Keys to Successful Digital Transformation

DECEMBER 2020

Transformational innovation

New
systems & stakeholders

TRANSFORMATIONAL
New and disruptive delivery models

Risk / Reward

ADJACENT
Innovation within existing delivery models

CORE
Optimizing current practices within existing delivery models

Existing
systems & stakeholders

Existing
process & service improvements

New
process & service improvements
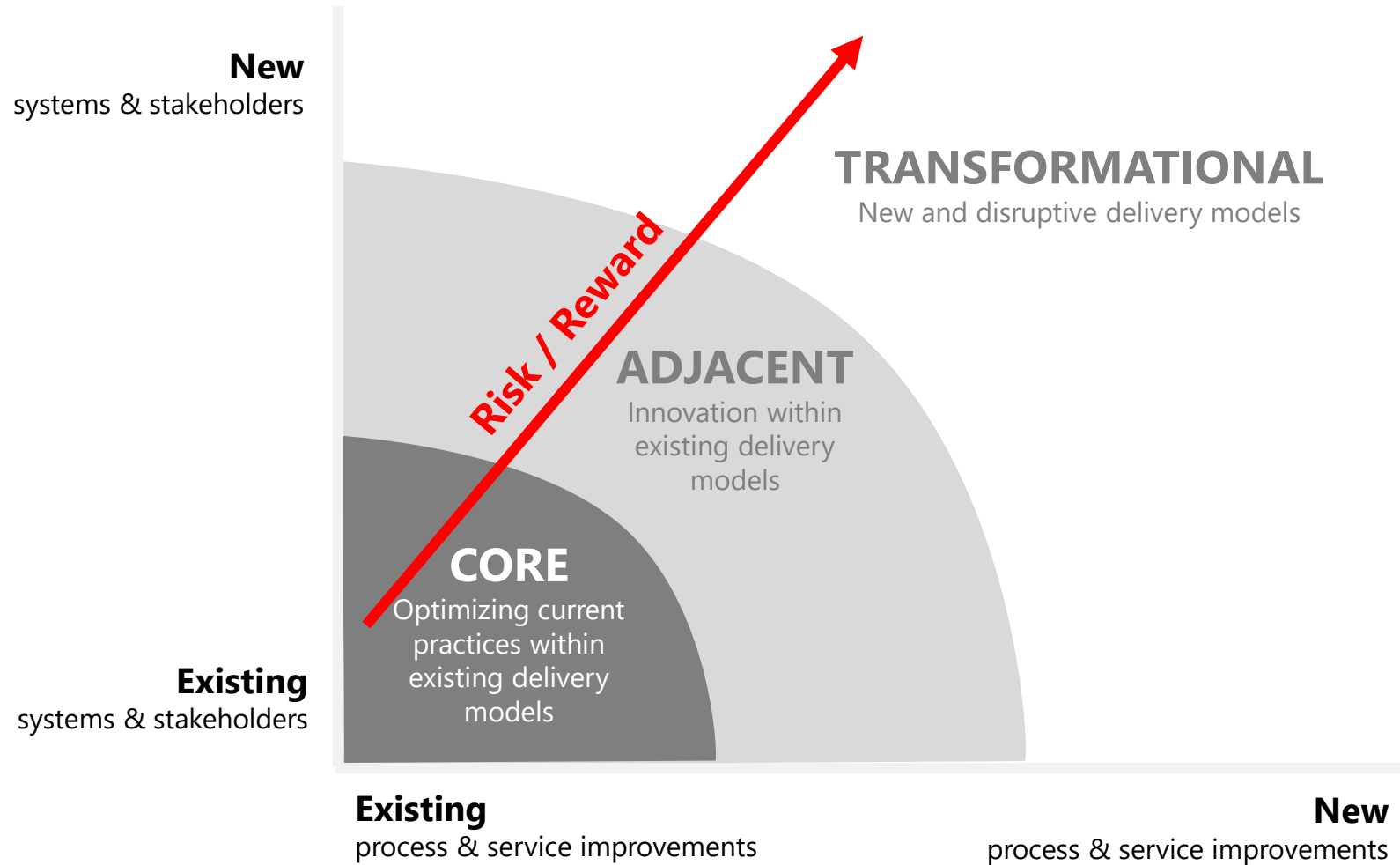
Digital transformation & innovation strategy

RED OCEAN Head-to-head competition	**BLUE OCEAN** New creation
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align all the firm's activities with its strategic choice of differentiation or low cost	Align all the firm's activities in pursuit of differentiation and low cost

Finance business focus areas

Focus Area	Business Opportunity
Improved Offerings	New services & products to create cross & upsell opportunities, increase customer loyalty
Marketing and Customer 360	Better segmentation & campaign effectiveness, share of market, understand customer value, understand preferred method of transactions and services, real estate utilization
Risk Management	Reduce exposure & optimize asset utilization
Fraud Detection and Anti-Money Laundering	Understand unusual activities faster and more accurately
Broker and Trade Compliance	Determine illicit trading activity faster

Insurance business focus areas

Focus Area	Business Opportunity
Improved Pricing of Offerings	More accurately price offerings based on customer risk profile, other factors such as weather patterns
Fraud & Abuse Management	Early detection of fraudulent and suspect claims, direct cost savings
Operational Excellence	Faster payment of legitimate claims, reduced cost of claims, improved public reputation
Marketing	Better segmentation & campaign effectiveness, share of market, understand customer value
Enter New Markets, Leave Old Markets	Enter / leave geographic areas and leverage new data sources to create new businesses (such as security consulting)

Healthcare providers business focus areas

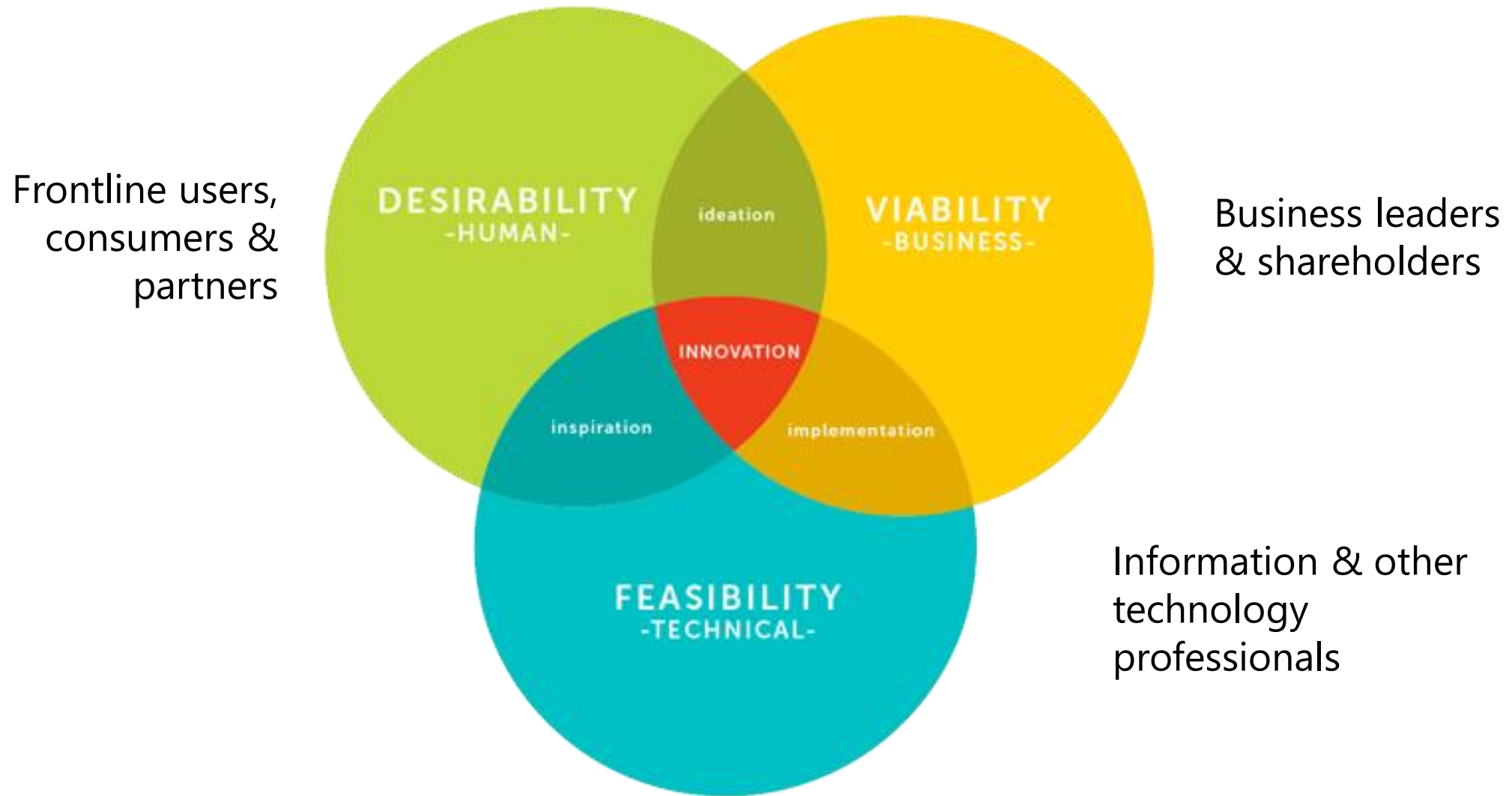| Focus Area	Business Opportunity
Quality of Care / Care Planning	Identify high risk, avoid litigation, gain timely reimbursement, reduce costs, gain referrals
Clinical Performance Management	Improve quality of care (staff), avoid litigation, decrease costs
In-patient & Out-patient Monitoring	Improve quality of care & patient satisfaction, decrease costs
Supply Chain Management	Minimize waste, detect fraudulent behavior, improve quality of care
Financial Administration & Human Resources	Optimized staffing, predict services demand, optimized facilities
Physical Plant Maintenance	Minimize breakdowns & liability, extend life of equipment
Promotions & Marketing	Gain patient share & complementary services, improve community profile

Manufacturing business focus areas

Focus Area	Business Opportunity
Production	Improve quality & yield, plant efficiency & uptime
Supply Chain	Enable Just-in-Time (JIT) supply chain, cut cost of inventory, improve flexibility in production & uptime
Service & Warranties	Reduce support costs & warranty funding, improve quality of customer experience and safety
Product Development	Improve product mix, react to existing & emerging competition, enter new markets
Sales & Marketing	Improve sales, optimize spending on campaigns, uncover new opportunities, connect to consumer

Retail business focus areas

Focus Area	Business Opportunity
Store Operations	Increase shopper conversion, improve employee performance, prevent merchandise loss, match personnel to shopper volume
Merchandise & Category Management	Improve number of turns of merchandise, target discounting appropriately, match promotions to goods on-hand
Point of Sales	Optimize sales conversion, determine fraud sooner, improve customer experience, link omni-channel experiences
Marketing and Promotions	Improve advertising effectiveness, price goods optimally, maximize cross-sell and up-sell, serve most valuable customers

Who drives innovation & digital transformation?

Frontline users, consumers & partners

Business leaders & shareholders

Information & other technology professionals

A need to look at data differently?
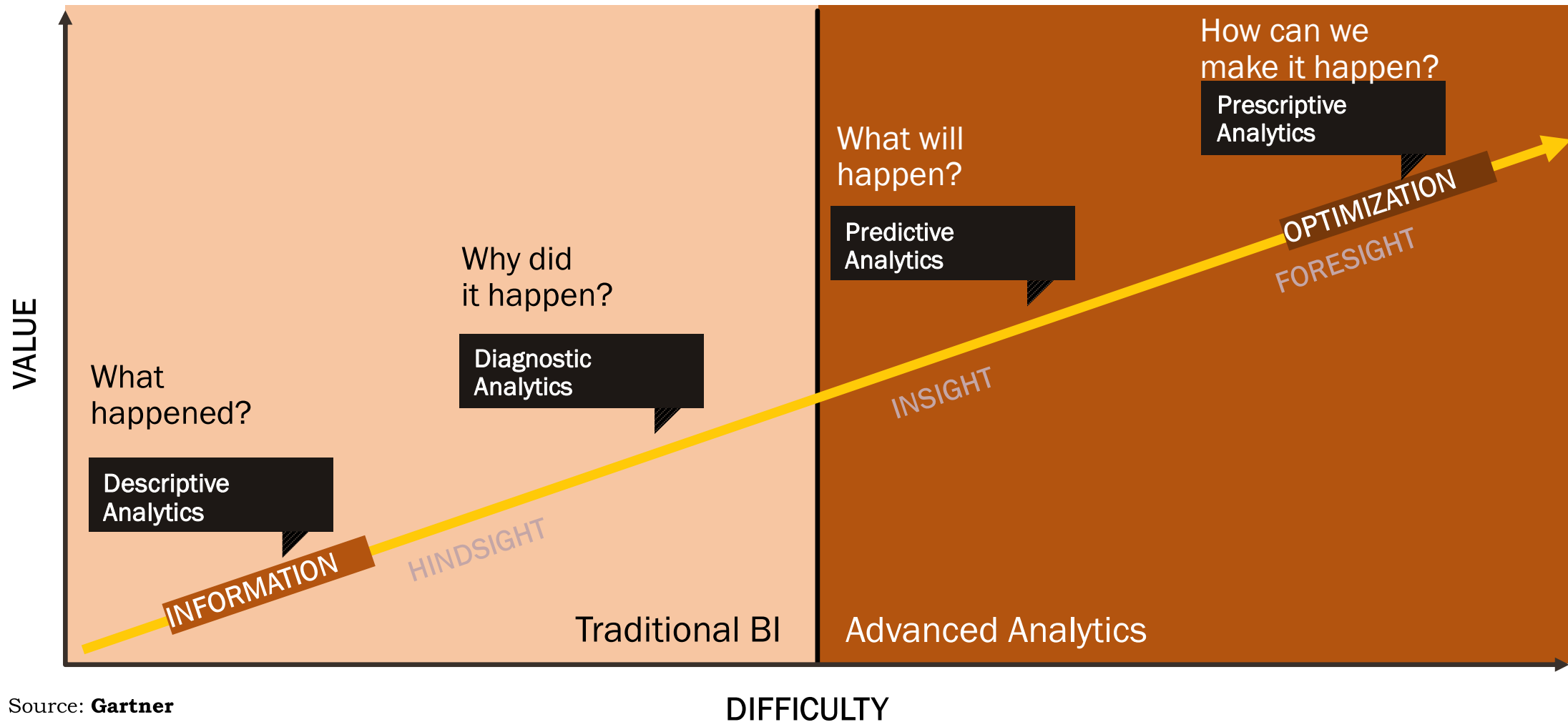
Source: **Gartner**

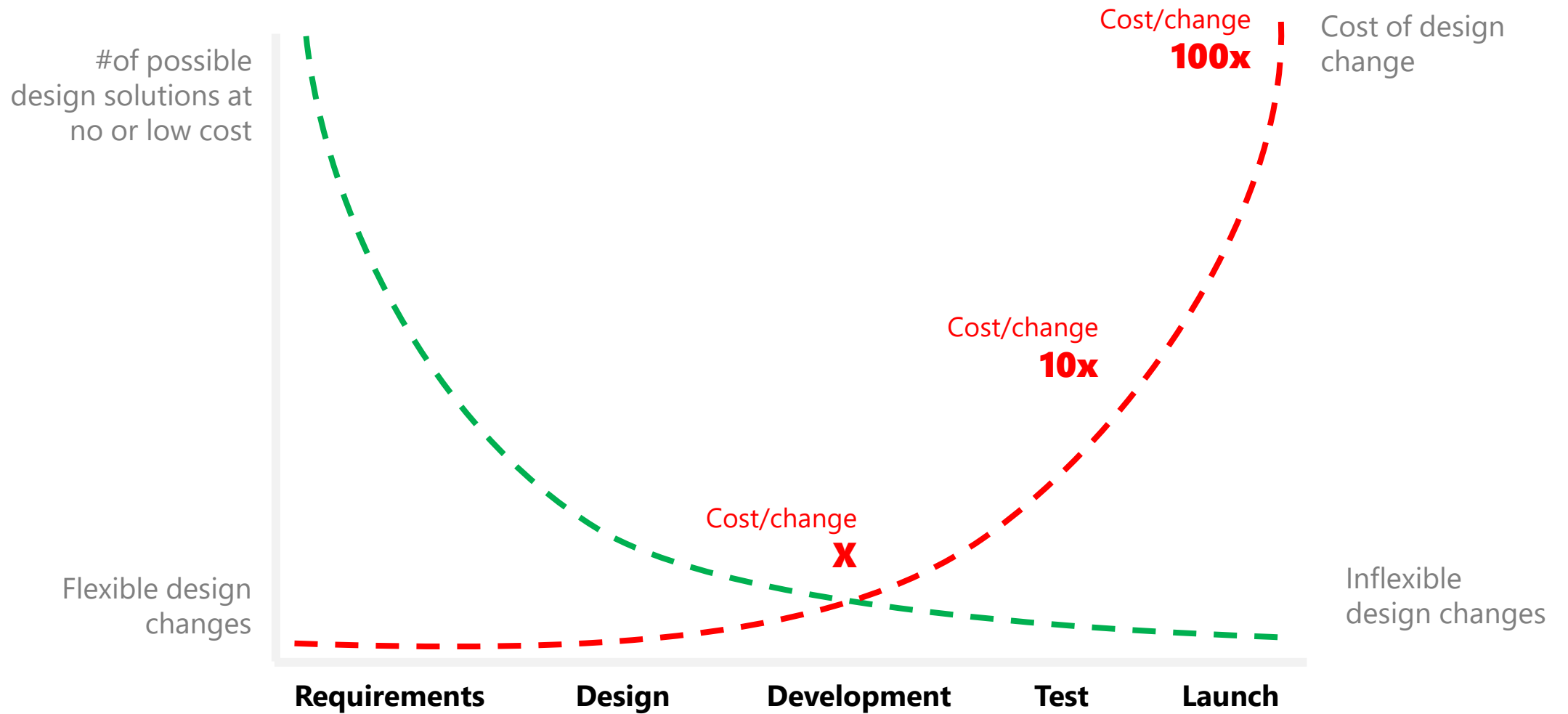# Maturity of your data environment?

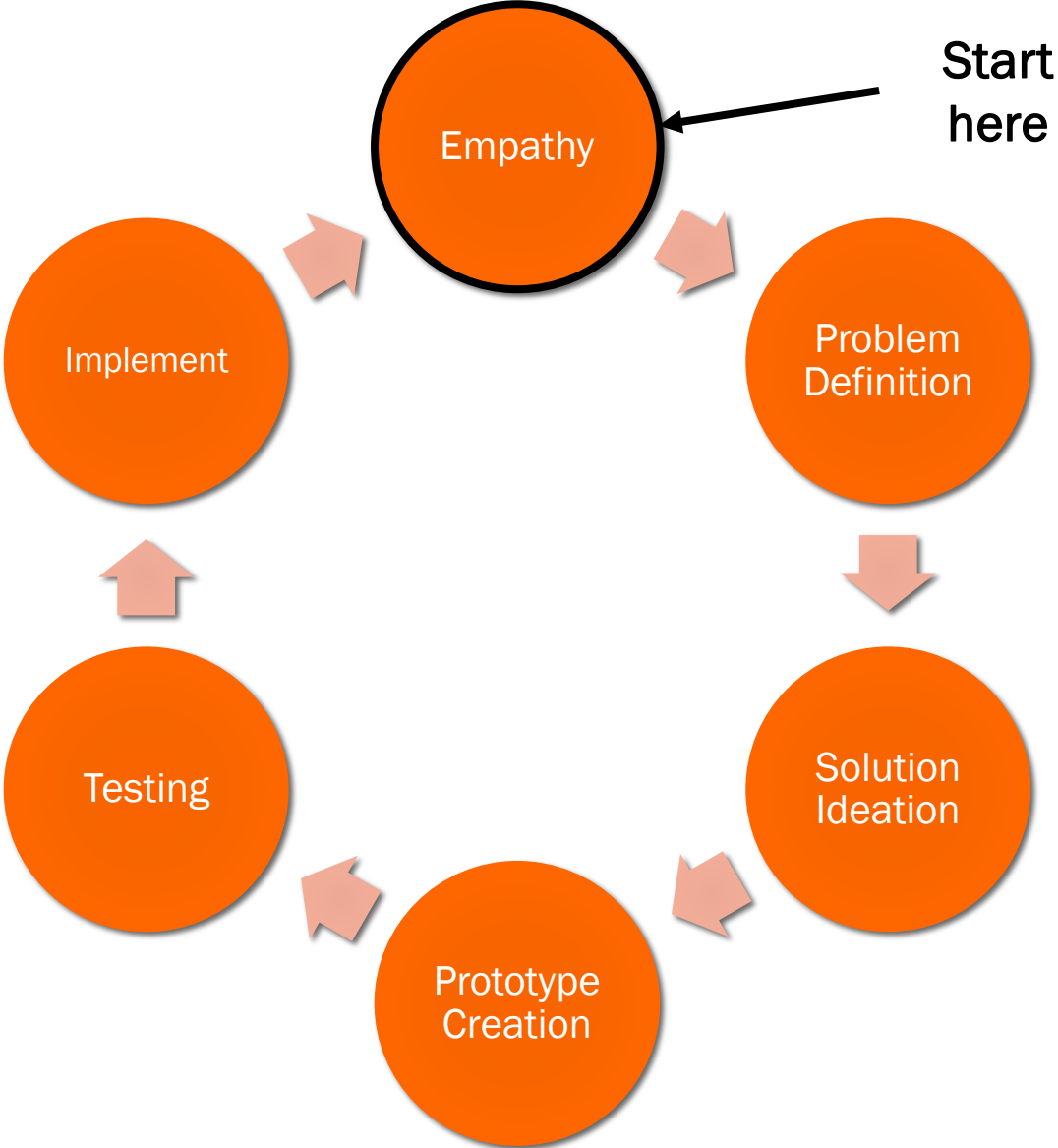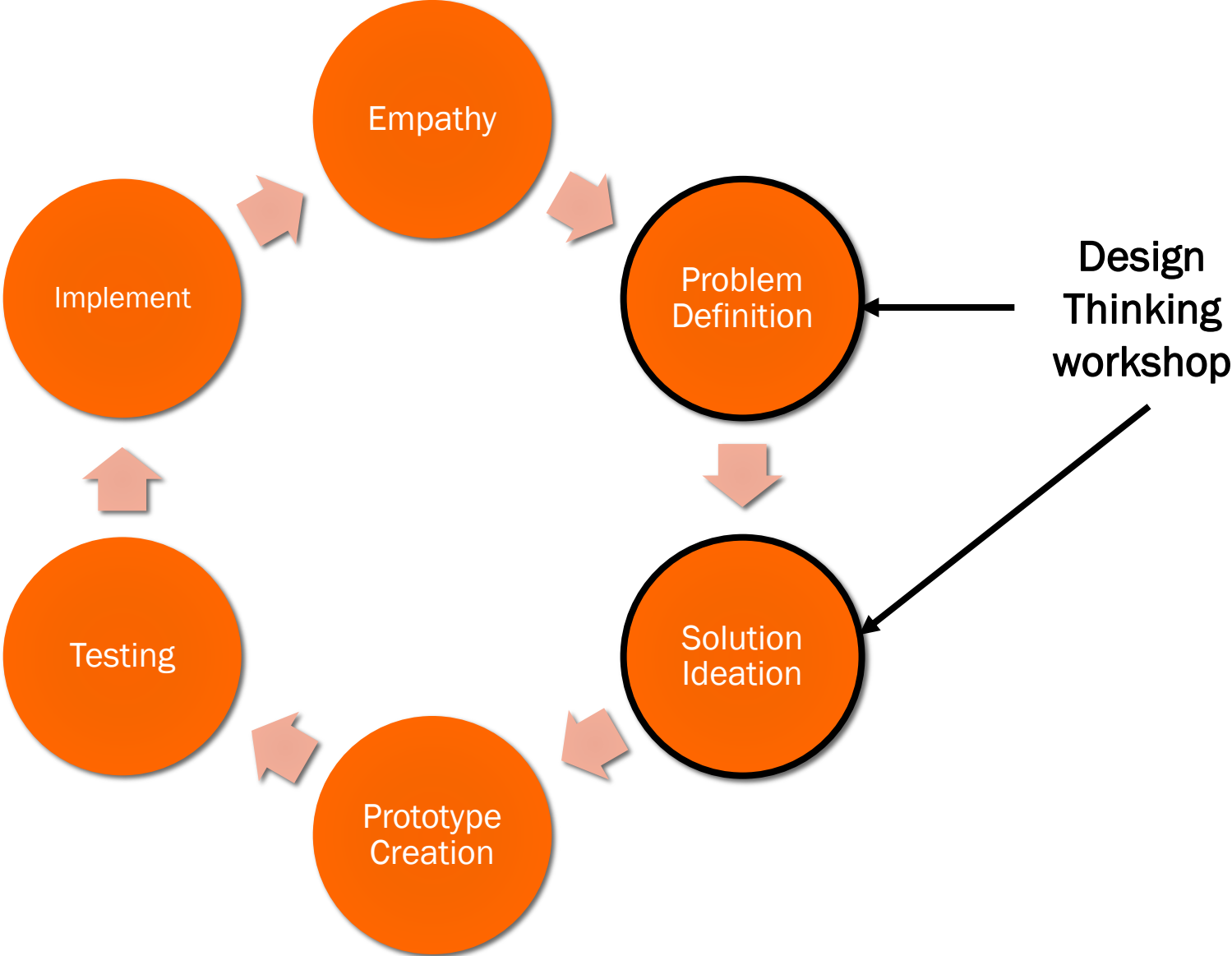| Data & Information Silos | Data & Information Coordination | Advanced Business Optimization | Information as a Service |

Minimizing the cost of change

#of possible design solutions at no or low cost

Cost/change
100x

Cost of design change

Cost/change
10x

Cost/change
X

Flexible design changes

Inflexible design changes

Requirements   **Design**   **Development**   **Test**   **Launch**

X = $3,500 cost per change (industry average)

An iterative approach

Workshop phases

Design Thinking Double Diamond
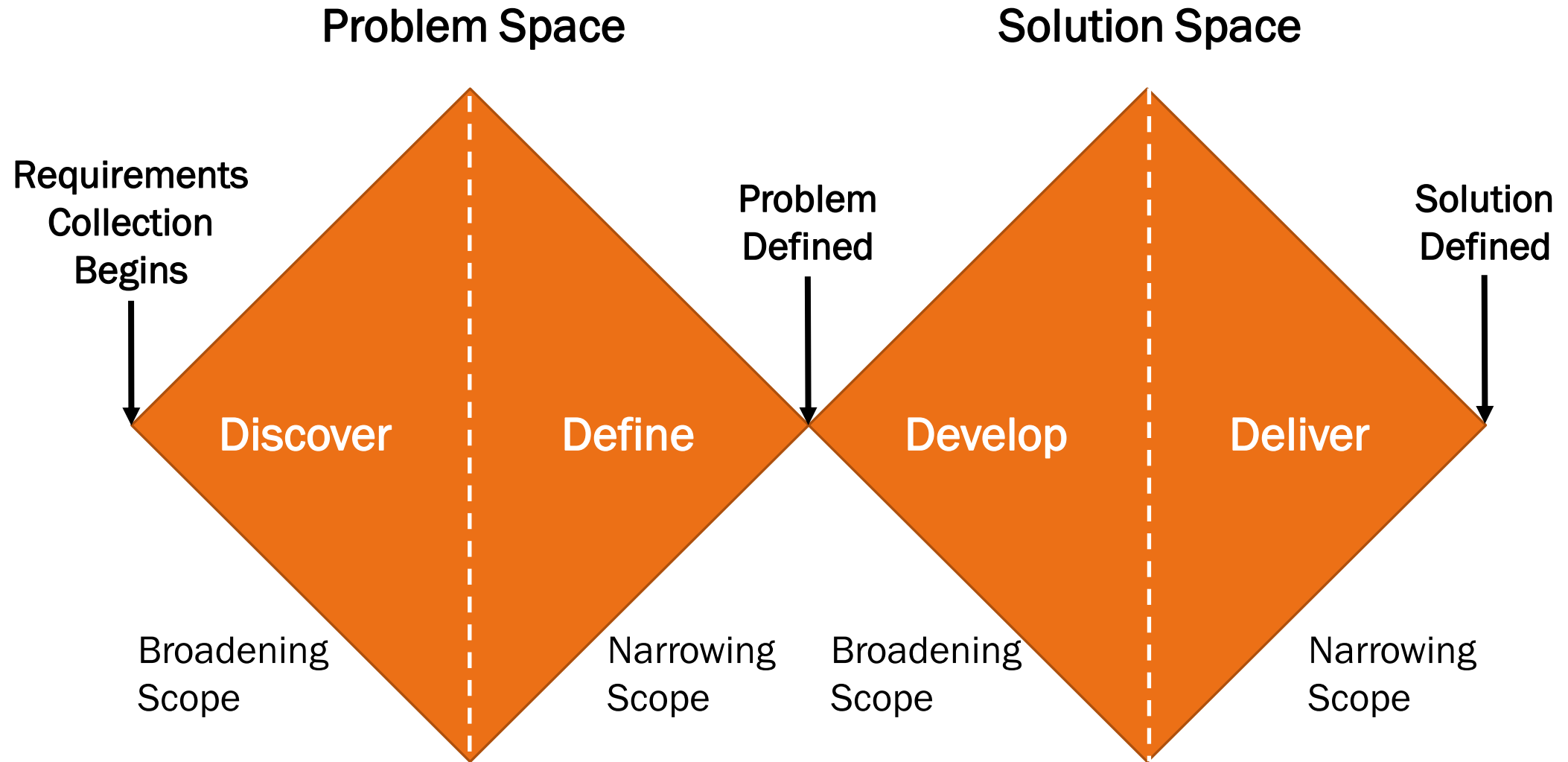
Diverse roles engaged in Design Thinking workshop
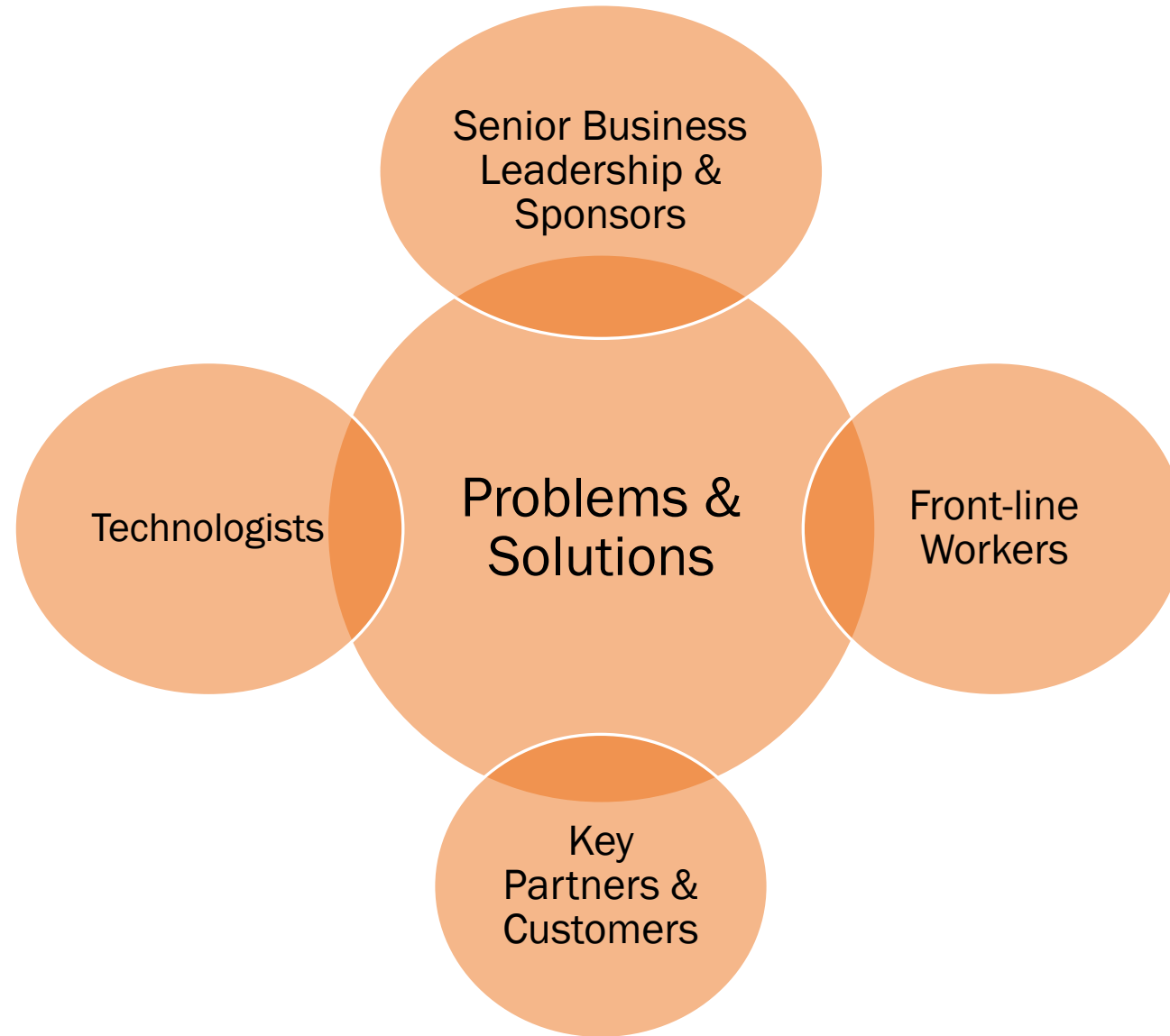
Design Thinking workshop outcomes

Broader Engagement
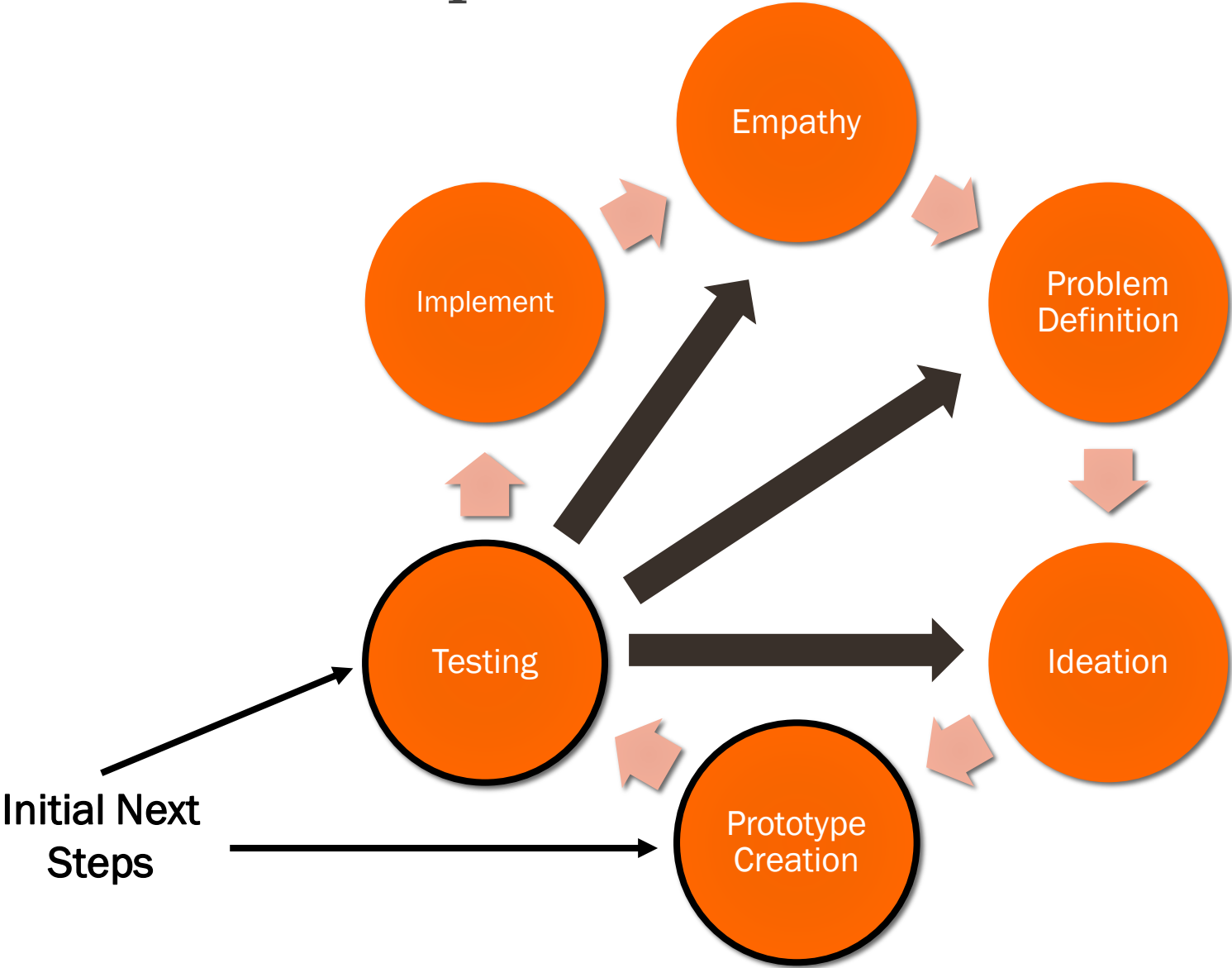
Improved Alignment

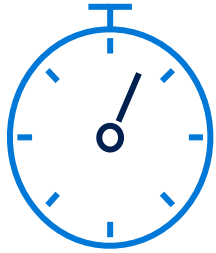New Insights
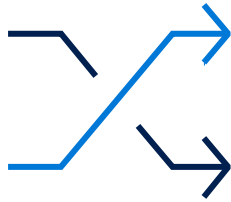
Solution Ownership

Better Understanding

After the workshop

Why prototype development occurs in the cloud

Speed & ease of deployment

Scalability

Economics

Security

Completing the circle