

Digital Leadership

Michelin: a start-up culture drives digital transformation at tire and mobility giant

An interview with
Eric Chaniot,
Michelin





Eric Chaniot, Michelin



Eric Chaniot, chief digital officer and senior vice president at Michelin, is responsible for accelerating the organization's worldwide Digital Transformation. He joined the company in 2015 with over twenty years' experience in technology, working for large corporations and also creating start-ups. These start-ups included Internet Word of Mouth or "iWoM," which aimed to make web ratings and reviews more reliable, by using proprietary technology. After moving to the US, he created Tire Intelligence, a data and software start-up. This company enabled tire manufacturers, tire distributors, and tire dealers to manage their businesses more efficiently and to drastically improve their web presence.

The Capgemini Research Institute spoke with Eric to understand more about Michelin's digital transformation and the important role played by innovation.

Michelin's digital transformation journey

Where is Michelin in its digital transformation today?

After three years in this role, I can see that our investment in creating a cross-functional digital department at Group level has paid off. We have succeeded in mobilizing the workforce by demonstrating that digital tools make their work more interesting, simpler, and more value-creating. Our digital factory has revolutionized the way we develop and deploy our websites. We have expanded our investment strategy to incorporate many digital players, including start-ups and public platforms, such as Bookatable, Europe's largest online restaurant reservation website, which we acquired in 2016.



We have expanded our investment strategy to incorporate many digital players, including start-ups and public platforms, such as Bookatable, Europe's largest online restaurant reservation website, which we acquired in 2016."

How has Michelin adapted its strategy to take advantage of digital?

Given how different a digital operating model is compared to our traditional business of selling tires, we constantly need to find creative solutions to compete in the digital space. For example, we were very proactive in developing an e-commerce strategy. We decided to start selling direct in 2015, something Michelin had never done before. We acquired Blackcircles, the leading player in online tire sales in the UK and took a minority stake in the

leading player in France, Allopeus. While tires sold directly online represent only a small part of the market, customers often use the web as a source of information prior to purchase. Our platforms provide access to user advice and help guide those purchasing decisions.



Given how different a digital operating model is compared to our traditional business of selling tires, we constantly need to find creative solutions to compete in the digital space."

What is your ambition with the connected tire solution? How successful has it been to date?

According to Thomas Edison: "a vision without execution is hallucination." Our vision is to be a leader in digital mobility and the connected tire solution is a critical part of that.

Using RFID technology and sensors on the tire, the objective of the connected tire is to monitor – in real time – a wide variety of parameters relating to the driving experience, the road, and the tires themselves. For tires, this could include, for example, temperature, pressure, or wear. The connected tire leverages digital technology, so we can deliver a premium customer experience.



Our vision is to be a leader in digital mobility and the connected tire solution is a critical part of that."

We have many initiatives for connected tires, some of which are already on the market, while others are in the R&D phase. For example, we have a fleet management trial involving 200 buses for the city of Venice, aimed at improving maintenance, safety, and fuel consumption. We launched PresSense in 2017, the first connected tire for aircraft designed in conjunction with Safran, to facilitate maintenance operations and manage stocks more efficiently. Also, in the mining industry, we have developed a complete monitoring and reporting platform for tires, trucks, mine haulage, and vehicle cycle analysis.



Using RFID technology and sensors on the tire, the objective of the connected tire is to monitor – in real time – a wide variety of parameters relating to the driving experience, the road, and the tires themselves. For tires, this could include, for example, temperature, pressure, or wear.”

You recently launched Michelin Track Connect. How does this further expand your connected tire solution?

Yes, we continue to build on the connected tire as it's so central to our digitalization. Just this past April, we launched Michelin Track Connect. We are the first manufacturer to sell a connected solution for the private car tire sector, which we co-developed with driving enthusiasts during an 18-month lab workshop. We asked them what improvements they would want to see in the behavior of their vehicles, and how to enhance their performance and their driving pleasure. The application can support drivers before, during, and after circuit runs. It recommends the most suitable pressure for the vehicle's tires within dry, damp, or

wet driving conditions; it gives the driver real-time information about the pressure and temperature of each tire, and it will indicate what adjustments need to be made prior to returning to the circuit. It is like having a Michelin expert next to you.

You are undergoing a major CRM initiative. How has that contributed to the customer experience?

We realized that we needed to become a technology company if we were going to seriously compete in mobility. In 2016, we launched a worldwide CRM modernization program called ENGAGE with the goal of better serving our customers. The program is based on Salesforce cloud solutions and gives the sales, marketing, and customer services teams a 360° view and a better understanding of our customers. Now our staff can use one platform to access real-time customer data. When we devised our



We realized that we needed to become a technology company if we were going to seriously compete in mobility. In 2016, we launched a worldwide CRM modernization program called ENGAGE with the goal of better serving our customers.”

development strategy, we made sure to co-design the new Salesforce systems with our sales reps and customers, such as tire dealers and fleets, rather than just handing the project over to the technology team. Once a month, we had sales people, tire dealers, and the digital teams working together on the solution. We were focused on design thinking with the different parts of the business. It's because of this approach that we have an adoption rate of



more than 80%. Since speed of innovation is critical in our market, we were able to complete the first phase of the rollout in under six months.

Leading digital transformation

How do you get your leadership and the workforce aligned with your vision in digital?

Our Digital Transformation is clearly a priority for our president, Jean-Dominique Senard. The first time I met him, I really felt how important this initiative was for the Michelin Group and the future of our business. Recruiting a CDO from a completely different background was something of a gamble, but at the same time demonstrated the expected magnitude of change. We decided to put in place governance where the Executive Committee of the Group plays the role of the Digital Board, ensuring that each Business Line or Corporate Direction is involved in our Digital Transformation Roadmap.

Last but not least, on top of this strong governance, the Digital Direction is located across the world through our digital factories. This ensures a stronger proximity to our internal business partners and a



... the Executive Committee of the Group plays the role of the Digital Board, ensuring that each Business Line or Corporate Direction is involved in our Digital Transformation Roadmap."



[Of this Salesforce CRM program], we have an adoption rate of more than 80%."

better understanding of local market specificities, both from an employee and a customer perspective.



On top of this strong governance, the Digital Direction is located across the world through our digital factories."

Chief digital officers come from a multitude of backgrounds today. What's your take on the best experience for a CDO?

To my mind, a chief digital officer should be a businessperson, ideally with a technology background, rather than a technology person who has some interest in the business. At the end of the day, he or she needs to have a great relationship with the heads of the business lines and regions. Having that business acumen and understanding of business issues will help nurture those relationships. You also need a leader whose passion gets employees motivated. Personally, I spend a lot of time with our employees. We don't have a rigid level of hierarchy, and I often get involved in discussions with employees to help support the vision and promote what we're trying to accomplish.

Fostering a start-up culture

How can large companies such as Michelin accelerate innovation efforts in the digital age?

After my first meeting with the Group Executive Committee, I had five priority projects that the committee believed digital would help to accomplish. At the time, the digital group was only six people, but I started to build small cross-functional teams so that we could go fast and reduce delivery from months and years to weeks. Within four weeks, my team had accomplished three of the five projects and was hailed a success. It was important for me to build credibility as well as speed to delivery so that I could begin creating that start-up culture from the very onset of my tenure. As we continued to achieve our initial successes, I had many teams coming up to me to request our support.



It was important for me to build credibility as well as speed to delivery so that I could begin creating that start-up culture from the very onset of my tenure."

How is Michelin's collaboration with the start-up ecosystem impacting your cultural transformation?

We've been successful in developing an innovation culture at Michelin and this has significantly contributed to our cultural transformation. In 2014, we launched an Incubator Program Office (IPO). The role of the IPO is to identify relevant projects that can support growth at Michelin in the future. We are looking for ideas, both internally and externally, that can be quickly implemented and have definite

objectives. We grow them and test their viability on the market. Our ambition is to create a portfolio of businesses or projects incubated at Michelin. Every project is sponsored by a Michelin business unit director and we make sure they have strong link to our existing work so that it's rooted in reality. To begin with, we focused mostly on internal initiatives, but we've branched out considerably to investing in external partnerships and start-ups. For example, some external projects incubated in IPO include: Symbio F Cell, a start-up specialized in fuel cells, Wecare, a Chinese smartphone app offering global vehicle maintenance services, and Luli Information Technology, a Chinese start-up specialized in innovative car sharing.

How else have you instilled a digital culture?

We have launched a comprehensive set of initiatives to develop the culture, the required competencies, and also to assess our digital maturity of our local organizations. This upskilling plan is a joint effort with our HR department and our internal business partners.



We offer an online training platform with more than 15,000 registered employees."

We offer an online training platform with more than 15,000 registered employees. Last year, we also partnered with a business school in Europe and offered a digital certificate to 150 highly motivated digital transformers. It's something that employees are excited about and makes them proud. At our headquarters, we have a very innovative agreement

with our unions to incorporate digital culture online training in the employees' profit sharing scheme.

Another example is our creation of FactoLab in 2017, a public-private laboratory dedicated to the industry of the future. In partnership with three university institutes in the Clermont-Ferrand region in France (Institut Pascal, Lapsco, and Limos), the research and development program focuses on man-machine cooperation, particularly in the fields of cobotics (i.e., when people and robots collaborate) and new digital technologies. Our research partners mobilize their research laboratories and their expertise in fields such as cognitive science and we offer an application and experimentation framework, fast prototyping tools, and international visibility.

Attracting and retaining talent

How are you sourcing talent? Which skills are in in greatest demand for Michelin?

We've thought creatively about hiring across our countries. For example, in France, 50% of our development team is made of contractors or freelance. And even when we try to bring them on board as regular, salaried employees they often say, "No thank you." And it's not because of a lack of commitment; they just prefer that model and want the flexibility in the current market. We also have a heavy recruiting and hiring presence in India. Michelin is not a well-known brand in India yet, but we are improving and there is so much talent in India that is applicable to our business. In terms of skill sets, computer vision is a skill in great demand but challenging to find. Data analytics, of course,



***In France, 50% of our
development team is made of
contractors or freelance."***

How do you ensure that your teams are collaborating across silos, such as business functions or countries?

It can certainly be a challenge. We try to provide the digital tools necessary for our employees to easily collaborate and change the way we work. One example is our corporate social network, which we launched in 2013 and which now connects more than 40,000 employees. The tool is used to share good practice, work in agile mode, codevelop offers and services with clients, and promote change, among others. With more than 800 communities, employees can exchange ideas every day. It's designed to support our digital transformation and allow a higher level of collaboration and improved agility and efficiency.

remains in great demand for us. Also, given our CRM initiative, Salesforce is a skill we often look for.

Given the challenge of finding digital talent, how is Michelin retaining the talent you do have?

I spoke earlier of the digital training programs we offer which help with employee development and retention. Just this year, we rolled out an app called InTouch that is part of our Human Capital Management digital platform. The app is a digital space open to all Michelin employees and is accessible from any device, including personal PCs, tablets, or smartphones. The app gives our employees access to a unique platform for managing their careers and includes information and features on a wide variety of topics such as job postings, skills, training, interviews between employees and managers, functional and geographical mobility, and compensation. We want them to own their careers by offering them autonomy and showing them that digital can enhance their careers.



About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

Visit us at

www.capgemini.com

People matter, results count.

The information contained in this document is proprietary. ©2019 Capgemini. All rights reserved.