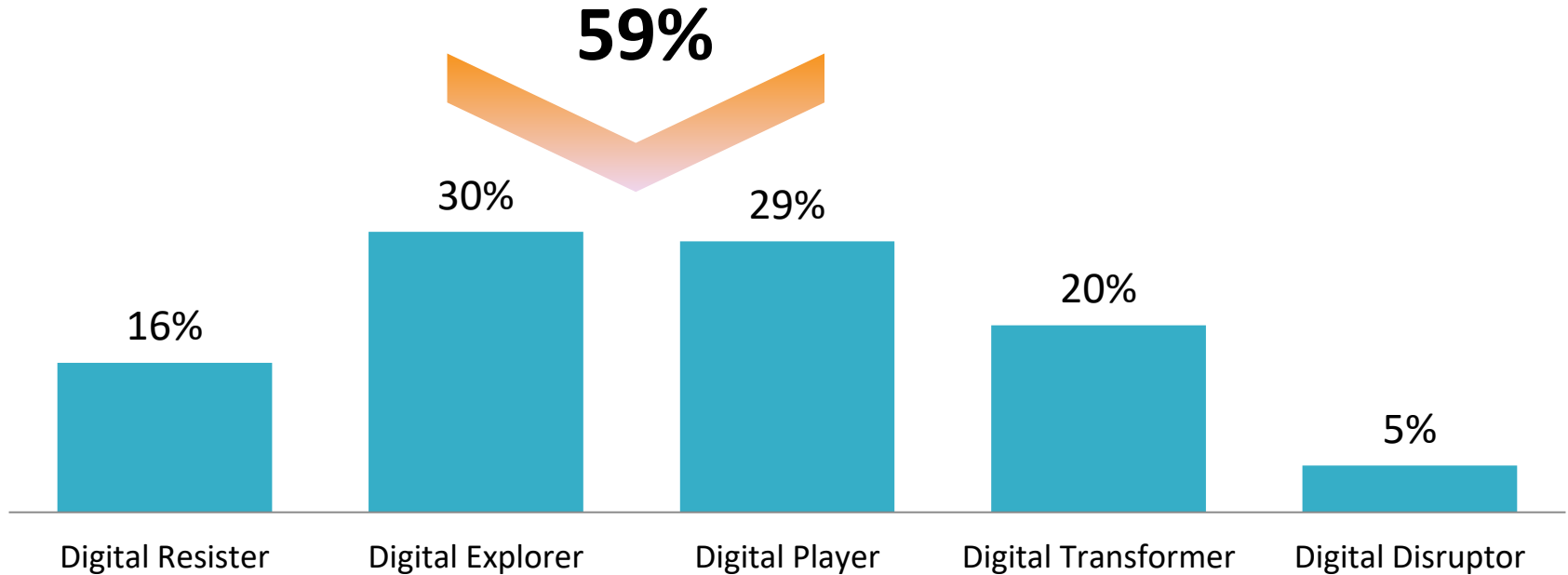




Breaking through the Digital Deadlock

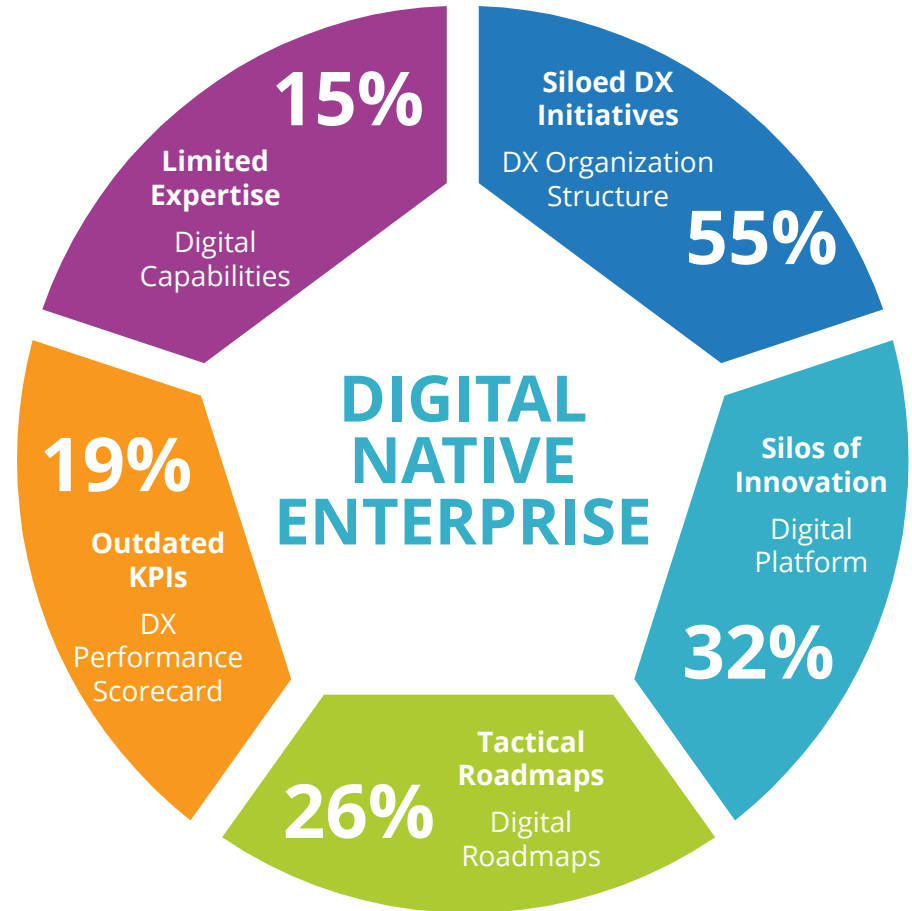
Meredith Whalen
SVP, IT Executive, Industry, Software and Services Research

Many Organizations Are at a DX Deadlock



Source: IDC, Worldwide Digital Transformation Maturity Model Benchmark, 2017; n= 1818. May 2017

Organizations are Facing Several Challenges



Accelerated Pathways to Digital Transformation

DIGITAL NATIVE ENTERPRISE – DISRUPTIVE INNOVATION IS BUSINESS AS USUAL



DX Performance

Scorecard
Critical Success
Metrics and
KPIs



DX Organization

Structure
Embedding
Digital in the
Business



DX Roadmaps

Prioritizing the
Industry Use
Case Journey



DX Capabilities

Reshaping
Business and
Technology
Expertise



DX Platform

Rearchitecting
for Scale

IDC's DX Pathways

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Digital Organization Structures

The DX Special Projects Team



Define DX Mission

30%

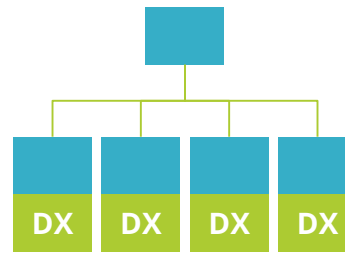
The Office of Digital Transformation



Establish DX Priorities for Enterprise

46%

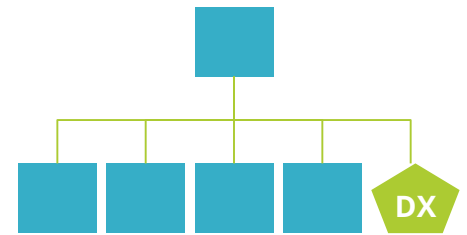
The Embedded Digital Business



Implement DX Across Enterprise

20%

The Digital Business Unit



Create a disruptive business

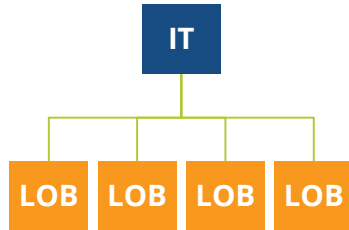
4%

Source: IDC DX Leadership Sentiment Study. Worldwide sample n= 968, March, 2017.

IT Organizations Evolving to Support DX

Centralized IT

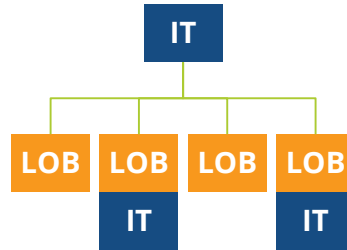
A central group that provides shared IT services to the organization.



53%

Centralized-Federated IT

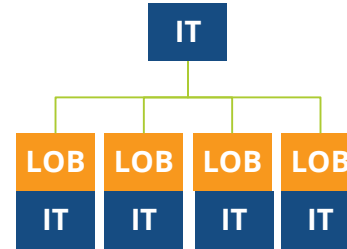
A central group who embeds resources into the LOBs on an ad hoc basis.



29%

The DX Master Contractor

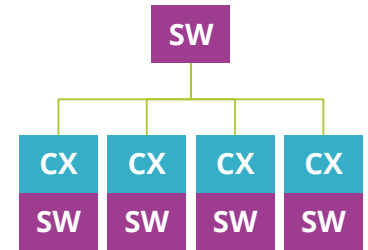
A formal, budgeted approach that employs both a central IT group and distributed IT teams



11%

The SW Developers

Aligned by customer journey, IT's is the software development engine for the digital enterprise.



7%

Northwestern Mutual Reorganized IT from Projects to Products



**Karl
Gouverneur
Northwestern
Mutual**

VP and Head of
Digital Innovation
and Workplace

IT ORG NOW CALLED CLIENT AND DIGITAL EXPERIENCE GROUP

- 3500 IT professionals shifted focus from IT projects and support to digital products and engineering
- Functional org. replaced with “experience value streams”.
- Offshored commoditized infrastructure and development.

SELF-AUTONOMOUS TEAMS FOCUSED ON BUSINESS OUTCOMES

- 20+ job descriptions down to 7 core jobs
- Teams are assembled and reassembled by workload needs
- All in with Agile/Lean and DevOps

IDC's DX Pathways

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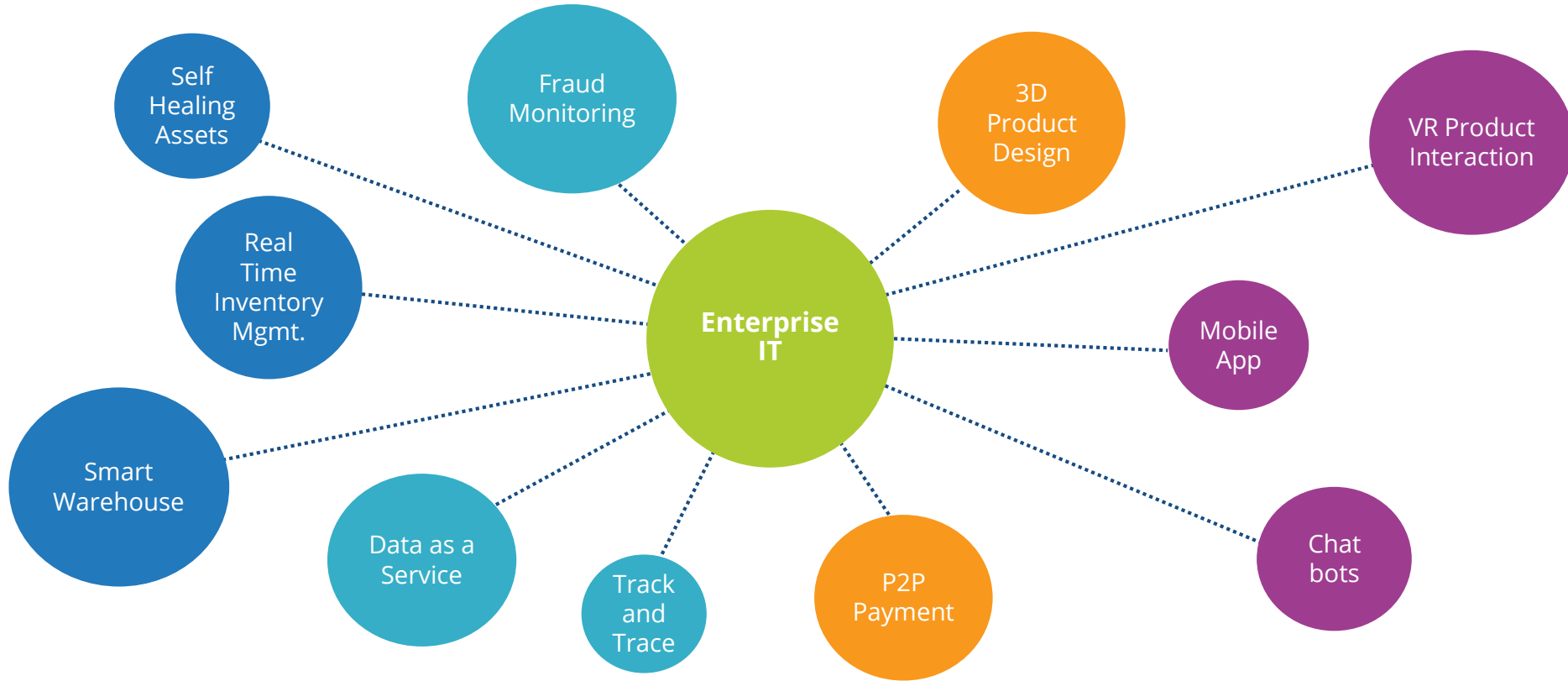
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Expertise



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Rearchitecting
for Scale

Islands of Innovation



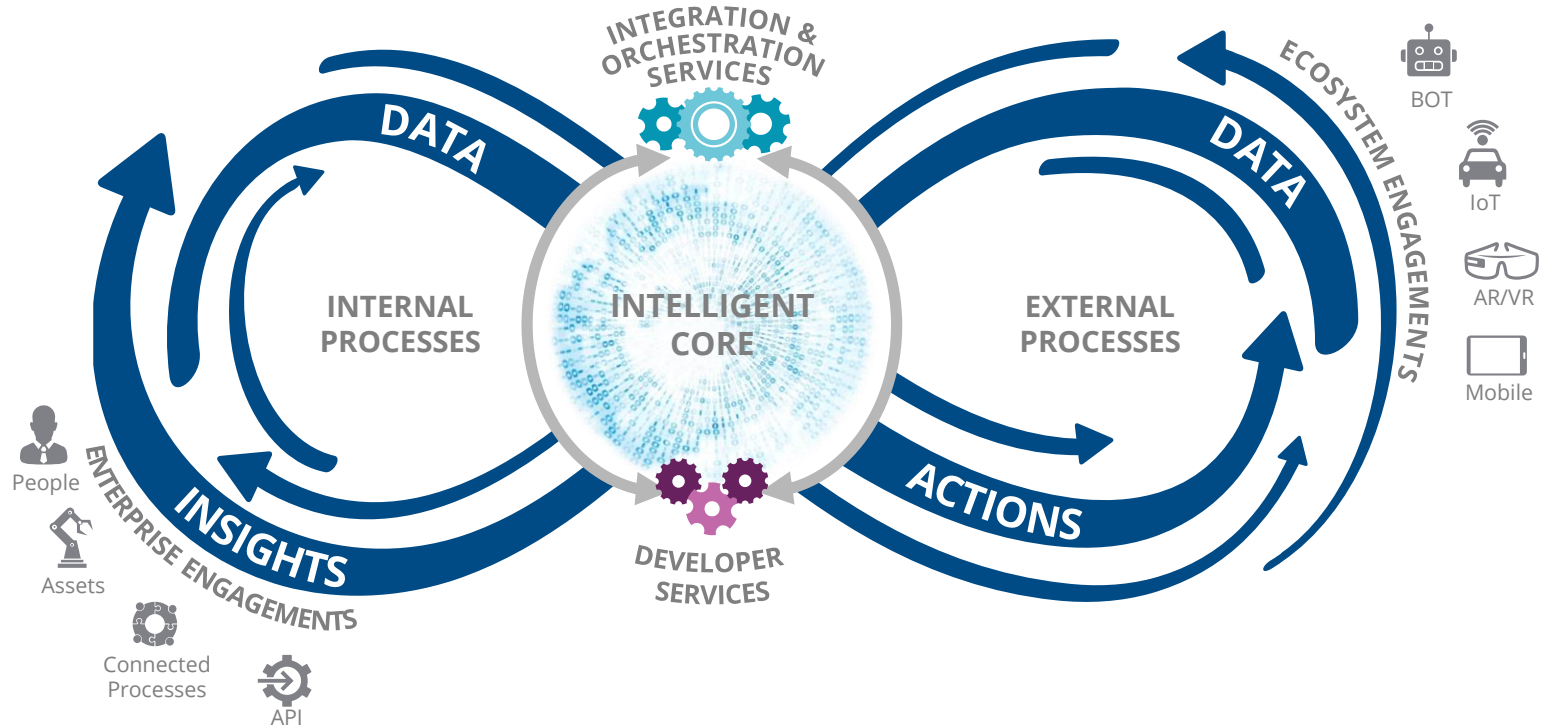


“By 2020, 60% of all enterprises will be in the process of implementing an organization-wide Digital Platform Strategy”



IDC FutureScapes 2018

The New Digital Platform



IDC's DX Pathways

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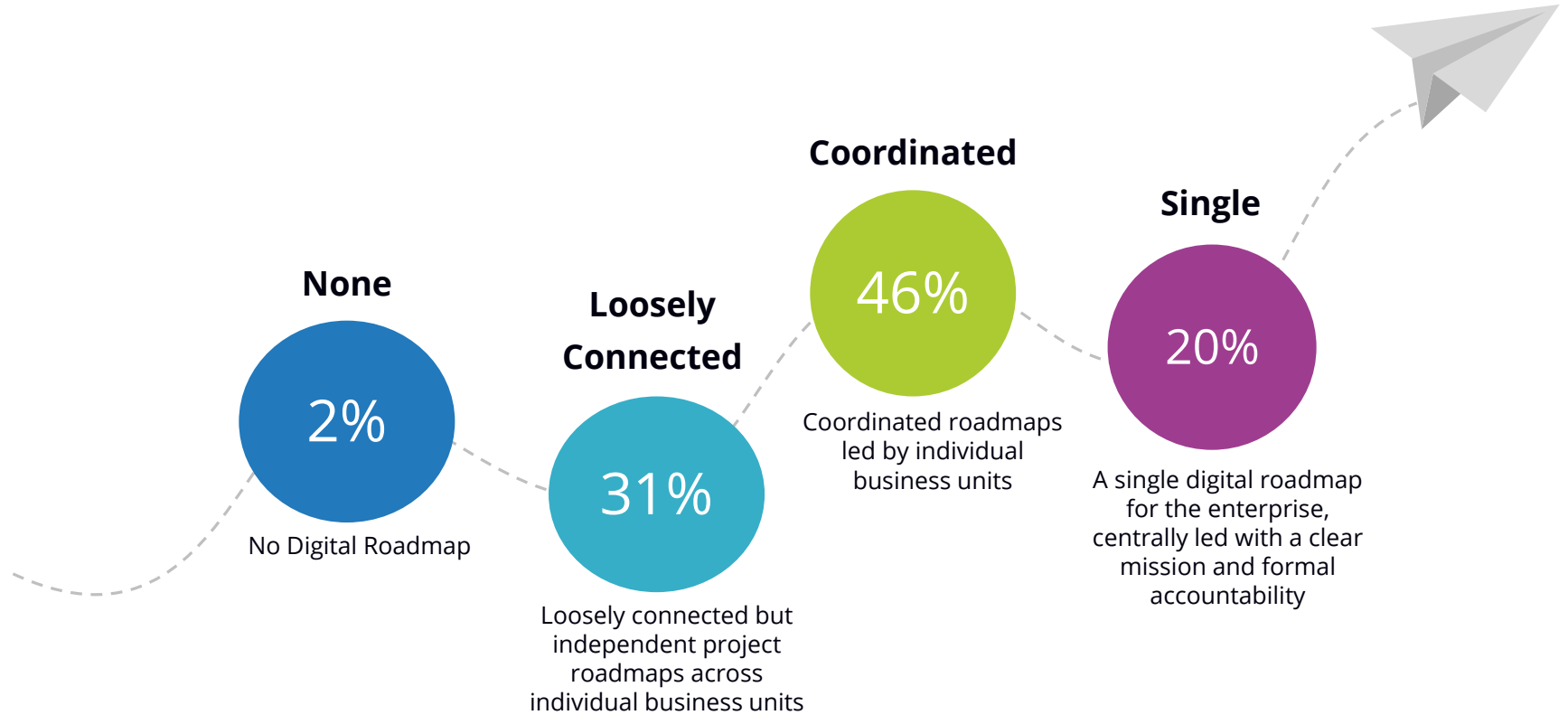
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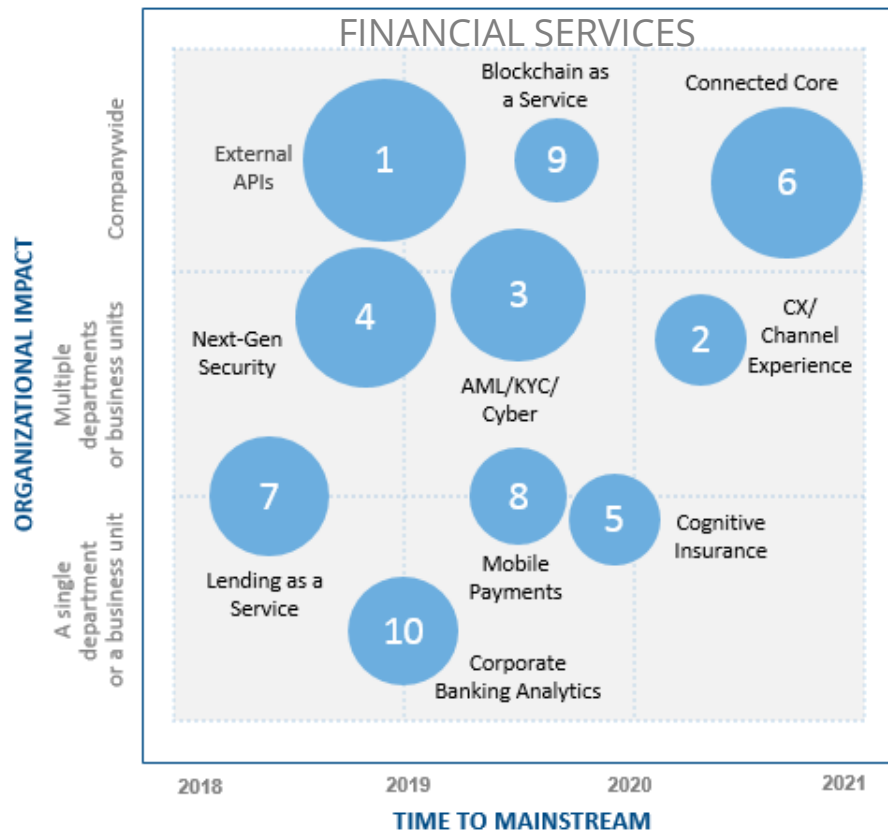
Digital Roadmaps Are Not Singular



Base Roadmaps on Industry Scenarios

1/3

of organizations undergoing DX have NOT held a visioning session to re-imagine their industry



Break Digital Roadmaps into Horizons



Map Use Cases to Customer Journey

47%



Recreate the customer's experience of interacting with your organization.

Identify current and future states.

Consider what might be missing or what might need to change.

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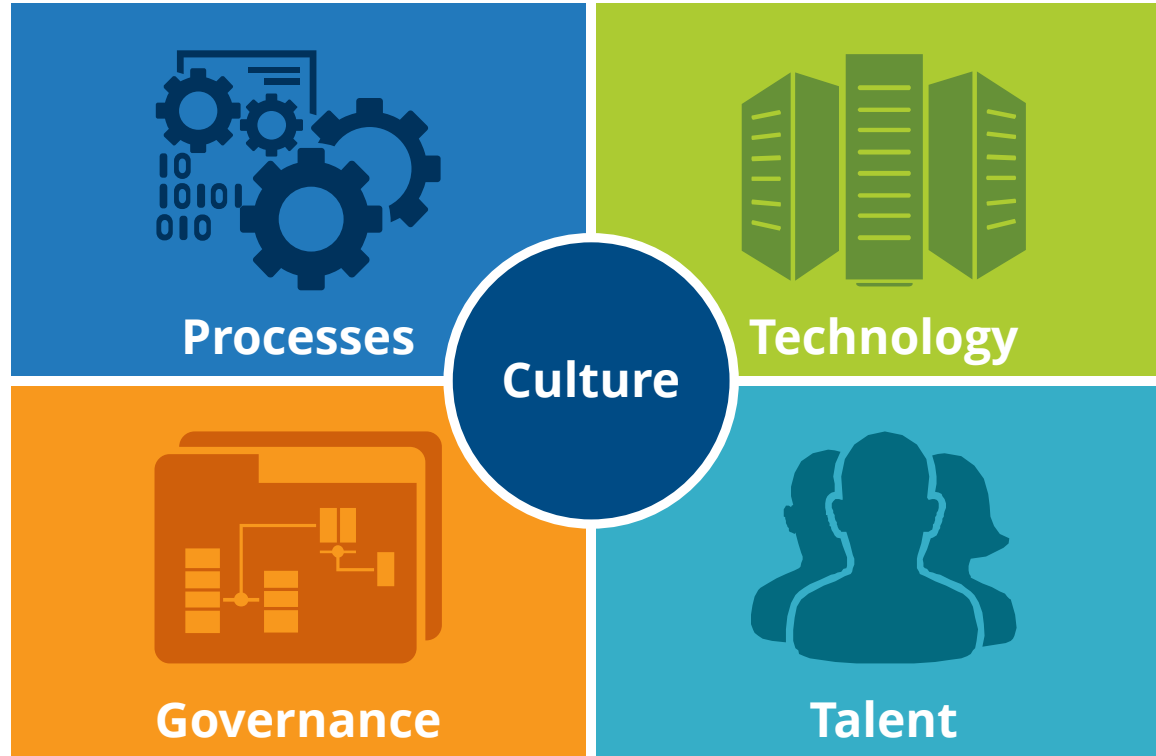


DX Platform

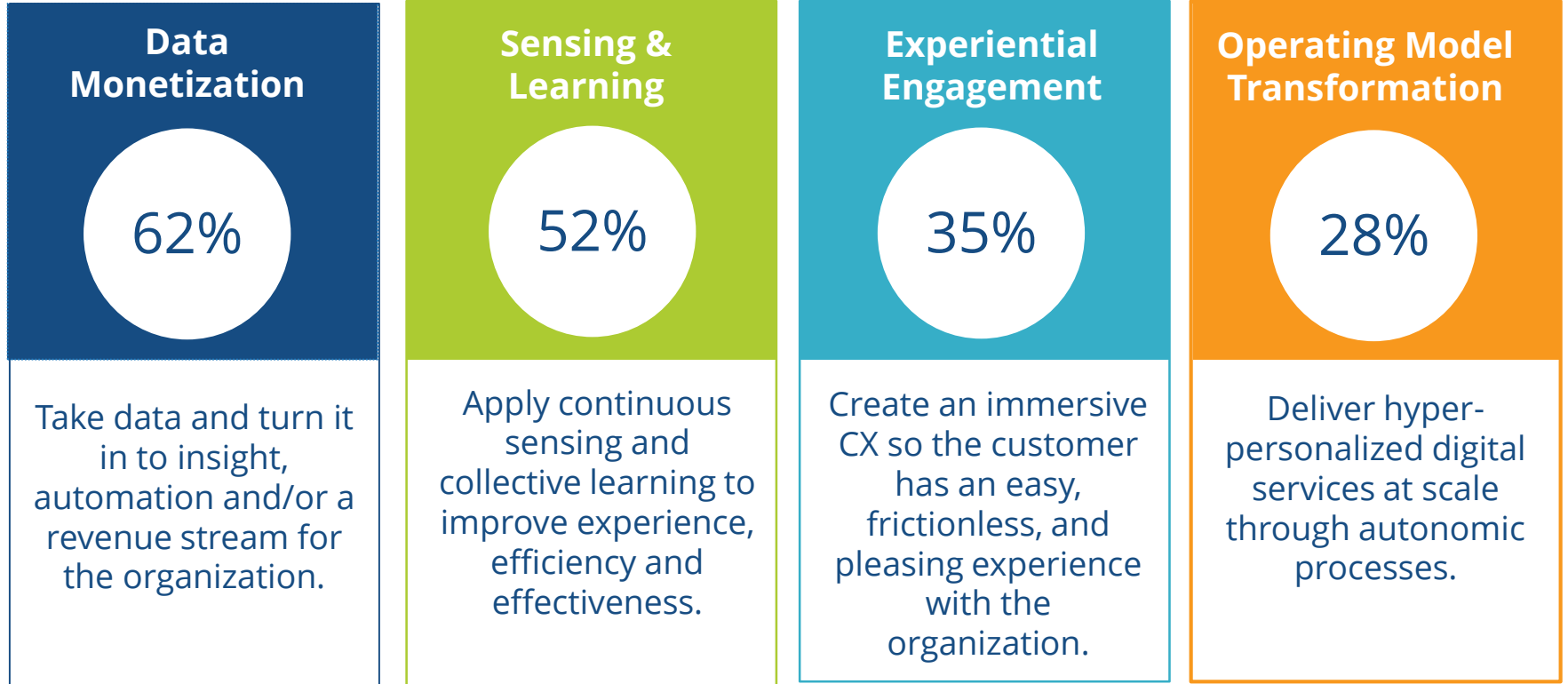
Rearchitecting
for Scale

Digital Capabilities Need to be Developed

Capabilities represent the ability of an enterprise to improve business performance with the coordinated use of governance, talent, processes, and technology



The Capabilities Required to Run a Digital Business



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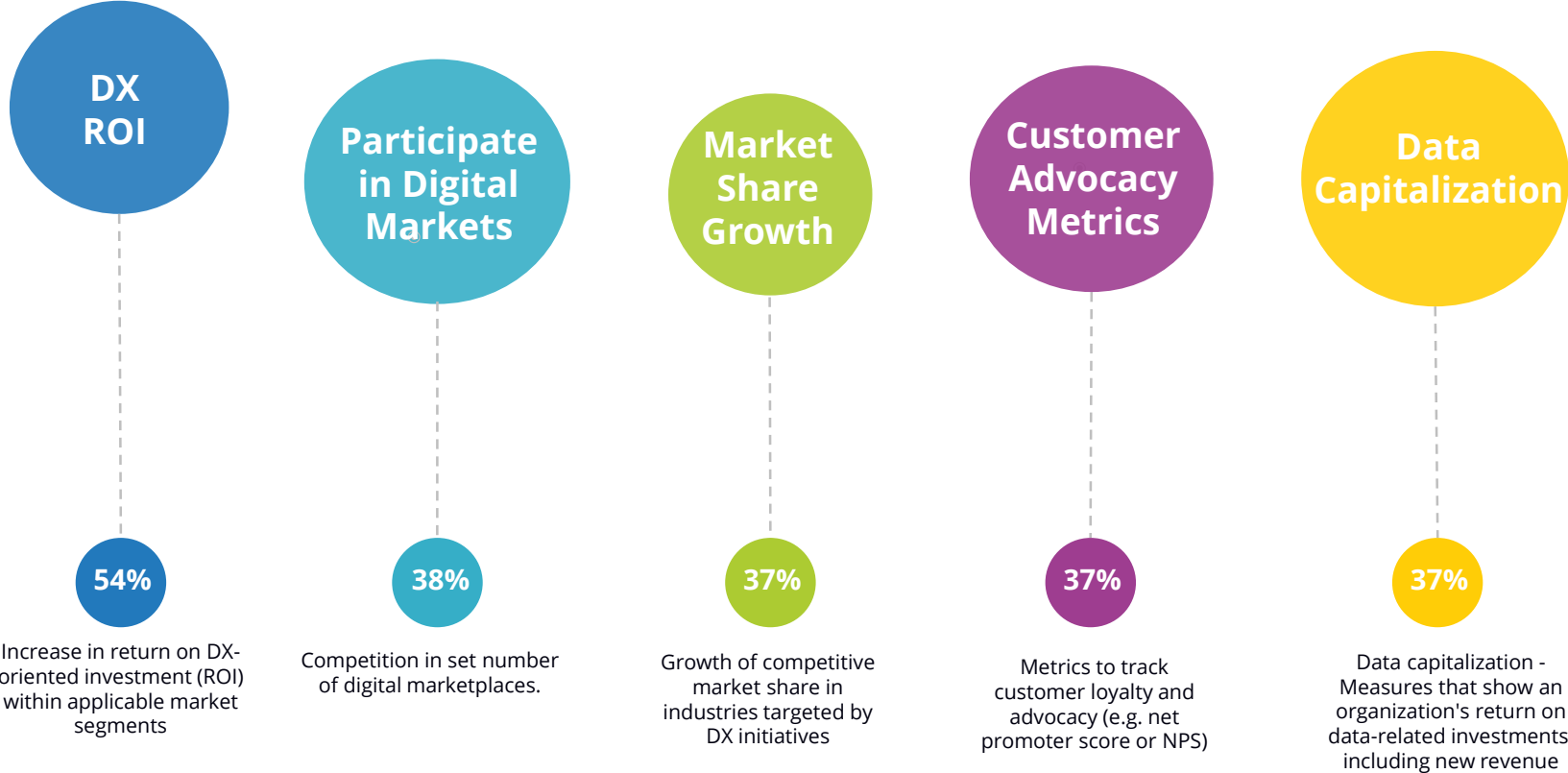


DX Platform

Rearchitecting
for Scale

40% of organizations
do not have digital KPIs

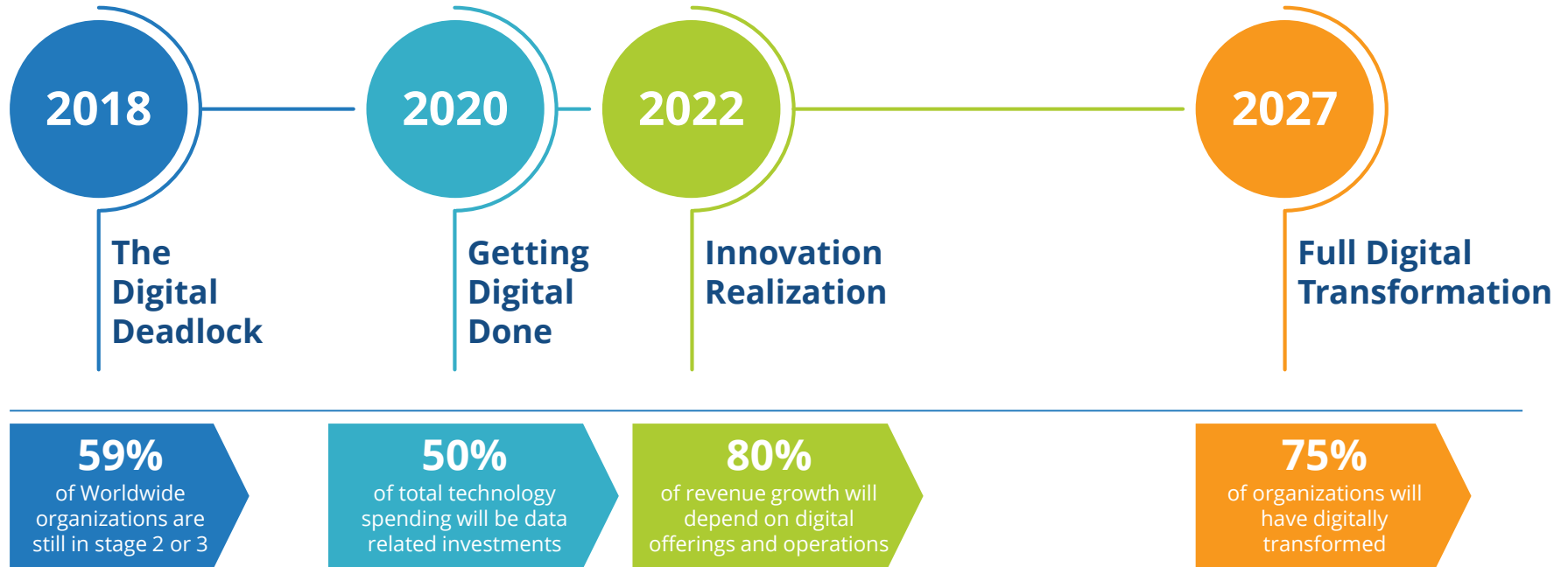
Digital KPIs Peers are Using



The New Digital KPIs

Success Metrics	Innovation Rate	Customer Advocacy	Data Capitalization	Business Operations	Work and Labor Supply
Financial KPI	40% of company capital budget allocated for DX initiatives by 2020	20% more profitable customers each year for 3 years	Platform strategies drive data-related IT investments to exceed 25% of total IT by 2019	Achieve 50% market share for target DX product or service by 2020	50% of executive compensation tied to digital MBOs
Business KPI	40% of DX Innovation Initiatives approved for implementation by 2020	Improve customer NPS score to positive 50/100 by 2019	Platform-related revenue accounts for 10% increase in total revenue each year over 5 years.	Introduce 1 new DX product or service each year for the next 3 years	Percentage of on-demand, knowledge worker labor hour increases by 10%/year over 3 years.
Operational KPI	Companies spend 10% less per year on DX failures over 3 years	Increased customer interactions for 50% of non-profitable products within 1 year	APIs reduce data acquisition and sharing costs by 50% over 3 years	Increase the % of self healing processes by 10% per year for three years.	10% of repetitive enterprise interactions are augmented by AI each year for 3 years.

Once Through the Challenges, You are Cleared to Digitally Transform



For More Information

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