandwatch

Fleet CRM (Hubspot)

Data Management Platform

Demand Side Platform

Personalisation Engine

TOUCHPOINTS

- Email & SMS
- Web (CMS)
- Social
- Call Center
- Digital Media
- Outdoor Ads
- Dealer Site
- Survey

- Rich Communication Service
- app
- Conversational Services
- Mobile Platform
- Phone
- Programmatic TV
- Blog

Example problems

Highly underutilised and loosely integrated CRM platform

No holistic (single) view of all customer data across the ecosystem

Integration of systems and applications impacted due to missing middleware framework

Major challenges across the enterprise due to custom built legacy systems

Processes not in place to manage end to end data driven digital marketing programs

Low maturity around analytics & reporting due to lack of centralised tool

Low operational efficiency due to dependency on external providers for multiple tech solutions

Omnichannel customer engagement impacted due to lack of mobile, ecommerce platform

MIDDLEWARE (INTEGRATION LAYER)

| SAP Gateway | SAP PO | EAI/SOA/ESB | API Management System |

AUTOMATION

| Jenkins | Crush FTP |

INFRASTRUCTURE SERVICES

| Cloud | Hosted - SAP (IBM Softlayer) | On Premise/Hosted (VMWare) |

PRODUCTIVITY TOOLS

| MS Exchange | MS Office 2016 | Skype4Business | Citrix Webex Teams | O365 |

IN FLIGHT INITIATIVES

| Sensis | Fleet Telematics | Telephony | CRM Platform | Mktg Digi Ecosystem | Connected Car | Titan CDMA | TMS | Community Platform | Dealer-FX | DMS Integration |

Not available in current state
Available in current state
Available in current state but requires review and potential replacement

Critical Success Factors for implementations

The following are some of the key factors to a successful implementation, many exist but some need to be considered as are essential to go live not just to gain success.

Minimising Bad Data

- Old or incomplete data
- Data not stored in correct format
- Data not mapped into technology correctly
- Minimising manual interference of data integration

Customer Strategy

- Campaign design
- Data availability
- Contact Strategy design and implemented
- Have a strategy and stick to it

Platform Migration

- Define MVP
- Users and roles
- Training and enablement
- Skills and team readiness
- Data readiness
- Handback files / closing the loop

Platform Usage

- Reporting and analytics
- Campaign Optimisation plan
- Automations
- Documentation

Platform Support

- Best practice methodology for implementation & enablement
- Best practice methodologies for integrations

Deloitte.
Digital

Ground rules for projects

When you do start to working in project mode. Here are some rules to live by

➢ Include all stakeholders in the room early on.
➢ Strategy starts from the top, but listen to the B players
➢ Make sure to have a diverse team
➢ Celebrate wins

➢ Create a roadmap that you can adapt and change as you adapt and change
➢ Fail and fail fast, then move on
➢ Every decision is in line with the customer experience

➢ Listen to your customers, consultants and agencies. They have the external viewpoint
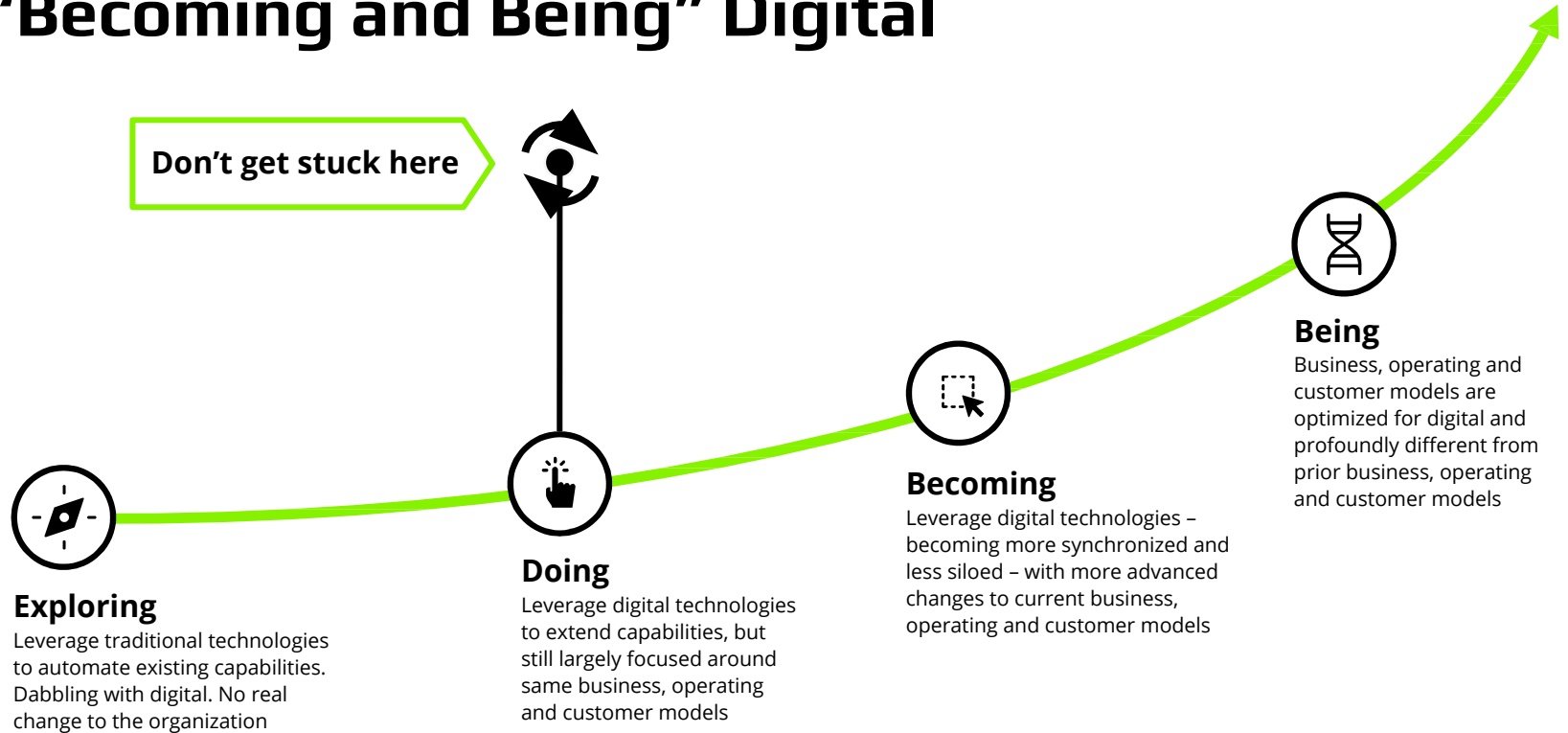➢ Survey, interview and reflect

➢ Create a dedicated team to projects and transformation. Expecting these outcomes on top of your employees workload won't get you anywhere fast
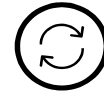
➢ Learn Agile so you and your business can run and prioritise
➢ Pilot, take feedback and reiterate
➢ HAVE sprint retros

"Becoming and Being" Digital

Don't get stuck here

Exploring
Leverage traditional technologies to automate existing capabilities. Dabbling with digital. No real change to the organization

Doing
Leverage digital technologies to extend capabilities, but still largely focused around same business, operating and customer models

Becoming
Leverage digital technologies – becoming more synchronized and less siloed – with more advanced changes to current business, operating and customer models

Being
Business, operating and customer models are optimized for digital and profoundly different from prior business, operating and customer models

Thank you,

Brittany Fox

Brfox@Deloitte.com.au

Deloitte.
Digital

Thought provokers for different industries

Automotive

- Connectivity of vehicles and mobility services
- Non-traditional business models (e.g., ride sharing)
- Personalization of vehicles and ordering experience
- Deal modernization (i.e., buying)

Banking & Capital Markets & Insurance

- Personalization of products, services, & distribution channels
- AI and virtual assistance
- Mid- and back-office optimization
- Core modernization (e.g., Cloud, System)
- Open Banking & NextGen platforms, processors & capabilities

Consumer Products & Retail

- Customer experience integration across channels
- Digital shopping experiences
- Connected retail
- Cloud computing analyzing purchase behaviors
- Customer loyalty and understanding

Life Sciences & Health Care

- Ubiquitous access to information allowing patient self-diagnosis
- Precision medicine
- New sources of data (patient reported data, genomic data, and social care data)
- Shift to preventative care & personalization
- New collaboration models around health
- Pharma disintermediation

Oil, Gas & Chemicals

- Deep integration of technologies (exploratory, refining, efficiency/output)
- Digital customer interface and management solutions
- Ecosystem alliances to innovate offerings
- Blockchain revolution and applications in energy trading

Offering end-to-end digital capabilities from strategy to execution.

Digital Transformation

Identify Insights

Market Opportunity Analysis

Market Needs Assessments

Customer Analysis & Segmentation

Ethnography

Audience & Content Analysis

Brand Audit

Competitive Analysis

Ignite Innovation

Ideation

Creative Strategy

Innovation Process

Products, Solutions, & Services Design

Define Strategy

Growth Strategy

Brand Strategy

Customer Experience Value (CXᵛ)

Customer Platform Strategy

Enterprise Digital Strategy (EDS)

Product & Solution Strategy

Pricing & Profitability Management

Business Case Development

Digital Experience

Create Experiences

Omni Channel Experience Design & Development

Immersive Digital Environments

Mobile Web & Emerging Experiences

Experimental IoT

Amplify Brands

Creative Campaigns & Content

Brand Content Marketing

Digital, Social, & Mobile

Loyalty & Performance Marketing

Marketing Services

Deliver Platforms

Customer Platform

eCommerce Platforms

HR Systems

Content Marketing

Artificial Intelligence

AR/VR Platforms

Analytics Platforms

Marketing Automation

IoT Platforms

Digital Core

Enable Enterprise

HR Transformation

Agile Learning

Digital Leadership & Talent

Digital Change Management

Digital Culture

Digital Supply Networks

Digital Finance

Mobile Workforce

Optimize Operations

Applied Analytics

Marketing Mix Modeling

Advanced Analytics Strategy & Architecture

Visualization & Reporting

Campaign Measure & Optimization

Predictive Analytics

Platform Support

Robotics and Cognitive Automation

Cyber Security

ID, Asset, & Vulnerability Management

Data Protection

Secure SDLC

Threat Intelligence

Security Monitoring

Risk Analysis

Incident Response

Forensics

Crises Management

Strategic Cascade

Strategic Cascade:	1. What is our **winning aspiration**?	2. Where will **we play**?	3. How will **we win**?	4. What **capabilities** must be in place?	5. What **management systems** are required?
Key Questions:	• What are you proud to accomplish? • What is an obvious win? Against whom?	• Who are your customers? • Products or services offer? • Geographies? • Key markets? • Channels? • Stage of the value chain?	• Why choose us over the competition? • Does it compete on low cost, differentiation or other? • Competitive advantages? • Do the competitive advantages support our 'where to play?	• What are the four or five capabilities we needs to be really good at in order to win?	• What systems build our capabilities and supports our strategic choices? • How do we measure strategy's success?

- refining the epics and creating the next set of user stories for the next release.
- Deliver cyclical releases and monitoring user feedback and business direction for prioritization.

Scale Delivery

Outcomes
- Continued momentum as more features are implemented and a larger subset of customers are covered
- Realization that innovation is achievable
- Trust and relationships solidified as milestones are achieved
- Preparation as the client begins work to transition the product

Deliverables can include
- Refined roadmaps and epics iteratively revisiting the roadmaps and epics to course correct based on feedback from the business and customers
- Groomed user stories, revised after feedback from business and customers
- New iteration solutions deployed aas more features are added and/or more customers are covered