



# 4 DIMENSIONS FOR EXECUTIVES TO WATCH DURING A DIGITAL TRANSFORMATION

While 50% of B2B executives believe to have a robust strategy for their Digital Transformation, even less believe to be on track when it comes to putting strategy into action. Find out the driving factors that executives should have on their radar while navigating their organization through the digital change.



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% of B2B executives seeing their digital transformation to be mature regarding:

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Customer Centricity

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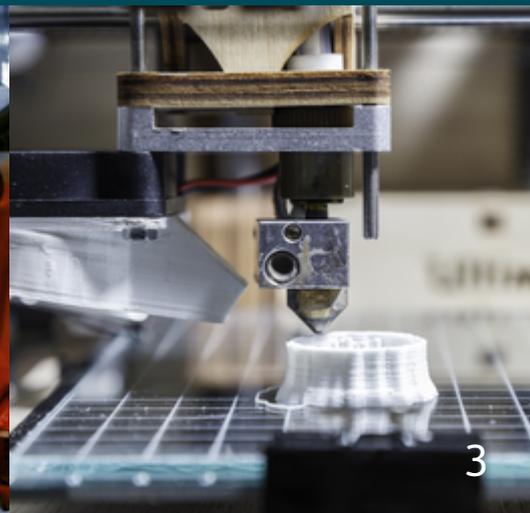
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...and only 32% believe that their organization has the necessary skills and mindset

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ECOSYSTEM

CUSTOMER  
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# UNDERSTAND THE TARGET ECOSYSTEM OF THE DIGITAL TRANSFORMATION

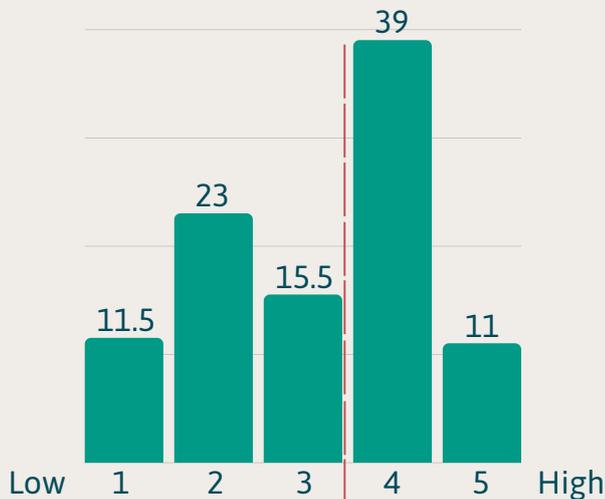
*Rather than taking the current Ecosystem as carved in stone*

Understanding the Ecosystem means understanding the changes in the relationship among suppliers, partners, competitors and customers. It fuels the digital vision and strategy, determines the path for collaboration or acquisitions and lays the ground for new business models.

## What drives understanding the Ecosystem?

- 1. Vision and Strategy** - *"Does your company have a consistent digital vision and strategy?"*
- 2. Business Models** - *"Does your strategy include new business models that leverage data from connected products and services?"*
- 3. Partners, Startups and Acquisitions** - *"Is there a clear approach to complement your current digital capabilities with partners, start-ups and acquisitions?"*

**50%**  
of executives believe that their company has a well-defined set of partnerships and underlying business models to support their digital vision and strategy<sup>1</sup>



Percentage of respondents who scored their digital ecosystem readiness on a scale of 1 to 5  
--- Average Score; Source: CYLAD Research<sup>1</sup>



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# WHAT DO LEADING B2B COMPANIES DO IN THEIR DIGITAL TRANSFORMATION?

1. Experiment with new business models such as X as a Service, platform business model, subscription models
2. Invest in partnership models leveraging cloud technologies, Application Programming Interface (API) and Industrial Internet of Things (IIoT)
3. Collaborate with players along the value chain to develop digital solutions
4. Set up internal innovation, accelerators and incubators to foster new and innovative ideas
5. Incorporate specific KPIs to track digital success: Return on Digital Investments, Assets under Management (AUM), Annual Recurring Revenues (ARR), Customer Churn on Subscription

According to Harvard Business School, digital leaders have a three-year average gross margin of

**55%**

compared to 37% for digital laggards<sup>2</sup>



# THINK CUSTOMER CENTRICITY BEFORE TECHNOLOGY

*Rather than pushing technology that does not meet customer needs*

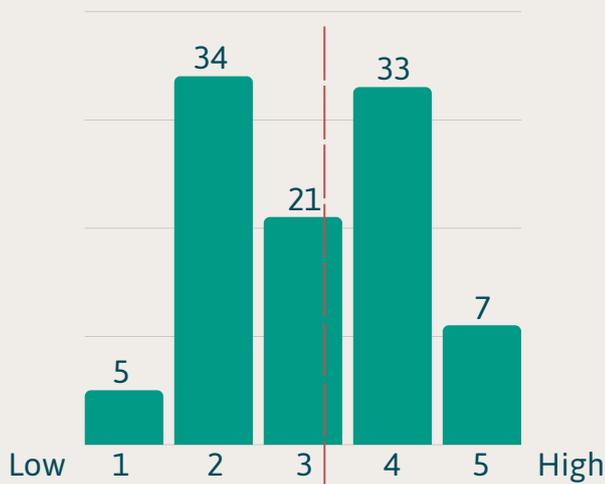
Customer Centricity forces companies to start every development by first understanding customer needs and processes and then developing a value proposition that may leverage digital technology. Minimum Viable Product (MVP) and rapid prototyping philosophy ensure a steep learning curve.

## What drives Customer Centricity?

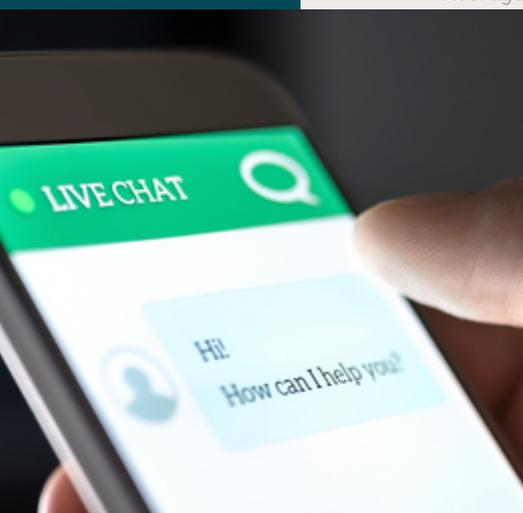
- 1. Products and Services** - "Is your digital technology addressing a real customer need rather than playing with what is possible?"
- 2. Marketing and Sales** - "Does your marketing and sales team understand and communicate consistently on the digital offers by starting from the value proposition?"
- 3. User Experience** - "Is your user experience consistent across all channels, business units and devices?"

**40%**

of executives believe that their company is leveraging digital technology such that it delivers a better user experience in its products and services and marketing and sales efforts<sup>1</sup>



Percentage of respondents who scored their company's customer centricity on a scale of 1 to 5  
--- Average Score; Source: CYLAD Research<sup>1</sup>



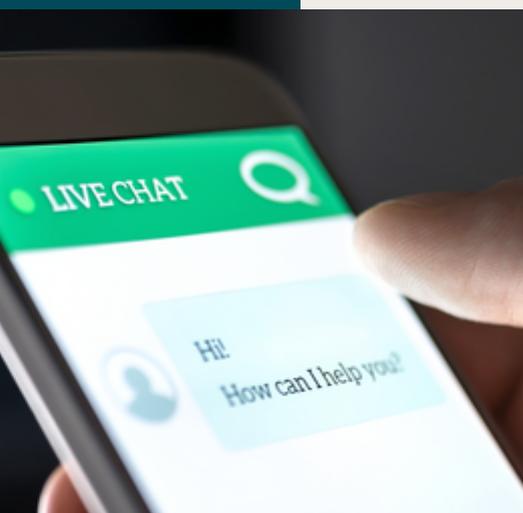
# WHAT DO LEADING B2B COMPANIES DO IN THEIR DIGITAL TRANSFORMATION?

1. Force identifying added value to start at true customer needs by using persona building and customer journey mapping following the design thinking approach
2. Offer product-service hybrids and connected products as a basis for remote and predictive services
3. Align User Interface across products, services, business units and devices to enhance customer experience
4. Use digital marketing tools such as targeted advertising, Search Engine Optimization (SEO), social media and influencer marketing
5. Align omnichannel marketing to sell products and services

According to research from International Data Corporation (IDC)

# 67%

of the CEOs of Global 2,000 companies will shift their focus from traditional, offline strategies to more modern digital strategies to improve the customer experience before the end of 2019<sup>3</sup>



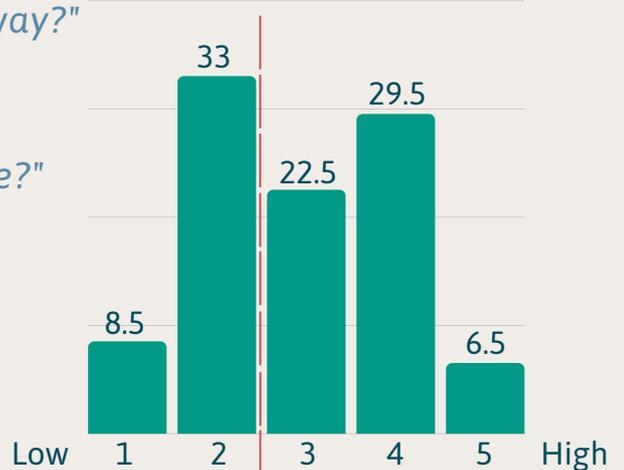
# SEE DIGITAL TECHNOLOGY AS ENABLER FOR OPERATIONS & PROCESSES

*Rather than digitalization as a purpose in itself*

Operations & Process performance drives competitiveness through efficiency, flexibility and speed. On this journey, digital technology enables continuous improvement as well as disruptive changes.

## What drives Operations & Process performance?

1. **Product Lifecycle Management** - "Is your R&D taking a Minimum Viable Product (MVP) approach?"
2. **Supply Chain and Production** - "Is your supply chain leveraging technologies such as blockchain or RFID?"
3. **Service Processes** - "Are your remote and predictive services generating recurrent revenues?"
4. **Digital Security** - "Do your customers trust your IIoT?"
5. **Support and Enabler Functions** - "Is your back office working in a fully paperless way?"
6. **Data Management** - "Is your business intelligence leveraging a central data lake?"



Percentage of respondents who scored their operations and processes' digital readiness on a scale of 1 to 5  
--- Average Score; Source: CYLAD Research

**36%**

of executives believe that their company is sufficiently leveraging digital technology to optimize operational efficiency in engineering, production, supply chain and support functions<sup>1</sup>



# WHAT DO LEADING B2B COMPANIES DO IN THEIR DIGITAL TRANSFORMATION?

1. Accelerate both R&D and internal improvements with an agile approach
2. Understand agility not as less, but as more discipline with short cycles and autonomous teams to fail fast and learn fast
3. Adopt digital production technologies such as connectivity, 3D printing, augmented reality and analytics
4. Go paperless and use data at every occasion to avoid waste in processes and focus on value added tasks
5. Build a secure and reliable data infrastructure with high flexibility through API philosophy

According to CIO, the number of organizations using agile as their “primary development path” has increased from 32% in 2016 to

# 45%

in 2017. These increased rates of adoption of agile development are happening in organizations that are successfully navigating the waters of digital transformation<sup>4</sup>



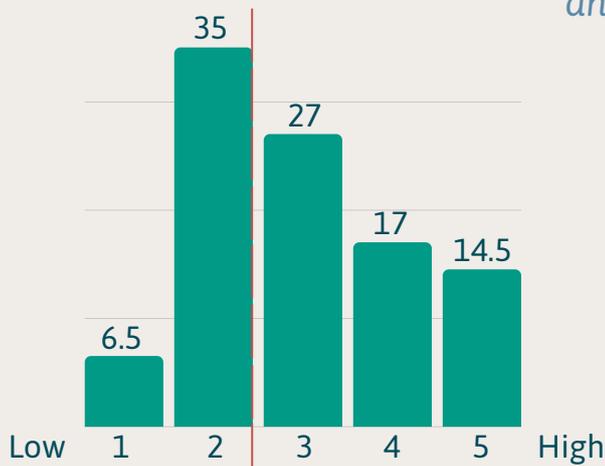
# REGARD PEOPLE AS THE CENTRAL DRIVING FORCE OF DIGITAL TRANSFORMATION

*Rather than a resource that will follow*

High speed of innovation and complexity of stakeholder landscape require a mindset shift from leadership through direction and control to leadership through empowerment and ownership.

## What drives People?

- 1. Purpose** - "Do your employees understand the purpose of your digital strategy?"
- 2. Engagement** - "Do your employees feel engaged on the digital transformation?"
- 3. Trust** - "Is your leadership managing by delegation and empowerment to deliver on the digital strategy?"
- 4. Capabilities** - "Does your team have the necessary digital skills and capabilities?"
- 5. Culture and Tradition** - "Does your company culture include an agile approach and digital acumen?"



Percentage of respondents who scored their people readiness on a scale of 1 to 5  
--- Average Score; Source: CYLAD Research<sup>1</sup>

**31.5%**  
of executives believe that their company's culture enables digital transformation<sup>1</sup>



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# WHAT DO LEADING B2B COMPANIES DO IN THEIR DIGITAL TRANSFORMATION?

1. Grow new ideas in small autonomous teams before leveraging the full organization for scaling
2. Adopt a start-up culture of agile decision making and flat structures
3. Encourage employees to question traditional work methods and ensure collaboration between teams on transformation projects
4. Systematically recruit with a focus on closing skill gaps and bringing in new mind sets
5. Redefine individuals' roles and responsibilities and upskilling employees to meet the changing work requirements

According to a Gartner survey, when asked about the top type of talent CEOs need to fuel the future digital business,

# 52%

named specific technology-related skills such as data and analytics, digital marketing, IoT and AI<sup>5</sup>



# CYLAD CONSULTING

WE HELP LEADERS OF INDUSTRIAL COMPANIES  
DEVELOP THEIR BUSINESS AND  
IMPROVE PERFORMANCE

1. CYLAD Consulting analyzed public interviews of top B2B executives with Discourse analysis and Qualitative content analysis to identify what executives worry most in a Digital transformation. In a second step a survey was used to quantify how executives rate maturity in each field
2. Harvard Business School (2016), The Digital Business Divide: Analyzing the operating impact of digital transformation
3. IDC (2018), The Digitization of the World: From Edge to Core
4. CIO (2018), 4 things successful CIOs know about digital transformation
5. Gartner (2018), 2018 CEO Survey: CIOs Should Guide Business Leaders toward Deep-Discipline Digital Business

75

Consultants covering strategy & management of which 90% have an engineering or science background

10

Partners with consulting and operational experience along the entire value chain, from raw material suppliers to OEMs and service providers

7

Analysts for Big Data & Artificial Intelligence applications to deliver a data driven strategy while keeping in mind what your organization can realistically manage and achieve

TOP  
CONSULTANT

Award 2018  
Industrial experience in Aerospace, Machinery, Automotive, Railway, Shipbuilding, Construction, Energy & Utilities, Resources & Chemicals and Pharmaceuticals

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