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Designed for Digital:

How Companies Will Succeed in the 21st Century

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Suncorp Group
Swinburne University of Technology
Sydney Water
TD Bank, N.A.
Teck Resources Limited
Tenet Health
Tetra Pak
Trinity Health
USAA
Westpac Banking Corporation
WestRock
World Bank

Two requirements for business success



Digitization

Involves instilling discipline around core transaction and back office processes.

Makes processes efficient and master data accessible

Supports **operational excellence**

Digital

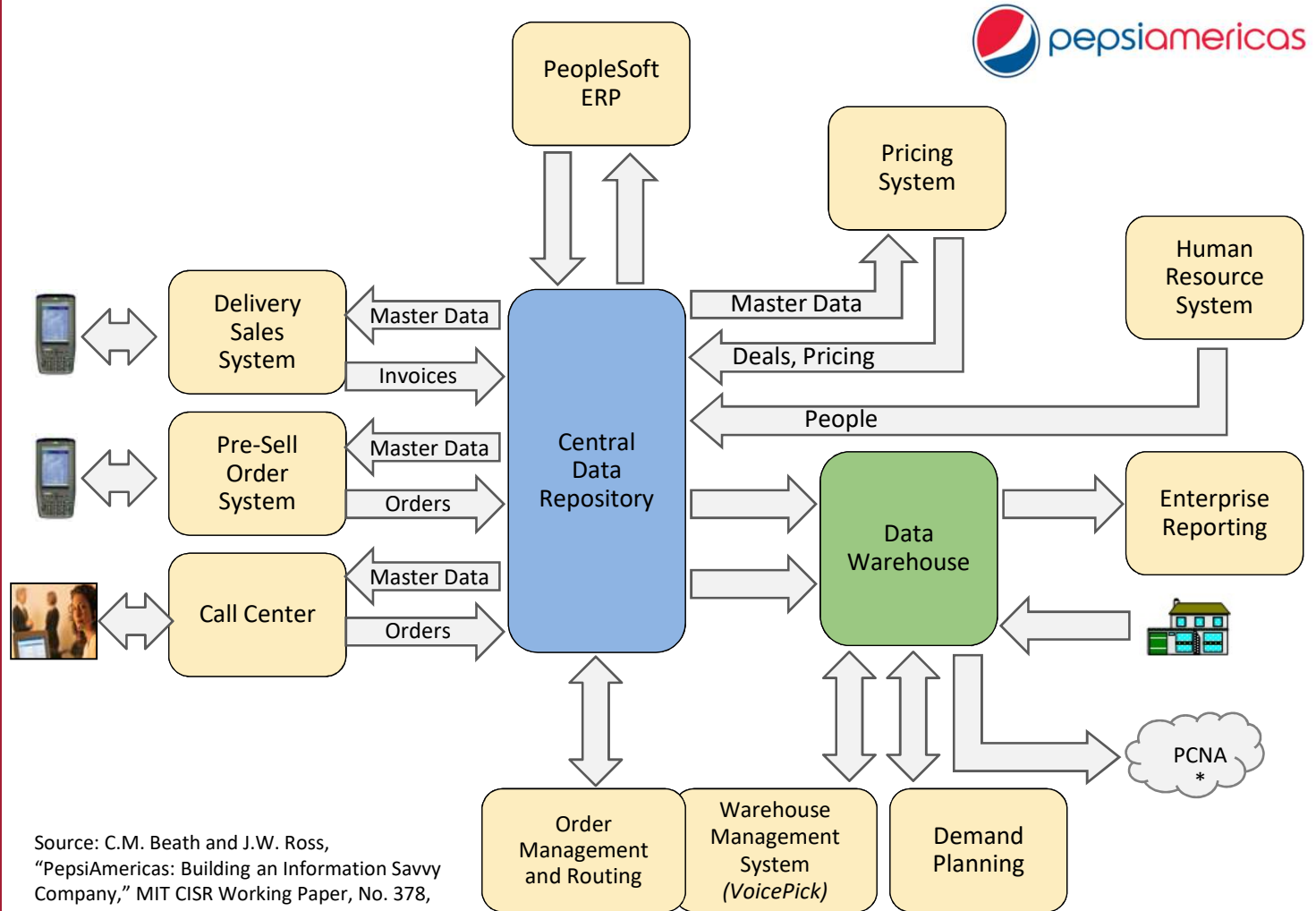
Involves defining a value proposition inspired by the capabilities of digital technologies.

Provides reusable components for a digital value proposition

Supports **rapid innovation**

Companies have been digitizing for around 20 years.

Design your target state!

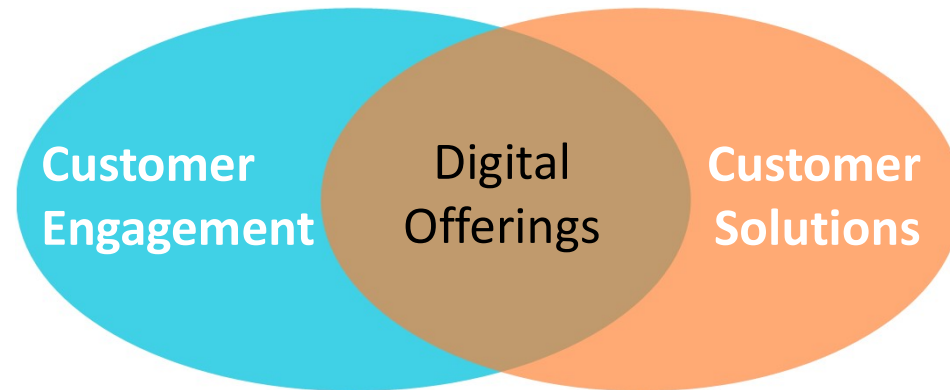


Established companies are just starting to become Digital— Design your digital offerings!



Digital offerings:

Information-enriched customer solutions wrapped in digitally enabled customer engagement



Seamless and Consistent

Responsive

Personalized

Collaborative

Value-added

Proactive

Information-enriched

Boundary-less

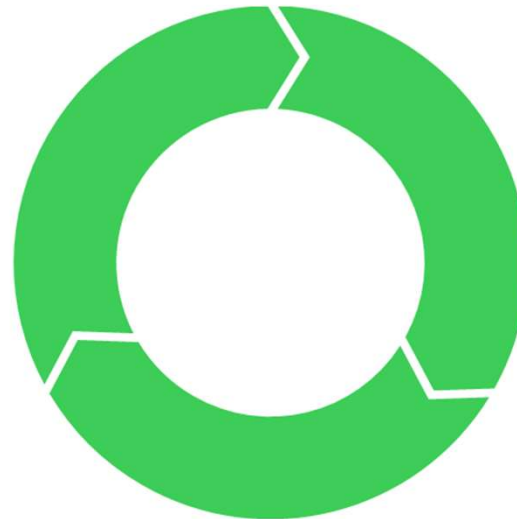
Schneider Electric is defining and evolving digital offerings



1

Enhance Business with Connectivity & Analytics

Maintain and increase our competitive advantage by connecting all of our assets



2

Build New Offers and Business Models

Unlock trapped efficiency value with connected offers and subscription business models



3

Change Customer Engagement

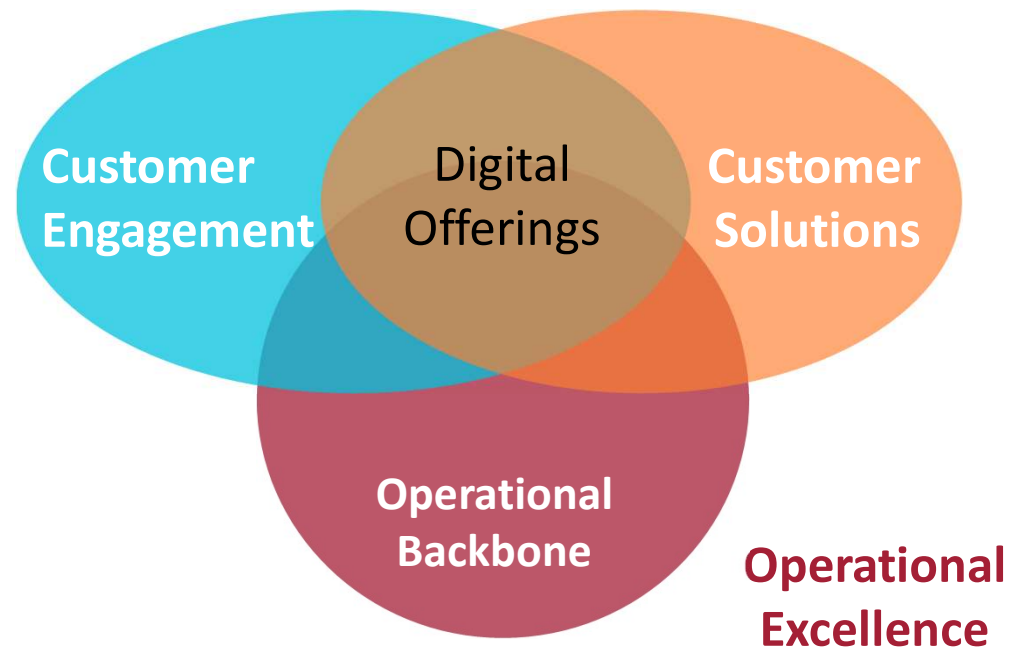
Build lasting life-cycle relationships that allow us to offer value and experience, targeted at specific needs



Source: Company Documents published with permission in Ross, Beath & Moloney, "Schneider Electric: Connectivity Inspires a Digital Transformation," MIT CISR Working Paper No. 417, May 2017.

An operational backbone digitizes your company

It is table stakes for digital



Source: Ross et al, "Designing Digital Organizations," MIT CISR Working Paper No. 406, March 2016.

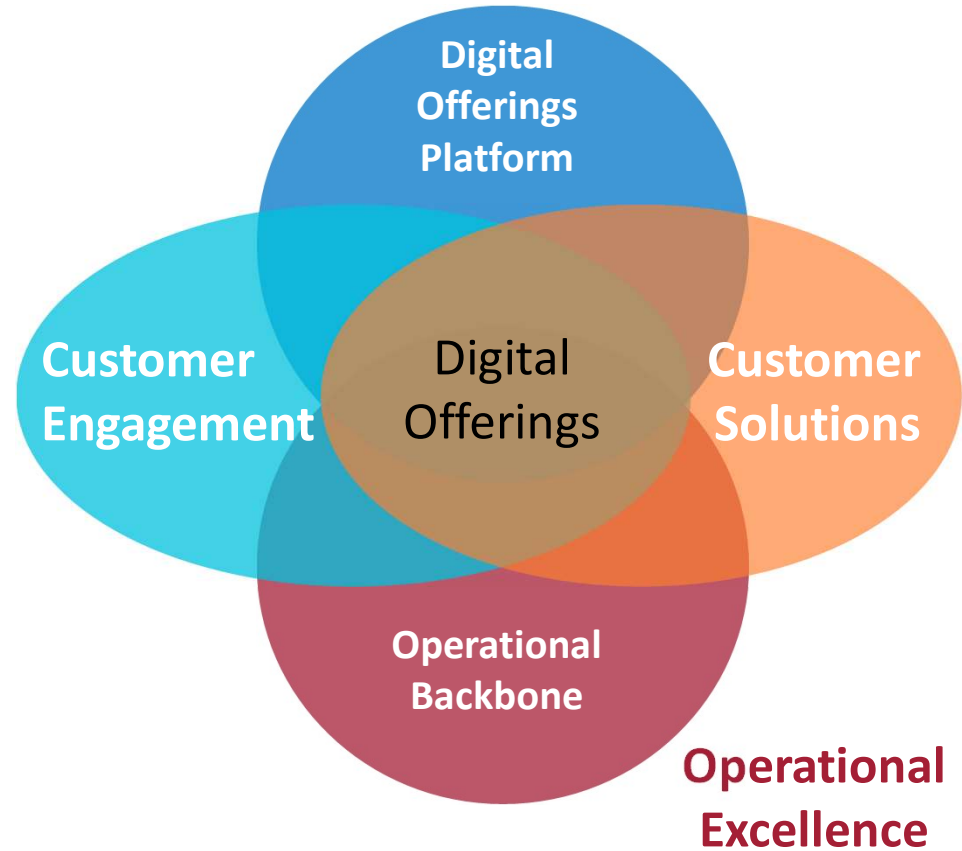
For Digital

An operational backbone is not enough

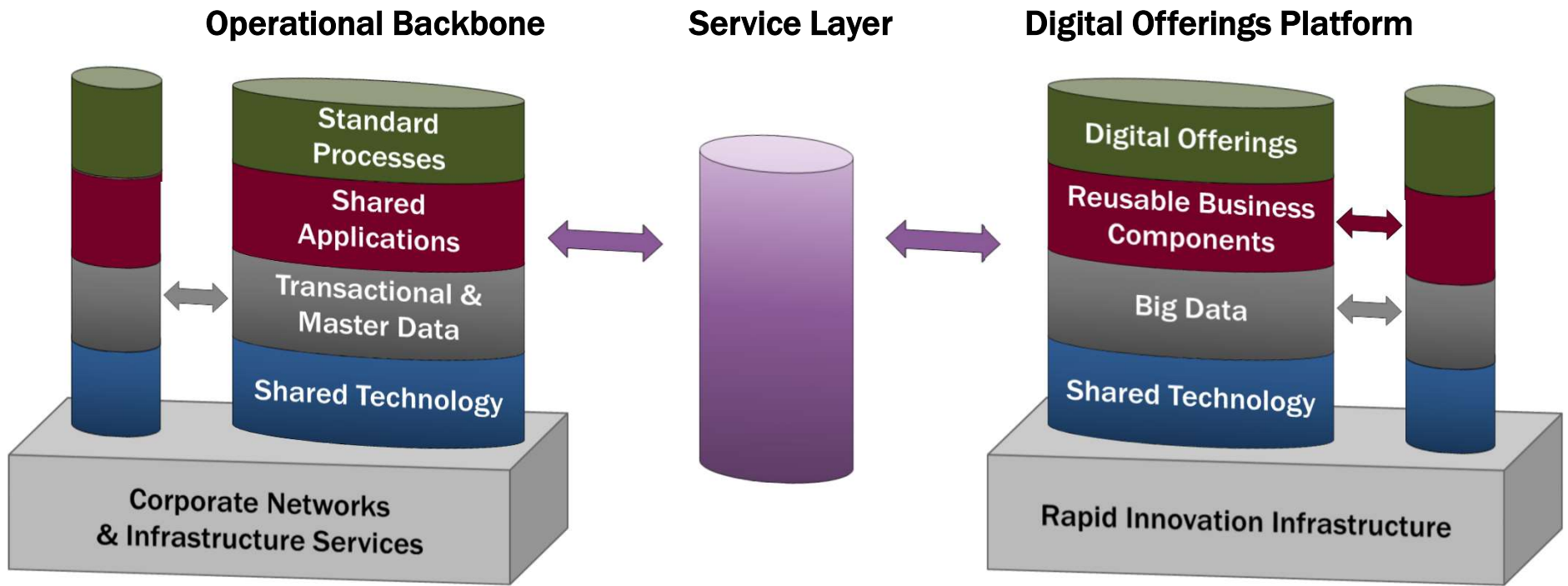
A digital offerings platform takes a company from digitized to digital

Source: Ross et al, "Designing Digital Organizations," MIT CISR Working Paper No. 406, March 2016.

Speed and Innovation



Your 2 essential business platforms



% of companies¹
-with value-adding **28%**
-with none **32%**

26%
48%

5%
70%

¹Source: Ross, Sebastian, Beath, Jha, BCG, "Designing Digital Organizations: Summary of Survey Findings," MIT CISR Working Paper No. 415, Feb. 2017

How to build and maintain an operational backbone AND a digital offerings platform



	Operational Backbone	Digital Offerings Platform
Funding	High-level investments in programs and projects	Localized funding by product/capability owners
Quality Control	Release management; thorough Q&A	Test, learn, enhance or discard
Data	Single source of truth for operating data	Sensor/social/purchased data repositories
Architecture Principles	Shared technology infrastructure; End to end process management	Isolate common functionality from products
Key Roles	Process and data owners	Product and service owners
Key Processes	Roadmapping; architecture reviews	Cross-functional development; user-centered, iterative design

Source: Ross, Sebastian, and Beath, "Digital Design: It's a Journey," MIT CISR Research Briefing," Vol. XVI, No. 4, April 2016.

You must transform to become digital



Divide &
Conquer

In the pre-digital economy
we architected for *efficiency*

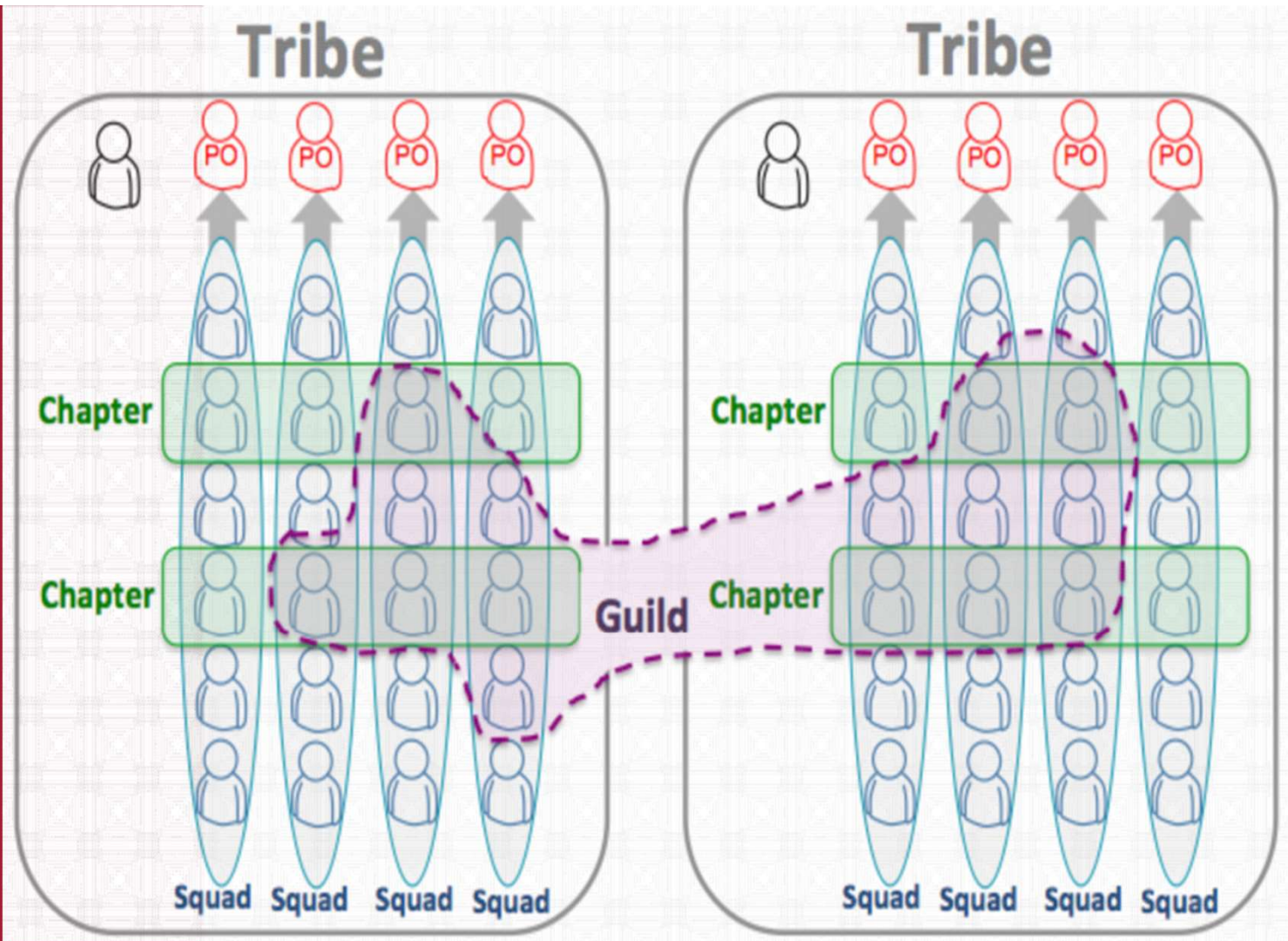
In the digital economy
we architect for *speed and innovation*

Empower
& Partner

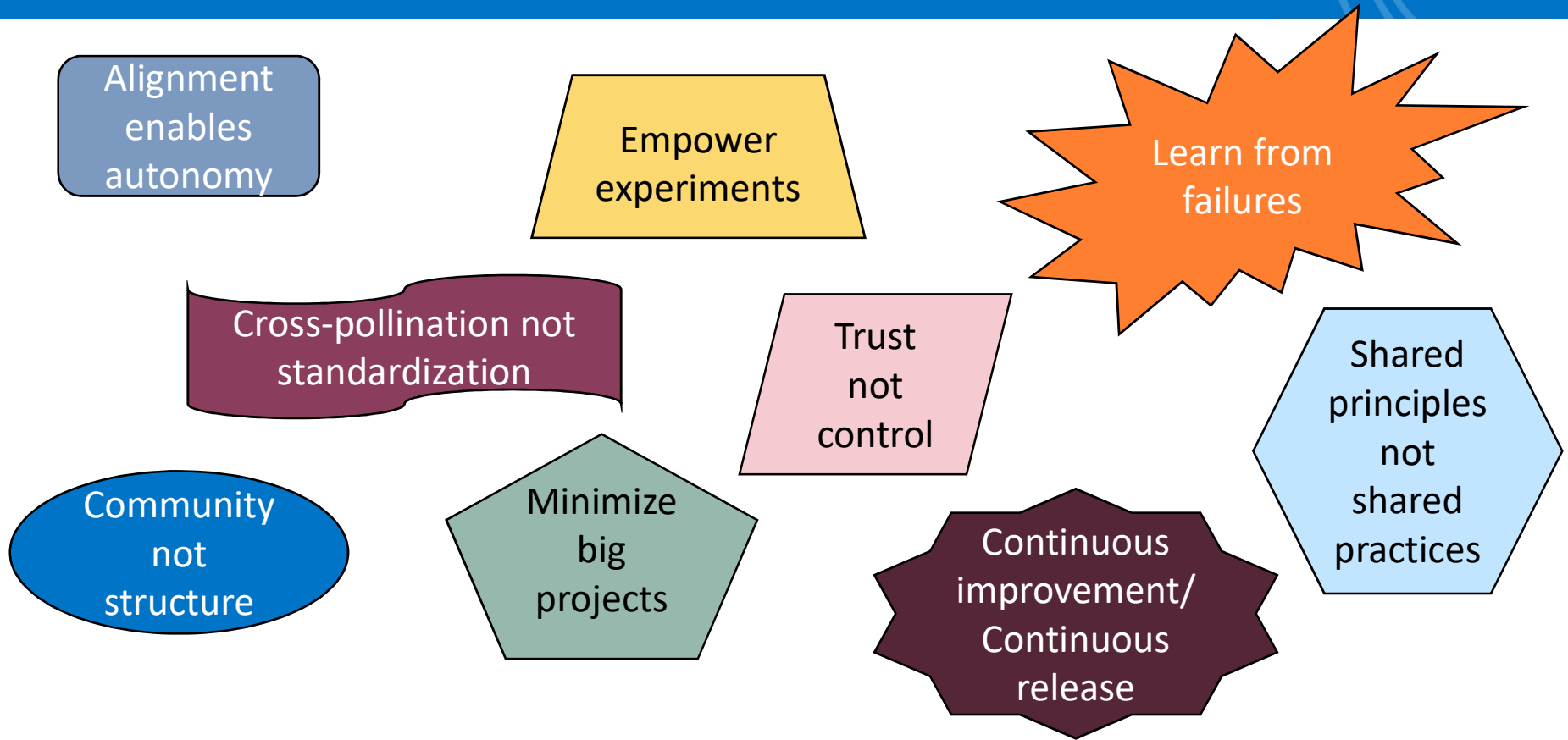


Is Spotify a model for “empower and partner?”

Source: “Scaling Agile @ Spotify,” Henrik Niberg and Anders Ivarsson, Oct 2012
<https://ucvox.files.wordpress.com/2012/11/113617905-scaling-agile-spotify-11.pdf>



Spotify's Principles—New Ways of Working



Alignment
enables
autonomy

Empower
experiments

Learn from
failures

Cross-pollination not
standardization

Trust
not
control

Shared
principles
not
shared
practices

Community
not
structure

Minimize
big
projects

Continuous
improvement/
Continuous
release

Key steps in becoming digital



Define your digital offerings

Establish operational capabilities

Articulate organizational principles

Constantly redesign your business

Or Else

Confuse your people

Become consumed with fighting fires

Build complexity

Become obsolete