BUSINESS STRATEGY

**2019**

START

Bridges and PerformanceWorks launch a
major new research paper

# Transforming Your Company into a
# Digital-Driven Business

Digital transformation is leveling the competitive playfield
and most leaders are not ready.

Performance Works
Powering Results

**BRIDGES** ™
Business Consultancy Int.

# Content

Strong results in 2018 won't guarantee success in 2019. Leaders are now being challenged to build and develop their company's digital infrastructure faster and more effectively to meet the demands for tomorrow. It's not an easy task, and many are failing.

Research shows that 67% of traditional strategy implementation fail.[1] For digital strategies, the implementation failure rate is even higher. Both IBM[2] and Forbes Magazine[3] state the digital failure rate as 84%.

The research we conducted targeted 1,874 leaders across Asia Pacific, North America and Europe on their views of digital transformation and their readiness to implement it. It produced fascinating—and even uncomfortable insights such as

- Leaders are not prepared for a digital driven world in 2019.

- Digital transformation is not deemed as urgent by almost 50% of the leaders interviewed.

- Digital is leveling the international competitive playing field.

Digital transformation takes on a different meaning for different businesses depending on their strategy. From our research, however, we did identify that it involves these five common elements:

1. The need to craft a digital vision - to prepare for tomorrow

2. Customer-focused initiatives - such as human-design centers and hackathons

3. Operational centricity - such as leveraging Artificial Intelligence and Big Data

4. Cultural centricity - such as establishing a digital-first culture and employee empowerment

5. Future proofing the organization - making the digital strategy measurable and data driven

These common broad elements all contributed to a key outcome of the research, an 11-Step Model for companies to successfully execute digital transformation. This model can be found at the end of this white paper in Appendix Two. It follows the summary of "What needs to happen" in Appendix One.

In doing this research, we were curious to identify what leaders in different continents thought about the impact of digital on their businesses and how they were addressing the challenges that come with it. As a result, we set out to identify:

- Why the failure rate was worse for digital strategies than traditional ones

- What leaders need to do to significantly reduce the risks involved for companies.

Our questions were based on our consultancy experience advising companies on the best solutions to avoid the high failure rate. We trust you'll find this research interesting and, more importantly, spur you to action so your company can successfully compete in today's complex digital environment.

In our work with leaders around the globe, *Bridges Business Consultancy Int* (Bridges) and *PerformanceWorks International* (PWI) supports business professionals to get ready for the world of tomorrow.

## Robin Speculand
Bridges Business Consultancy Int

## Jeremy Blain
PerformanceWorks International

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[1] http://www.implementation-hub.com/resources/implementation-surveys
[2] https://www.ibm.com/blogs/insights-on-business/oracle-consulting/84-of-companies-fail-at-digital-transformation
[3] https://www.forbes.com/sites/brucerogers/2016/01/07/why-84-of-companies-fail-at-digital-transformation/#5f74e451397b

# Research Methodology

Research conducted November 2018 - January 2019 inclusive across 3 continents: Asia Pacific, Europe and North America

## Number of surveys completed (By phone or online)

## 1,874 responders

## Key countries:

### Asia Pacific

- Australia
- Malaysia
- China
- Philippines
- Hong Kong
- Singapore
- India
- Thailand
- Indonesia
- Vietnam

### Europe

- United Kingdom
- Italy
- France
- Spain
- Germany
- Poland

### North America

- United States of America
- Canada

60% of responses from the West and 40% responding from the East.

North America
29%

Asia Pacific
40%

Europe
31%
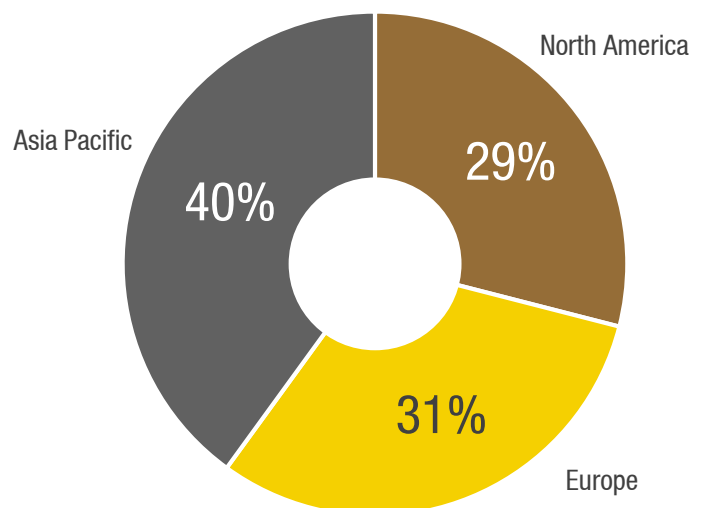
## Organization turnover represented by our responders (average across regions)

Below $1 Million USD
17%

Above $10 Million USD
47%

$1 Million to $10 Million USD
36%
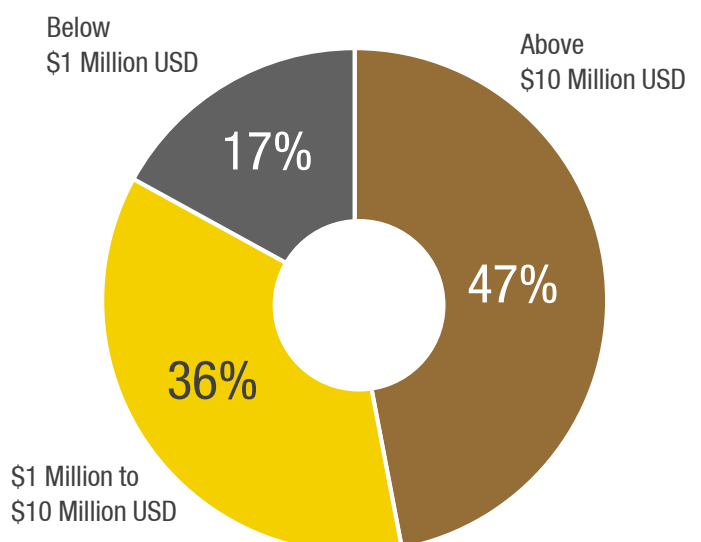
# Organizational level represented

Executive level and cross functional Senior Leaders represented the highest responder population, across all continents.

## Senior Leader

| | | |
|---|---|---|
| US / Canada | | **55%** |
| Europe | | **61%** |
| Asia Pacific | | **73%** |
| **AVERAGE** | | **63%** |

## Middle Manager / Manager

| | | |
|---|---|---|
| US / Canada | | **35%** |
| Europe | | **28%** |
| Asia Pacific | | **12%** |
| **AVERAGE** | | **25%** |

## Frontline

| | | |
|---|---|---|
| US / Canada | | **10%** |
| Europe | | **11%** |
| Asia Pacific | | **15%** |
| **AVERAGE** | | **12%** |
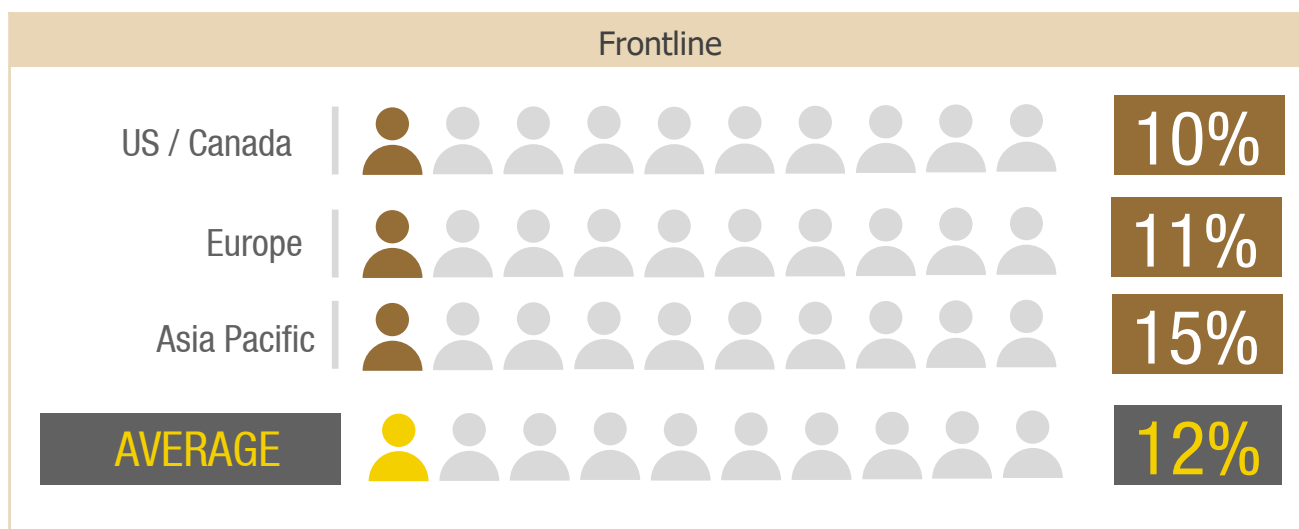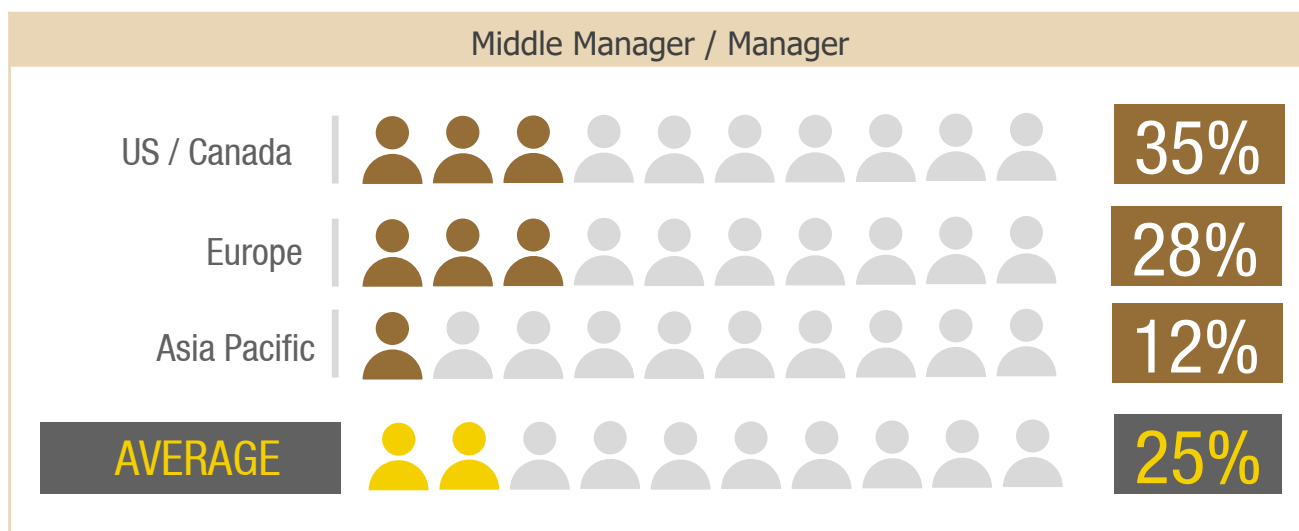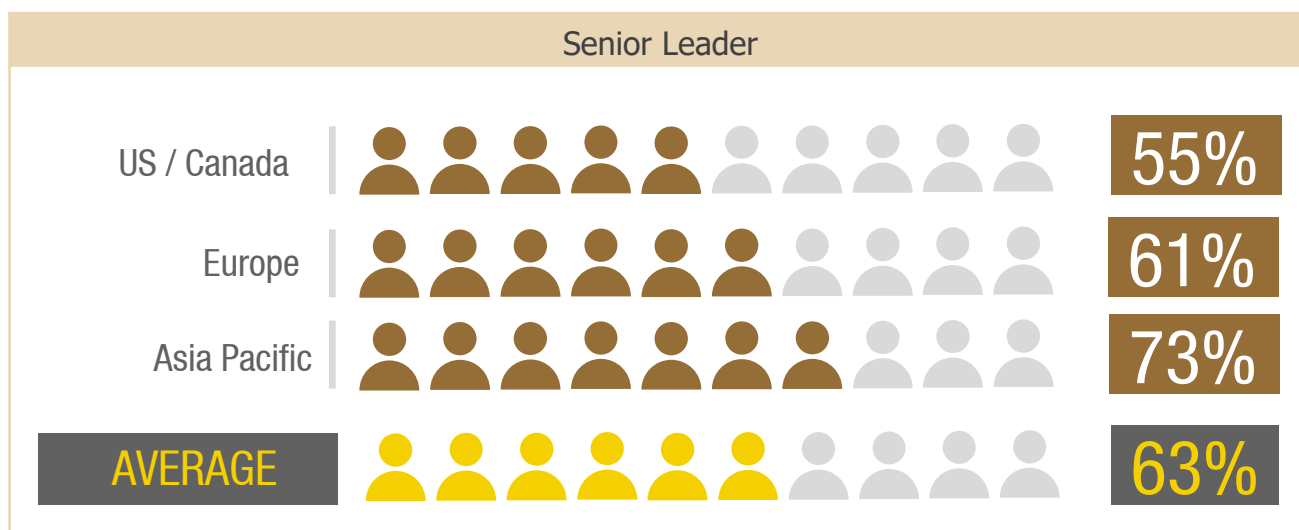
# Executive Summary

There are four major conclusions from the research that partly surprised us while simultaneously reinforcing our expectations.

The first most striking outcome is that:

> ## 1. Almost half of all leaders interviewed are not prepared for digital transformation.

The readiness of leaders to adopt digital in their businesses is much lower than anticipated, despite it being so widely discussed.

This surprised us. From our client discussions in 2018, we had anticipated that transforming to digital would be high on the leaders' agenda for this year. But the results indicated little readiness and even hinted at complacency among leaders.

This is also concerning. Digital transformation will increase in momentum in 2019 as the cost of adopting its different aspects decreases and its impact on companies' offers to their customers increases.

The second most striking outcome from the research is that:

> ## 2. Digital is leveling the competitive playing field in the three continents we researched.

Across all three continents, companies are starting from the same place in transforming to a digital company.

For example, advances in technology made in North America and Europe are now mostly irrelevant. Meanwhile, Asia Pacific (and other markets) are leapfrogging into adopting digital.

A digital transformation is not about tweaking a company's business model; it requires a whole business model change and on these three continents, leaders are now learning what's involved.

Consider how China is leading in becoming a cashless society. While once lagging behind in payment due to the low uptake of credit cards and no central crediting institute, China solved this problem digitally - by adopting a cashless payment system.

As we go to press with this research, Dyson, the global technology company, has announced a symbolic move from it's established base in the UK to be Headquartered in Singapore, where it has also operated for many years. Jim Rowan, CEO of Dyson, stated this was about future-proofing the business in a part of the world that will offer the biggest opportunity for growth in the coming years. Its commitment to digital infrastructure investment as a Smart City where business can innovate with speed and support sets Singapore apart. The East has risen and Business is catching on.

The third most striking outcome from the research is that:

## 3. Bureaucracy in Western companies is hindering their digital transformation.

Businesses in North America and Europe work in a more complex landscape than Asia Pacific, which hampers digital transformation. Asia Pacific companies are less burdened by the hierarchy and bureaucracy of their Western counterparts. This is due to the fact that businesses are more established and have built in more layers and procedures. Legacy systems have become a hindrance in more developed companies.

Generally, companies in Asia Pacific are younger than in Europe and North America, as most markets are either emerging or just emerged as developed economies. Thus, young companies can leapfrog their counterparts through appropriate and up-to-date technology investments.

This factor has leveled the playing field across all three continents and could potentially fuel the economic dominance of Asia Pacific, led by China and Japan.

Apathy, a lack of skills, and a need for stronger leadership seem to be significant reasons for some disappointing responses. This comes particularly from Europe where our survey showed the risk to competitiveness is obvious.

In the digital world, location does not create a competitive advantage, so Europe and North America need to raise their game to stay competitive. Asia Pacific is on the rise.

The fourth most striking outcome from the research is that:

## 4. Alarm bells should be ringing in boardrooms.

The strategic landscape for many companies is rapidly changing and leaders are not prepared for the change.

This year will see the trend of automation and leveraging of Big Data penetrate many more aspects of business, accentuating the urgency for companies to transform. If they don't respond quickly enough, their competition will overtake them, or they become susceptible to a disruptive threat.

Half of our survey respondents work in companies with a turnover above $10,000,000 USD and only 17% with a turnover below $1,000,000 USD. The sluggish response from them suggests that larger companies will struggle to transform their core business model and remain competitive.

The Internet of Things, Artificial Intelligence, Data Visualization, Agility and Prescriptive Analytics will surge in importance in how leaders manage their businesses in 2019. Just tweaking the current way of working isn't enough. As leaders prepare their organizations and employees for change, a whole shift in the company's business model is required.

A critical question in the boardroom now becomes

How will these initiatives impact our business to create new opportunities?

A second and equally important question is

How do we need to transform our business to leverage the new opportunities?

# 01

# 02

# 03

# 04

# 05

# 06

# Does your company have a digital vision for the future?

## Top Performers

Australia · Germany · Singapore · US

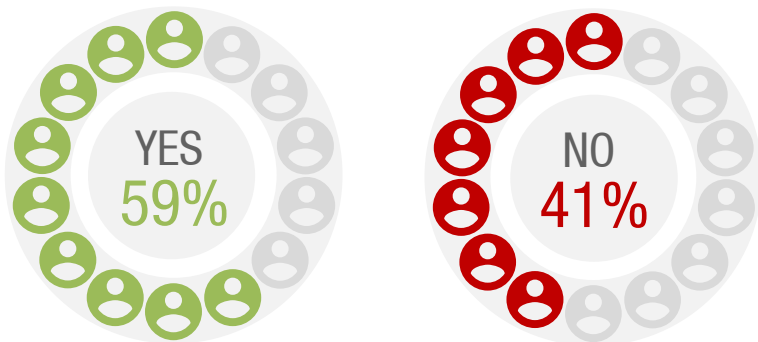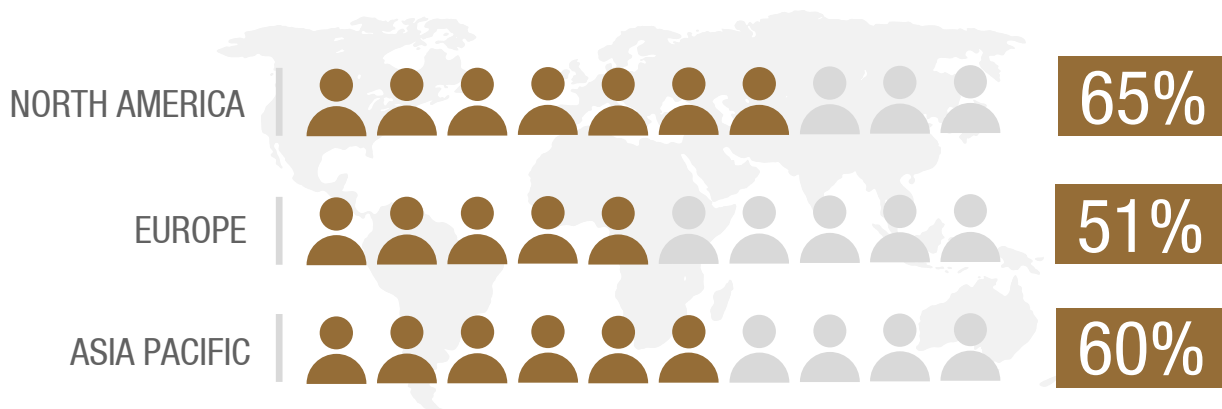China · India · UK · Vietnam

## Low Scorers

France · Indonesia · Italy · Spain

# Does your company have a digital vision for the future?

**YES 59%**

**NO 41%**

Despite digital being integrated across many industries to varying degrees, we were surprised to discover that around **40% of companies across all three continents do not have a digital vision.**

NORTH AMERICA **65%**

EUROPE **51%**

ASIA PACIFIC **60%**

Europe had the most disappointing score here, with just **51%** of companies having a digital vision for the future. Well behind Asia Pacific and North America.

## Conclusion

A high number of leaders across all three continents are not committed to adopting a digital vision, which could lead to commercial suicide.

It is concerning that so many companies are in this position. A lack of planning to use digital can have a negative effect on businesses, especially when competitors or disrupters start offering better solutions to customers.

## What needs to happen

Leaders and board members need to immediately identify the opportunities and threats of digitalization to their business and then steer their companies toward a digital vision that benefits customers and employees alike.

Not every organization needs to transform at the same speed. We have noticed this disparity with our clients. For example, shortly after working with a globally well-known technology provider in Europe, we worked with a niche provider of seeds to farmers, headquartered in Thailand. Both leadership teams were discussing their digital visions, but the speed at which the leaders needed their companies to move varied due to their dramatically different strategic landscapes, the nature of their business and their strategy. The technology provider had to move very fast while the agriculture provider was able to move more slowly.

"Any company designed for success in the 20th century is doomed for failure in the 21st.

– David S. Rose, Angel Investing

01

**02** How committed are leaders to adopting a digital vision to transform your company?

03

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## Top Performers

China · Germany · UK

Canada · India · US

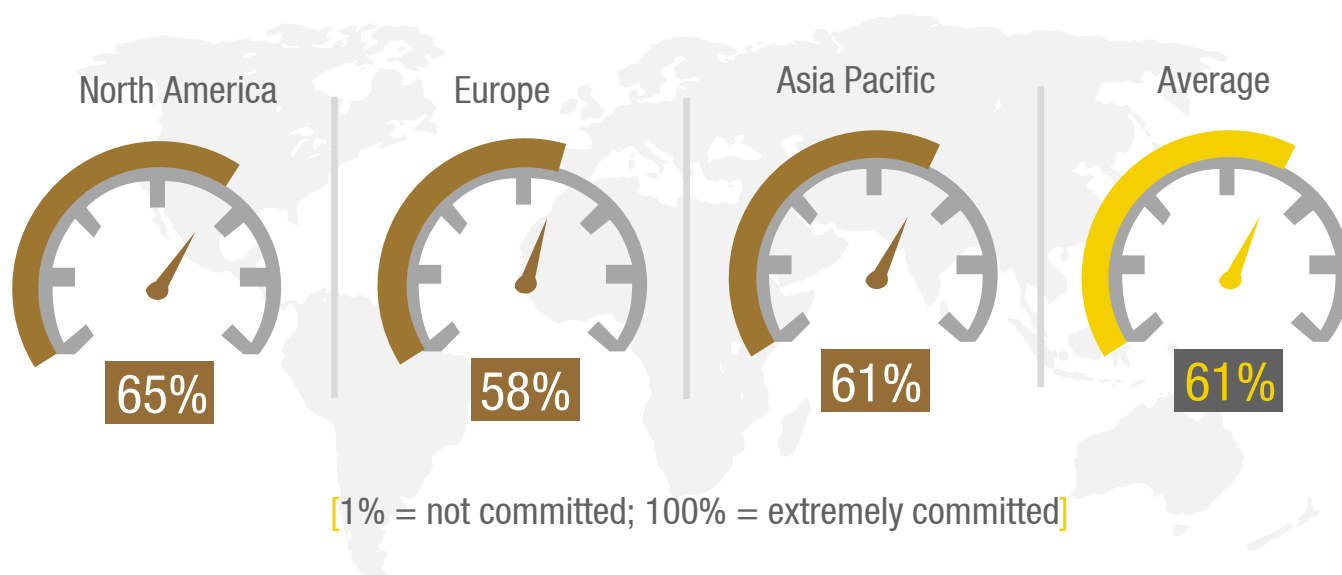France · Singapore · Vietnam

## Low Scorers

Thailand · Indonesia · Spain

# How committed are leaders to adopting a digital vision to transform your company?

**40% of leaders across the three continents are not committed to adopting a digital vision.**

| North America | Europe | Asia Pacific | Average |
|:---:|:---:|:---:|:---:|
| 65% | 58% | 61% | 61% |

[1% = not committed; 100% = extremely committed]

This question followed from the first question asking if your company has a digital vision for the future. We wanted to identify the commitment level of leaders to digital transformation because it's one thing to have a vision and quite another to implement it. The 40% result represents the average, and therefore the response was consistent.

As we examined the results and saw commitment levels were generally low, alarm bells rang. With North America and Asia Pacific leading the way, Europe risks being left behind due to having the lowest levels of commitment among the three.

## Conclusion

**Without high commitment levels from leaders, digital transformation will fail.**

Leaders who are transforming their company appear to be repeating previous mistakes. Numerous research studies reinforce leadership commitment as a critical success factor for change. When leadership commitment wavers, so does the commitment from employees.

## What needs to happen

The failure rate for digital transformation is even higher than for traditional strategy implementation. Leaders need a different attitude and approach for digital transformation so they don't repeat the past mistakes, which they are already doing.

Bridges' 2016 research discovered leaders spend only one day a month discussing their strategy's implementation. From that research, the top three reasons that implementation fails are:

- poor communication
- lack of leadership
- using the wrong measures

Leaders need to be fully committed throughout the digital transformation and also become digital savvy while embracing new opportunities and ways of working. This requires thinking about how digital can drive their businesses and meet the challenges of tomorrow.

01

02

**03** How ready is the company to digitally transform?

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**Top Performers**

China | Philippines | Singapore | Vietnam
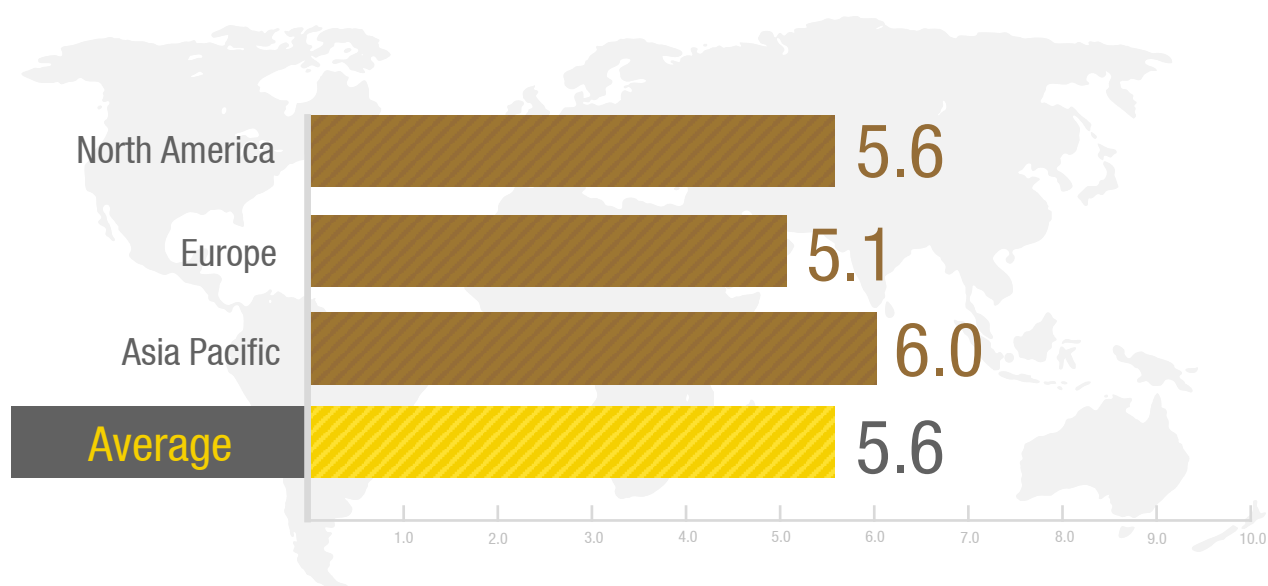
India

**Low Scorers**

France | Indonesia | Malaysia | UK

# How ready is the company to digitally transform?

North America **5.6**
Europe **5.1**
Asia Pacific **6.0**
Average **5.6**

1.0  2.0  3.0  4.0  5.0  6.0  7.0  8.0  9.0  10.0

[1 = not ready; 10 = fully ready]

The middling scores across all three continents suggest that many companies are not ready to transform. The most encouraging score comes from Asia Pacific, indicating that companies in the region who are lagging behind can catch up and overtake companies in North America and Europe.

## Conclusion

### Leaders underestimate the challenges of implementation.

Implementing a digital strategy is even more complex than a traditional strategy as it has far-reaching consequences across the whole company's business model. Therefore, leaders need to better prepare themselves by understanding the impact of digital transformation—not only on their business but also on themselves.

## What needs to happen

Leaders need to adopt a greater understanding and discipline around the challenges of digital transformation. They have to identify new strategies to transform their modus operandi. It is not about having a digital strategy but a strategy in a digital world. This requires recognizing the changing business landscape as well as different ways of conducting business. Yesterday's success no longer guarantees tomorrow's results.

" Business success in the digital economy will rarely be a function of technology. Companies that succeed will likely distinguish themselves by working smarter.

*– Jeanne Ross, Director, MIT Center for Information Systems Research (CISR)*

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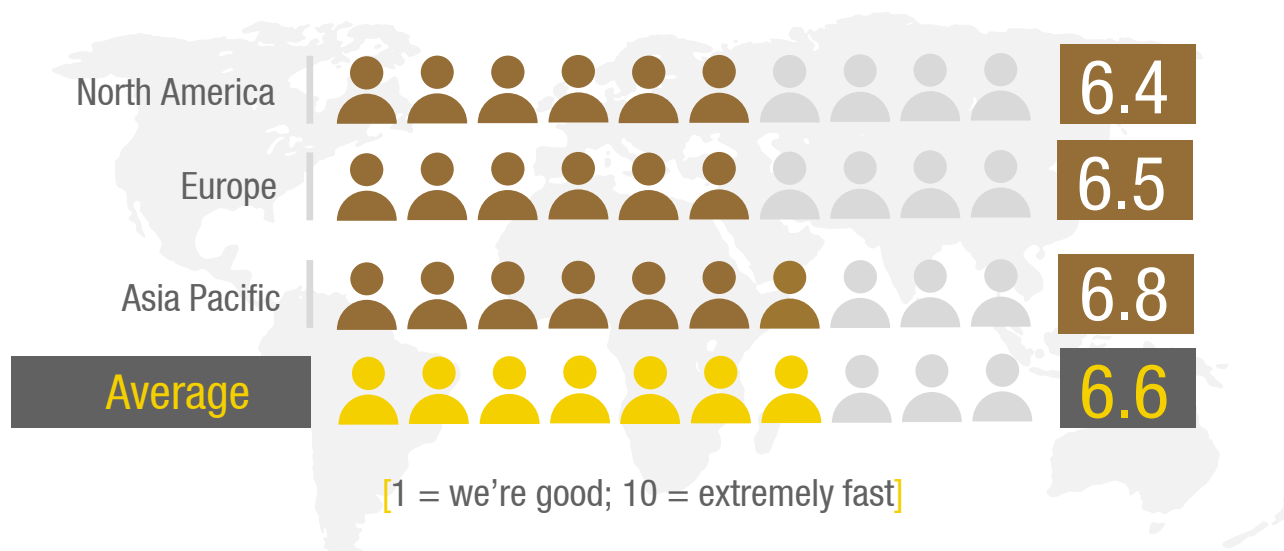# How fast does your company need to transform to remain competitive in your market?

# How fast does your company need to transform to remain competitive in your market?

Almost 7 out of 10 companies worldwide need to transform more rapidly. Asia Pacific is leading the way.

| | | |
|---|---|---|
| North America | 👤👤👤👤👤👤 👤👤👤👤 | **6.4** |
| Europe | 👤👤👤👤👤👤 👤👤👤👤 | **6.5** |
| Asia Pacific | 👤👤👤👤👤👤 👤👤👤👤 | **6.8** |
| **Average** | 👤👤👤👤👤👤 👤👤👤👤 | **6.6** |

[1 = we're good; 10 = extremely fast]

At some level and to some degree, transformation is already happening. Inherent in this question is a concern about how change is being driven, which leadership level owns it and the pace at which it's being driven. The most agile companies will transform and win, while the slow starters and procrastinators risk losing customers, markets and revenue.

## Conclusion

The speed for implementing digital varies, depending on the aggressiveness of the company's strategy.

We are unable to conclude if the slower-moving companies are doing so intentionally as a strategic decision or for other reasons.

## What needs to happen

Leaders need to assess their current strategic position by looking internally and externally. They then need to determine the urgency of achieving their digital vision and act accordingly.

This involves examining the strategy and market to consider which of three different speeds should prevail:

1. Fast - e.g., banking and telecoms
2. Medium - e.g., manufacturing and utilities
3. Slow - e.g., luxury and mining

Many leaders mistakenly believe they should adopt digital immediately. But depending on the industry, some companies need to move fast while others have more time. Leaders must identify the right speed for their companies.

> " In today's era of volatility, there is no other way but to re-invent. The only sustainable advantage you can have over others is agility, that's it. Because nothing else is sustainable, everything else you create, somebody else will replicate.
>
> – Jeff Bezos, founder, chairman, CEO, president, Amazon "

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**05**  How prepared is your company to upgrade its technology?

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Top Performers

China     Hong Kong     Vietnam

Low Scorers

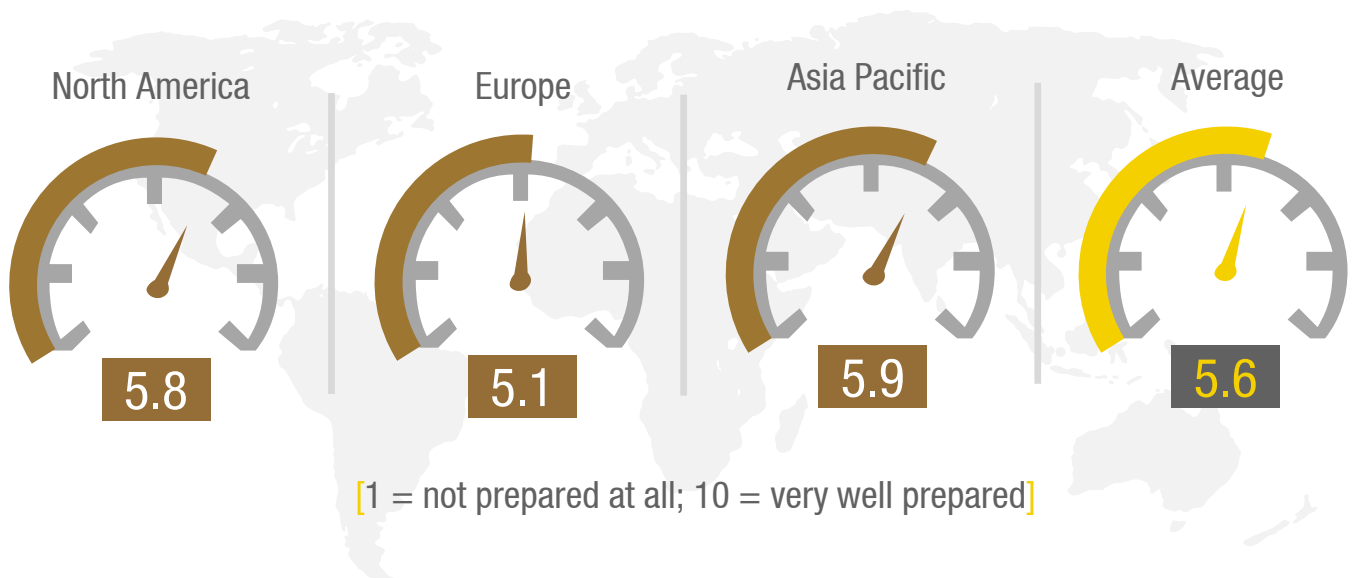Australia    Italy    Spain    Thailand

# How prepared is your company to upgrade its technology?

**40% of leaders across the three continents are not committed to adopting a digital vision.**

| North America | Europe | Asia Pacific | Average |
|:---:|:---:|:---:|:---:|
| 5.8 | 5.1 | 5.9 | 5.6 |

[1 = not prepared at all; 10 = very well prepared]

Rapid digital advances in Internet of Things, Machine Learning and Augmented Reality, Artificial Intelligence and other areas mean that many businesses are affected more and more by new technologies. Survey results indicate that too few leaders are grasping the scale of upgrading, the breadth of digital solutions they may require and the budget increases needed to fund digital transformation.

## Conclusion

There is almost universal acceptance that companies across all three continents need to transform.

However, without investment in new technologies, they are in danger of being left behind by their competitors and disruptors and/or failing in their digital transformation before they even get started.

## What needs to happen

In collaboration with their boards, leaders need to allocate funding for investments in new technologies after they create the strategy.

Why collaborate with the board? Because digital transformation typically involves a high initial capital investment and impacts the whole company. This includes changes to products and services offered and potential changes in customer segments. It can also involve changes to operations, resource allocation, employee training and possibly hiring external support. Therefore, the company's board needs to fully support the investment and the digital transformation itself.

"Companies that get confused, think their goal is revenue or stock price or something. You have to focus on the things that lead to those.

*– Tim Cook, CEO, Apple Inc.*

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# What is the scale of the "digital culture" transformation currently facing your company?

## Top Performers

China      Hong Kong      Singapore

Germany      India      US

## Low Scorers

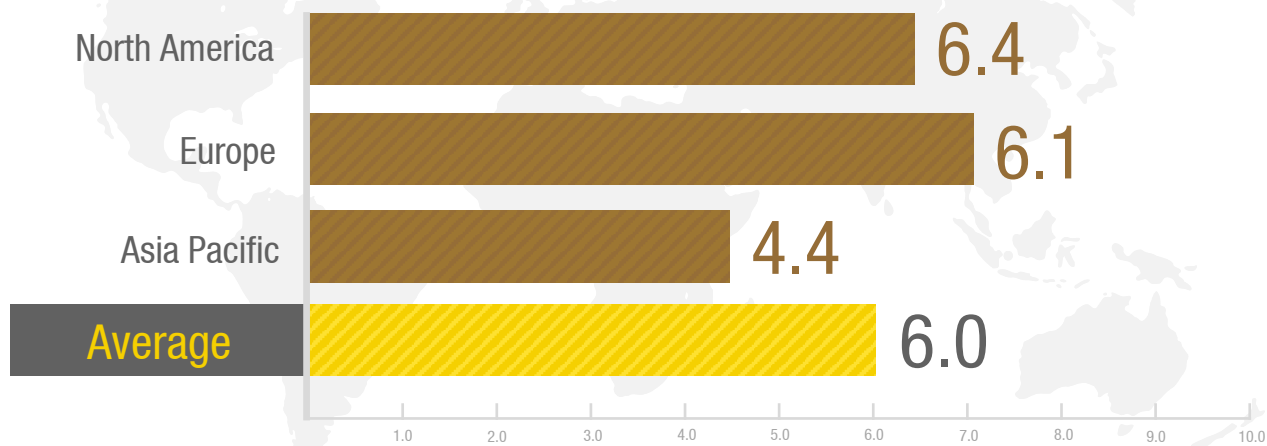Australia      Indonesia      Malaysia      Thailand

France      Italy      Spain      UK

# What is the scale of the "digital culture" transformation currently facing your company?

| Region | Score |
|--------|-------|
| North America | 6.4 |
| Europe | 6.1 |
| Asia Pacific | 4.4 |
| **Average** | **6.0** |

Scale: 1.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0 9.0 10.0

[1 = cultural transformation successfully adopted; 10 = significant cultural transformation needed]

When asked this question, professionals in Asia Pacific displayed a stronger readiness to transform than those in Europe and North America. (A lower score indicates progress has already been made and is good compared to a higher score.)

Higher scores in Europe and North America compared with Asia suggest that company culture still needs to change significantly in order to adopt an open approach or mindset to digital transformation.

## Conclusion

**Companies in Asia Pacific show a greater readiness to transform than those in Europe and North America.**

This is probably because many markets in the region are still emerging and have less connection to their current culture. In addition, they are more conditioned to transform than their counterparts due to their business environment. Consider that emerging markets grow four times as fast as developed markets, and therefore their culture has to be more fluid.

## What needs to happen

Leaders need to recognize that because digital transformation impacts the whole company business model, by default, it results in a culture change most of the time.

Various research on why digital transformation fails indicates "a failure to change the culture" as one of the top reasons. However, changing a company's culture is extremely hard, which is another reason the digital transformation failure rate is high.

Culture change requires leaders to examine the effect of digital transformation on every aspect of the business as well as the behaviors of the people and the company's overall structure and systems. That's no simple task.

> " In a chronically leaking boat, energy devoted to changing vessels is more productive than energy devoted to patching leaks.
>
> *– Warren Buffett, chairman, CEO, Berkshire Hathaway*

# 07 How prepared are your people to change the way they think and act?

## Top Performers

🇦🇺 Australia  🇩🇪 Germany  🇵🇱 Poland  🇺🇸 US

🇨🇳 China  🟣 Hong Kong  🇸🇬 Singapore  🇻🇳 Vietnam

## Low Scorers

🇫🇷 France  🇮🇹 Italy  🇲🇾 Malaysia  🇪🇸 Spain

# How prepared are your people to change the way they think and act?

| | | |
|---|---|---|
| North America | | **6.2** |
| Europe | | **5.2** |
| Asia Pacific | | **6.5** |
| **Average** | | **6.0** |

[1 = very reluctant; 10 = highly enthusiastic]
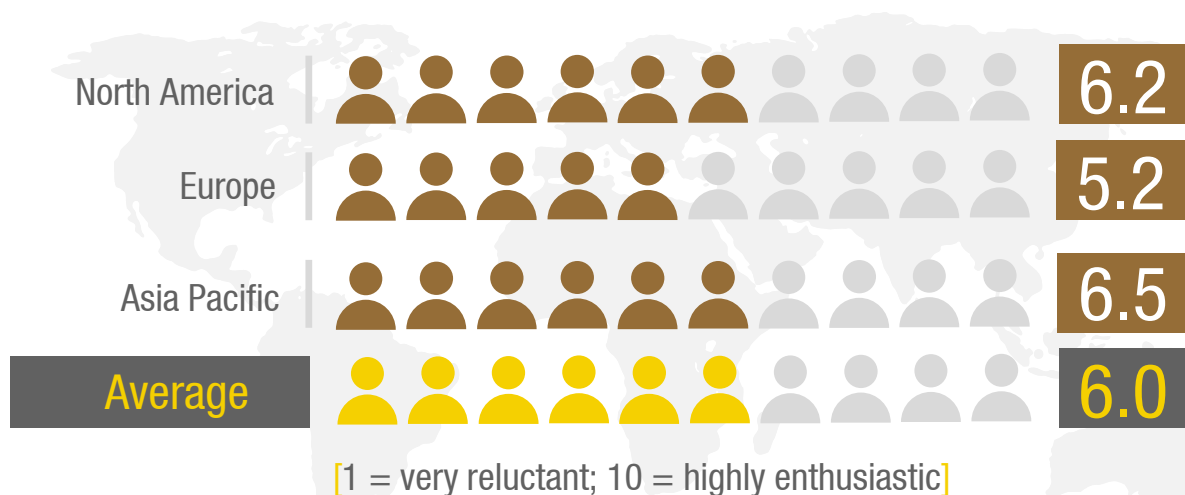
Digital transformation requires employees to learn new skills such as how to create algorithms, participate in hackathons and adopt design thinking.

Alarmingly, all three continents showed a serious lack of willingness for people to change the way they currently think and act. In Europe, a low score of 5.2 out of 10 suggests that only half the people interviewed are prepared to change. Stronger results in the other two continents show North America is aligned more closely with Asia Pacific than Europe, but the results are still concerning.

## Conclusion

Without a willingness from employees to change the way they think and act, the failure rate for digital transformation will continue to be very high and can even become worse.

## What needs to happen

Many companies, particularly in Europe, need to work on improving the human touch within digital transformation to ensure employees are participating in the journey.

The late Peter Drucker once said: "Culture eats strategy for breakfast." In digital transformation, this is no longer always true. In fact, it can more often be the other way around because of the accelerated pace of change in business today. "Strategy now eats culture" because it is changing faster than ever, with culture following strategy.

In Drucker's era, a strategy for an organization could typically span 10 years while assuming a decade of stability and growth. Then, leaders strived to develop stability.

Today, most organizations are working at a faster speed of execution than ever. On average, strategy changes every three years. This fast pace translates to the organizational culture being in a constant state of flux to keep pace with the rapidly changing strategies.

> "Digital transformation represents the next stage of business maturity which will improve how the enterprise works and interacts with its ecosystem, with the people at the center of its focus.
>
> – Pearl Zhu, author, Digital Fit: Manifest Future of Business with Multidimensional Fit

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**08** Has your company adopted "design thinking" for most of your employees?

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Top Performers

🇩🇪 Germany          🇮🇳 India          🇸🇬 Singapore

Low Scorers

🇦🇺 Australia      🇫🇷 France        🇲🇾 Malaysia      🇬🇧 UK

🇨🇦 Canada        🇭🇰 Hong Kong    🇪🇸 Spain         🇺🇸 US
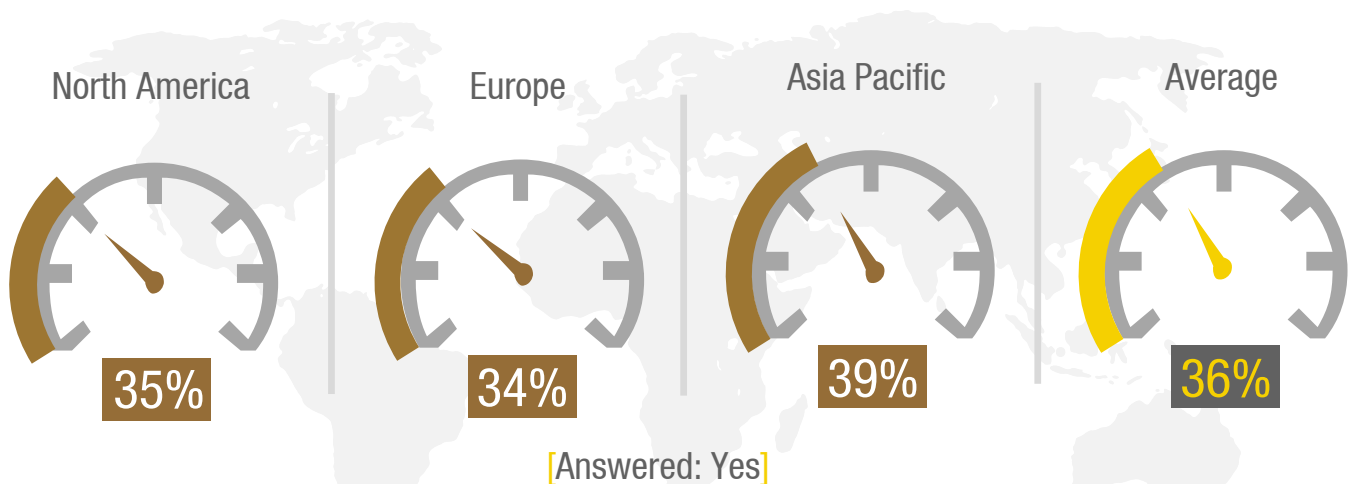
🇨🇳 China         🇮🇩 Indonesia    🇹🇭 Thailand     🇻🇳 Vietnam

13

# Has your company adopted "design thinking" for most of your employees?

| North America | Europe | Asia Pacific | Average |
|---|---|---|---|
| 35% | 34% | 39% | 36% |

[Answered: Yes]

"Design thinking" is a primary means for transforming the company toward becoming customer centric, and it's a core fundamental of digital transformation. Disturbingly, only around 4 in 10 companies have adopted this methodology for their employees.

## Conclusion

A low result across the board makes us question how ready companies truly are to embrace the customer experience changes required in digital transformation.

It indicates that leaders do not understand the benefits and importance of design thinking. More specifically, they fail to see the opportunity to achieve a powerful customer experience.

## What needs to happen

For many years, leaders have adopted various strategies to become more customer centric. They trained their employees in customer service, adopted customer centricity as a core value and found ways to integrate the "voice of the customer" into the business. But many of the organizations failed to make the substantial changes required to sustain a permanent customer centric culture.

In digital transformation, customer centricity is an essential component. It depends on an organization-wide understanding of customer problems that need to be solved. It also depends on the different customer experience that can be created from the large amount of data available and new ways of connecting with customers.

Many leaders start their digital transformation journey with customer centricity in the lead. They then adopt techniques such as design thinking, so their employees can integrate digital solutions that create better customer experiences. It also results in significantly reduced costs, which can be passed on to customers. Potentially, it can foster a flawless end-to-end customer experience.

" The most important single thing is to focus obsessively on the customer. Our goal is to be earth's most customer-centric company.

*– Jeff Bezos, founder, chairman, CEO, president, Amazon*

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**09** Have you organized into small, empowered and connected teams?

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Top Performers

🇦🇺 Australia     🇩🇪 Germany     🇵🇭 Philippines     🇬🇧 UK

🇨🇳 China     🇭🇰 Hong Kong     🇵🇱 Poland

Low Scorers

🇫🇷 France     🇮🇩 Indonesia     🇲🇾 Malaysia     🇪🇸 Spain

🇨🇦 Canada     🇮🇹 Italy     🇸🇬 Singapore

# Have you organized into small, empowered and connected teams?

| Region | Percentage |
|---|---|
| North America | 59% |
| Europe | 61% |
| Asia Pacific | 52% |
| Average | 57% |

[Answered: Yes]
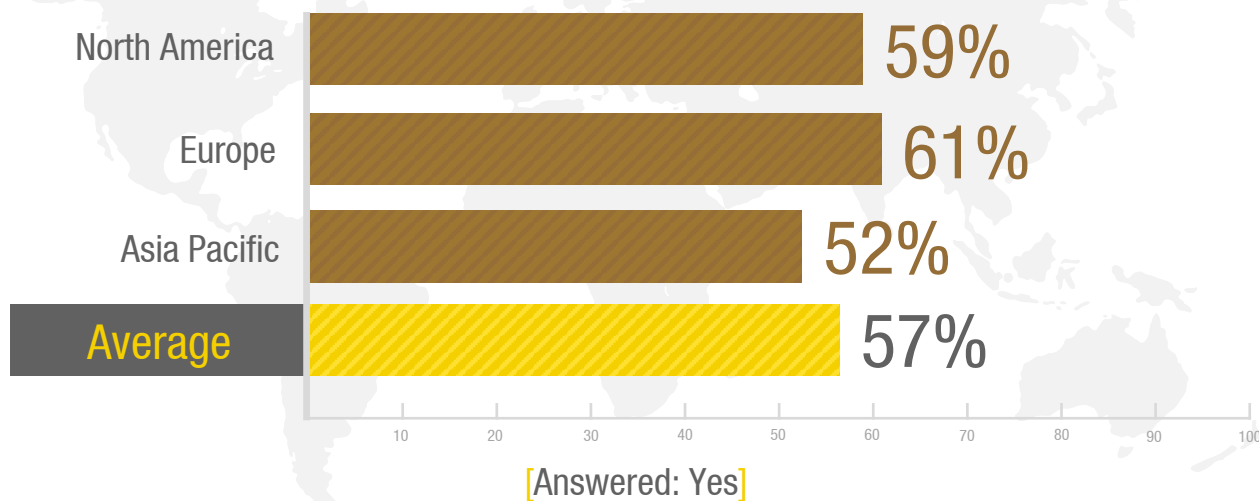
North America and Europe are slightly better prepared than Asia Pacific to shift to working in smaller, more agile teams than before. But all are still hesitant.

## Conclusion

The need to work in small teams is growing in importance because of integrating new ways of working, desiring to be more agile and using contingent teams such as the "gig economy" and the growth of the independent workforce.

Precious few rules exist to guide leaders through new ways of working with employees in digital transformation. Many lack skills development to help them learn to manage differently in the ever-evolving workplace.

The low response rate reinforces the lack of readiness and willingness of companies to adapt their core business model—a necessary component of digital transformation

## What needs to happen

Leaders need to identify the right approach for leading their workforce and be open to restructuring. The right approach supports the new business model and allows employees to respond quickly to customer needs, make empowered decisions and communicate across functions.

In addition, in digital transformation, employee empowerment is non-negotiable. When transforming the whole business, this cannot be done by dictating the transformation from the top. Leaders need to point their employees in the right direction, set the parameters for empowerment and then step back, allowing employees to take the right actions. When they make mistakes, they are present to support them.

Empowerment is a core component of becoming a digitally savvy company

" Technology is nothing. What's important is that you have a faith in people, that they're basically good and smart, and if you give them tools, they'll do wonderful things with them. "

*– Steve Jobs, co-founder, former chairman, CEO, Apple Inc.*

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**10** Is customer data protection and cyber security part of your core strategy?

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## Top Performers

| | | | |
|---|---|---|---|
| China | Hong Kong | Singapore |
| France | India | UK |
| Germany | Poland | US |

## Low Scorers

Indonesia　Malaysia　Philippines　Thailand

# Is customer data protection and cyber security part of your core strategy?

| | | |
|---|---|---|
| North America | | **60%** |
| Europe | | **58%** |
| Asia Pacific | | **53%** |
| **Average** | | **57%** |

[Answered: Yes]
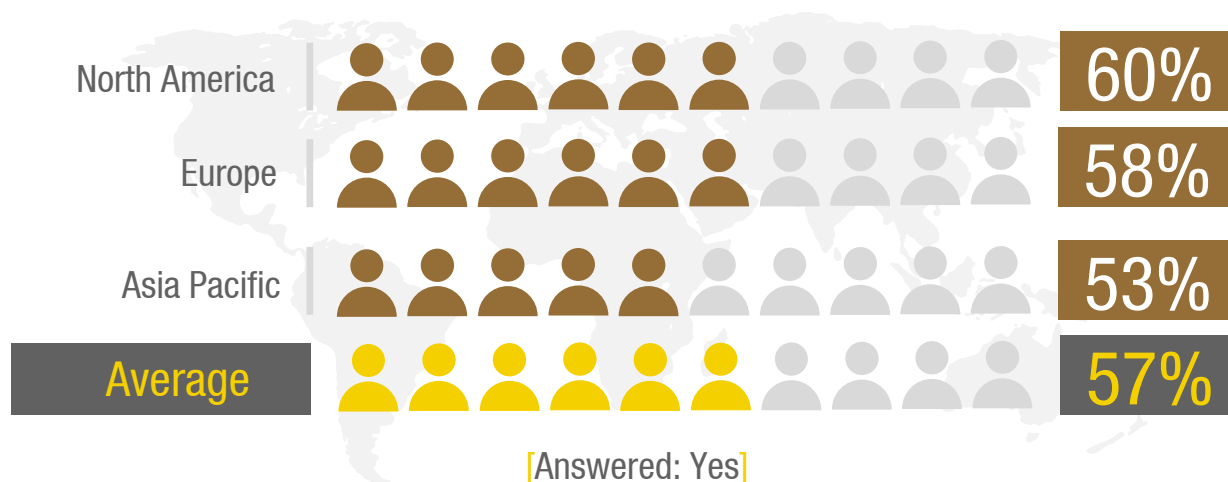
Data security is hugely important in any company and needs to be part of the initial planning and not an afterthought. This is why we asked if customer data protection and cyber security was part of core strategy.

There has been a greater awareness of cyber security and protection of data after many well-known companies were attacked, including Google, British Airways, Facebook, SingHealth, Marriott, eBay, Yahoo and others.

The overall survey response to online security was disturbing. North America at 60% was most conscious and active on cyber security followed by Europe at 58%. Asia Pacific was last with 53%, which means only about half of its leaders include cyber security as part of their digital transformation.

## Conclusion

Far too frequently, we hear news about disruptive cyber-attacks and data being stolen. The results around data protection should be extremely high across all industry verticals, yet the response was shockingly mediocre.

This indicates a complacency that could lead to serious harm for companies.

## What needs to happen

Data security must be integral to every company's strategy and not treated as an afterthought.

However, some companies are not taking this issue seriously. They're taking tactical action rather than making online security a key part of the overall digital transformation strategy. This urgently needs to change.

> Cybercrime damage costs are predicted to hit $6 trillion annually by 2021.
>
> – Cybersecurity Ventures

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# Does your company's culture recognize and encourage failure as part of the innovation process?

## Top Performers

Australia    Hong Kong    Philippines    Poland

Canada

## Low Scorers
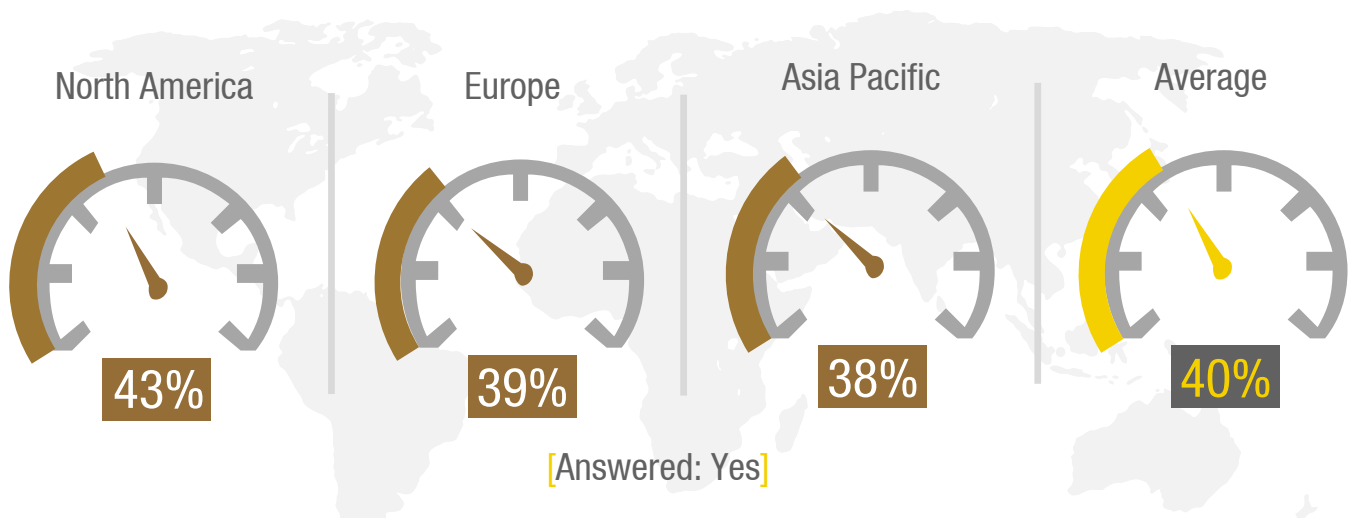
France    Italy    Spain    US

Germany    Singapore    UK    Vietnam

# Does your company's culture recognize and encourage failure as part of the innovation process?

| North America | Europe | Asia Pacific | Average |
|:---:|:---:|:---:|:---:|
| **43%** | **39%** | **38%** | **40%** |

[Answered: Yes]

With the speed of business accelerating, companies need to experiment not only with new technologies but also with new ways of delivering value to their customers and operating their businesses. That means allowing people to fail and learn from their mistakes.

The results were worrying, with only 4 out of 10 of those surveyed responding positively to this issue.

## Conclusion

As employees are empowered to experiment with new technologies and customer offerings, failure is an essential component of digital transformation.

Yet only a minority of leaders are open to the idea. This can slow down the whole execution and even cause it to fail.

The low response rate for acceptable failure indicates that both a company's culture and leadership's attitude need to dramatically change. Leaders must embrace failure as a positive learning experience and part of innovation.

## What needs to happen

Leaders should nurture a culture within the company in which failure is acceptable but within certain parameters. This is because digital execution requires many new ways of working as well as adopting new approaches, tools and techniques. Employees need an environment that allows them to try, fail and learn. That's why leaders need to adopt the philosophy of fail early, fail fast and fail forward.

> It's not a digital transformation; it's a whole business model transformation.
>
> *– Robin Speculand*

# 12

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## Do you have measures to track your digital objectives across the whole company?

### Top Performers

China          Hong Kong          Philippines

Germany        India              Poland

### Low Scorers

Australia       Indonesia          Thailand
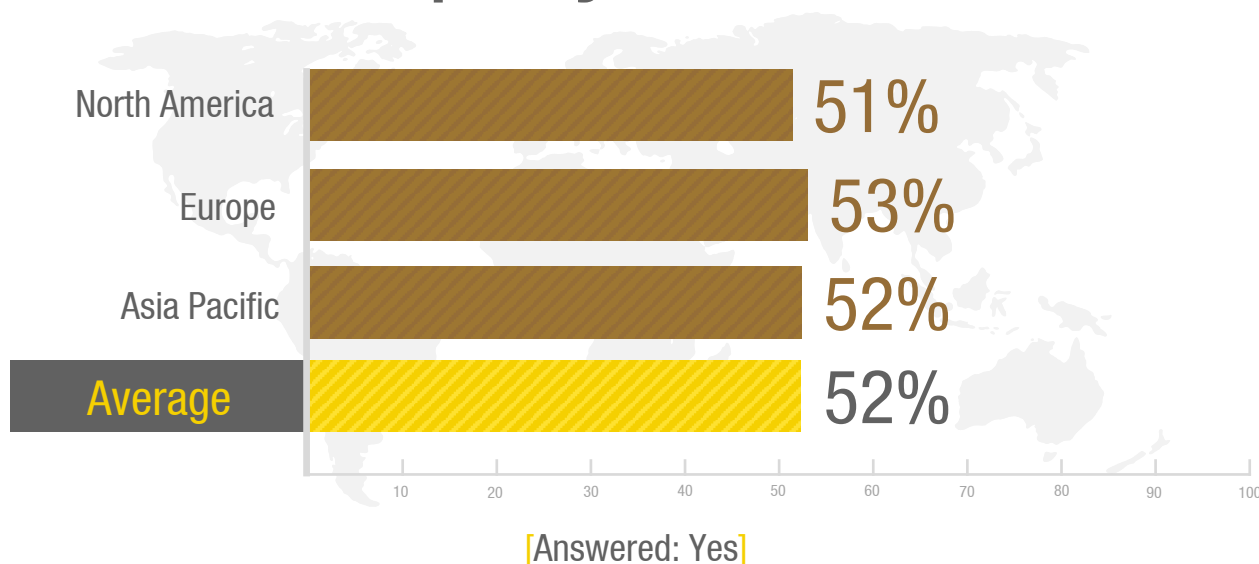
Canada          Malaysia           UK

France          Singapore          US

# Do you have measures to track your digital objectives across the whole company?

| Region | Percentage |
|--------|-----------|
| North America | 51% |
| Europe | 53% |
| Asia Pacific | 52% |
| Average | 52% |

[Answered: Yes]

Digital is changing our current business model. In this research, we set out to identify if companies had the right new measures in place to track their digital transformation. Leaders in all three continents responded almost the same—with about half saying they measure digital objectives.

## Conclusion

What gets measured gets done. When companies don't put the right measures in place to track their strategy objectives, they will not know if they are succeeding or where to take corrective action.

Based on this research, half of the companies are weak in identifying and using the right measures to implement strategy. This makes them unsure of their progress as well as leaving a gap in accountability and follow up.

When executing a digital strategy, new measures are required to fit the new business model, and many leadership teams struggle to align the two.

The leadership team at DBS Bank in Singapore overcame this challenge by changing 20% of the bank's overall scorecard to include digital measures. These measures tracked their digital vision—named "Making Banking Joyful"—and focused on three areas: digitally acquired customers, digital transactions and digital engagement (the hardest to measure).

## What needs to happen

Transforming a company to digital can be very expensive. Leaders have a responsibility to track performance and measure the return on the investment. A new strategy requires new measures, and leaders are responsible for putting them in place.

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**13** Is your company using big data and prescriptive data to make business decisions?

14

## Top Performers

🇨🇳 China     🇮🇳 India     🇵🇱 Poland

🇩🇪 Germany     🇵🇭 Philippines     🇻🇳 Vietnam

## Low Scorers

🇫🇷 France    🇮🇹 Italy    🇪🇸 Spain    🇺🇸 US

🇮🇩 Indonesia    🇲🇾 Malaysia    🇹🇭 Thailand

# Is your company using big data and prescriptive data to make business decisions?

| Region | Percentage |
|---|---|
| North America | 43% |
| Europe | 45% |
| Asia Pacific | 42% |
| Average | 43% |

[Answered: Yes]
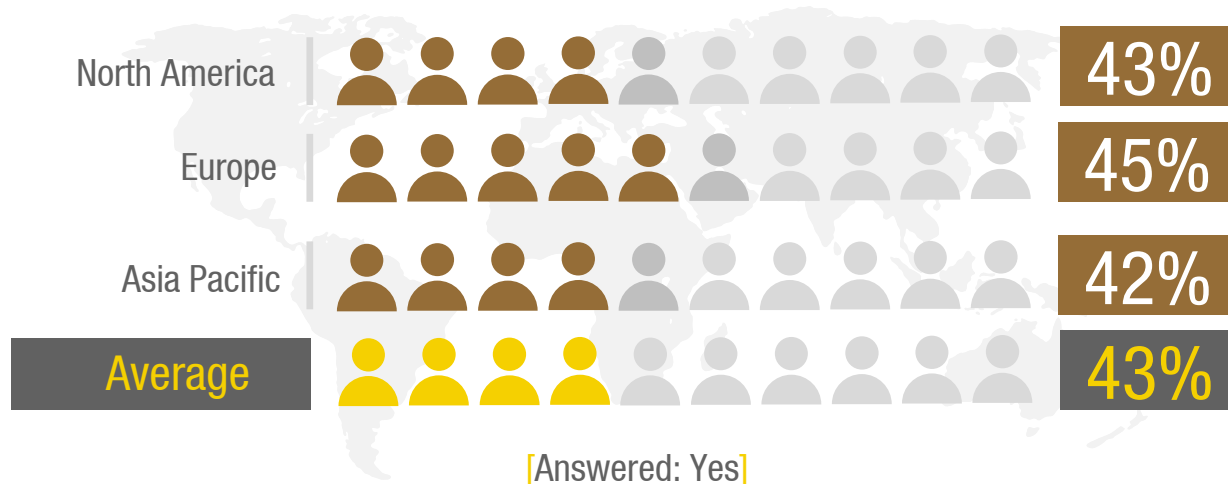
Leaders across all three regions have been slow to adopt Big Data to manage the business. The results are similar across all three regions.

## Conclusion

**The volume of data an average company collects and stores doubles every year, according to Oracle.**

IDC predicts a 10-fold rise in data gathered worldwide by 2025.

Companies universally are just beginning to learn how to make the best use of Big Data. Therefore, these survey results are not surprising.

The spoils for those that adopt Big Data effectively can be attractive. General Electric, for example, generates US$1 billion from data and is rapidly developing the "Industrial Internet"—its internal term for the Internet of Things. The initiative is estimated to be worth $1 billion in incremental revenue for General Electric in 2018.

## What needs to happen

Adoption of Big Data needs to dramatically improve as it is part of the DNA of digital transformation and a powerful tool for managing the business.

Leveraging Big Data can also allow a company to achieve a competitive advantage by knowing its customers increasingly better and responding to their changing needs faster. But for this to happen, leaders need to train themselves and their employees on how to use the data.

A key business trend for this year will be adopting augmented analytics. This is when hidden patterns can be identified while personal bias is removed. By 2020, it's expected that more than 40% of data science tasks will be automated in HR, finance, sales, marketing, customer service, procurement and asset management departments.

> "Every two days we create as much information as we had available to us in 2003. More to scan, know, learn. But the real challenge is getting to insights that matter more efficiently.
>
> *– Eric Schmidt, former CEO, Google*

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**14** Is Big Data presented visually in everyday meetings?

## Top Performers

🇦🇺 Australia          🇨🇳 China

## Low Scorers

| | | | |
|---|---|---|---|
| 🇨🇦 Canada | 🇮🇳 India | 🇵🇭 Philippines | 🇹🇭 Thailand |
| 🇫🇷 France | 🇮🇩 Indonesia | 🇵🇱 Poland | 🇬🇧 UK |
| 🇩🇪 Germany | 🇮🇹 Italy | 🇸🇬 Singapore | 🇺🇸 US |
| 🇭🇰 Hong Kong | 🇲🇾 Malaysia | 🇪🇸 Spain | 🇻🇳 Vietnam |

# Is Big Data presented visually in everyday meetings?

| North America | Europe | Asia Pacific | AVERAGE |
|---|---|---|---|
| **35%** | **24%** | **29%** | **29%** |

[Answered: Yes]
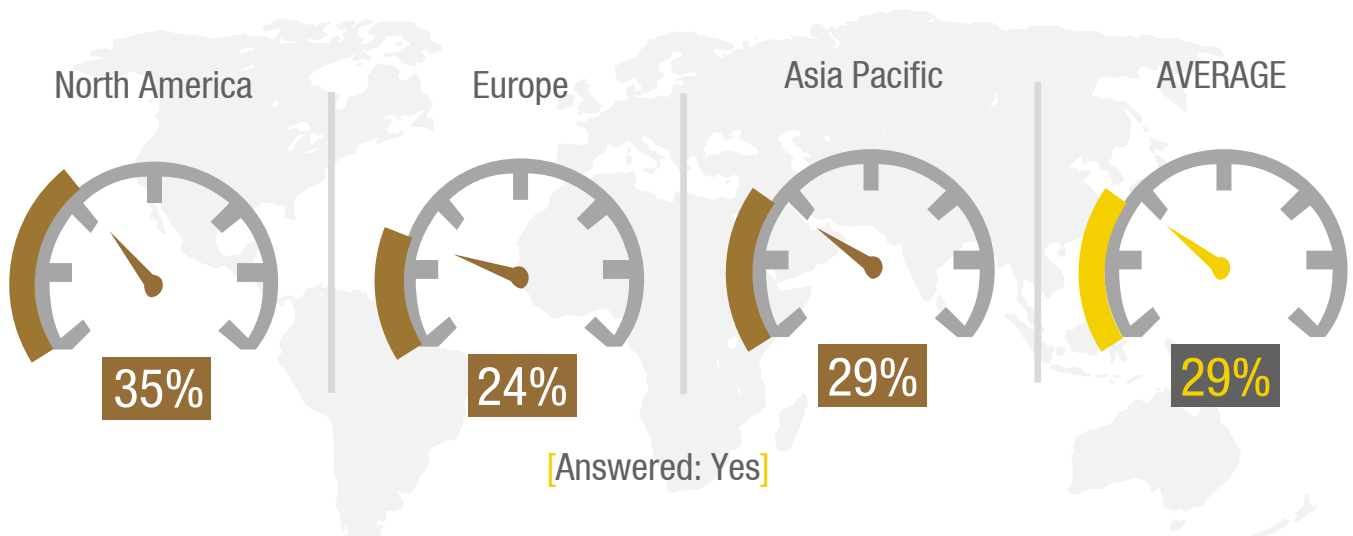
This follow-up question to the issue around Big Data helped us identify if individuals are using data visualization. Not surprisingly, with Big Data adoption rates being low, even fewer are using data visualization to aid in their decision making. This was the worst-performing component of digital transformation in the survey.

## Conclusion

Data visualization is essential in digital transformation. Why? The human brain processes visuals 60,000 times faster than text.

Going forward, data will be increasingly leveraged for making decisions, sharing insights and making strategic decisions. While leaders are preparing themselves and their employees to adopt Big Data, they also should include data visualization. Everyone in an organization needs to know how to read and leverage data visualization

## What needs to happen

The very low score indicates that companies need to train both leaders and employees in data visualization and introduce the tools to transform the way data is used. Here's an example.

P&G's former CEO, Bob McDonald, staked out a mission to "digitize" the company's processes from end to end. In his Monday morning executive meetings, McDonald and his executive team would refer to Business Spheres from which they could see a global map of markets either growing or shrinking. They'd then examine the countries and categories ranging from laundry detergent and shampoo to potato chips and diapers. Business Spheres also assisted employees to see and understand a variety of data. Using Business Spheres today, P&G is able to compress the time needed for making corporate decisions.

> Data visualization needs to become as common in business today as spreadsheets were in their heyday.
>
> *– Robin Speculand*

# Appendix one: Summary of "what needs to happen"

## Key points:

1) Leaders and board members need to immediately identify the opportunities and threats of digitalization to their business and then steer their company, where required, toward a digital vision that benefits customers and employees alike.

2) Leaders need a different attitude and approach for digital transformation so they don't repeat past mistakes (which they are already doing).

3) Leaders need to adopt a greater understanding and discipline around the challenges of digital transformation.

4) Leaders need to assess their current strategic position by looking internally and externally. Then they need to determine the right speed for their company's digital transformation.

5) Leaders, in collaboration with their boards, need to allocate funding for investments in new technologies after they create the strategy.

6) Leaders need to recognize that because digital transformation impacts the whole company business model, by default, it results in a culture change (most of the time).

7) Many companies need to work on improving the human touch within digital transformation to ensure employees are skilled for the journey and willing to participate.

8) Leaders must start their digital transformation journey with customer centricity in the lead.

9) Leaders need to identify the right approach for leading their workforce and be open to restructuring.

10) Data security must be integral to every company's strategy and not treated as an afterthought.

11) Leaders need to create a culture within the company in which failure is acceptable but within certain parameters.

12) Transforming a company to digital can be very expensive. Leaders have a responsibility to track performance and the return on the investment.

13) Adoption of Big Data needs to dramatically improve as it is part of the DNA of digital transformation and a powerful tool for managing the business.

14) Companies need to train both the leaders and the employees while introducing the tools to transform the way data is used.

# How to get started: The 11-Step Ticking Clock Model

During the review of the research, we identified five common broad elements as stated in the introduction:

1. Need to craft a digital vision to prepare for tomorrow
2. Customer-focused initiatives such as human-design centers and hackathons
3. Operational centricity such as leveraging Artificial Intelligence and Big Data
4. Cultural centricity such as establishing a digital-first culture and employee empowerment
5. Future proofing the organization by making the digital strategy measurable and data driven

These elements have stimulated discussion to answer one question that's imperative for this year: "How do leaders embark on digital transformation?"

When we combined the research with our client's digital transformation experience, we discovered that organizations go through three stages:

## 1. Future Thinking

Establish a clear digital vision; develop a leadership growth and digital mindset

## 2. Centricity

In three areas that are powerfully intervened:

### A. Customer

Redesign products and services with a digital mindset; protect your customers' trust

### B. Culture

Establish a digital-first culture; empower employees; learn to experiment and co-create

### C. Operational

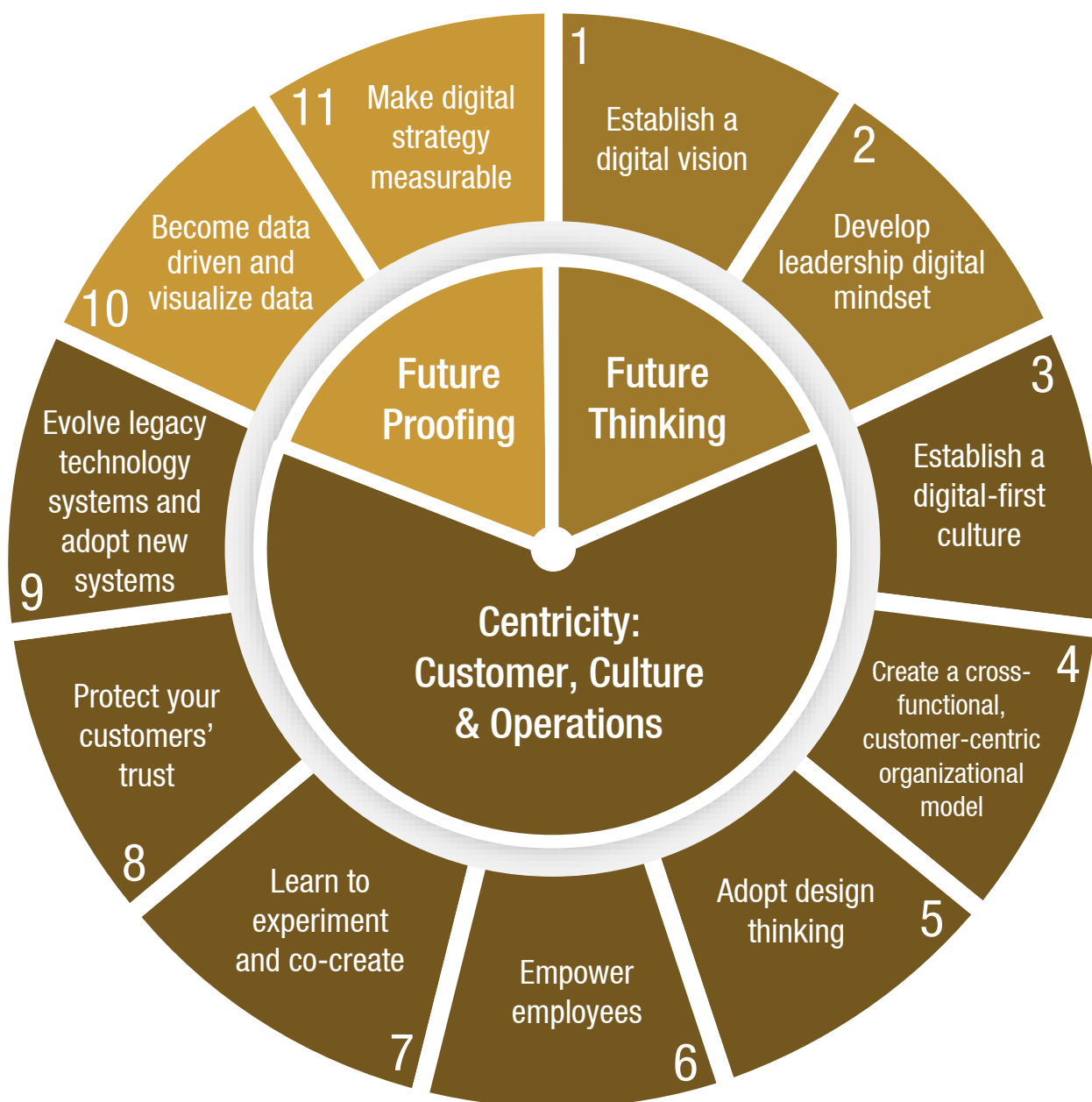Evolve legacy technology systems; adopt new systems

## 3. Future Proofing

Adopt additional digital strategy measurement; become data driven and visualize data

In Future Thinking, the leadership team strategically examines how digital will reshape their offer, the strategy and themselves. (This is important as many leaders need to digitally transform themselves before transforming the organization.)

The second stage recognizes that digital transformation is not about tweaking the current business model but requires a whole business model transformation. It touches the business end to end, with the front and back end transforming as well as the culture. Too many digital transformations fail because the culture did not transform.

The third stage ensures continuality and sustainability. A whole business model transformation takes time, and it requires new digital measures to track performance and new ways to present a large amount of data. These requirements have evolved into the 11-Step Model that follows.

# Digital Transformation - 11-Step Ticking Clock Model



**11** Make digital strategy measurable

**1** Establish a digital vision

**2** Develop leadership digital mindset

**10** Become data driven and visualize data

**3** Establish a digital-first culture

**9** Evolve legacy technology systems and adopt new systems

**Future Proofing**

**Future Thinking**

**Centricity: Customer, Culture & Operations**

**4** Create a cross-functional, customer-centric organizational model

**8** Protect your customers' trust

**5** Adopt design thinking

**7** Learn to experiment and co-create

**6** Empower employees

While writing this White Paper, we have been fortunate to test this 11-Step Model. Please contact us via email if you'd like us to share the research and/or model with your organization.

**Jeremy Blain**
jeremy@performanceworks.global (Europe/USA)

**Robin Speculand**
robin@bridgesconsultancy.com (Asia Pacific)

# About the Authors

## Robin Speculand

**Bridges Business Consultancy Int**

A recognized pioneer and expert in strategy implementation, Robin is driven to transform strategy implementation globally by inspiring leaders to adopt a different approach.

The founder and CEO of Bridges Business Consultancy International, he created the Implementation Hub – the world's first online portal dedicated to strategy implementation. He is also the co-founder of the Strategy Implementation Institute.

An international bestselling author, he has sold more than 42,000 books worldwide and been featured on BBC, Channel News Asia and CNBC. Robin is also a masterful event facilitator and engaging keynote speaker.

His work has been featured widely in the media, including BBC Global, Gulf Connoisseur, CNBC, Channel News Asia, Oman Observer, Sunday Telegraph and Financial Times.
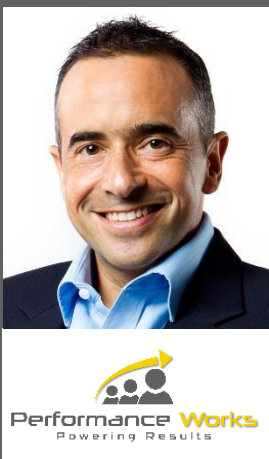
## Jeremy Blain

**PerformanceWorks International**

Jeremy is an award-winning business leader, futurist, new-era learning professional, author and conference speaker. He is founder and CEO of *PerformanceWorks International* – a learning services company specialising in helping organizations, leaders and managers be fit and ready for the future.

He is a Fellow of The Institute of Directors UK (FIoD), holds a Masters of Management in International Business from the Australian Institute of Business and a BA (hons) from Sheffield University (UK).

He is also a newly appointed Advisory Board Member of WDHB; one of the world's foremost 'Industry 4.0' immersive learning experience companies (specializing in leadership expeditions, community events and transformational learning interventions for the disruptive era).

A commercially minded L&D entrepreneur, Jeremy has over 20 years' experience in industry as an executive board member, managing director, partner, trainer, coach, author and program creator. In previous roles at *Procter and Gamble*, *PepsiCo* and as managing partner of his own point-of-sale software business, his roles have included marketing, sales, operations and general management.