

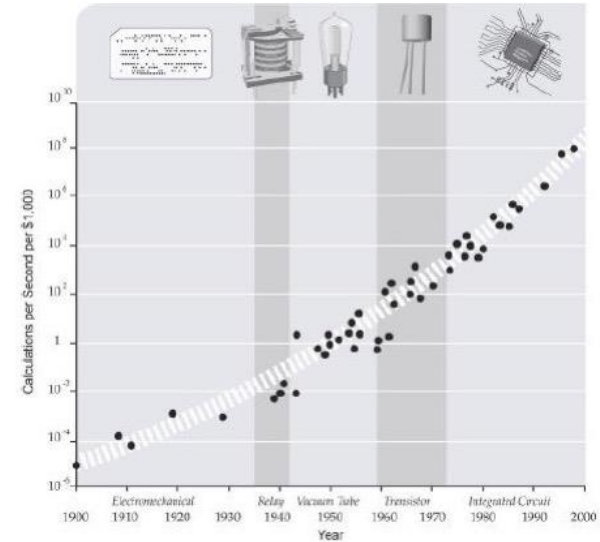
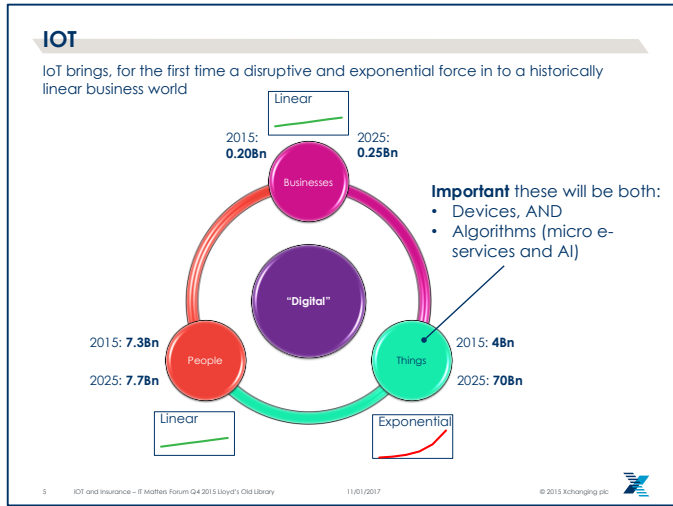
SURVIVING DIGITALISATION: BIG BANG OR INCREMENTAL?

2017 Q1 IT Matters Forum
Lloyd's Old Library

Jim Sadler
*Independent Digital Transformation Leader
CIO / COO / Business Transformation / NED*

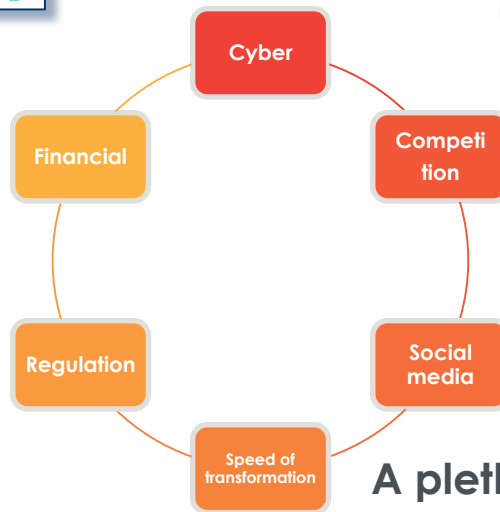
DIGITAL BUSINESS – A REMINDER

We are entering the 4th (and most disruptive) Industrial Revolution, where every industry will be *Digitally Remastered*



The introduction of Things*
in to the business model

*Devices, Open Source Data
Algorithms, Micro services
APIs, Machine Learning
Artificial Intelligence



Powered by the
exponential force of
Moore's Law

A plethora of new risks
and opportunities

THE 4TH INDUSTRIAL REVOLUTION

...will be more unpredictable, transient, unstable, rapid and ruthless than anything we've seen before

New Features:

- **Boundaries** will be **blurred** – between businesses, industries and markets
- We will see every aspect of the world in **increasing HD**
- **Security** will have to move from boundary protection to **trust** frameworks
- There will be new concepts of **IP** (The **Algorithms** of a business)
- The “**crowd**” will **add value** voluntarily and derive value
- **Peer-to-peer** exchange becomes the norm
- **Platforms** rule, new **eco-systems** of digital commerce emerge

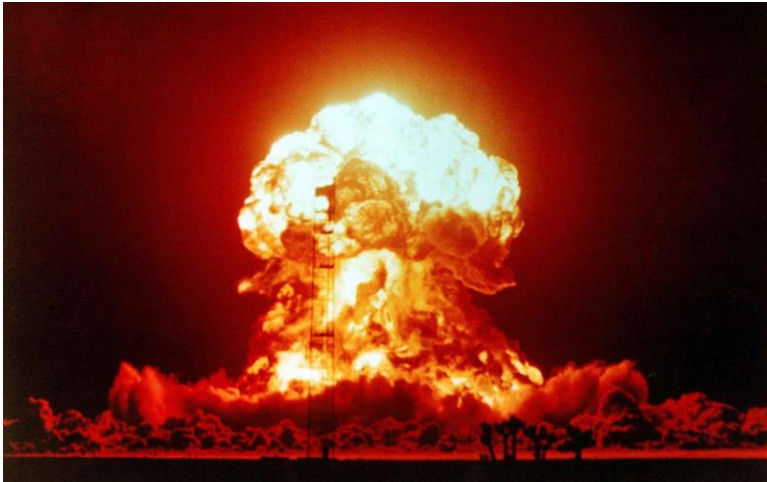
New Value Chains:

Value will be created through the **economy of connections** made between people, business and things.
Business moments will be created which will be **transient** and **exploited dynamically** (often just by the Things)

THE (SURVIVAL) CHOICE BEFORE US!

Do we really only have these 2 approaches to choose from in our kit-bag?

BIG BANG



OR

INCREMENTAL



CHARACTERISING THE CHOICE

Underneath the titles, lies a cacophony of situational interpretations of (and prejudices towards) what these terms actually mean, rendering them useless to our discussion

BIG BANG

- Adventurous

- Risky

-  Type

-  e

-  nsible

-  er, ng an

- Whole business model in one deployment

- Whole product in one deployment

- Strategic

- Think first

- Close-minded

OR

INCREMENTAL

- Risk averse

- Agile

-  n-egic

-  itious

-  ocation

-  Small fast steps

- Minimum viable model/product

- Easy option

- Start first

- Open minded

Neither

..and both

CHARACTERISING DIGITAL BUSINESS

Never has it been more important to choose our approach to change intelligently, based upon our business situation

- Unpredictable and fast-changing
- Transient value creation
- Business moments, not business models
- Blurring of traditional boundaries
- Products turning in to services
- Ownership turning in to rental
- New risks - e.g. Cyber
- Platforms and eco-systems as opposed to vertically-integrated internal systems
- Relationships becoming situational and transient
- Peer-to-peer is King
- Consumer defines service (not the supplier)

So, to be successful in Digital business, we need:

- The strategic, ambitious, risk-taking, whole-model aspects of "Big Bang" and...
- The agility, minimum viable, small and fast steps, open-mindedness of Incremental

LET ME BE CLEAR

Digital Leadership is a different skillset (from Analogue Leadership)

- Extreme urgency
- A preparedness to re-imagine your whole business model (incorporating connected Things) and how you can create value
- A willingness to be honest about what you are truly excellent at
- An ability to create a new vision for a Digital Business and “business moments”
- To be prepared to build that in a million minimum-viable daily micro-steps
- And to be willing to change course in the blink of an eye if the market moves in a different direction
- To be deeply connected to your consumers and the eco-system within which your business sits and to sense where it is going (and go there)
- Time horizons change – Vision turns in to beliefs, strategy turns in to game-plan, the strategic time horizon is in weeks and months (not years), the battle can be lost in seconds
- Do not relax!

QUESTIONS TO ASK YOURSELVES

Go back, take an honesty pill and answer the following

1. Pent-up Digital Potential: Is our Industry within clear and present threat of being digitally remastered?

- What creates real client value and could those elements be replaced with Digital equivalents? If yes, then your industry has pent-up Digital Potential

Remember: Insurance is a data and pattern-recognition business, and client-value is all about having a helping hand at life's most dire moments of need

2. Digital diagnosis: Have we started our Digital Journey?

- What % of the following is geared towards Digital business?
 - Capital investment
 - Turnover
 - Profit

Remember: You can not count IT investments that are merely automating the analogue model. Only business models that include Things in the value chain count.

3. Digital strategy starting point: Good questions for your Board

- What business will we be in in 5 years' time?
- How do we know that industry will exist?
- How will our expertise be creating value?

4. For this market:

- Is TOM digital, or Analogue (but with more automation)?...

FIND OUT MORE

@JimSadlerCIO

jim.sadler@hotmail.co.uk

07971 201881

uk.linkedin.com/in/jimsadlercio:



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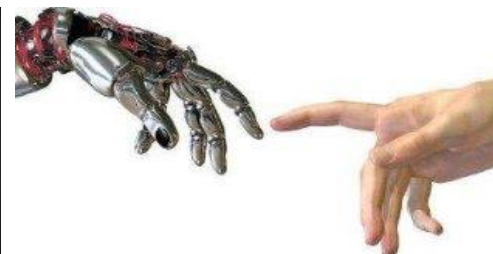
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