

DIGITAL TRANSFORMATION REVIEW

N° 04 MAY 2013

Accelerating Digital Transformation

- Allianz: Creating a Digital DNA - **Joe Gross** • Etisalat: Accelerating Transformation through a Digital Services Unit - **Khalifa Al Shamsi** • Zurich: "The Department of YES" or the Evolving Role of a CIO - **Markus Nordlin** • Yammer: Driving Employee Engagement through Social Networks - **Adam Pisoni** • Being Digital: Engaging the Organization to Accelerate Digital Transformation - **MIT and Capgemini Consulting** • Badgeville: Helping Companies to Better Engage with Employees - **Kris Duggan** • UK Digital Champion: Driving a Nation Forward with Digital - **Martha Lane Fox**



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A major research initiative at the MIT Sloan School of Management

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Accelerating Digital Transformation

By **Capgemini Consulting's Editorial Board**

Organizations across sectors are realizing the transformative power of digital. However, while there is increased appreciation of digital's role, many organizations are struggling to take their transformation initiatives to the next level. They are caught struggling for pace, and risk falling in the chasm between initiation and termination of transformation initiatives. In this fourth *Digital Transformation Review*, we aim to help business leaders understand how to accelerate their efforts at transforming digitally.

We open the *Review* with insurance giant Allianz, which is investing aggressively in digital initiatives in a sector not known for being digitally-savvy. We interview **Joe Gross, Head of Group Market Management at Allianz**, who shares his views on why organizations should make digital part of their DNA.

To make digital part of the lifeblood of the organization not only requires strong vision and investment, it also requires accelerated deployment across

the business. In this *Review* we look at three primary mechanisms for accelerating this needed adoption and deployment.

The first approach is **acceleration through better governance**.

Organizations can create governance structures that inherently allow for replication of best practices and elimination of capability redundancies. Leading UAE-based telecom player Etisalat recently launched such a dedicated Digital Services Unit. We interview **Khalifa Al Shamsi, Chief Digital Services Officer at Etisalat**, who expands on how a Digital Services Unit is helping Etisalat accelerate its digital transformation.

Technology plays a crucial role in an organization's digital transformation. It is imperative that IT executives play a big role in the transformation for it to be successful. This brings us to our second approach – **acceleration through tighter linkage between IT and business**. And this linkage has to start right at the top with the CIO. We interview **Markus Nordlin, the**

CIO of Zurich Insurance, to understand the evolving role of a CIO in the context of a digital transformation.

Digital transformation is an executive-led initiative. Nevertheless, any such large-scale initiative can only succeed if it has clear buy-in from rank and file employees across the company. The third approach we examine looks at the importance of **engagement as a tool for acceleration** of digital transformation. Social media has made people more comfortable with sharing, connecting and engaging with one another. Organizations are now willing to adopt such social networks inside the enterprise in order to drive engagement. We interview **Adam Pisoni, Co-Founder and CTO of Yammer**, to understand his view of social networks within a corporate environment and how they can drive employee engagement.

Employee engagement is indeed a significant challenge for organizations. Our earlier research proved that people challenges are amongst the

biggest obstacles to a successful digital transformation. We present our **latest research with the MIT Center for Digital Business on the role of engagement**. We expand on how organizations can kick-start digital engagement and use it as a tool for accelerating digital transformation.

Engagement can also be achieved by understanding employee activity off-duty and trying to recreate similar cues in the workplace. As a result, organizations are keen to see how they can learn from popular consumer digital services and applications and apply them inside enterprises. In this context, gamification – or the application of game mechanics to help

businesses measure and influence user behavior – is growing in popularity. We interview **Kris Duggan, Co-Founder and Chief Strategy Officer of Badgeville**, a leading provider of gamification platforms. He shares his perspectives on how companies can use gamification techniques to better engage with employees.

Finally, digital transformation is not just for companies. Societal transformation towards a better future that is digital-driven is the next logical step. This transformation also requires acceleration to ensure we empower the digital-citizen. Some countries have already recognized the role that digital can play in creating a better and more informed country. We

speak to **Martha Lane Fox, the UK's Digital Champion**, on how digital can help governments drive change.

Digital transformation, ultimately, is a matter of executive vision and leadership. It is also an exercise that requires collective buy-in and engagement from all, leaders and line employees alike. In this edition of the *Digital Transformation Review*, we have shared perspectives and thinking from around the world on how organizations can accelerate the take-up of digital transformation, building a true collective will behind the leader's digital vision.



Allianz: Creating a Digital DNA

Allianz is one of the world's top insurance companies with over 78 million customers and 144,000 employees in over 70 countries. The group had a turnover of over €106 billion in 2012. It has invested aggressively in digital in recent years. Capgemini Consulting spoke to Joe Gross, Head of Group Market Management at Allianz.



Interview with Joe Gross,
Head of Group Market Management at Allianz

Digitalization at Allianz

Last year you declared that digitalization would become part of Allianz's DNA. What has been the driving force behind Allianz's move to digitalization?

We look at digitalization as a huge opportunity for Allianz. In terms of what has gotten us on our digital journey, I think it is the new customer trends that have set things in motion. In our digital world, consumers expect us to be available whenever they need our services – that's 24/7 anywhere in the world. They want convenience and the same high-quality technical standard as from other digital suppliers. Allianz needs to provide all of this. Digital is actually a tremendous opportunity to transform the customer experience.

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We look at digitalization as a huge opportunity for Allianz.
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So, what does Allianz's digital strategy look like and what have you done so far?

We've invested massively in the digitalization of our business over the past couple of years. We first defined a global digital target picture, along with our lines of business, and it has been the guiding element in the transformation process. This was supported by an assessment of our operational entities which helped them to define their ambition level for the next three-five years.

Based on these results, the operating entities and Group have set up initiatives to drive relevant topics, such as social media and mobile, globally and we are building Group assets such as our global Web platform "Allianz oneWeb". Our operating entities are driving the transformation and for instance are providing more engaging and responsive broker interfaces and mobile quoting apps to help our agents with their everyday roles. Also, Germany, Brazil and India have been actively using social media to engage with clients and to generate sales leads.

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We first defined a global digital target picture, along with our lines of business, and it has been the guiding element in the transformation process.
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What are the key changes that you implemented?

We didn't want to reinvent the wheel. For example, in marketing and distribution functions, instead of replacing the way things were being done, we tried to complement these processes. So, using social media to generate sales leads or equipping our Allianz Germany agents with homepages to engage with their clients were some of the ways we tried achieving this. We also automated our back-office processes. We needed to drive centralization, automation,

consistency and standardization throughout our processes across the globe.

A crucial step we took was to loop in our marketing and sales teams, right from the beginning. So, it wasn't about only focusing on operations and IT agendas; we encouraged an inclusive atmosphere that also took into consideration the perspectives of marketing and sales. We didn't want an imbalance, where one function dominated another.

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To really get things moving, we needed to drive a sense of urgency from the top.
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Digital Organization and Governance

So how did it all start – how did you get the ball rolling in Allianz’s digital transformation?

We realized that the insurance industry, as a whole, was late in joining the digital revolution. We didn’t have any benchmark or company references to fall back on but we had to start somewhere. So, we started analyzing customer behavior – what was the impact on insurance when customers started using digital channels. We also tried studying other industries and their digital initiatives. This collective learning formed the basis of a rough groundwork of sorts.

To really get things moving, we needed to drive a sense of urgency from the top. So, our COO, Christof Mascher, took on an active role in driving the digital efforts, with the participation from our Allianz SE board. Not only did we engage our board members, but most importantly our main operating entities. Our objective was to get

a local perspective and leadership in the digital arena. So, it was a two-way process of driving digital – not just top-down but also bottom-up because in the insurance sector local presence plays a crucial role.

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Not only did we engage our board members, but also our main operating entities to drive our digital initiatives. It was a two-way process.

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It’s interesting that you mention having a blend of local and organization-wide digital change. How did Allianz strike that balance?

Winning the battle at the local level was extremely important to us. In insurance, almost all our activities are driven locally with agents tied to specific regional regulatory environments, within a local product setup, local IT legacy systems, and so on. So, at

that level it’s primarily the CEO of the operating entity who drives digital efforts. That happened in Allianz Italy, for example, where the CEO created a committee comprising the top management executives who have been driving change across the unit. At the same time, our central team also has to support the transformation efforts of our local entities. The idea is to consolidate all our efforts and bring in transparency and consistency across all our processes.

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It is critical to establish a common ground – a uniform understanding of what digital transformation means.

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With so many local entities driving digital initiatives in their respective regions, how does Allianz manage governance in its digitalization efforts?

Digital transformation can be very subjective, in the sense that it means different things to different departments. If you ask the IT folks, they would talk about SAP standardization or data warehousing. To the marketing guys, their idea of digital transformation would be restricted to an app, or digital marketing. For the claims processing people, it would mean digital straight-through processing to reduce costs and claims ratio. With digital meaning different things to different departments, it became critical to establish a common ground – a uniform understanding of what digital transformation meant.

To do this, we started by identifying touch points that digital impacted, and of course these touch points spanned the entire spectrum of the value chain – right from the customer awareness stage to distribution to actual sales, product offers to pricing etc. Once we identified these touch points, we devised assessment criteria against each

of them. That was when we really had a holistic picture across all functions of what digital meant at a granular level. We then asked our local operating entities to assess themselves based on the criteria we had outlined. That established a baseline operating entity. For every criterion, we also had the operating entity come up with an ambition level Y. So, if you were at level X, you eventually needed to reach Y.

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While we have been ensuring a localized, granular approach to digital, we haven't lost sight of the big picture.

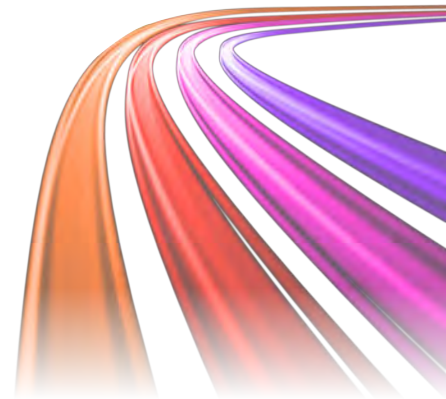
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Once we had this in place, we went about looking at the bigger picture – at the Group level. We needed to cherry-pick our priorities based on which dimension needed more investment and focus. So, while we have been ensuring a localized, granular approach to digital, we haven't lost sight of the big picture.

Operational Excellence

Large-scale transformation projects need different abilities. Do you see a marked difference in terms of skill sets required for digital transformation initiatives?

I think from the IT, automation and operational perspectives we are already doing very well. But in areas such as analytics and predictive modeling, just like everyone else, we too look for top-notch talent. We already have teams of highly talented actuaries who have the necessary statistical and analytical



background for data analysis. We're trying to find effective ways to tap into this in-house talent.

“
One of our key challenges has been to percolate the digital enthusiasm and willingness from the senior leadership to middle management and operational levels.

Recruiting people with analytics skills is one aspect of driving change. But what are some of the other challenges you've faced when implementing digital initiatives?

We started our digital journey about three years back and we've been at it ever since. As of now, we have complete buy-in from our senior leadership but this represents only one

level of engagement. One of our key challenges has been to percolate this “digital enthusiasm and willingness” to middle management and operational levels. It's all well and good to say that digital has enabled us to have one-click access to customer touch points. But if you're an operational entity that has, up until now, only worked with local agents via a call center, how does this change affect your operations at the most granular level?

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The digital journey might be slower at Allianz but it is sustainable because it involves granular transformation across the value chain.

I think encouraging a culture of change becomes easier when we develop necessary skills around the transformation. The question

is how do you go about building those skills – from within or externally? It is most critical to build internal talent and not just attempt to “buy” skills. In selected cases including external talent, of course, can augment your talent pool and cross-pollinate the organization.

Would you like to share the key lessons that you have learned over the last two to three years of this transformation journey?

I think for a company of Allianz's size and complexity we are well underway in this transformation journey. We may not be fast enough. But I find value in being evolutionary and not revolutionary in Allianz. I trust in our backbone of digital transformation. While the journey itself might be slow it is sustainable because it involves granular transformation of this company throughout the value chain. It's similar to a structure that has a solid support ground-up - it's less likely to fall. If you do not get a digital business model right, all the fancier stuff you do on apps, digital banners and social media will have a risk of being experiments that



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will fizzle away or will never result in a pure transformation of the company. The reason we involved marketing, sales and local entities, and not just IT or operations in our digital transformation is because we needed everyone's active participation to drive change of this scale.

Digital Future

Looking ahead into Allianz's digital journey over the next three years, what do you think will be the biggest challenges?

I think the top challenge for Allianz will be to maintain and accelerate the momentum that we have already generated. It's still an evolving process - we cannot hope to see immediate results. It's also easy for organizations to slip back into old, familiar patterns. The

challenge for us is not to go back to our comfort zones, and instead always keep looking for new digital opportunities.

So, how do we sustain this transformation drive without it being permanently pushed from

the top? We need to create bottom-up change momentum that passes across people, culture, capabilities and tools. So, it is the entire change management portfolio that we have to use to drive change across every entity, department and function.

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The top challenge for Allianz will be to maintain and accelerate the momentum that we have already generated.
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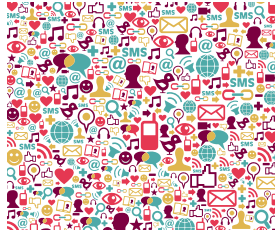


Companies to Watch: View from Silicon Valley

By **Sergi Herrero, CEO, L'Atelier BNP Paribas USA**



Poshmark:
Shop from
the closets of
women all over
the world



According to Vocus, by 2015, **50% of web sales will occur via social media.** Social commerce may bring \$30 billion every year by 2015. Already, about 20% of online shoppers say they prefer to buy products through the Facebook page of a brand than its website.

Poshmark is a mobile application that works like a social network and allows you to buy and sell fashion. Thanks to a Pinterest-like interface, women all over the world are able to put their closets online and thus buy and sell their clothes. Poshmark allows users to get inspired, choose a style mate whom they can follow and connect to new inspiring style icons when they want. Poshmark is different from other e-commerce platforms. The Poshmark Community uploads about \$1 million worth of inventory every day, providing users with a unique experience.

Modern Meadow:

Now you can 3D
print your meat



Each year, **300 million tons of meat** is consumed worldwide. By 2050, this amount will probably reach 500 million tons. Meat is among the most environmentally-draining resources and industrial farming has been criticized for its consequences on food security, the environment and the well-being of the animals.

Modern Meadow has invented a tissue engineering technique based on bioprinting. They are now applying this 3D printing technology to culture leather and meat, suppressing the need for animals. Their approach includes cell culture, biofabrication and bioreactors. Modern Meadow now works in collaboration with artists, designers and chefs to be able to make the highest quality meat and leather.

Etisalat: Accelerating Transformation through a Digital Services Unit

Etisalat is a leading UAE-based telecom player with operations in 15 countries across the Middle East, Africa and Asia. Etisalat had revenues of over \$8.9 billion in 2012. The company recently launched a standalone unit to focus exclusively on Digital Services. Capgemini Consulting spoke to Khalifa Al Shamsi, the Chief Digital Services Officer at Etisalat.



Interview with Khalifa Al Shamsi,
Chief Digital Services Officer at Etisalat

Digital Services

Last year Etisalat created a Digital Services Unit. What factors have driven the company to move towards digital?

Our customers are becoming more technologically connected each day and prefer using online channels. This may be perceived as a potential threat by certain traditional telecom players, but we view it as a great opportunity for Etisalat. We believe that the positive aspect of change in consumer behavior is that they are now a lot more open to new services in contrast to the recent past. For instance, when telecom companies launched the MMS (Multimedia Messaging Service) offering, it took a lot of time and marketing expenditure to convince consumers to use this service. Now, consumers are more eager and willing to try new services.

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We established a Digital Services Unit last year to accelerate our transformation.
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Although telecom companies need to protect their core voice and access services, we realize that digital services offer a distinct growth opportunity. Moreover, being a telecom player, we already had the infrastructure and expertise in place to enter the digital services space. So, we decided to focus on digital services and established a Digital Services Unit last year to revitalize our position within the digital ecosystem and accelerate our transformation.

What is the focus of this Digital Services Unit?

Our Digital Services Unit focuses on developing digital services and the capabilities required to deliver them to customers. Within the B2B space, we are targeting areas such as machine-to-machine (M2M) and cloud services. In the consumer segment, we focus on content-related and digital entertainment services such as video services, music, gaming and applications. Digital payment, digital advertising and advanced communications are also important segments for us.

Digital Organization

Considering your diverse geographic presence, how do you accelerate your digital transformation across the organization?

One of the key challenges is the limited availability of the right digital skills and capabilities. As a result, it is not possible to have full teams present locally to look after all digital services. To tackle this problem, we consolidate the activities centrally around our digital services portfolio – economies of scale make a big difference in the digital space.

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Our Digital Services Unit focuses on developing digital services and the capabilities required to deliver them to customers.
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You have mentioned the scarcity of digital capabilities. How did you go about building these capabilities? Was it mainly internal training or hiring?

We have employed a combination of both techniques. We had a good starting pool of resources from the many digital services initiatives that were already in progress before we formed the Digital Services Unit. The challenge was to unite all our digital initiatives under one umbrella and then build on this consolidated portfolio. For further requirements, we hired resources with expertise across a range of services.

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The challenge was to unite all our digital initiatives under one umbrella.”

Basically, we wanted a good mix of people from different regions and backgrounds – telecom as well as non-telecom – to enrich the team and, thus, drive a culture of innovation within the company.

To accelerate the rollout of digital services, we have focused on building a good blend of both commercial and technical skill sets in our unit. For instance, we need technology capabilities to implement and support digital services and commercial capabilities to drive product innovation, design and strategic alliances.

As a telecom player, Etisalat has the dual task of enabling

digital transformation for other organizations, while transforming internally at the same time. How do you approach internal digital transformation and does the digital unit have any role in it?

We have an important mandate at the Group level to transform Etisalat into a digital enterprise. We have clearly defined roles and responsibilities for achieving this. Our CIO is responsible for Etisalat’s internal digital transformation while the Digital Services Unit focuses on digital services for our customers. The CIO’s role is shifting from an IT-centric profile towards innovation and empowerment. In a digital enterprise such as ours, the CIO empowers the business units to drive lean and efficient business operations rather than solely focusing on delivering discrete IT projects.

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Our CIO is responsible for Etisalat’s internal digital transformation.”

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To accelerate the rollout of digital services, we have focused on building a good blend of both commercial and technical skill sets in our unit.”

Operational Excellence

We found from our research with the MIT that telecom companies are investing in digital initiatives. However, they appear to be struggling around transformation management in aligning common vision and governance across silos and engaging different teams to work together. What are your views on such challenges?

The internal acceptance for investments in technologies is not an issue within Etisalat. We have an ambitious digital vision and

we will pursue it. For instance, we placed a lot of importance on rolling out a nation-wide optical fiber network while other countries were still debating on whether they should roll it out or not.

We are still at an early stage in our digital services journey. We have had good initial success, but there is a long way to go. So, at present we cannot claim any success story but we have taken the right steps at the right pace. Going forward, we understand that we need to address multiple challenges along this journey, most significant of which will be aligning and managing the right resources and teams to focus on digital services.

Then, searching for the right alliance partner is another challenge. A right strategic partner needs to have the same ambition and commitment levels as we have while also being willing to take equal risk and gain similar rewards. So, we need to continuously explore, evaluate and select the right partners (whether these include other telecom companies or our

suppliers) that support our digital services initiatives across our footprint.



Apart from the challenge of aligning the right resources and teams around digital services, what other internal or external factors would you say can prove to be pain points?

Different digital services have varying maturity levels in each country. Customizing digital services to local market realities is very important. Thus, analyzing and developing the ecosystem is vital for success. For

instance, while releasing digital services involving financial transactions (m-commerce), one has to check the readiness and capabilities of a financial institution (bank), regulatory authorities and a central bank. Similarly, for digital advertisement services, one has to ensure that brands, aggregators and broadcasters are correctly aligned for the initiative to successfully work.

“ Customizing digital services to local market realities is very important. Thus, analyzing and developing the ecosystem is vital for success. ”

So, for these types of services, apart from our readiness, ecosystem development is absolutely critical.

How do you measure your progress towards the deployment of digital services across countries? What are the key metrics applied?

We have established different types of Key Performance Indicators (KPIs) to measure our progress. For instance, there are operational KPIs, which evaluate the milestones, e.g. whether beta testing of a service has been conducted, evaluating the number of subscribers for a particular service, their satisfaction levels and gauging customer reaction towards service failures. In addition, we have financial KPIs that assess the contributions of a particular service in retaining users or generating additional revenues.

Etisalat has launched services based on new technologies such as M2M and Augmented Reality. With the rapid evolution of technologies, what processes do you use to stay updated and keep your team up to speed with the

latest digital technologies?

We tap into the collective knowledge of our resources to keep abreast of the latest technologies and trends in digital. This collective intelligence comprises not just our internal knowledge database but also our highly-skilled newly recruited employees who share industry trends and best practices. We also conduct regular meetings and knowledge-sharing events that sharpen our understanding around industry developments. These meetings involve interactions with our peers who are not just from the telecom industry but from other industries as well. All these key

learnings are then funneled down into a few high-priority areas that we start focusing on from the perspective of staying relevant in the market.

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The key priority for a digital entity such as ours will be to deliver the promise of keeping Etisalat relevant in the digital space.
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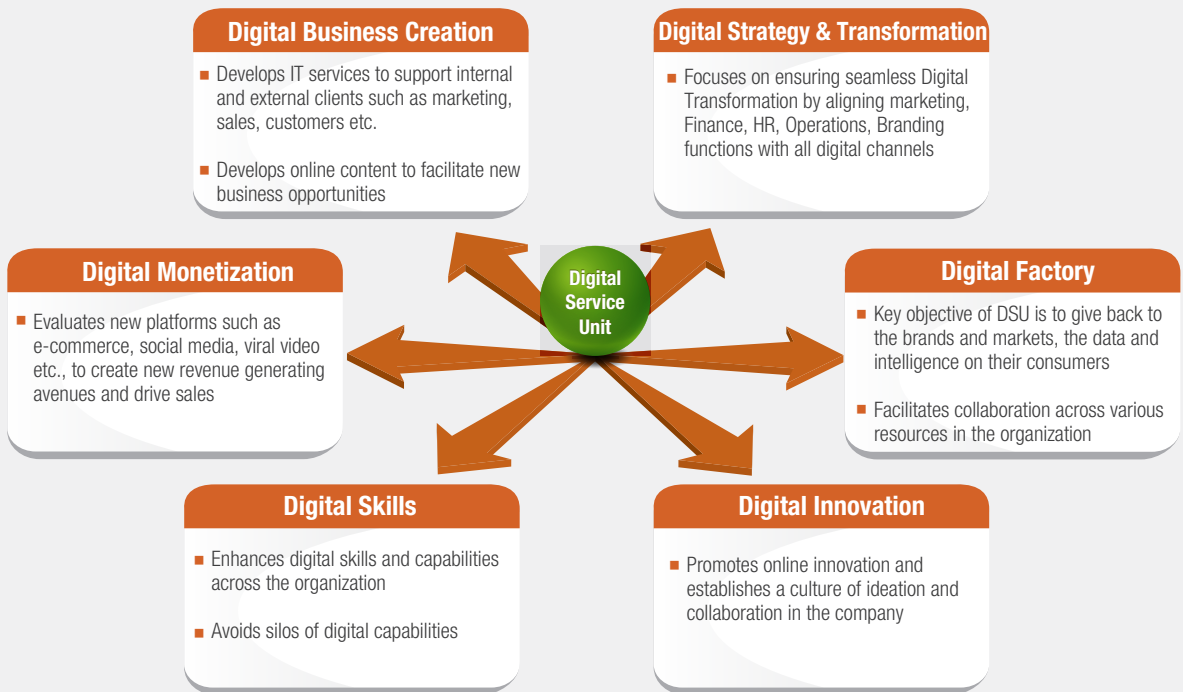


Digital Services Unit as a Tool to Accelerate Digital Transformation

A Digital Services Unit (DSU) is a centralized entity that delivers a broad catalog of digital services and coordinates efforts across various units.

For instance, Nestlé’s centralized DSU is responsible for a wide range of digital services including e-commerce platforms, digital marketing, social media, consumer relationships, m-commerce, Search Engine Optimization (SEO), analytics and Research & Development. A DSU, as a control unit, plays a critical role across functions ranging from formulating digital strategy, developing digital services for business units, brands or countries, facilitating innovation, monetizing digital assets and creating new avenues for digital businesses (see Figure 1).

Fig. 1: Roles and key functions of a DSU



Source: Capgemini Consulting Analysis

Driving Digital Strategy

A DSU is responsible for defining clear guidelines and responsibilities of various business units for all digital initiatives within an organization. It defines a clear digital transformation roadmap by analyzing customer requirements, the company's strategy, the competition, and operational competencies. The DSU ensures that local and global digital strategies are aligned to achieve optimal results and to give a consistent experience for customers across digital channels. For instance, Spanish media major Prisa's digital unit coordinates all online activities and businesses across the firm. The unit has a digital strategy sub-unit that drives digital strategy, sales, innovation and revenue management.

Our research showed that over 80% of firms agreed that establishment of strategies and policies ranked high among the roles of a digital unit¹.

¹ Capgemini Consulting and MIT- Center for Digital Business (CDB) Research

Enabling a Digital Factory

A DSU facilitates collaboration between the digital units and internal clients. It also helps in maximizing resource utilization by creating a service catalog. For instance, Philips has a digital competence center that provides services to both Philips' business units and countries, with the marketing service desk acting as a single point of contact for marketing.

Fostering Innovation

A DSU fosters innovation through the usage of digital technologies and platforms such as crowd sourcing, open-source platforms and social media networks. These digital technologies help reduce innovation cycle times and drive the ideation process even in large distributed organizations.

Building Digital Skills

A DSU plays a critical role in developing relevant digital skills through organization-wide trainings and knowledge-sharing sessions. Since the DSU is also the umbrella unit, when it comes to digital development across all functions in the organization,

it can consequently play a critical role in centralizing and developing relevant digital skills. This avoids skill build-up in silos.

Monetizing Opportunities

A DSU coordinates digital efforts of all local business units. It provides advice on asset monetization avenues ranging from selling digital content to leveraging paid advertisements, entering into e-commerce agreements with third parties, to community management.

Creating New Digital Businesses

A DSU helps develop new digital businesses either in-house or through collaboration with external third-party organizations. Technologies such as virtual prototyping, 3-D renditions and modeling, business intelligence and Big Data analytics, provide opportunities for organizations to develop new business offerings. All these offerings have the potential to become business ventures, which can then be autonomously managed by the DSU.

Zurich: “The Department of YES” or the Evolving Role of a CIO

Zurich is a global insurance company with over 60,000 employees and operations in over 170 countries. The company is starting on a digital transformation of its customer experience. Capgemini Consulting spoke to Markus Nordlin, the CIO of Zurich, to understand the evolving role of a CIO.



Interview with Markus Nordlin,
CIO of Zurich Insurance

The Evolving Role of the CIO

What have been your key focus areas over the past few years?

At Zurich, our strategy has focused on leveraging our global presence to drive efficiency and expense reduction. In my role as a CIO, I help to simplify and improve our processes and systems thereby supporting our strategy. In support of these goals, Zurich’s IT organization has focused extensively on IT infrastructure sourcing over the past few years. This has helped to free up resources, which can be reinvested to achieve another key pillar of our business strategy – improved customer focus through digital transformation.

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Outsourcing helped to free up resources, which can be reinvested to achieve another key pillar of our business strategy – improved customer focus through digital transformation.
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What is driving your shift towards digital?

Digitization is set to fundamentally change businesses in the next few years, irrespective of the industry they operate in. This means it’s imperative for companies such as ours to drive the evolution towards a digital enterprise.

Going forward, we see ‘big data’, mobility and social media playing key roles in our drive to achieve customer centricity and delivering the innovation needed to stay relevant in a crowded and ever-changing market place.

Zurich is just starting digital transformation journey. How does it affect your role? Does it add new responsibilities?

There are new dimensions to my role. As a CIO, I have to ensure that my team of IT leaders is aware of new technologies and enabling solutions. I now give regular technology updates to our board and our Group Executive Committee, and I present a plan on how to respond to these new technologies: frameworks, pilot programs and broad rollout of successful technologies group-wide.

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We now need to build capabilities in the digital arena and we are learning that this is a difficult task.”

Digital Transformation

How do you ensure that your team is aware of new digital technologies?

We are creating a technology advisory committee that I will chair, which will have outside members, from, for example, technology and FMCG companies, to keep abreast of the latest digital developments. In effect, this advisory committee will consist of both IT and business stakeholders to discuss “the art of the possible”.

How about implementation of digital technologies? Do you see a marked difference in the skills required versus the skills available in the current workforce?

Sourcing has gone some way to reduce our internal IT organization. We now need to build capabilities in the digital arena and we are learning that this is a difficult task; especially in areas where there is a shortage of suitably trained professionals, such as data scientists for example. But, on the bright side, there is tremendous energy in the organization to pickup and learn new technologies. This has led us to believe that we can re-skill or retrain some of our own people to successfully manage our key digital transformation initiatives, such as the creation of a mobility center of competence or ‘big data’ efforts. We will also hire relevant talent to drive our digital agenda and supplement these skills with trusted partners.



This would be our three-pronged approach to obtaining and developing the skills that we need as we go forward.

IT/Business Relationship

You spoke about re-skilling. Do you also see a need for cross-pollination between IT and business?

I believe that the successful leaders of tomorrow, in any business or industry, are going to be true hybrid professionals who have spent some time in IT but have shifted to operations and vice-versa. This will be very beneficial for businesses, as business and IT leaders will have common knowledge, common understanding and some common and shared experiences as they go forward.

You spoke about the need for technologically-savvy business professionals. Do you foresee a risk that business units staffed by these professionals may bypass

the IT department and work directly with external vendors?

In such a large global organization, this kind of a risk always exists. But it is our expectation that business units include us early on in such discussions; and we will be happy to help them go forward. For instance, if a business unit wishes to use a particular technology, we need to figure out the security and support issues related to this technology. But to make sure we have good relationships with our business units, I have to be the department of 'yes' and not the department of 'no'.

“The successful leaders of tomorrow are going to be true hybrid professionals who have spent some time in IT but have shifted to operations and vice-versa.”

“

I have to be the department of yes, not the department of no.

”

Looking ahead, do you foresee the creation of new roles due to your focus on digital transformation?

Social media is one area of opportunity. These platforms might give us the opportunity to append social data to our existing database, in order to meet and exceed our customers' expectations - even ones that they don't have yet!

We are also looking at bringing marketing and communications people together to understand and harness the power of 'big data,' which comes from social media and the Internet. We need to look at people who understand both marketing and data and these will be pretty unique skills.

Do you see the CIO giving way to, say, Chief Digital Officer or Chief Data Officer in the next two-three years?

For the large financial services firms, I see the role of the CIO remaining as before. The legacy, the volumes, the budgets are so large that it's hard for me to foresee that role would disappear.

But yes, we will start having enhancements in roles whether they fit in IT or next to IT as

partners in the business. Chief Digital Officer or Chief Data Officer are emerging roles that will definitely be key. But I think that the organizational constructs for these roles are still being experimented with. My feeling is that the CIO will have additional roles and challenges but they will not eliminate the core responsibilities of a corporate CIO.

“
The CIO will have additional roles and challenges but they will not eliminate the core responsibilities of a corporate CIO.
”



Companies to Watch: View from Silicon Valley

By **Sergi Herrero, CEO, L'Atelier BNP Paribas USA**



Amplify: A tablet to monitor K-12 classrooms



As many as 81% of American teachers believe

tablets enhance learning. However, access to such tools is fairly unequal and disparities exist between students coming from higher and lower income families. Approximately 41% of teachers consider those disparities to result in learning gaps between students. Among other things, the price of tablets is a serious concern.

Amplify - a product from News Corporation's education unit - is a 10-inch Android tablet designed to bring connectivity to the classroom and to enable blended learning. It is preloaded with educational material for students, such as lessons, exercises and Khan Academy videos. With the tablet, the teacher can monitor students' devices, unlock and lock specific apps and run short tests to check if students understood the lesson. Amplify, which can be used for blended learning, costs \$299 and can be used by an entire school or district for a more homogeneous learning experience.

Lyft: Drive and share your car with people around you



In 2012, **17 million cars were sold in the U.S.** This number is expected to reach the 20 million mark by 2019. A growing number of people are buying cars each year and Americans have been estimated to drive nearly 3 trillion miles annually. However, not all of these cars are filled to their capacity and this impacts transportation.

Lyft is an app launched in 2012 that allows its users to do carpooling within cities for short distances, similar to taxi rides. Lyft cars wear pink moustaches and can be localized through a map available with the application. So if you don't want to pay as much as a taxi or cannot find one, just ask for a Lyft ride!

Yammer: Driving Employee Engagement through Social Networks

Yammer is a pioneer in the Enterprise Social Networking space. It is used by over 200,000 organizations globally, including 85% of Fortune 500 companies. By end of 2012, it had more than 7 million registered users. The company was founded in 2008 and was acquired by Microsoft in 2012. Capgemini Consulting spoke to Adam Pisoni, Co-Founder and CTO of Yammer to understand social networks in the enterprise and their role in employee engagement.



Interview with Adam Pisoni,
Co-founder and CTO of Yammer

Social Networks for Enterprises

Social networks have registered a rapid adoption in the consumer segment. What do you think is the key difference between consumer and enterprise social networks?

In a consumer social network you're primarily interested in the people you already know. But in an enterprise social network, you need the information to do your job regardless of whether you know the person who has it. This creates all sorts of fundamental changes in the way you think about creating these networks. Over time, I think we are going to continue to see a divergence in how enterprise social networks evolve compared to consumer social networks.

“
Leadership is no more about cascading directives from top to bottom, but about hearing from bottom to top and across.
”

What do you think are the key drivers for adoption of enterprise social networks?

I believe the fundamental driver is the current pace of change. I think that the way in which we organize and communicate within companies today is changing. The job of a company is no longer to do the same thing as consistently as possible, but to figure out how to innovate and provide value as soon as possible. Social networks create tight feedback loops between disseminating information and getting feedback from across the organization. By doing so, they help companies better align people to this goal.

Impact on Digital Organization

How do you think the implementation of enterprise social networks changes the role of leaders in an organization?

I think that the role of leaders is going to change the most in this digital revolution. Today, leaders have to understand the influx of

changes that are occurring and act on feedback from people who interact with end-customers. So, they are involved in building and adjusting the offerings according to this feedback and ensuring that the field force conveys information back to customers. This is a different model than the conventional approach where it was just all about cascading directives from top to bottom. Now, it is about hearing from bottom to top and across the organization and being able to push information down quickly.

So what do you see as the key benefits of social networks in an enterprise?

I believe enterprise social networks have three fundamental benefits. First, they help you get the information you need to make better decisions. You can get that information from your co-workers, customers or managers. Second, they help you share information that other people need to be successful. This information could be from the manager to their employees to make sure that they are aligned or know recent directional changes. Finally, social networks help in communicating information amongst employees. This information exchange could be from the bottom to the top management. But ultimately, it's all about getting your work done more efficiently.

“
In a consumer social network, who you know matters; in an enterprise social network what you know makes you relevant.

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“
We have seen companies that adopt social networks with a focused approach benefit from it within months.

”

things that aren't working. People may be rewarded for hoarding information as opposed to sharing. It's not something where you can just have a social network and hope that it gives you the benefits you need because the technology is really a minor part of the problem.

“
Technology is really a minor part of the problem.
”

Considering the cultural challenges you mentioned, can you share any interesting instance of successful enterprise social network deployment?

Let me tell you about NAB, an Australian bank that leveraged their social network to drive improvements in their processes. They deployed principles of continuous improvement (Kaizen) on their social network. So, whenever employees identify areas that need to be improved, they share it on the network and solutions can then be crowd-

sourced. By doing so, they were able to drive real results in a matter of hours as opposed to the months that it took them earlier. NAB is driving a cultural shift by spreading the message that improving a company is everyone's job.

“
At NAB, social networks are driving a cultural shift by spreading the message that improving a company is everyone's job.
”

So do you think employee engagement or adoption can be considered as success metrics for an enterprise social network?

I think that different companies have different objectives that they try to improve internally. However, I do believe that employee engagement and adoption can be used as substitutes to measure value because social networks require

voluntary adoption. It is hard to mandate people to use social networks and employees will not use them if there is no value attached.

Beyond measuring adoption, we help companies find and improve KPIs that are meaningful to their goals. For instance, a major hamburger chain needed to change its menu frequently. One of the things they tracked was to check how quickly a menu change was understood by the serving staff, and they have a KPI for that. We were able to track the improvement in that KPI by using Yammer as a social tool. They also used Yammer to circulate the information of improvement in KPIs among employees.

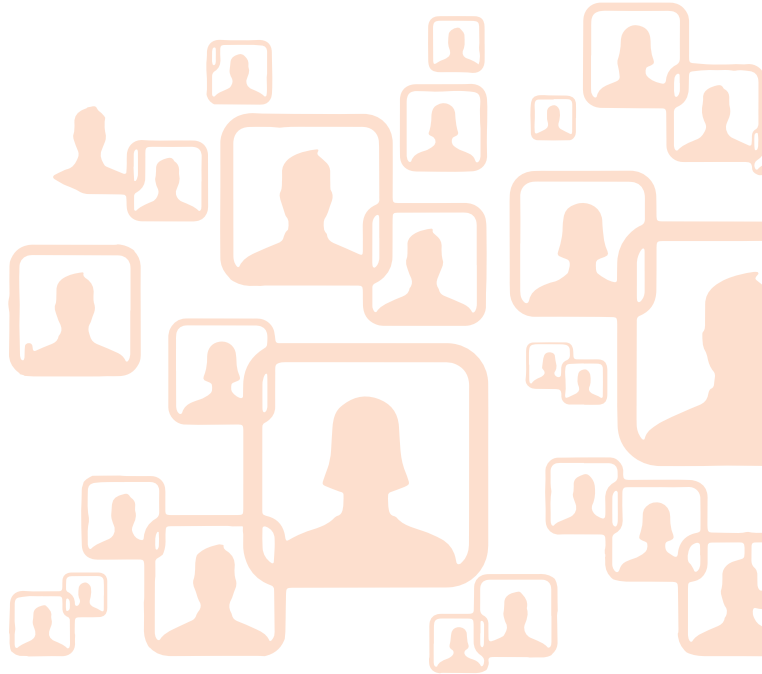
“
If a company is going to have a social network, it has to be okay just to talk more openly within the company about things.
”

So, there are different KPIs for different companies. The fundamental question is how does a company measure innovation and engagement at the front-end and that is different for each company.

Digital Future

What do you see as the future of enterprise social networking?

I think that employees in companies of all sizes, sectors and geographies are going to communicate internally using a lot more social tools in the coming years. There will be a social transformation and all our key digital tools will be around social networks. It is going to be the default and fundamental way we all will work internally.



Being Digital: Engaging the Organization to Accelerate Digital Transformation

By Andrew McAfee, MIT and Michael Welch, Capgemini Consulting



MIT and Capgemini Consulting, as part of their 3-year research collaboration, have identified engagement as one of the key success factors of any Digital Transformation.

Engaging Employees through Digital - A Double-Edged Sword

Ask any executive who has led an organization through a large, transformative change, and he or she will tell you that a company's strategic vision is only as good as the people behind it. Digital Transformation is no different. Making new digital ways of working stick is a matter of winning the hearts and minds of people at all levels in the organization. Instead of offering resistance, employees who are engaged and invested in a shared vision of the company's digital future help make that vision a reality.

Many of the concepts in the executive's change management playbook still apply to Digital Transformation. But, how executives are engaging their organizations is dramatically different. Digital tools help leaders connect with employees at unprecedented scale and in new ways. Blogs provide a forum to share regular, candid perspectives and collect feedback. Digital videos help create richer, more personal executive communications. Enterprise social platforms offer employees the opportunity to share their ideas, collaborate with colleagues and be recognized for their contributions.

Yet these new digital channels are a double-edged sword; technology often poses one of the biggest hurdles when

engaging employees in Digital Transformation. Where different generations of workers have different levels of familiarity with digital, executives struggle to reach everyone in the organization. Adoption of digital collaboration platforms also remains low in many companies (see infographic on page 41), despite significant investment (and considerable hype).

“
Simply put – the best way to become digital, is to be digital.
”

The stakes for digital engagement are high. Capgemini Consulting’s joint research with the MIT Center for Digital Business shows that digital engagement is a major driver of success in Digital Transformation¹. Rather than jumping headfirst into digital engagement, executives need to lay the groundwork to make sure those efforts are effective. This means taking a proactive approach to many of the common challenges that organizations face, and leveraging strategies that many leading companies are already taking in their own Digital Transformations.

Digital Engagement Presents Common Challenges

Over the course of our research, we interviewed over 150 executives across a broad

range of industry sectors and geographies. Many executives noted challenges that they faced in engaging their employees in Digital Transformation. Among these issues, a number of common themes emerged:

A Generational Divide

Younger workers today have far greater familiarity with digital tools and ways of working than their more tenured counterparts. Many executives highlighted a growing gap between older and younger workers in their expectations and work habits around technology. Where older employees face a learning curve, Generation Y workers are often underwhelmed by the digital tools available to them. One executive comments, “these people coming into the company, mid 20’s, late 20’s, even early 30’s, they do everything electronically. They say ‘Come on, I know the company is over 100 years old, but our information and IT capabilities don’t have to match the age of the company!’”

Executives also noted that younger workers are often frustrated by a slow pace of change. “The woman that is in charge of our social media policies is pushing, right up to the CEO, saying, ‘We are way behind. You better move now. We are way behind. Move now.’ It’s very persistent as well. Really trying to bring the company forward”.

Finding the right communications strategy, incentives and pace of change amidst this generational divide has proven a challenge for many companies.

“*Come on, I know the company is over 100 years old, but our information and IT capabilities don’t have to match the age of the company!*”

”

¹ Digital Transformation: a roadmap for billion-dollar organizations, MIT-CDB and Capgemini Consulting 2011
The Digital Advantage: how digital leaders outperform their peers in every industry, MIT-CDB and Capgemini Consulting 2012

And this issue shows no signs of abating. Within just the next few years, college graduates entering the workforce will have no memory of life before the Internet. Just as a house divided cannot stand, a widening digital (and cultural) divide between employees may frustrate efforts to engage the entire organization in transformation.

The Scarcity of Digital Talent
Digital Transformation is about turning technological potential into real business outcomes, and it demands a different mix of skills. Finding people with equal parts digital savvy and business acumen has proven a challenge for many of the executives that we interviewed. According to one executive, *“I need a charismatic quant – somebody who’s an influencer and can carry their weight in a senior meeting, but at the same time, someone who could roll up their sleeves and look at data tables and build models and enjoy it”*. When these skills do not already exist within an organization, executives also noted difficulty finding them externally, *“Our recruiters don’t know where to go find these people, and people who are looking for [these kinds*

of] opportunities aren’t looking at [our company] for them”.

Without the digital talent to realize them, ambitious visions for Digital Transformation may lack credibility or – worse – overreach the capabilities of the organization.

“
I need a charismatic quant – somebody who’s an influencer and can carry their weight in a senior meeting, but at the same time, someone who could roll up their sleeves and look at data tables and build models and enjoy it.
”

Digital Platforms: High Potential, Low Adoption

Some of the executives we interviewed reported success in using platforms such as enterprise social networks or collaboration tools; others highlighted challenges. Given

the investment made in these systems, lack of adoption is a serious concern. One CFO states, *“We’ve spent an awful lot of money on technology, but I still see people working in the old way”*.

On the user side, executives reported a lack of understanding and unclear business value as major issues. A leader in the food service industry explains, *“I think people are apprehensive about new technologies. They don’t understand them, there is a fear of unknown. They don’t really fully understand how they’re going to drive business outcomes”*.

Executives also pointed out challenges in managing the implementation of these platforms. When success criteria are focused on IT deployment, actual user adoption can take a back seat to tactical milestones. Implementation goals defined in terms of active licenses or live deployment locations miss the true ROI of enterprise social platforms: actively engaged users. The result is a widely deployed system that no one actually uses.

One hospitality industry executive also voiced challenges in shifting technology strategies: “We were looking at one tool. We got a decent user base in it. And then we found out that we didn’t like their pricing model... And so, we said, ‘OK, we’re going in another direction now, we’re trying a different tool,’ and [we had to] to regain the momentum that we had with the previous one”. When employees haven’t adopted new digital tools, they often cannot contribute to an improved business process, much less a successful Digital Transformation.

Management Roles in a Digital Organization

New digital tools, automation of business processes and an increasing role of data in decision-making can increase transparency in an organization. But, as conversations move online and information is more freely available, some executives noted resistance from management employees. Managers may view these trends as a threat to their autonomy or influence. Explaining sales managers’ reactions to the introduction of a real-time reporting platform, one executive comments,

“That kind of transparency, they’re not used to, so there’s an initial pushback”.

Middle managers are often the front lines of introducing change to an organization, as they have the important task of translating a strategic vision into everyday operations. Where engaged managers can be a cornerstone of cultural change, resistant managers can stop Digital Transformation in its tracks.

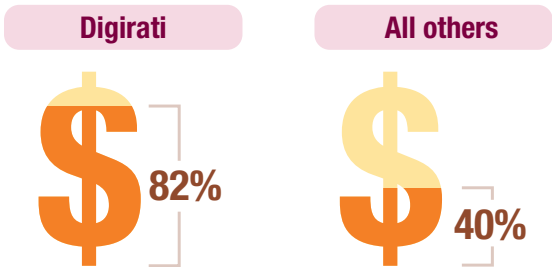
“Implementation goals defined in terms of active licenses or live deployment locations miss the true ROI of enterprise social platforms: actively engaged users.”

“Where engaged managers can be a cornerstone of cultural change, resistant managers can stop Digital Transformation in its tracks.”

Successful Companies are Mobilizing their Organizations through Digital

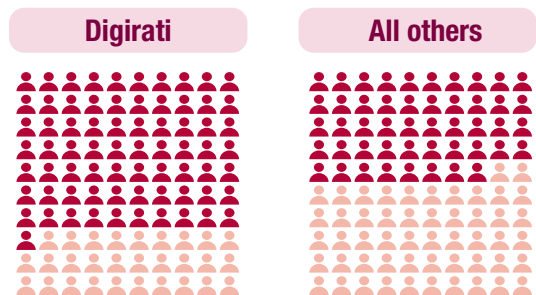
Faced with common challenges in engaging their organizations, many companies are leveraging similar strategies to mitigate them. Our recent report: “The Digital Advantage: how digital leaders outperform their peers in every industry”, *The Digital Advantage* also highlighted specific areas where digital leaders are focusing their engagement efforts as the infographic below illustrates.

“ We are investing in the necessary digital skills ”



82% of respondents from Digirati agreed, compared to 40% in other firms

Digital Leaders supporting open conversations around Digital Transformation



71% of respondents from leading companies agreed that there are opportunities for everyone in the company to take part in conversations around Digital Transformation. A majority disagreed in other firms.

Digital leaders are proactively communicating the cultural changes required in Digital Transformation

82% of respondents in leading companies agreed that their company is promoting the necessary culture changes for **Digital Transformation.**

Group	Percentage
Digirati	82%
All Others	38%

Taking leadership online

Gone are the days of executives having assistants print out emails for them to read. Today, many digital-savvy CEOs are active bloggers, podcasters and Twitter users. Many of the executives we interviewed are using similar digital platforms to communicate with their organizations around Digital Transformation. In doing so, they are leading by example and setting expectations for the rest of the organization. A medical technology company we interviewed used digital video broadcasts to report the progress of a multi-day executive strategy workshop (see Broadcasting Accountability). Kraft Foods' employees can access podcasts (dubbed "Kraft casts") from the CEO and other executives to stay on top of the latest corporate strategies and branding initiatives. According to one executive, this allows the company to "communicate with our employees in a way that is more visual than having them sit and read text"².

“
Gone are the days of executives having assistants print out emails for them to read. Today, many digital-savvy CEOs are active bloggers, podcasters and Twitter users.
 ”

Inviting contributions

According to our research, the strategic vision for Digital Transformation must be led from the top. However, the collective ingenuity of the "crowd," can be an insightful source of feedback as well as a powerful tool to engage employees.

Broadcasting Accountability

A medical technology company we interviewed hosted close to 300 executives and senior managers in a multi-day strategy workshop. Each afternoon, the company recorded digital video debriefs from executives sharing what was discussed and what decisions were made. These videos were then broadcast to the rest of the organization so employees could follow the progress of the workshop. Moreover, the broadcasts helped hold the attendees accountable for the decisions and actions that were taken in the session. According to one attendee, "You're broadcasting, 'Here's what we're working on, day one' back to their organizations. So when [executives] walk out of the meeting, people know that they were there and what they were working on. And all of a sudden the organization has an expectation of follow-up. It's really interesting"³.

² <http://www.apple.com/iphone/business/profiles/kraft-foods/>

³ MIT-CDB and Capgemini Consulting research

Online innovation contests or award programs give employees the opportunity to contribute feedback or new ideas; they also give leaders the opportunity to publicly recognize and reward engagement. For example, Codelco engaged its employees early through innovation contests to foster a culture of change⁴. Similarly, 3M leveraged Enterprise 2.0 technologies to “crowdsource” ideas for new market strategies from thousands of its employees (see Crowdsourcing Engagement).

Driving change with new roles and relationships

One of the most effective vehicles of change in an organization can be employees themselves. Companies are leveraging their digital “champions” through both informal and formal roles to facilitate skills transfer and engage the rest of the organization. A medical device company paired Generation Y team members with more tenured managers and executives

Crowdsourcing Engagement

To innovate the way it conducted strategic planning and engage workers, 3M turned to Enterprise 2.0 tools and crowdsourcing. The company hosted an online innovation jam, dubbed “InnovationLive,” and invited over 20,000 employees from its Sales, Marketing and R&D units. Over the course of the two-week event, 3M collected 736 ideas, 6,799 votes and 1,084 comments from more than 1,200 participants in over 40 countries. By the end of the event, the company had identified nine new strategic opportunities and made a significant impact on employee engagement. In fact, the InnovationLive format itself was the most discussed “idea” of the event. Reflecting on the event, one participant stated, “...This has been an absolutely amazing exercise. For one thing, it certainly made me feel part of the global 3M and showed me that one’s ideas, comments, vote is important to the potential solutions that could affect in a POSITIVE WAY our economics, people, lifestyles, planet and urbanization...Thank you ever so much for the opportunity to express my view, comments and ideas”⁵.

to trade digital know-how for career coaching (see Bridging the Generational Divide). L’Oreal, a global cosmetics firm, also launched its own “Digital Reverse Mentoring” program. As part of its “Digitall” campaign to raise “digital IQ” across all employees

and brands, the company paired 120 younger workers with management committee members. The pairs worked together to identify trends and understand new customer behaviors⁶.

⁴ Caggemini Consulting and MIT-CDB, The Digital Advantage: how digital leaders outperform their peers in every industry, 2012

⁵ Management Exchange, InnovationLive: Engaging 3M’s Global Employees in Creating an Exciting, Growth-Focused Future, 2011

⁶ Digital for all, L’Oreal website

Kick-starting Digital Engagement

Digital Transformation is often a multi-year journey, and building employee engagement behind it takes time. Winning the employees' hearts and minds will not happen overnight. Once executives have defined a vision for leading Digital Transformation, they should be proactive about engaging employees. The following checklist includes actions that executives can take tomorrow morning, as well as others to think about within the next six months:

Tomorrow morning:

Start (and sustain) a two-way conversation

Blogs, internal social networks, and streaming video represent more than just a bigger megaphone. The real value of these platforms is in their ability to capture feedback and facilitate

Bridging the Generational Divide

To bridge the generational divide between employees, the same medical technology company introduced an informal “XYZ network”. Within this network, employees pair with colleagues from different generations to share their respective experiences with one another; senior employees provide career coaching, while younger employees contribute digital skills and perspectives on how to leverage technology better. Describing the junior members of the group, one executive says, “We’re really attempting to be responsive to that group. They have a whole different set of expectations about what information they need to do their job, how they want that information, and just as importantly, how they want to communicate with others in the company”⁹.

Keeping (Digitally) Fit

Acknowledging a widening gap between society’s use of digital technology and the digital skills inside the organization, Pepsi has instituted a “Digital Fitness” program for its marketing teams. The program leverages online learning courses and hands-on “experimental” sessions to keep Pepsi’s marketers up-to-date on the latest digital tools. According to one executive, “As we look at where our customers are going in the future, [we realize] everything from supply chain to sales needs to understand how to operate in this digital world. And it’s going to happen really quickly. It’s not 20 years out, it’s four years out”¹⁰.

⁹ MIT-CDB and Capgemini Consulting research

¹⁰ AdAge, Digital Fitness Is Latest Craze in Building up Your Marketing Ranks, 2011

discussion with employees. Executives should leverage one or more of these channels to foster an open online discussion with employees. Not only is this “leadership by example” good practice, it engages employees and can help leaders maintain a finger on the pulse of the organization as the transformation progresses.

Be upfront about required cultural changes

There is no way around it: new digital ways of working will require cultural changes in many organizations. According to an executive at Prisa, “If there’s any one thing that’s going to accelerate the change in this organization and develop a one-team culture, it is the degree of transparency”. Address required cultural changes head-on and discuss expectations with managers and other affected groups.

Identify your digital champions

Digital Transformation should be driven top-down, but its strongest ambassadors will often not come from senior ranks in the organization. Identify the team

members with digital acumen and position them to share their knowledge and enthusiasm with colleagues. Where new formal roles (e.g. Digital Liaisons) are needed, understand how these individuals can contribute to your digital governance strategy, in addition to being agents of change¹¹.

Over the next month:

Create opportunities for people to contribute

Tap into employees’ innovative potential, and simultaneously provide them an opportunity to become invested in Digital

Transformation. Launch an innovation contest or award program to recognize and reward engagement in your Digital Transformation.

Raise the bar for digital skills

Employees can only engage in Digital Transformation if they have the right digital skills. Raise the expectations for all employees around digital skills – not just those whose roles will be most impacted. Identify where digital skill gaps exist and make the necessary investments in training, internal support communities or external hires.



¹¹ MIT-CDB and Capgemini Consulting, For more information on formal digital leadership roles, see “Governance: a central component of successful Digital Transformation”, 2012

Winning the Adoption Game

High-tech company EMC had implemented an enterprise social platform, called the EMC Community Network (ECN), to connect its ecosystem of employees, partners and customers. But, getting users to adopt and use the platform proved a challenge. EMC embedded game mechanics through a program it called “RAMP” (Reward Awards and Motivation Program) to increase overall activity on the platform and reward desired user behaviors.

The company piloted this “gamification” strategy during its annual EMC World conference, with the goal of making the event “a more interesting, more engaging, online-connected-to-offline experience than it’s ever been before”¹². To do this, the RAMP team prioritized the real-world attendee behaviors they wanted to promote, and designed corresponding game mechanics and rewards into the ECN. For example, the team designed check-in “missions” to encourage attendees to visit multiple event booths. By the end of the event, more than 350 attendees had earned ECN profile achievements for checking-in at fifteen or more booths.

Since the integration of RAMP into the EMC Community Network, the company has seen a nearly 20% increase in community interactions and profile page views have more than quintupled¹³. It has also extended RAMP integration to EMC | One, its internal employee community, as well as external social media channels.

Within the next six months:

Provide the Right Incentives

Organizational culture and individual behaviors are difficult to change without the right incentives in place. Identify which levers are the most effective, adapt reward systems, and communicate changes openly. At senior levels, tying personal performance KPIs to Digital Transformation milestones can help focus executive attention.

Focus on Behavior Change, Not Tools

Introducing digital collaboration platforms needs to focus on using the tools, not having them. Measure success and frame KPIs in terms of actual user adoption and activity on the platform, not in terms of how widely available or feature-rich the tool is. Executives can also leverage creative new solutions to sustain adoption. For example, “gamifying” new digital tools by embedding rewards, achievements and recognition can create a more engaging user experience¹⁴.

¹² Case Study: EMC Drives Employee and Customer Engagement with Badgeville, Presentation by Tyler Altrup

¹³ Case Study: EMC Drives Employee and Customer Engagement with Badgeville, Presentation by Tyler Altrup

¹⁴ Capgemini Consulting, For more information on the potential of game mechanics to accelerate user adoption, see “*Let the Games Begin: Using Game Mechanics to Drive Digital Transformation*”, 2013

Why Gamification Matters Now?

A US insurance giant was struggling with inefficient claims processing leading to long turnaround times for its customers. It wanted to streamline its complex processes and used a gamified social innovation tool to draw ideas from its employees. The initiative saw self-driven participation without any attached reward component. The chance to collaborate on simplifying their workflow was the primary driving factor for the participants. The activity resulted in a new, simplified process, which saved the company \$18 million a year and increased worker satisfaction¹.

Over-hyped or duly justified, enterprise gamification – the application of game design techniques to a business setting in order to make tasks more fun and engaging – is garnering attention from business leaders, world over. Enterprise gamification is expected to exponentially increase over the next couple of years. Research indicates that by 2015, more than 40% of global 2000 organizations will have at least one application where gamification will be used².

Gamification is an Enabler for Digital Transformation

While organizations have ramped up their investments in digital tools and technologies, two-thirds of digital transformation projects fail mainly due to workforce behavioral issues³. Our research with the MIT Center for Digital Business indicates that 55% of companies surveyed cited company culture, particularly employee resistance to job changes, to be a major hurdle to digital transformation⁴. We believe that enterprise gamification, when designed and implemented effectively, can help accelerate digital transformation by driving employee engagement and supporting change management.

1 Gamification Facts & Figures: www.enterprise-gamification.com

2 Gartner, "Gartner Predicts Over 70 Percent of Global 2000 Organisations Will Have at Least One Gamified Application by 2014", November 2012

3 Capgemini Consulting, "Transform to the Power of Digital - Digital Transformation as a Driver of Corporate Performance", 2011

4 Capgemini Consulting and MIT Center for Digital Business, "Digital Transformation: A Roadmap for Billion-Dollar Organization", 2011

Badgeville: Helping Companies to Better Engage with Employees

Badgeville is one of the leading vendors of gamification platforms that help businesses measure and influence user behavior through the usage of game mechanics. The company, based in Redwood, California, was founded in 2010 and has over over 250 customer organizations that employ its solutions. Capgemini Consulting spoke to Kris Duggan, Co-Founder and Chief Strategy Officer of Badgeville.



Interview with Kris Duggan,
Co-Founder of Badgeville

Gamification Techniques for Enterprises

Gamification is the flavor of the season. Why do you think organizations are looking towards it?

There are two fundamental changes that are leading to the rapid adoption of gaming techniques. The first change is the impact that digital footprints and evolving technologies are having on the behavior that we are trying to drive. Behaviors that were difficult to measure earlier can now be tracked and measured. For instance, in the past companies determined customer loyalty by only focusing on a behavior of repeat purchase. But today, with the use of digital tools, we are able to determine what customers purchase, review, refer and whether they purchase across multiple product categories. So, there are multiple sets of behaviors that we can now actually examine and use to determine customer loyalty.

“
Gamification helps address a key challenge with employees and customers – improving engagement levels.

”

The other fundamental change is how digital technologies have expanded traditional ways of incentivizing users for adopting desired behaviors. In the traditional arrangement, the reward program was only about discounts, coupons and savings. But now companies are recognizing that there can be a lot of other rewards and some of them can entirely be intangible. These are things like status, reputation, expertise, recognition, and privileges. So there is an expanded set of rewards and incentives that marketers can use to improve customer loyalty or managers can apply to drive employee productivity.

What are some key benefits that organizations can aim to achieve through usage of gaming techniques?

Gamification addresses one of the key problems that organizations are facing with both their customers and employees today; the challenge of improving engagement levels. The key benefit of gamification on the customer side is that it helps in improving customer relationship and loyalty. On the employee front, it is more about enhancing

employee productivity and building more productive teams.

Are these business benefits easily quantifiable?

It depends on how you want to measure the gamification program. It is about understanding the behaviors that you are trying to drive. So if you want to increase the frequency of some desired behavior then I think it is easily measurable. Using analytics we can compare the increase in frequency of a particular activity. Typically, implementation of gaming mechanics on top of existing systems results in about 30% - 50% increase in the frequency of activities. Take the case of Autodesk (see Exhibit 1 overleaf). It registered increased engagement levels in terms of 10% more trial downloads and 40% increase in trial usage through usage of gamification techniques. Similarly, Samsung recorded a 500% increase in reviews and 200% more comments across the site by gamifying their corporate website (see Exhibit 2 page 53).

On the internal process efficiency front, gaming techniques can

help in optimizing specific workflows. It can be about how to ensure that people submit their expense reports on time or to make them use a new software.

Impact on Digital Organization

How does the implementation of gamification techniques impact the role of managers?

The two fundamental changes that we discussed make it an interesting time for managing customers and employees. Now, managers have to prioritize what kind of behaviors they want to motivate – qualitative or quantitative and how they should be measured. They also need to select the right reward system – be it about expertise, reputation or recognition and how to effectively implement it. These are the key challenges for managers.

Exhibit 1: Autodesk Registered 40% Increase in Software Trial Usage with Gaming Mechanics

Background

Autodesk, a leading 3D design and engineering software company, wanted to provide an engaging experience for software trial users. Due to the complexity of Autodesk's software, a user license can be a significant investment, making software trials a critical component of a customer's purchasing decision. With millions of online visitors every week looking for software trials, the company intended to reward and encourage these users to explore the robust features and functionality of its software.

Initiatives

Autodesk included game mechanics to create a new software experience for trial users. Utilizing gamification techniques, the trial was contextualized within a 'race-against-time' narrative. Participants competed against their peers to earn the most 'Points'. The top performers received Autodesk's Entertainment Creation Suite.

Autodesk identified and configured the key behaviors it wanted to drive with gamification elements. For instance, the company designed a series of learning tracks or 'Missions' to guide users through the various features of software. Users were rewarded with points and 'Achievements' for completing missions or specific behaviors. They could also share their achievements on social networks such as Facebook and Twitter to earn additional points. A 'Leaderboard' showed trial users how they ranked against their peers and who won the game.

Benefits

Autodesk created their 30-day trial into a more engaging and fun experience by using game mechanics. The company registered increased engagement levels in terms of 10% more trial downloads and 40% increase in trial usage.

Accelerating Digital Transformation

Deployment of digital tools is typically a drawn-out process. What role does gamification have in a digital transformation?

Gamification concepts should be bundled early-on while implementing any digital initiative in an organization. I believe that gamification is like an insurance policy because if people do not use your digital tools and there is no adoption, then there is no business result. In order to get business results, you need adoption. Gamification helps in changing people's behavior by offering them a platform to do what motivates them and thus drives overall adoption of digital tools.

Who does gamification appeal to most? HR, business managers or is it the CIO?

It boils down to any leader with a defined goal. For example, a sales leader wants to ensure that the CRM has been used and an HR leader tries to drive adoption of training programs. In essence,

most department leaders care about adoption. They might not call it adoption but would need their employees to be productive.

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Companies need to understand behaviors that they are trying to derive and combinations of rewards they can provide.

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In most organizations, CIOs are typically responsible for overall adoption of business systems. They would be most interested in gamification as there are large numbers of unused and underutilized enterprise software. For instance, researchers have estimated that billions of dollars are wasted annually on unused software licenses. So if we can identify these systems and add a gamification layer on top, they can drive adoption and

engagement and thus yield better business results.

So what kind of advice would you give to companies that are starting their gamification initiatives?

The key advice would be to get started and do something now. They need to understand the two fundamental concepts – what are the behaviors that they are trying to derive and what are the combinations of rewards they can provide. The first year could be about experimentation, learning what works. The second year is about applying the learning. The third year can then be a potential rollout, but it is going to take multiple years to master gaming concepts. Also, the required expertise and technologies in this space are still limited and developing.

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Mastery of gamification concepts will take multiple years.

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Exhibit 2: Samsung Benefited with Four Times More Brand Advocates Using Gamification

Background

Samsung.com acts as a central portal for customers to check thousands of products and read and write reviews. Social sharing functionality is embedded throughout the website and the 'Bazaarvoice' conversations platform provides user generated content alongside each product. The website registered millions of users per month but its design was catalog driven. Most users visit the website to research for purchase validation before going to the store and then didn't return. In other cases, they accessed the site to voice a complaint or ask a support question. So, Samsung customers needed a compelling reason to come back to the site. Moreover, the company wanted to leverage customer advocates and get them to promote Samsung products to their network.

Initiatives

Samsung rolled out a social loyalty program, Samsung Nation, based on gamification. Using gaming techniques the company identified key customer behaviors it wanted to measure, recognize and reward across the Samsung.com portal. The company also integrated the 'Bazaarvoice' conversations platform to reward customers for submitting reviews or commenting on product Q&A. Also, to maximize customer engagement across the site, Samsung identified the key motivators of its customer base that visited the site. They then build engagement mechanics in the platform that mapped these needs.

They rewarded customers with 'Points' for performing key behaviors and scaling them appropriately based on the effort required to do them. A 'Leaderboard' displayed the users with leading points. There, customer advocates could check their name, rank and status and be eligible for product coupons at the end of each month. Customers could also earn 'Achievements' for demonstrating loyalty and aptitude in multiple product areas.

Benefits

The gamification program helped Samsung to turn passive Web visitors into brand advocates that supported Samsung in user-generated content and through sharing on popular social networks. Since deploying Samsung Nation, Samsung.com has quadrupled its number of customer advocates to more than 50,000 at present. Further, the company recorded a 500% increase in reviews and 200% more comments across the site. This resulted in improved engagement and critical conversations around the company's products on the 'Bazaarvoice' platform, that drive product purchases.

Is game fatigue a real challenge for organizations and how can they overcome it?

I believe that if you do not have gamification then many important tasks would be boring and non-engaging. Organizations can deliver better results in terms of engagement by adding gaming mechanics and we have clear business cases to support it. However, gamification requires an ongoing commitment as it is a program and not another project. Organizations need to define responsibilities to manage its demand, rules, content and experience. They also need to update it continuously because if everybody levels up or reaches the maximum stage then they have won and it is game over. But if you keep adding more content and layers then you keep them engaged. This is one of the major reasons we do not see game fatigue as a challenge.

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Gamification requires an ongoing commitment.
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Digital Future

How do you see gamification working its way inside the enterprise?

Going forward, I believe that an individual's performance inside gamification programs will be tied to tangible things such as the career path inside an organization, promotions and ultimately compensation. In addition, today we are talking about gamification of one department, whether sales, HR or collaboration tools. But over the next few years I believe most departments will get gamified. Then we are going to see different kinds of point and reward systems inside one company. For instance, I picture a world where there is a profile page of the employees and it shows all of the systems that they are using. It will also display all of their achievements, levels and scoring.

What is your vision for the future of gamification?

I think over the next 5-10 years, it won't be called gamification. I do not know what it would

be called, maybe behavior management or something about engagement. But I think that gaming concepts are going to be very critical for companies. I believe that organizations will start investing in engagement managers or similar positions. Today, it seems 1 in 100 companies are interested in buying a global reputation system for the entire company. I think in the next few years 30 to 50 companies out of 100 would buy global enterprise reputation systems to enhance gaming capabilities.

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Increasingly, organizations will start investing in engagement managers or similar positions.
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What are the Key Success Factors for Enterprise Gamification?

Enterprise gamification plays a crucial role in helping address the firm’s cultural and skill-based gaps for a successful digital transformation. Based on our experience, there are six distinct key success factors that determine the adoption/failure of gamified processes.

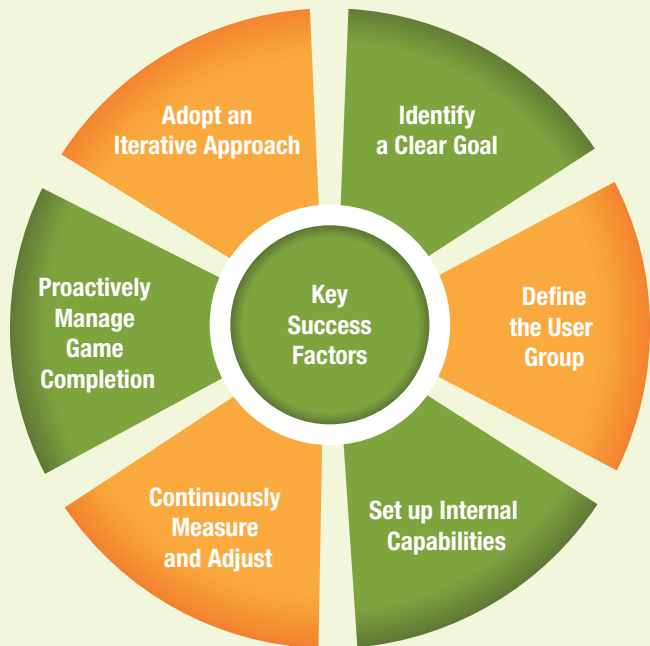
Identify a clear goal

Gamification finds its application across multiple business areas—engagement, compliance, and learning. However, organizations should ideally pick only one goal at a time in order to achieve best results. Picking multiple focus areas for application of gamification dilutes the goal of a gamified environment.

Define the user group upfront

Understanding the behavior of the people performing the task, their skill levels and abilities, their intrinsic and extrinsic motivators and their triggers will aid in choosing the right game mechanics and keeping the players engaged. For instance, motivation and rewards for a group of senior research scientists would typically be different from those of call-center employees.

Key Success Factors for Enterprise Gamification



Set up internal capabilities for gamification

Gamification is more than just implementing a digital tool. It is a capability that requires significant investment in people (game designers, developers, and change managers), processes (methodology, performance) and technology (gaming platforms, analytics)¹. Firms need to plan along these aspects and evaluate which capabilities need to be built in-house, which to partner for and identify people to champion the gamification initiative internally in order to effectively implement gamification.

Continuously measure and adjust

Firms need to put in place the systems and processes to capture and accurately interpret gamification data. Measuring output from gamified applications is an ongoing effort and is needed to ensure continued relevance and to monitor and adjust gamification applications. Continuous measurement of results, such as adoption rates, game abandonment stage, number of visits in a day, etc. provides

insights into the efficacy of the gaming mechanics. This allows for real-time tweaking of gamification parameters (levels of complexity needed, collaboration, point systems, etc.) leading to higher success rates. This continuous measurement is also essential for periodic benchmarking against predefined performance parameters and for understanding ROI impact.

Proactively manage game completion

Each gamification initiative has its own shelf life but eventually engagement of the user group declines over time as “game fatigue” sets in. Good game mechanics design and continuous feedback help determine the optimal time for running the initiative. Subsequently, the completion should be managed proactively and quickly to prevent active disengagement or “loyalty backlash”.

Adopt an iterative approach to gamification

Initial failures in gamification are OK and should be embraced as learning experiences. Gamification is a complex area which needs customized game

mechanics based on the goal and the user group. It is usually not possible to achieve the desired results in a one-shot manner, but requires an approach of constant feedback, adjustment and learning. Development of a culture of testing and iterative learning is key to the creation of a digitally-enabled enterprise.

Enterprise gamification requires thorough planning, considerable investment and management commitment. By altering organization culture, gamification has the potential to change the overall employee experience. The scope of gamification, in an enterprise context, can indeed be vast – from recruitment right up to managing alumni networks. There are pitfalls to getting it right; however, the benefits clearly outweigh implementation challenges. We believe that gamification and Digital Transformation are a winning combination that firms cannot afford to ignore.

¹ Bala Iyer, “Understanding Gamification: From Commercial to Social”, February 2012

Companies to Watch: View from Silicon Valley

By **Sergi Herrero, CEO, L'Atelier BNP Paribas USA**



Asthmapolis: Track asthma symptoms thanks to inhalators



According to the Center for Disease Control around **26 million people**

suffer from asthma in the USA. Every year, the USA spends \$50 billion on medical costs. Another \$6 billion can be added to this amount due to indirect costs resulting from missed days of work and school. A large part of these expenses are due to insufficient use or misuse of asthma inhalers.

Asthmapolis has developed a technology that can help asthma patients successfully follow their treatment with doctors being able to effectively monitor their patients. Thanks to a little sensor placed on the top of the inhaler and linked to a mobile application, patients can better control how they use their inhalers and doctors can advise them on proper usage. Moreover, the app is able to collect precise data on environmental conditions under which the patients used their inhalers and thus improve research in this field.

Peek: Get local help to “book amazing things to do”



In 2012, people all over world took 6.8 billion trips.

According to the ITB World Travel Trends Report, Domestic Travel was to grow by 2% reaching 5.77 billion trips, while international travel was expected to increase by 4% to 1.03 billion trips. Of all these trips, 54% were booked over the Internet while travel agencies accounted for 24% of these reservations.

Peek has transformed this industry to give it a more local and social flavor. When people book a trip their first concern is about how to get to their destination and where to stay. However, they might find it challenging to identify places of interest and holiday activities. Peek has taken the challenge to put local people in contact with tourists in order to help them discover places of interest while providing them with useful travel advice so that they have a glimpse of what the true country looks like.

UK Digital Champion: Driving a Nation Forward with Digital

Martha Lane Fox is the UK Digital Champion. She co-founded LastMinute.com, an online travel and gift business, in 1998. The company went public in 2000 and was acquired by Sabre Holdings in 2005. Capgemini Consulting spoke with Martha to understand her role and how digital can help governments drive change.



Interview with Martha Lane Fox,
UK Digital Champion

Digital Champion

How would you define the role of the UK digital champion?

This role involves two key responsibilities. The first part is about encouraging and thinking of ways to help the millions of people in the UK who do not have digital skills and acquaint them about the benefits of getting online. The second part is more internally focused on government operations. It is about how the government can use digital technologies to deliver public services more effectively.

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16 million people don't have basic digital skills in the UK.
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What was the rationale behind the creation of this role?

In 2009, I was appointed by the government to help disadvantaged groups go online. At the time there were 11 million people who had never been online and we wanted to bridge this 'digital divide'. The authorities decided that they needed someone to focus on digital inclusion. This became the genesis of my role during that time. A year later, in 2010, the new government expanded my role to advise on how delivering public services on the Internet can help to streamline these services while getting more people online.

How do you interact with the government on digital matters?

Initially, the government was involved in kick-starting the campaign. However, as with most quasi-autonomous non-governmental organizations, once the public money started to dry up, the commercial sector stepped in. Gradually, my role has become more autonomous. Of course I still report to the Prime Minister frequently and we have joint-conferences and events with other ministers to discuss their digital agendas.

How do you influence the government to implement digital initiatives?

We can influence at multiple levels. Over the last four years I have talked to many ministers and civil servants about what we are doing. I tried to show the cost effectiveness of digital initiatives as the spending part can have the biggest influence on the government. Finally, I use the media to put pressure back on government. I feel it's important to build a coalition of support to influence government authorities and accelerate digital initiatives.

How has the focus on digital inclusion evolved over the last few years?

We have got a broad coalition now with many business partners in our initiative, which is now called 'Go ON UK'. This has helped in shifting the focus from just being about whether people have gone online or not to also improving their basic digital skills. There are many people who have never been online but whose lives can be made simpler by using these digital skills. Some of these skills include the ability to use a search engine, send and receive emails, and complete

online applications. Addressing the challenges of the 16 million people who don't have basic digital skills is the emphasis of this initiative.

So, we think just being online or offline is too simplistic a measure and you want to get the benefit of being online. The objective of 'Go ON UK' is to have every individual and small business to have the skills and confidence to benefit from new digital services.

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The role of the UK digital champion involves two responsibilities: helping the millions of people in the UK who do not have digital skills and advising the government on the delivery of digital public services.
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Digital Transformation for Countries

The UK is well positioned in the digital space as compared to other countries. For example, The World Wide Web foundation placed the UK at number 3 out of 61 countries in its Web Index research. What do you think are the major reasons behind this lead?

I believe there are a number of reasons for this achievement. First, being an English speaking country plays an important role in our success. We have had the advantage of many US-based digital companies expanding here first and driving the digital market. For instance, Amazon's expansion in the UK helped grow a number of small businesses in the digital domain. Second, we have relatively good infrastructure and we had started transforming the telecom sector early on. The initial deregulation policies encouraged competition and improved infrastructure, which proved beneficial to digital growth. Finally, it may sound surprising but, I would say that

the BBC's reach has helped create and drive digital services growth. Due to the BBC's extensive presence there has always been good local digital content that has driven people online.

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A reliable network infrastructure, digital skills and business capabilities are the three levers countries should use to drive their digital transformation.
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Based on the UK's experience, what are the key levers that a country can utilize to drive its digital transformation?

I think there are mainly three levers that are important. First, it is about having a reliable network infrastructure, whether wireless or wired broadband. The ability to stay connected to a network at some minimum speed is vital.

Secondly, I would consider digital skills as another very important factor. You need to place an emphasis on the disadvantaged communities and help them acquire these skills to benefit from being online. This requires setting-up training networks across the country. For instance, we have established a network of online centers in the UK. These centers are effective in reaching the disadvantaged communities and it can be an interesting lever for other countries too.

Finally, it is about building business capabilities. It is important that the government encourages more private businesses to drive digitization across sectors, including smaller businesses. For instance, a senior policy advisor in the UK put a lot of emphasis on digital start-ups.



How can governments help drive improvement across these areas?

I might be biased but I do think that having a role such as ‘Digital Champion’ is helpful for countries. So, I would encourage governments to find a digital champion. Each country may have its own viewpoints on what this champion should do. Some may include changing the infrastructure for social development while others may choose to develop digital skills, which I opted for. It is helpful to have someone with technology experience who is outside the government.

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Having a digital champion with technology expertise and who is outside the government will help countries accelerate their digital transformation.”

In the same context, the role of the government in improving network infrastructure is evident.

But I think that the government can also play an important role in the adoption of digital skills through a renewed emphasis both in schools and supporting online centers.

Governments should also take advantage of digital technologies to deliver simpler and more effective services to users. For instance, the UK government has set up a team, which is focusing on delivering digital public services as part of the government digital initiative. It involved creating a ‘gov.uk’ site, which is a central portal for all government services and information. The UK is becoming one of the leading countries in how it has approached its delivery of multiple digital services.

Digital Vision and its Measurement

You have discussed multiple digital initiatives that the UK government has launched. Could you highlight the key digital priorities of the government?

I may not be the best person to talk about that as my role is outside the government. So, I can share my opinion about a few key priorities. The government is placing an emphasis on creating more digital start-ups. A “digital by default” agenda is also a key priority to create better public services using the government digital services. However, I would argue that the government is not placing the same emphasis on the adoption of digital skills. So, through ‘Go ON UK’ we are attempting to capture the corporate sector interaction and combine it with the public sector initiatives to drive digital skills adoption in the UK.

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Although we rate well on the creation of start-ups, we are struggling to create scale of digital businesses when they start hitting the £100 million mark.”

So what are the major challenges that authorities in the UK are facing while working towards these priorities?

I think that despite major challenges we have done well in the UK. However, 16 million people lack the basic digital skills to fully benefit from Internet usage. Another challenge is that we don't create scale of digital businesses when they start hitting the £100 million mark, although we are rated well on start-ups. So, for me the emphasis now is to build a world-class infrastructure and we should be looking at countries such as South Korea for inspiration. To me, there is still a long way to go before becoming a digitally world-class nation.

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We should be looking at countries such as South Korea and build a world-class infrastructure.

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Digital Future

The scarcity of talent around digital technologies is one of the major issues that companies and governments will continue to face over the next few years. What do you recommend for countries such as the UK to attract the best digital talent?

We have to do both – attract and groom talent within the country and that is an ongoing process. We also need to place more emphasis on both digital skills and creativity. It is important to train students on this early on – in schools – to be a successful digital country in the future. For instance, countries such as South Korea and Estonia have followed this more effectively than we are able to do. Education of that type is considered fundamental in those countries.

In the same context, I also think that we need to encourage entrepreneurs to start up businesses in the UK, particularly e-business ventures. But we don't only need entrepreneurs, we also need people who have the experience of scaling-up

the businesses. Such initiatives will help us in developing and retaining digital talent.

Going forward, how do you see your role as a digital champion evolving in the coming years?

At present, I am not sure how this role will evolve. But I think that there is still a significant opportunity for an independent role, such as Digital Champion, to highlight and act on the key digital trends. The key task for the next stage of development would be to roll out major transactional services across platforms. Online transactional services present the biggest opportunity to save people's time and the government's money.

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Teaching digital skills in schools is fundamental. Countries such as South Korea or Estonia are doing it effectively.

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About Capgemini Consulting

Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change.

Find out more at: www.capgemini-consulting.com



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