



Individual Progress ► Collective Success

Driving Digital Transformation: What Does It Take to Lead?



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What *is* Digital Transformation?

Digitization ≠ Digital Transformation

Digital Technologies

- ▶ Internet
- ▶ Mobile
- ▶ Embedded sensors
- ▶ Cloud
- ▶ Social Media
- ▶ Enterprise Platforms
- ▶ Public or open platforms
- ▶ Artificial intelligence/cognitive computing
- ▶ 3-D printing

Digital Transformation

- ▶ The use of **digital technologies**
- ▶ **Connect** organizations, people, physical assets, processes, etc. in new ways
- ▶ Leverage the **data** that generates
- ▶ Build **deeper customer relationships**
- ▶ **Rapidly innovate**
- ▶ Build **digital business strategy**

Source: Digital Transformation: What Is It and What Does It Mean for Human Capital? The Conference Board

Digital Transformation: Four Essential Elements

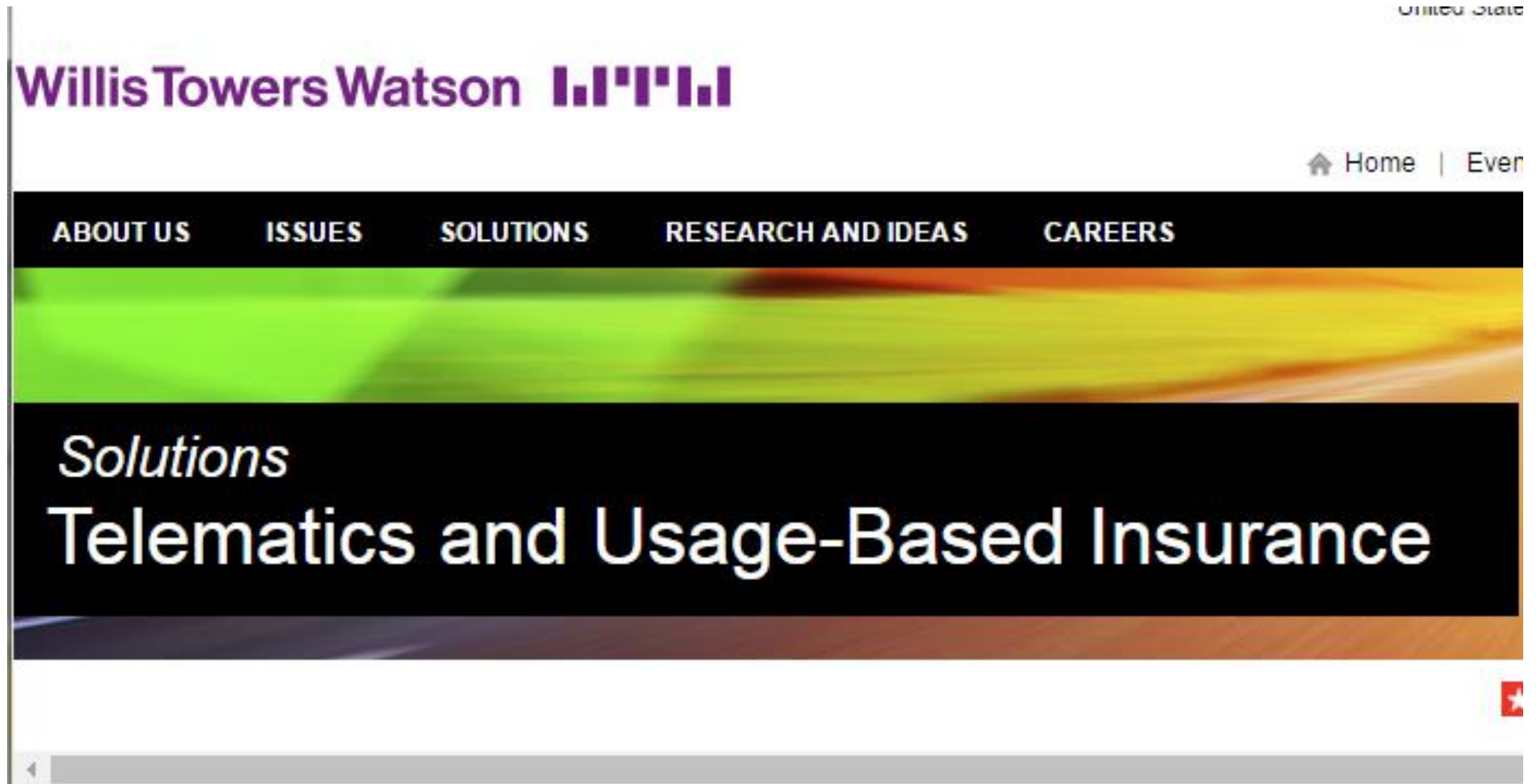
1. Technology
2. Connectedness: technology, physical objects, organizations, networks, people
3. Data and analytics
4. Digital business strategy leveraging the above to generate new business value for customers

Digital Natives vs. Digital Immigrants

Digital Natives That Immediately Come to Mind



How a Big, Long-established Company Became a Digital Immigrant



What Gets Transformed in Digital Transformation?

- ▶ The organization's strategy

 - What business are we in?

 - Who/where are our customers? What do they need/want?

 - Who are our competitors?

 - Who are our partners?

 - Where are our organizational boundaries?

 - What jobs, skills, etc. do we need?

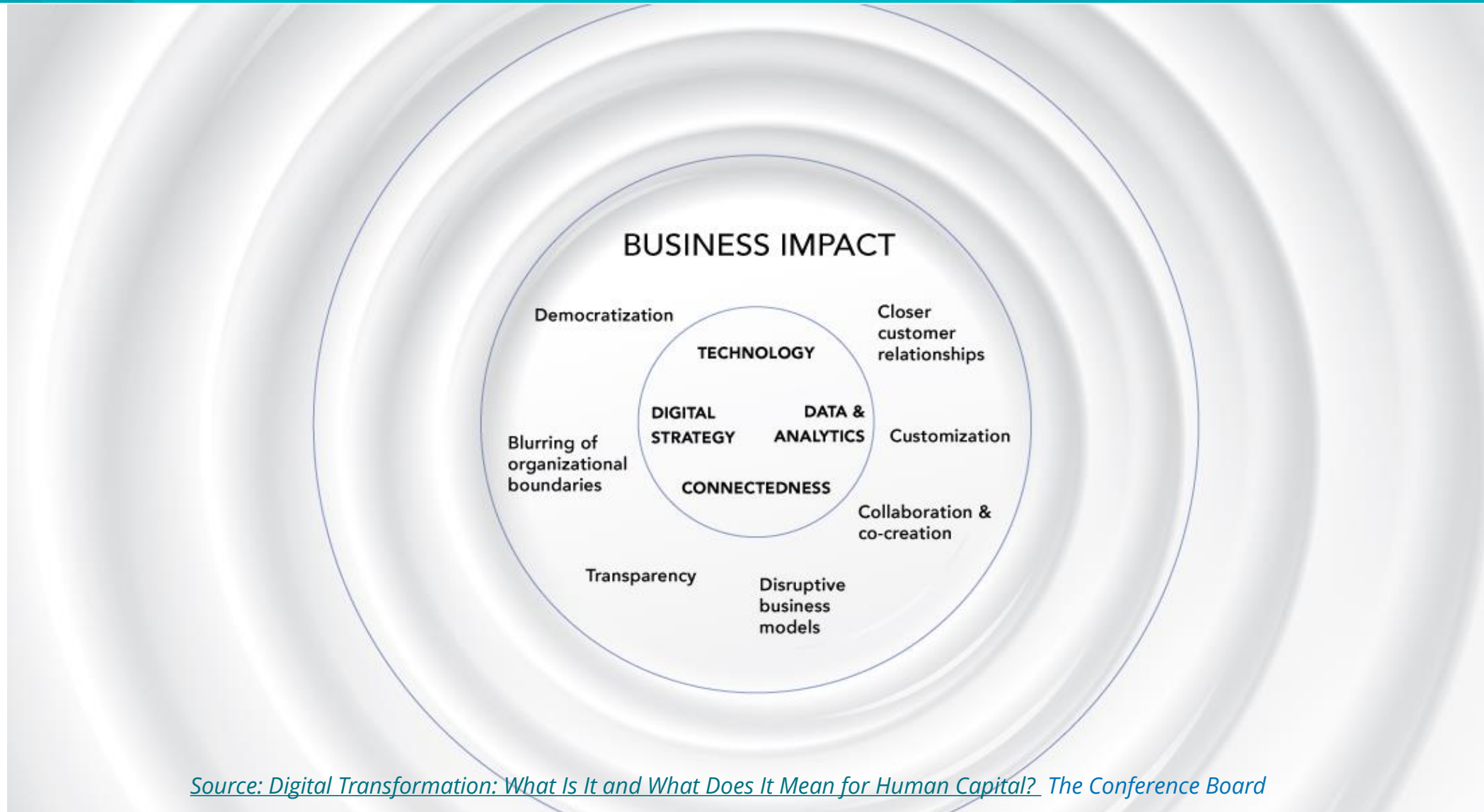
 - Where should we be located?

 - How should we be structured?

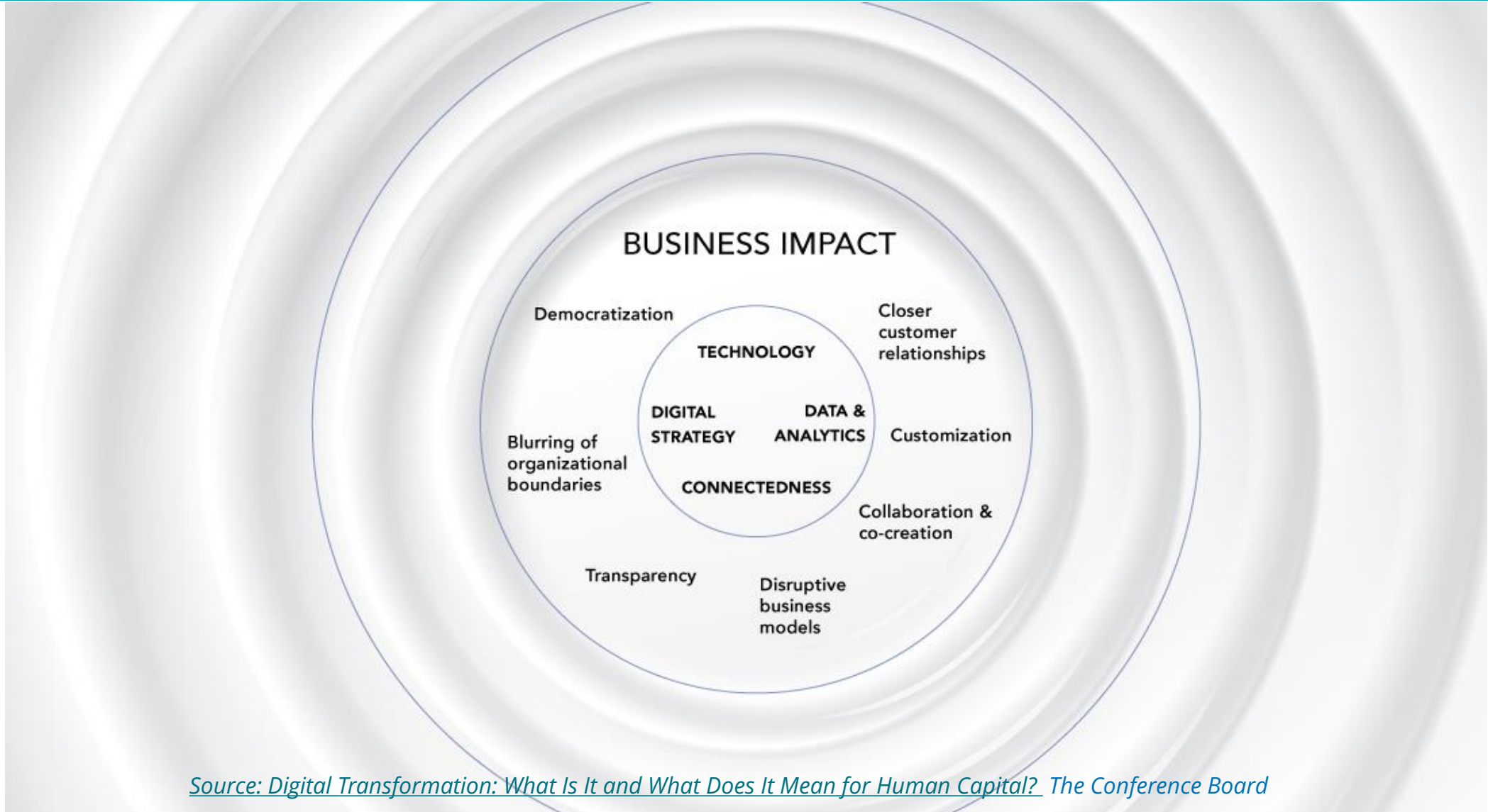
- ▶ Often an entire industry

Digital Transformation: Business Impacts

Digital transformation has a **ripple effect** on business



What impact is Digital transformation having on *your* business and/or industry?



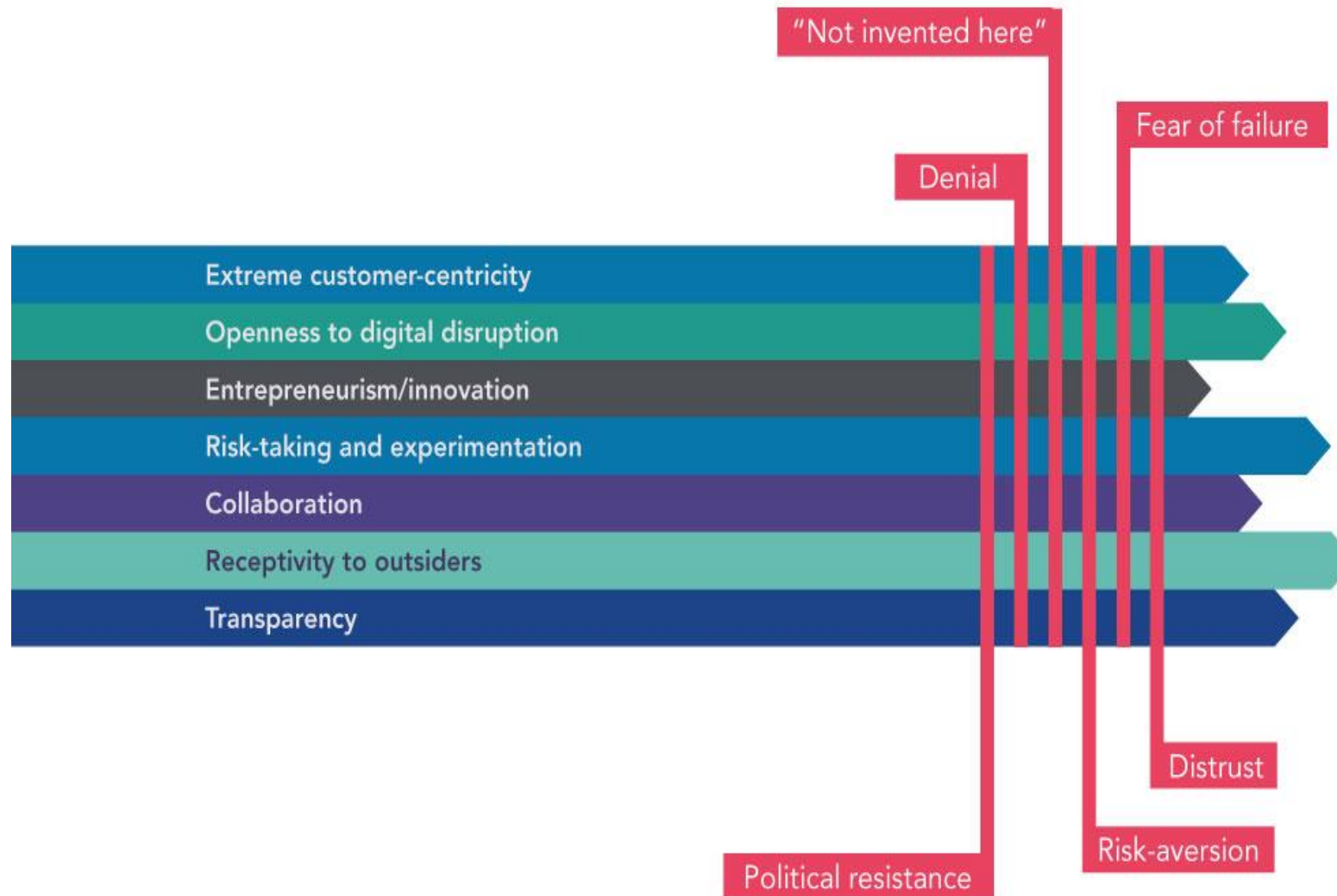
Source: Digital Transformation: What Is It and What Does It Mean for Human Capital? The Conference Board

Digital transformation's **ripple effect** spreads to every function



Organizational Culture Can Enable or Hinder Digital Transformation

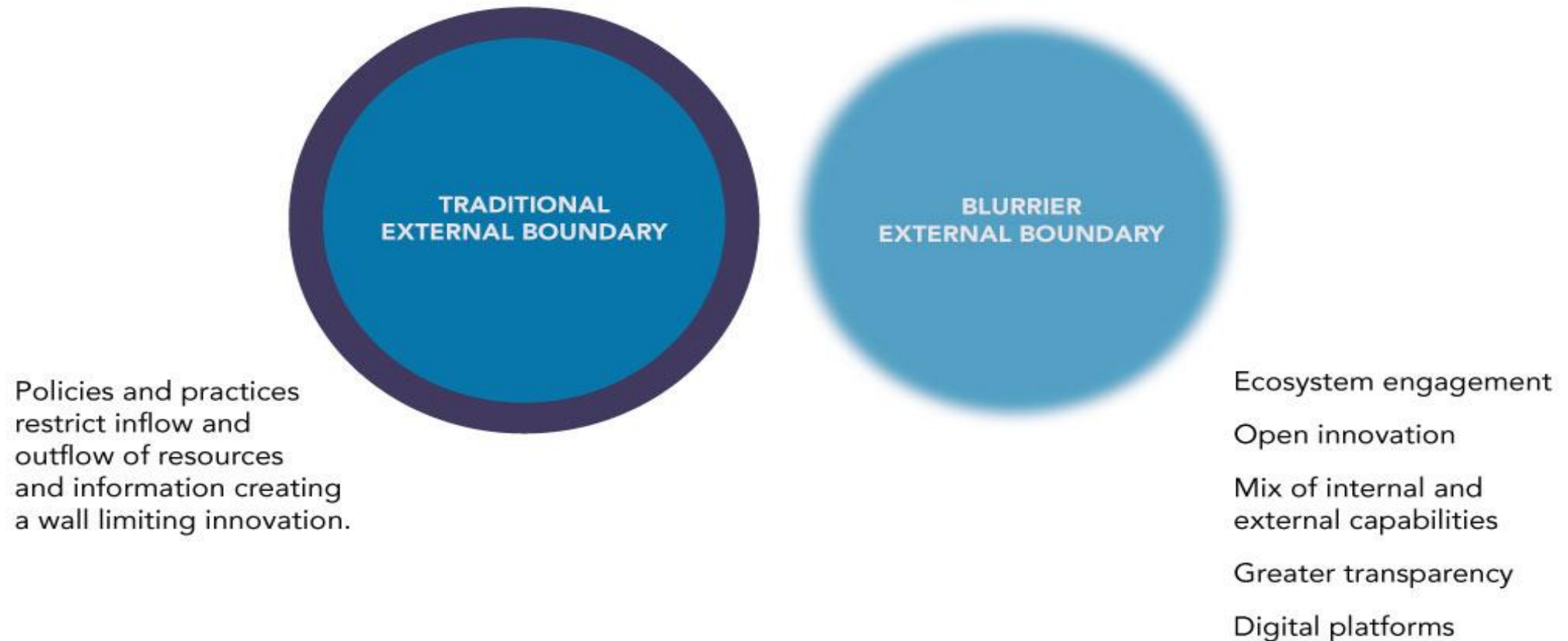
Organizational Values Can Hinder or Help Digital Transformation



Source: [*Driving Digital Transformation: Why Organizational Culture and Structure Matter*](#), The Conference Board (2017)

Digital Transformation Blurring the Organization's External Boundary

Blurring the Organization's External Boundary Enables Digital Transformation



Source: [*Driving Digital Transformation: Why Organizational Culture and Structure Matter*](#), The Conference Board (2017)

The Evolution of a Digital Ecosystem

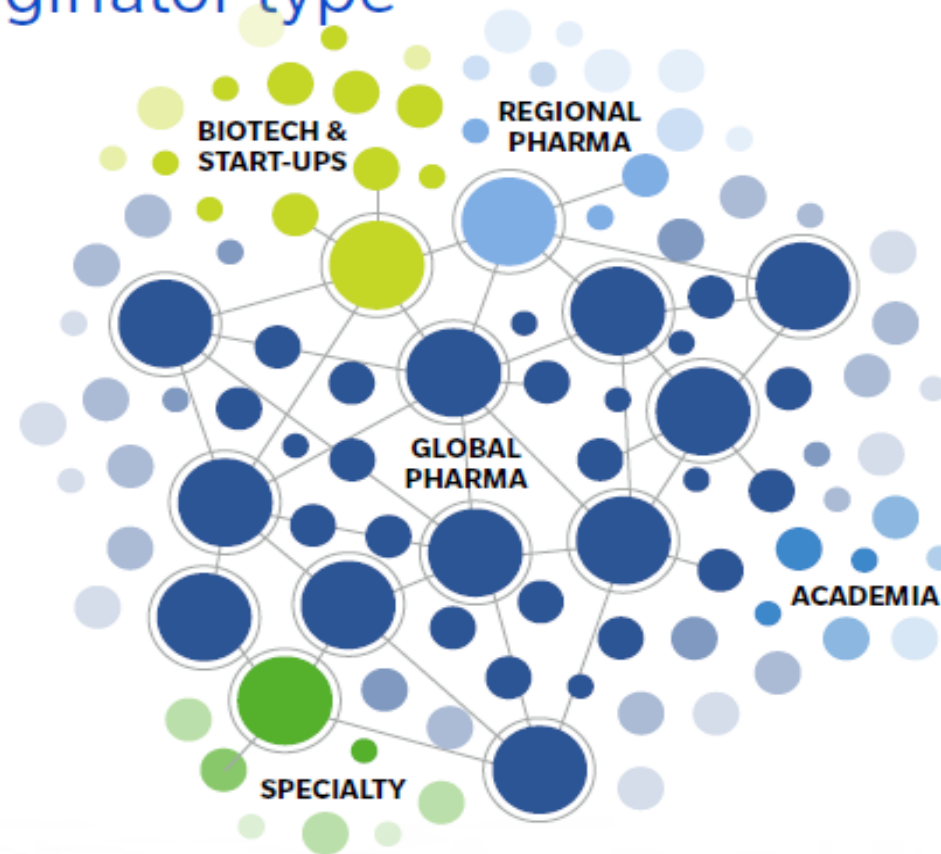
Pharma Innovation Ecosystem 1998

Source of NMEs by originator type

62%
Global Pharma

14%
Biotech & Start-up
Companies

24%
Regional Pharma
Non-profit Academia
Specialty



Revenues of all NME-grade compounds launched in a given year cumulated for 7-8 years. Includes all innovative compounds classified as NME or BLA, excluding generics, biosimilars and NDA products (new derivatives, new formulations etc.)
SOURCE: Evaluate 2014

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Pharma Innovation Ecosystem 2013

Source of NMEs by originator type

22%

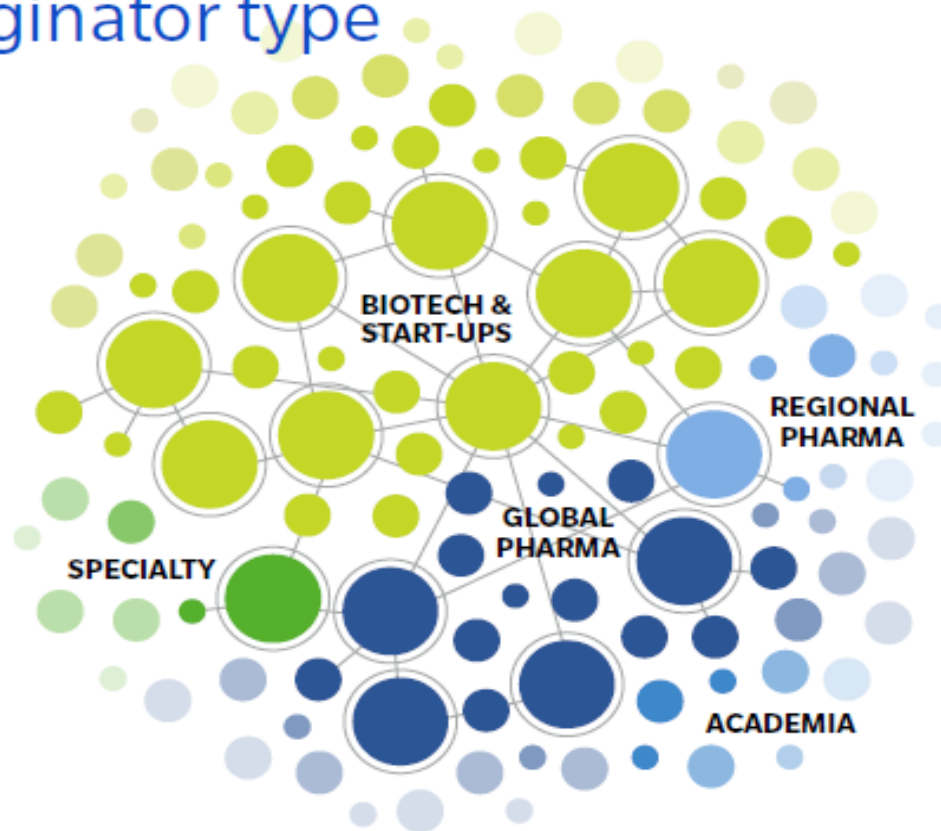
Global Pharma

50%

Biotech & Start-up
Companies

28%

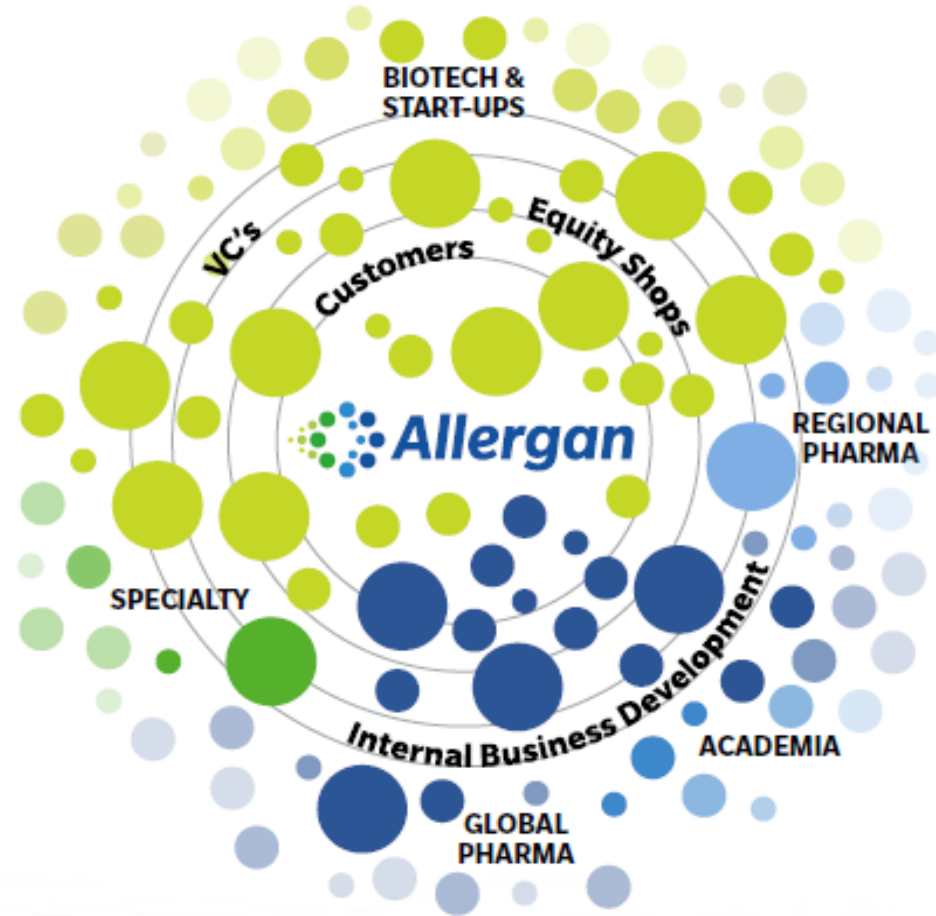
Regional Pharma
Non-profit Academia
Specialty



Evaluate Jul 20 Revenues of all NME-grade compounds launched in a given year cumulated for 7-8 years. Includes all innovative compounds classified as NME or BLA, excluding generics, biosimilars and NDA products (new derivatives, new formulations etc.)
SOURCE: Evaluate 2014 14; McKinsey analysis

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New Pharma Innovation Ecosystem TODAY



GE: Borrowing Talent through Crowd Sourced Innovation



“L’Oréal and Digital Are the Perfect Match.”

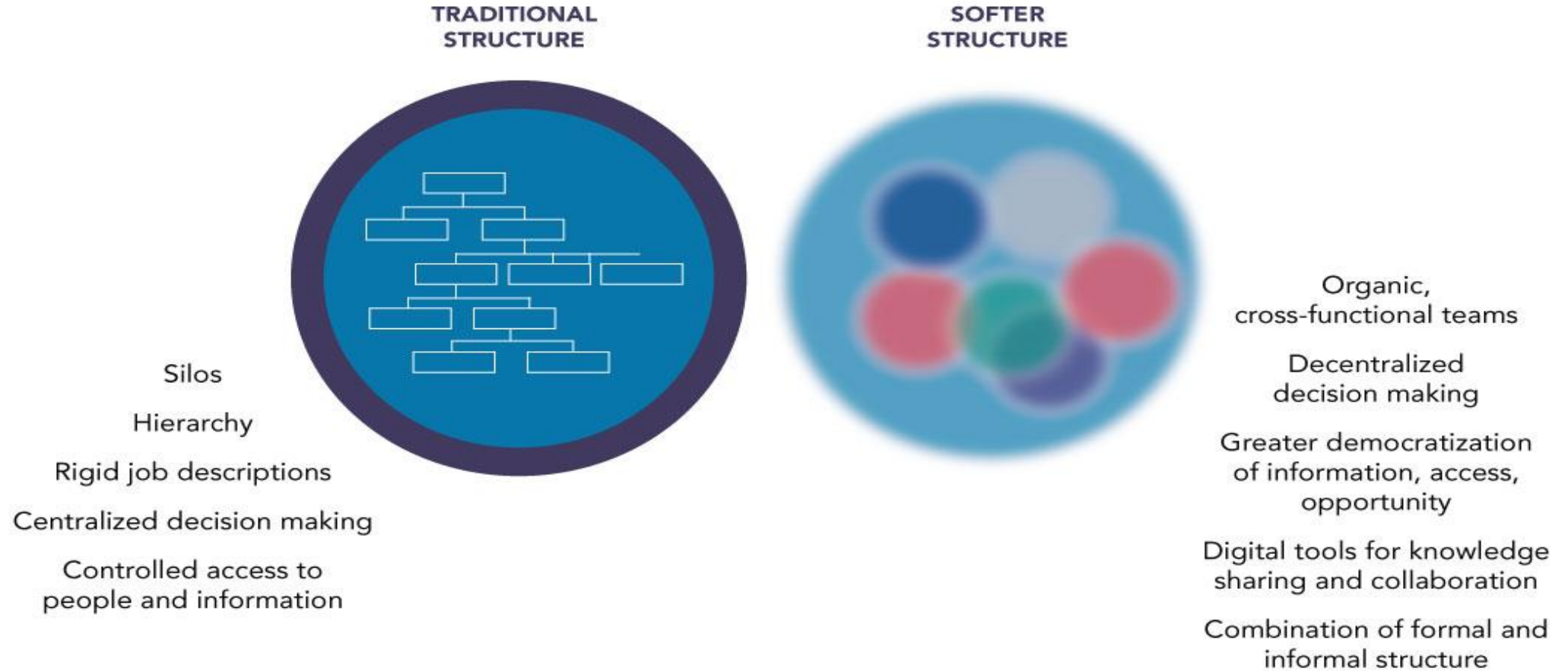


Strategies That Open and Organization's Boundaries

- ▶ Open innovation
- ▶ Open Source software and API development
- ▶ Collaborative spaces (internal and external to company)
- ▶ Hackathons
- ▶ Data-sharing
- ▶ Hiring leaders and others from outside the industry; from and digital-first businesses
- ▶ Using more non-employee talent
- ▶ Corporate investments in start-ups
- ▶ M&A

Digital Transformation Requires and Enables More Fluid Organizational Structure

More Fluid Organizational Structure Enables Digital Transformation



Source: [*Driving Digital Transformation: Why Organizational Culture and Structure Matter*](#), The Conference Board (2017)



1st

Piyush Mathur

SVP

Nielsen • Duke University - The Fuqua School of Business

Source: [*Driving Digital Transformation: Why Organizational Culture and Structure Matter*](#), The Conference Board (2017)

What Does It Take to Lead Digital Transformation?

Consider the three elements we've discussed:

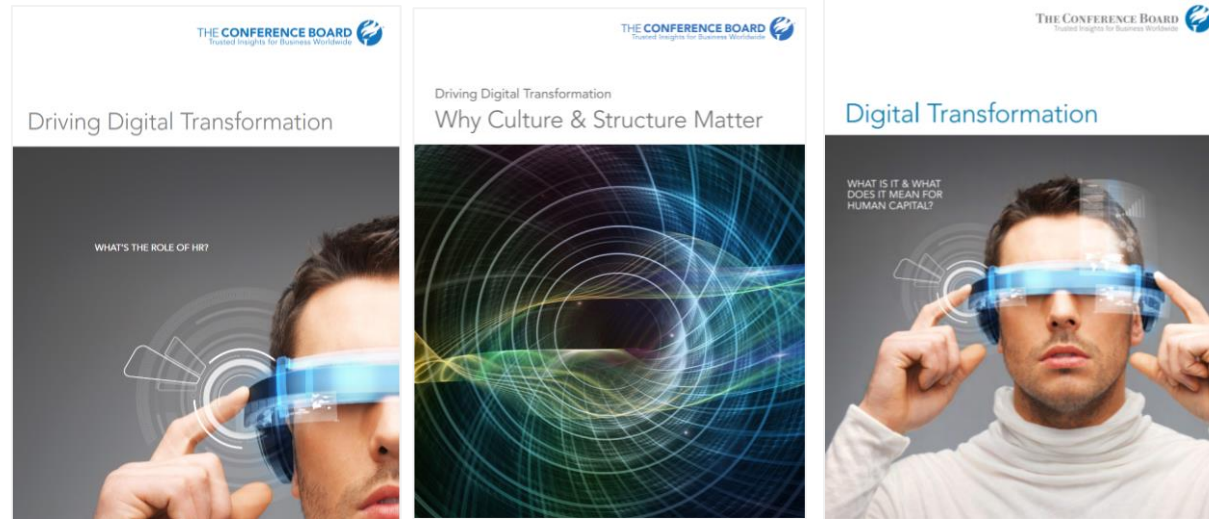
- ▶ Cultural values
- ▶ More open organizational boundary (external)
- ▶ More fluid organizational structure (internal)

What Does It Take to Lead Digital Transformation?

Some preliminary findings:

- ▶ Curiosity, inquisitiveness
- ▶ Comfort being a learner, not an expert
- ▶ Creativity about new business models
- ▶ Outside-in awareness
- ▶ Risk-tolerance
- ▶ Willingness to let go of some decision-making
- ▶ Transparency
- ▶ Collaboration

Digital Transformation Resources from The Conference Board



- ▶ *[What Does It Take to Lead Digital Transformation?](#)* (January 2019)
- ▶ *[Driving Digital Transformation: What's the Role of HR?](#)*
- ▶ *[Driving Digital Transformation: Why Organizational Culture and Structure Matter](#)*
- ▶ *[Digital Transformation: What Is It and What Does It Mean for Human Capital?](#)*
- ▶ *[The Digital Transformation Center](#)*

Questions?

