The Various Stages of Digital Transformation

PMI FRANCE CHAPTER — PROJECT MANAGEMENT INSTITUTE

Thank You

The digital world brings distribution issues and opportunities

Your core business doesn't change with the digital world

Some company think digital changes their core business and install new setting

But: The way the business is done changes drastically

Why? Because we have to think about the full client/provider processes

The digital era brings process scalability problems

Digital distribution of services is providing but more complex than products

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The Five Stages of Digital Transformation
Sample of a Provider/Customer Relationship

Before Digital Era
Most provider processes have a huge manual part outside the software applications

Transforming the customer related processes

The interconnection between client and provider is fully digitalized

Putting in place Web Portal/ Mobile Application

When the customer does its share of the job

The Various Stages of Digital Transformation

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12 years in software companies

Lyon Consultants, Amadeus, Lotsys, Reactis AMS

5 years in large companies IT departments

Coface, Organic, FDJ, CMA-CGM

5 years in IT service companies

Lyon Consultants, IBM, Reactis

Numerous International Enterprise Architecture audits and DD
Process optimization, IT Strategy, Architecture, Software Engineering, Program and project management, Product management

The digital world brings **distribution** issues and opportunities

The digital area changes the way distribution is done because the client is easily reachable

Going digital leads to automation of distribution, to inclusion of distribution issues right into the software, to add **multiple channel management** into the strategy

Your core business doesn't change with the digital world

Some company think digital changes their core business and most are wrong

But: The way the business is done changes drastically

Why? Because we have to think about the full client/provider processes

The digital era brings process **scalability** problems

When processes are made by humans and outside the IT systems, you can only handle a certain business quantity and quality with a certain workforces

When you are digital, you have to scale up in quantity and quality

Digital distribution of **services** is promising but more complex than products

Product distribution is complex in terms of supply chain and process scalability

Service distribution is complex because the "digital service" must be created on top of the real service
This is called "servicization"

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Sample of a Provider/Customer Relationship

-Before Digital Era-
Most provider processes have a huge manual part outside the software applications

Several issues generate recurring costs and inefficiency
- Productivity is bad because processes are based on mail, phone, Excel, etc.
- Quality of service is bad
  - Provisioning delays
  - Customer relationship
  - No visibility for the customer
  - Processes that are not reproductible
- The internal costs are high
- Better service cannot always mean more people
  - And more recurring costs

Transforming the customer related processes

The consequences of a good portal step are
- Customer digital access increases the need for customer service quality
- Customer digital access usually increases the volume of demands

On the provider side, appears the need to
- Automate the tasks without added value through new digitalized processes
- Invest on new back office management applications

The process is mostly managed by software letting humans take in charge only the human added-value tasks

The interconnection between client and provider is fully digitalized

- The full global client/provider process is digitalized
- Provider and client IT systems are interconnected
- IT systems interconnection is a business prerequisite
- The interconnection is a distribution channel enabling to sell more services

1. The Portal Phase

2. Automating internal processes

3. The customer enters the global process

4. Towards a fully digital automated process

Putting in place
Web Portal/ Mobile Application

Advantages	Drawbacks
Customer advantages: • Better interaction with the provider • Online order follow-up • Customer profile • Better sharing of information Provider advantages: • A part of the process is taken in charge by the portal (customer request)	Customer drawback: - The portal is only a new channel of communication but not a business changer Provider drawback - A small part of the core process is centralized in the portal but the core process remains mostly untouched

When the customer does its share of the job

The global process efficiency optimization will push the provider to imply the customer in the process...
...in order to reduce his own costs !!!

This is done through multiple administration functions developed on the Web platform for the provider and also for the client, the two being tightly coupled

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Samples

Google AdSense for Blogger
- Physical people manage individual AdSense accounts as if they were big customers
- This is inefficient and have no ROI
French National Lottery Sportsbetting
- The sportbetting is offline and working as the Loto or Euromillions
- Bets are static and managed in back office
Turbomeca Boost
- Support is managed exclusively with mail,

two cost models

phase

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  - Support is managed exclusively with mail, phone and Excel spreadsheet exchanges

Two cost models
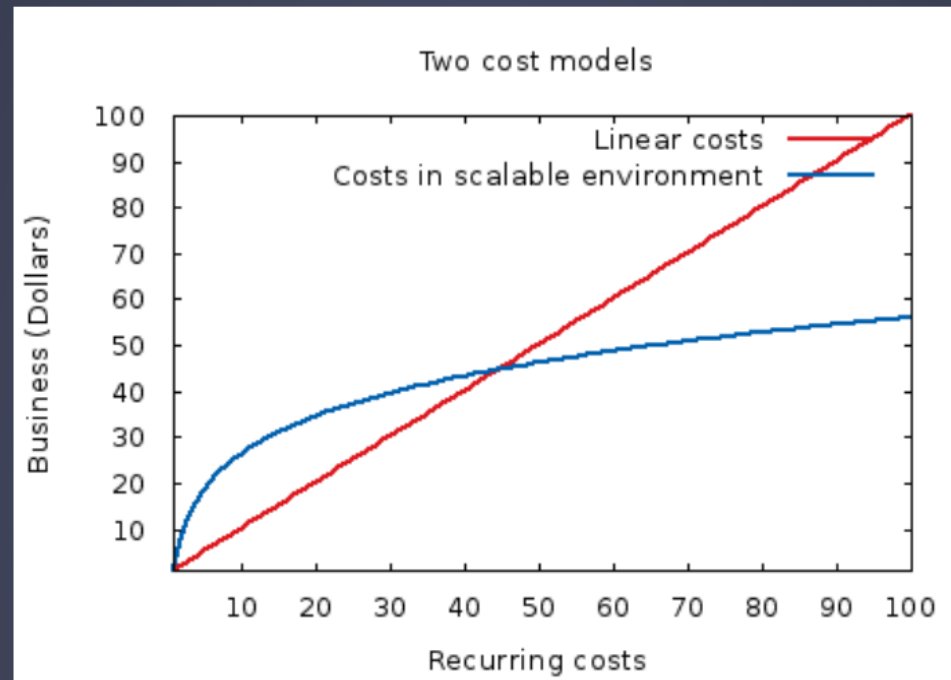
The objective is enhancing services quality and predictability while being in a cost trend that is not linear compared to the business volume

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- Google AdSense for Blogger
    - This offer started by the portal approach
- French National Lottery Spendbetting
    - Bets can be taken on a website but the offer remains limited
    - However, FDJ becomes a competitor of its physical distributors
- Turboneca Boost
    - The portal is the first step to distribute the right documentation for the right configuration
    - But the support process is not changing really and configurations are evolving

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2. Automating internal processes

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Samples

Samples

- Google AdSense for Blogger
  - The internal process is computerized to enable a huge number of customers for the smallest support team
  - Each demand is processes automatically
- French National Lottery Sportsbetting
  - A new real time betting platform is acquired
  - New people (working in shifts) are hired to manage the real-time quotes
  - KPI focus on tool efficiency (nb of events managed by trader must grow with time)
- Turbomeca Boost
  - The feeding of Boost is fully computerized from the PLM/Production/LSA database
  - Support tools are rethought for the support to work on Boost

3. The customer enters the global process

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...in order to reduce his own costs !!!

This is done through multiple administration functions developed on the Web platform for the provider and also for the client, the two being tightly coupled

Samples

Google AdSense for Blogger !
- The Client signs the contract in fine
- He has powerful administration functions to manage his account in details and perform the highest number of troubleshooting by himself

French National Lottery Sportsbetting :
- The sports betting platform enhances both the provider administrative functions and the customer functions
- A part of the money management is pushed back on the customer side to optimize profitability

Turbomeca Risea :
- The customer is required to update in his account the full precise configurations of the engines
- This enables Turbomeca to think about providing added-value services

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4. *Towards a fully digital automated process*

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- The interconnection is a distribution channel enabling to sell more services

Standardization of the exchange protocols becomes strategic to everyone because it is the only credible scaling up strategy:
- The provider implements the interface once for numerous clients
- Each client can connect to several providers with the same protocol

Samples

- Google AdSense for Blogger
  - The service being full digital, it can be sold through other systems in a more B2B approach using web services
- French National Lottery Sportsbetting
  - The platform can be used in white label mode through web services
- Turbomeca Boost
  - The client requirements can be fulfilled through a web service based connection to their maintenance information system

The Digital Era Began Long Ago

- Standards are here for a long time in some businesses such as aerospace (ATA-ASD/AIA)
- They cover huge perimeters but they are not fully implemented (far from it)
- They try to define a common language between all players to be able to do business together

Digital is Really a Business Problem

- Going digital means having an economic standpoint
- The objective is to sell more, better, faster, with a higher quality of service and a better margin
- It is also to be able to reach unreachable customers

The Digital World is Reinventing Intermediation

Depending on who owns the final digital B2C link, digital B2B intermediate may be very valuable

- Because they enable to reach the final customer
- Because they enable the multiplication of users

The Digital Era Now Concerns all size of Companies

15 years ago, only big corporates could enable automated B2B connections

Nowadays, small companies have the exact same requirements than big ones

The Digital World Is Reinventing Servicization

The final real service may be the same but in order to be sellable online or via electronic B2B channels, it must be "servicized"
There are at the end two services :
- The digital one
- The real one

New Requirements For Providers

The global process knowledge is at the heart of the digital transformation

This pushes for the construction/reinforcement of the business ecosystem where every player can do business...

Partnership with competitors can be of mutual benefit in this perspective

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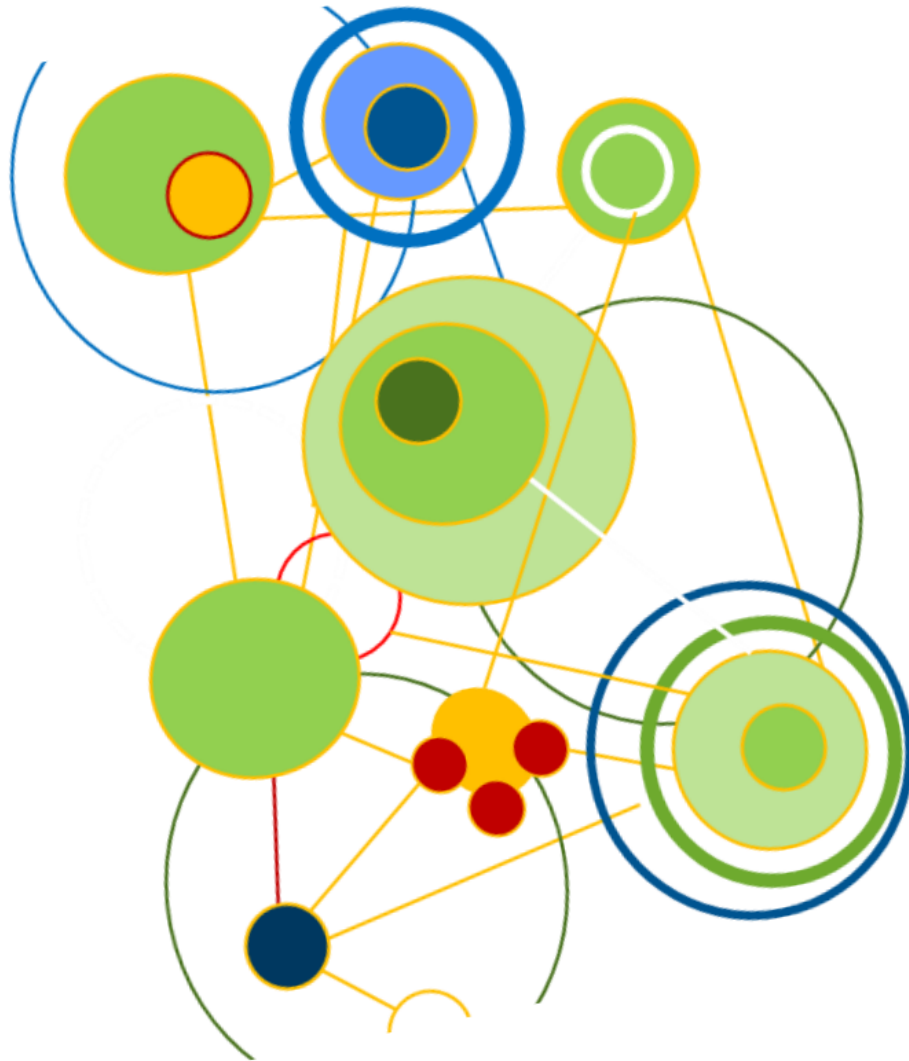There are at the end two services :
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CONCLUSION

Digital Transformation Bounds to Think

- Global Processes
- Business Ecosystem
- Servicization
- Distribution Channels

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