

United Tech of Europe

Lessons from the Leaders

Digital Transformation
Review Special Edition

Special edition:

United Tech of Europe

Lessons from the Leaders

Digital Transformation Review *Special Edition*

Edited by the  And 

The Capgemini Research Institute is Capgemini's in-house think tank on all things digital. The Institute publishes research on the impact of digital technologies on large, traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, the United Kingdom, and the United States. It was recently ranked number one in the world for the quality of its research by independent analysts.

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Introduction

New technologies are reinventing how organizations create value and transform their operational performance. However, fundamental questions are also being raised about what capabilities and leadership qualities are required to seize these opportunities. This is particularly true in terms of the people dimension: employee engagement, talent, and company culture.

The pace of change in digital innovation, and the hard questions being asked about skills and leadership have become all the more critical in the context of Europe's ongoing struggle to keep up with the US and China. Both countries have dominant tech giants and are making significant investment in artificial intelligence and other emerging technologies.

In this VivaTech Special Edition of the *Digital Transformation Review*, we interview leaders from a range of European companies with multi-national reach, representing a broad spectrum of industries, including automotive, consumer goods, energy, industrial, life sciences, and retail. These include exclusive interviews with leaders and experts connected to VivaTech 2019.

We hope you enjoy the critical lessons and insights learned from this first-hand, global perspective on what it takes to succeed in a world where people's relationship with technology is critical to success.

Europe must continue to build on digital successes



Paul Hermelin,
Chairman and Chief Executive
Officer of Capgemini Group

All too often the world thinks of technologies and looks to China and Silicon Valley, but, as a global leader, we see innovation happening everywhere - not least in Europe. This wider view comes from us working alongside new and innovative businesses around the world.

One of our goals is to find and embrace exciting start-ups, boosting their ideas with our experience and market presence. Our clients need the best digital thinking and we bring it to them. This is how Capgemini builds digital culture and it is also the essence of VivaTech, bringing great names together with the ideas that create winning businesses.

That start-up energy has been harnessed by the CEO and CDOs contributing to this edition of the *Digital Transformation Review*. They demonstrate a true entrepreneurial spirit and a desire to break down internal boundaries. They are devising new digital services out of innovation labs and are seeking out talent across the globe. Above all, they are creating a start-up mentality under a corporate umbrella.

Globally, we see business players pursuing strategic visions of digital growth and cultural change, seizing the big opportunities presented by technology and overcoming any fear of change. Europe as a whole needs to have the same courage.

Our own research indicates that cultural issues are the single largest hurdle preventing digital transformation. But CDOs and the start-ups at VivaTech are breaking through that cultural barrier to create what we call a Digital DNA. They are setting out a clear vision for digital culture throughout the organisation and are showing the leadership needed to implement that culture.

Europe accounts for 20% of global R&D investment despite having just 7% of the world's population. Innovation is alive and well in Europe. We have a great digital future ahead of us. We can push this innovation even further by working together and bridging big businesses with emerging technologies. VivaTech gives us all the opportunity and the space to do this, which is why we have been part of it from the beginning.

Welcome

In just four years, Viva Technology has established itself as one of the top events in the world of digital transformation. Startups, corporations, digital leaders and innovators from around the world come together in Paris for three days to gain unique insights into how digital technologies are disrupting sectors, economies and societies.

At VivaTech 2019, all the major trends will be assessed and discussed. Artificial intelligence will be to the fore, as this technology moves from the excitement of experimentation to the reality of active deployment. We will take a look at 5G, as it comes online to transform the speed of data exchanges, creating new use cases, new startup ideas and a groundswell of innovation in many sectors. Other trends up for discussion include blockchain, the Internet of Things, quantum computing, “new Space” and bio-hacking, among others.

With the rhythm of innovation showing no sign of slowing down, debate is increasing on how to make technology a positive force. “Tech for good” is top-of-mind for tech leaders, who understand that technology needs to also be put at the service of positive causes if it is to be accepted. This event will showcase a range of major initiatives and new innovations in this field.

Finally, 2019 will also see VivaTech focusing on Europe, as countries look to define a “European way” in technology that is distinctive from the US and Chinese approaches. Our “United Tech of Europe” initiative will bring together European commissioners, European unicorn founders, and leading thinkers to determine how to build a truly continental ecosystem and foster a generation of European technology titans.

With all of these transformative thoughts in mind, we are very happy that Capgemini, which has been a partner of VivaTech from day one, has created a special Europe-focused edition of its *Digital Transformation Review* for this event. The interviews and thought-pieces in the review provide valuable insight into the challenges that organization leaders face as they drive digital growth and undertake radical technology-driven transformation.



Maurice Lévy,
Chairman of the Supervisory
Board Publicis Groupe



Pierre Louette,
CEO Groupe Les
Echos-Le Parisien

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Linda Jackson,
Citroën



Citroën: electrification and autonomous cars are an integral part of the of future models

Linda Jackson is a rare leader: a British woman leading a major French company. After joining Citroën UK in 2005 as Finance Director, she became FD of Citroën France before taking on the role of Managing Director of Citroën UK and Ireland. Since 2014 she has been Chief Executive Officer of Citroën, the major global automotive player and brand. In 2018, Autocar named her as the most influential woman in the motor industry. Linda recently received an award from the Institute of the Motor Industry in recognition of outstanding leadership in the automotive sector.

Citroën is part of Groupe PSA, Europe's second largest vehicle manufacturer

The key to digital transformation and innovation

In your opinion, what are the key factors for a successful digital transformation in an organization like Citroën?

For me, there are 3 key success factors. The first is about challenging the rules. This has always been in Citroën's DNA from the outset and I think it's essential to be disruptive to emerge. The second factor is about being inspired by customers. It means being customer focused, thinking about

their uses and habits. That's what led us to launch a number of initiatives, from 'Citroën Advisor' to our connected app 'My Citroën'. We believe that digital performance is measured first by the engagement of our customers. The final area is about being agile. This means being open to the world: reacting quickly and knowing how to take opportunities, especially by partnering with start-ups that have the expertise needed. While it is not always possible to be a leader in all fields, you can take a quick follower approach, bringing your own creativity and added value.

A vision for mobility

How will new technologies change the way people view mobility and what they expect from it?

Today, everyone has a smartphone, and the development of mobile apps with geolocation and e-payment are already changing the way people see mobility. This leads to new behaviors, particularly with carsharing and carpooling. In this changing world, we must go beyond our role of pure carmaker to also being a mobility provider. This is an integral part of Groupe PSA's strategy. That is why the Group has created its own brand of mobility: Free2Move. It is in this context that customers can now use our electric Citroën C-ZERO in public car-sharing - in Paris, Madrid and Lisbon.

What are Citroën's future mobility plans?

Tomorrow, with ever more connected cars, we will go further to make the customer journey easier and seamless. This is what we have put forward through the Ami One Concept. Our vision goes beyond the object and proposes instead a new approach to urban mobility: a fully connected offer that is accessible to all and available from 5 minutes to 5 years.



With Ami One Concept, our vision goes beyond the object and invents a new approach to urban mobility: a fully connected offer accessible to all and available from 5 min to 5 years."

What is your roadmap for electric/autonomous cars?

In terms of electrification, our roadmap is clear: we will launch the plug-in hybrid version (PHEV) of our new C5 Aircross SUV next year. And from then on, every new Citroën model that we will launch will have an 'electrified' version, either a 100% electric version or a PHEV version. So, in 2025, 100% of our range will be available in electrified version.

Regarding the autonomous car, our Citroën C5 Aircross SUV already has autonomous level-2 driving devices such as "hands-off" or automated driving under driver supervision. Moreover Groupe PSA, which is actively working on this subject, will allow us to go even further. This is what we illustrate through our 19_19 Concept presented on our booth at VivaTech, where autonomy and full electric technology are at the service of ultra-comfort.



in 2025, 100% of our range will be available in electrified versions."

What are the major innovations that Citroën is offering or plans to offer its customers?

Today, we continue to innovate at the service of our customers. We were the first car manufacturer to launch an online review website: Citroën Advisor. It is now available in 40 countries and allows our customers to rate their dealership, their car and now their salespeople! It is a proof of trust and transparency between the customers and our Brand but also a lever to improve our service quality.

"Inspired by you" is more than a brand signature, it reflects our desire to put our customers at the heart

of all our actions, both in terms of products and services, to provide an ever more serene experience to our customers. An idea directly inspired from our founder, André Citroën, who imagined the first car after sales service just 100 years ago.

In terms of products, we also want to make the difference through comfort - a key organizational value and goal for Citroën. That is why we have launched the Citroën Advanced Comfort programme - a vision of comfort for all. As well as postural comfort of course, it also embraces roominess, storage space, acoustics, brightness and connectivity. This programme gave birth to our new suspension with Progressive Hydraulic Cushions, which has 20 patents, and our Advanced Comfort seats. I believe that this modern approach to comfort for all passengers is a real asset for Citroën, especially with new automotive uses such as carpooling.



We were the first car manufacturer to launch an online review website: Citroën Advisor. It allows our customers to rate their dealership, their car and now their salespeople!"

In the context of this special Vivatech report, can you tell us more about the relationship between Citroën and the start-up community?

In addition to our internal expertise, Citroën looks for the right partners to develop innovations when needed. There are many examples of this. With Boarding Ring and studio 5.5, we developed our pioneering 'SEETROËN' anti motion sickness glasses, an innovation that enhances travelling

comfort. With Start-Rec, we created Citroën sound identity, and especially the Sound Experience on AMI ONE Concept. With the news agency RelaxNews, we launched The Citroënist editorializer, an unprecedented editorial web platform that gives media companies to the right information they need, from press releases to videos. With Mullenlowe, we developed the Digital Experience for the Ami One Concept, creating a seamless customer journey.

Moreover, to respond to the rapid development of new automotive uses, Groupe PSA has created the Business Lab. Its mission is to detect, test, and transform opportunities into marketable products and services for the Group. This relies on partnerships with start-up companies, such as TravelCar for the car-sharing solutions developed by Free2Move, Groupe PSA's mobility brand.



Ian Rogers,

LVMH



LVMH: When Luxury goes Digital

LVMH is one of the world's leading luxury goods conglomerates. With brands that include such names as Christian Dior, TAG Heuer, Sephora, and Louis Vuitton, its 2016 revenues reached over €46 billion.

Ian Rogers is the Chief Digital Officer at LVMH. He joined the company from Apple, where he was Senior Director of Apple Music. Prior to that, he was the CEO of Beats Music, which was acquired by Apple.

The LVMH Model – leveraging the entrepreneurial spirit of each company

What are your core responsibilities as Chief Digital Officer at LVMH?

LVMH is a holding company with 70 different companies under the same umbrella. These 70 companies come under four broad segments - fashion leather goods, perfumes and cosmetics, wine and spirits, watches and jewelry. The key word here is “holding”. LVMH is not centrally managed and the companies in the LVMH group are quite independent.

My role as Chief Digital Officer is about trying to find the ways that each of the companies can take advantage of the collective scale of the entire



My role as Chief Digital Officer is about trying to find the ways that each of the companies can take advantage of the collective scale of the entire group, while helping to manage the individual digital transformation of each.”

group, while helping to manage the individual digital transformation of each. We are not about building centralized platforms. It’s more about making sure that each of the companies has the resources they need to be successful individually, while taking advantage of the collective scale whenever possible.

From a digital perspective, what are the advantages of having a portfolio of companies?

You have a true entrepreneurial spirit in all LVMH companies and this creates natural competition between them. And when there is natural competition and success, it’s really contagious. If an individual or a team sees success, then everybody else wants to know what’s going on. They want to know why their approach is working, and how they are making it happen, so they can apply this new approach to their own part of the business. We have a lot of diversity in the group and we all learn from each other. We certainly do not want to take away the entrepreneurial experience from any of the brands.

Do not put “digital” in a corner – integrate it in everything you do

Why do you think many traditional companies often struggle with their digital transformation?

Digital is a capability that should exist across the organization and across every single team. Some companies tend to view “digital” as something

different, separated from the rest of the organization. And this is the biggest mistake you can make, saying “let’s call it digital and put it in the corner”. At Apple, talking about “digital” is like talking about oxygen. It is so pervasive that you don’t talk about it anymore. The big moment for a company is actually when they get rid of that



At Apple, talking about “digital” is like talking about oxygen

top-level digital role and integrate it into the core of their organization. There is also a governance challenge. Technology should have a much more important role in companies and this should be reflected in the organizational structure. A CTO, for example, should be reporting to the CEO, not the CFO.

Digital transformation: a cultural change – not a technical issue

What is the key tipping point in a digital transformation?

The big moment for an organization is when they have embraced the fact that digital transformation isn't a technical issue, but a cultural change. Organizations need to accept that digital culture is something that they really need to invest in.



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How do you percolate learning across the organization?

Communication is the key. It is a big part of my job. You need to find a consistent rhythm to your communications: make people buy the vision of the company and your expertise. And most importantly, you need to go out and talk to people – this is my favorite part of the role.

How do you make sure that digital is actually embedded in the whole organization?

There are multiple ways to tackle this but one thing will definitely help: the leadership

team needs to realize that there is no such thing as a “digital” P&L. Offline marketing leads to online sales. And vice versa. You need to look at the whole picture. In other words, look into digital and physical metrics side-by-side. And at this point, very few businesses are doing that.



Organizations need to accept that digital culture is something that they really need to invest in.

In-house innovation

How do you think organizations should go about driving a digital culture?

At LVMH, we allow each brand to take its own direction and evolve over time. There are two broad strands to it – one is the people side and the other is the technology side.

We have an entrepreneurship initiative that's happening from the HR department. The objective is to see how we can upgrade the culture, becoming more entrepreneurial from the inside-out.

The other side of it, which I am responsible for, involves building the craft of software development inside the company. It is about trying to bring some of the innovation that would have been previously outsourced to agencies or partners and getting it all in-house.

One of the other advantages of being a very diverse organization is that we have a lot of homegrown projects that are almost like startups. If you couple that with the fact that we have multiple investment arms, we have the flexibility to experience a lot of innovation first-hand without having to go outside.

Do you think organizations need roles such as a Chief Digital Officer in order to drive the culture change that is required in digital transformation?

I predict that in ten years' time, the Chief Digital Officer title will go away. It is a transitional role. It is the role of a change agent. You need it right now because you need people who understand the levers of innovation that large organizations have, but which they don't utilize. But over time, these "digital" titles should be fully eliminated. The bottom-line is that you need a strong technology person who reports to the CEO and whose job is to move at Internet speed and enable the rest of the company. Technology is behind the scenes and touches the consumer everywhere. What this means is that organizations are increasingly interfacing with their customers via software.



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Saskia Steinacker,
Bayer



Bayer: Advancing digital in health and nutrition

Saskia Steinacker, Bayer's global head for digital transformation, is responsible for driving⁺ the digital mandate across the group together with the Digital Excellence Council, a cross-divisional/functional group of executives. She has played a key role in developing the company's digital agenda with a focus on new business models to accelerate growth. The digital agenda enables the organization through a shift of mindset and culture, optimized technology, rapid processes, effective partnerships, and expert knowledge on data.



Bayer's digital transformation journey

Where is Bayer today in its digital transformation journey?

We are in the midst of our digital journey, and we are learning as we go in this fast and iterative process. Today, technological advancements and evolving customer needs and expectations are compelling organizations to think of new and innovative business models. For our digital transformation, we are focusing on three things: firstly, digitizing the customer experience; secondly, digitizing our operations; and thirdly, new business models.

What does that mean for our customers and patients? In the area of crop science, we want to help farmers make better decisions based on the insights we get from data provided by sensors or drones. In the area of health, we want to bring new medicine to patients more efficiently and much faster. We want to tailor treatments to individual patients, assist healthcare professionals in getting to the right diagnosis, and offer new non-pharmaceutical solutions.

Operations are becoming digitized across our entire value chain to have effective and cost-efficient functional areas. For example, at our pharmaceutical manufacturing site in Garbagnate, Italy, we deployed a digital twin-based scheduling program to drive improvements in our quality-control lab. The site was just recognized amongst the nine world-leading smart factories by the World Economic Forum.



For our digital transformation, we are focusing on three things: firstly, digitizing the customer experience; secondly, digitizing our operations; and thirdly, new business models."

New business models to maximize the value for the customer

How has digital changed your relationship with customers?

Digital has given us an opportunity to have multi-directional interactions with our customers. Newer digital channels enable us to co-create with the customer – take clinical trials, for example. We could use the data of smart health devices to monitor a patients' health. The patient could stay at home and would not need to come to a clinic for health checks.

Our vision is to get closer to the customer. In our digital health space, we have apps to help our patients manage their conditions. For example, the myBETApp helps people with multiple sclerosis manage their injections. We also have the Skin Peace app, which is a tool for patients with eczema that calculates the right amount of topical treatment needed.

In the future, digital technologies will make it possible for us to identify diseases and illnesses at a much earlier stage with the help of artificial intelligence that recognizes patterns. Then, when people are ill, we can provide more individualized treatment.

In digital farming, we already have a solution, which makes it possible for the farmer to calculate the right time and appropriate dose of fertilizer or crop protection needed for every square meter of ground. This is not only making farming more efficient, but also much more sustainable.

Culture and collaboration – key building blocks of digital transformation

How do you mobilize your digital vision across the organization?

We focus on making people understand that digital is not a thing in itself, but it is a means to contribute to our vision of feeding an ever-growing world population and fostering health. Showing concrete examples where digital has created a larger value, such as the ones we have in our digital health and digital farming space, is a very crucial step for people to understand how digital technologies can help to achieve a better life for our customers. The plan for implementing this vision is through our concrete enablers of digital customer experience, digital operations, and digital business models.



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Digital culture is often the single biggest hurdle to successful digital transformation. What are some of the things that you have done to develop the culture Bayer needs to be successful?

First, we understood that there are employees who are excited, there are employees who are somewhat undecided, and there are some employees who are resistant to change. We knew that we could not have a communication and change plan based merely on sending a daily email saying: “we are on digital journey.” We needed to guide people through the different phases of change. We do this by making them part of the vision and showcasing successful tangible examples of how digital has improved the lives of our customers. We tailored the communication to the specific groups and ensured that the messages resonated with them.

One of our key initiatives was recognizing individuals who brought in an amazing innovative idea – either in serving customers better or making operations more efficient. Our “Digital Innovation Award” was a very powerful step, as it not just makes brilliant people visible, but also motivates employees to be excited about the change. We also offer a lot of training opportunities – for example, reverse



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mentoring to foster our digital culture. We know this will be a long journey, but we are pleased with the progress we have made so far.

How do you measure the success of your cultural transformation?

One of the key questions posed in every transformation is: “what is the KPI?.” Of course, we use some quantitative measures. For example, measuring the success of digital training in terms of completion rate and interest levels. Or measuring how we increase effectiveness and efficiency in our functional areas. However, the key metric is how successful we are in rolling out our business strategies and driving new models on global and local levels which ultimately provide maximum value to our customers.

Leadership and what the future holds for Bayer’s digital agenda

How important is it to invest in leadership capabilities to drive digital transformation?

We need to have leaders who not only have the ability to understand the complexity of the task at hand, but can also motivate and drive people towards the common goal in a systematic way. Liam Condon, president of our Crop Science Division, is a great example of that. The way he talks about our vision to feed a growing population in a sustainable manner, and links it to the need to have new business models in digital farming, gets people excited.

What are the next steps for Bayer’s digital transformation? Where do you see the company in the next five to 10 years?

One of our important priorities is to focus on our health and nutrition businesses. There are a lot of market opportunities and to realize them we need to come up with business strategies that are aligned to market and customer needs. This also ties into having the right capability, the right people, and the right skill sets. The changing dynamics also calls for optimizing ourselves in structures and setup. When I think of the next 10 years, I wouldn’t say there’s a concrete 10-year plan. Instead, as we progress through our journey, we will have to be flexible and iterative to achieve the vision we have outlined. Our focus will continue to be creating excitement among our employees to contribute to this transformation.



Barbara Martin Coppola, IKEA



IKEA's digital journey: giving "160,000 entrepreneurs" the liberty and freedom to drive digital transformation

Barbara Martin Coppola is the chief digital officer for IKEA Group. In this capacity, she is responsible for driving every aspect of digital within Ingka Group – from digital customer touch points to internal digital operations.

Prior to IKEA, Barbara served as chief marketing officer at Grubhub. She has also held leadership positions with Google, Samsung, and Texas Instruments in nine countries.

IKEA's digital transformation journey

Can you tell us about IKEA's digital vision?

IKEA's vision is to "create a better everyday life for the many people" and I think it has digital at its core. The true measure for our vision is that customers should be able to conveniently interact with us across various touch points and channels. These interactions should display IKEA's uniqueness, values, knowledge, products and be personalized for each customer.

There is also a big aspiration to use the incredible amount of knowledge our company has about life at home. For example, we want to have a positive impact on both people and planet. As part of our ambition to inspire and enable more people to live a better everyday life within the limits of the planet, we recently piloted an app around a healthy environment at home. We strive to think big in order to deliver solutions at an affordable price for the many people around the globe.

How has IKEA's digital transformation journey evolved over the past few years?

Our digital transformation is about embracing a digital DNA in all aspects: digital touch points for customers, internal solutions for co-workers, and embedding digital in our ways of working – which is agile, cross-functional, and collaborative. We have been making big improvements using digital in e-commerce and fulfillment across our various countries. We have embarked on this journey towards digital and are working on our technology landscape, architecture, structure, and skillsets so we can deliver at the required speed.

Can you tell us about some of the specific initiatives you have launched?

To achieve our vision, the first step is to simplify our technology landscape. We have focused on simplifying our technology architecture via a modular approach and parallel processing.

The second step is to completely rethink and recreate customer touch points. We want to make it easier for our existing and new customers to access IKEA when and how they want. We will continue to open new stores and invest in our existing ones, but we should expect these to play a wider range of roles in the future. By offering new store formats, we want to create even more convenient and unique experiences for our customers by combining the physical with digital. Making our stores part of our customer order fulfillment network will, for example, allow us to offer a great majority of our customers same- or next-day delivery of big furniture items.

Another important step is to utilize digital to run our internal operations in a more efficient way – be it finance, human resources, store operations, or supply chain. We have, for example, an ambitious development and innovation agenda in terms of automating handling, storage, and picking activities across our entire fulfillment process, where we are currently exploring different solutions.

The underlying part is to align these digital objectives to how we work and to the way we are structured from an organizational and technology perspective. We are already making strides in these aspects and will continue to do so.

Creating a more engaging digital customer experience

How are you leveraging emerging technologies to create more engaging experiences for your customers?

There have been a few incredible opportunities in our home furnishing area. With technology and 3D modelling of a space, we give design suggestions to customers on how to furnish a room depending on their budget. Today, our 3D model library has more than 33,000 models, as well as libraries for textures, materials, and props. Now, about 25% of all room renderings are made in 3D. These solutions offer customers the ability to experience our products in a 3D virtual rendering which can be mapped to any room in their own home – from their own home.

Our augmented reality (AR) app, “IKEA Place,” allows customers to visualize how a piece of furniture fits into their real space and environment. We do have plans to consolidate our different apps to allow customers to browse our catalog, plan store visits, and virtually decorate from one app. We are also experimenting with virtual reality (VR) to showcase,

for example, how a customer’s kitchen will look with different cabinets and configuration.

Our range of smart products and other connected products is another step towards embracing digital. We are exploring multiple possibilities of AI and data intelligence. Our product recommendation algorithm, for example, has raised our conversion rates incredibly. These technologies help us to create very simple, yet useful, digital experiences for consumers.

 ***Our augmented reality (AR) app, “IKEA Place,” allows customers to visualize how a piece of furniture fits into their real space and environment.”***



Unleashing the power of “160,000 entrepreneurs” to drive digital to scale

You spoke about the importance of technologies such as AR and VR in IKEA’s digital landscape. What is your talent requirement for these technologies?

There is a two-pronged approach for talent. We have technology experts for AR, VR, and 3D-modeling in Sweden, China, and elsewhere. We focus on nurturing our internal talent via training as well as hiring externally for the required skillsets.

For example, we have extensive ongoing training on DevOps methodologies for the engineering organization to adopt new ways of working.

Secondly, we also work with external partners to co-create experiences for our customers. For example, we work together with Space10, our research hub and exhibition space that brings together designers, artists, and technologists to innovate tomorrow’s new products and solutions. We call it a future-living lab, where we can explore

ideas to create better and more sustainable ways of living. Space10 works on wide-ranging ideas, such as autonomous urban farming, upcycling products and how to re-use materials, autonomous vehicle design, and 3D printed meatballs. So, we leverage innovation both inside as well as from outside the company.

What are some of the things that you have done to develop the culture that IKEA needs to be successful in digital?

We believe people and culture play the most important part in the transformation. IKEA places a lot of value and focus around entrepreneurship – we say that we are “160,000 entrepreneurs.” Bringing in those positive aspects from our values and embedding them with the digital DNA is required to successfully transform. We also need to ensure that there are no digital islands. So, reorganizing intra-functional dynamics and integrating business and technology knowledge together is truly important to us.

We believe that digital DNA is based on performance as well as on empowerment. Performance implies giving full responsibilities to cross-functional teams to have the liberty and freedom to decide on what they want to test and develop along the way. So, whatever they do, they need to get that to a

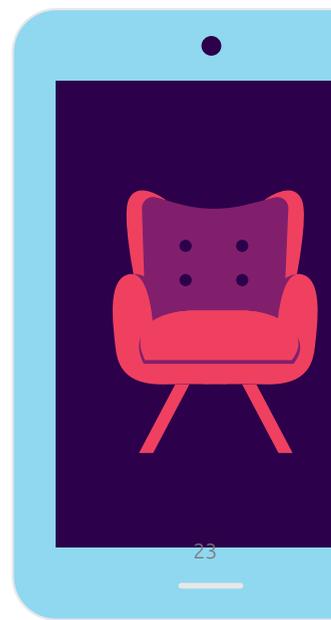
measurable deliverable. In other words, “the North Star” that we have defined. It’s also a philosophy of starting small, slicing the problem into small chunks, and being action oriented. Empowerment of our co-workers, and learning from failure, is also a key part of this.

What are some of the unique challenges in digitally transforming such a large organization? How do you overcome them?

The most important is to get co-workers to learn and practice new ways of working that push them to go outside of their comfort zone. If this critical part is well managed, an organization can do incredible things. Then it is to align the whole organization to the digital strategy. All parts of the organization need to be orchestrated together, and this is where digital brings the intelligence together to provide a single view of the customer and more efficient operations. Another success factor would be the speed at which we can train people and acquire new talent. And, finally, legacy systems and technology are a challenge, but we are on the way to overcome this.



We believe people and culture play the most important part in the transformation.”





Torbjørn Folgerø,

Equinor



Equinor: scaling digital initiatives to build sustainable solutions in the energy sector

As senior vice president and chief digital officer at Equinor, Torbjørn Folgerø is responsible for shaping and executing a company-wide digital roadmap, defining Equinor's enterprise data strategy, scouting for emerging technologies, and developing data science solutions.

Equinor, formerly Statoil, is a Norwegian-based international energy company with a presence in more than 30 countries, revenues of \$61 billion, and 20,000 employees.

Digital transformation at Equinor

What is your digital transformation strategy?

Our digital roadmap is centered around six digital programs cutting across the company and three key enablers: developing digital capabilities and leadership, utilizing the external ecosystem, and developing our unified data platform.



We recently built a cloud-based data platform called “Omnia.” Here, relevant data is being made available, irrespective of its source or its point of creation in the value chain. The idea behind this platform is to move from silos of data across our value chain – such as development and production, transportation, marketing and trading – to one common data platform that orchestrates all our data.”

For example, on this third objective, we recently built a cloud-based data platform called “Omnia.” Here, relevant data is made available, irrespective of its source or its point of creation in the value chain. The idea behind this platform is to move from silos

of data across our value chain – such as development and production, transportation, marketing and trading – to one common data platform that orchestrates all our data. Our onshore, integrated remote operations center in the US is already using this platform to develop machine learning and data analytics that help with operational improvements and making better data-driven decisions.

We are driving digital opportunity via three technology enablers: process digitalization, data science, and robotics and remote control. We will continue to work in these areas and focus on expanding our scale of digital operations. By 2020, Equinor plans to invest around a quarter billion dollars in digital technology to create more value and improve operations.



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Transforming operations

What are some of the most notable recent digital initiatives you have launched?

This year, we established an integrated operations center (IOC) with the aim of improving safety,

increasing value creation, and reducing emissions from our installations on the Norwegian continental shelf. Over time, all our 30 operated, offshore assets on the Norwegian continental shelf will be connected to the center. So far, three assets are live, with two more coming on stream before Christmas.

Here too, we are streaming industrial data from these offshore assets into one physical center. In this center, we have a 90-member team that includes engineers, data scientists, and software developers. Their role is to use the data and continuously develop new solutions on production optimization and predictive maintenance using machine learning and other techniques. Our ambition is to create value from our operated fields in Norway by more than \$2 billion from 2020 to 2025.

We also built digital twins for four of our oil field projects. The digital twins allow for a virtual, real-time representation of the physical installations. If we take the example of the Johan Sverdrup oil field, there is a lot of data collected during the planning and operation phase. The digital twin, which we have built by embedding gaming visualization into our 3D models, will help us maximize the value of this data to run analytics and provide relevant technical information. We will continuously develop this and scale to other projects.

We recently launched an operational planning tool, which we piloted in one of our assets in Norway, to improve offshore risk management and safety, using cognitive techniques. We created a minimal viable product that the asset team is now using. It integrates data from five different sources into one new visualization, consisting of incident data, technical integrity data, and planning data. We are also using natural language processing to tap into previous security incidents in the company so that

operators and engineers learn from what happened previously before they execute the work. The system is able to find valuable insight by screening our history of incident records, often written text and pdfs in Norwegian dialects! The solution is now being scaled to all our assets in Norway.

We have also launched a reservoir-experience platform, making subsurface data available in Omnia, which is more than half of our data volumes in the company. This is used to explore new oil and gas reservoirs and to improve the recovery rates and lifetime of existing reservoirs.

Lastly, we created a team focused on robotic process automation. The team has already freed up a significant amount of time; time that is now spent on value creating activities instead of manually moving information from one system to another. Our new virtual employees, called Rob and Roberta, are now responsible for executing many routine tasks, thus improving efficiency as well as reducing human-driven errors.



We built digital twins for four of our oil field projects. The digital twins allow for a virtual, real-time representation of the physical installations.”

Change management

How did you prepare the organization for your digital transformation?

We took both a top-down and bottom-up approach. Equinor’s leadership has three challenging yet simple tasks – shaping the future, empowering

people, and delivering results. These three also fit very well in our digital vision. We are working toward enabling our leaders to achieve these goals. For example, “Taking Equinor beyond 2025 Digital,” was launched a few years back involving 11 senior vice

presidents. Today, our CEO and executive committee spends lot of time understanding and working on the overall digital roadmap.

We are also investing in developing the digital skillset among all our employees. We have many smart minds working at Equinor and it is our current workforce that knows our business and the problems to be solved by applying new digital technology. Therefore, we have established our "Digital Academy," where all employees can learn about digital, from machine learning to programming to cybersecurity to Office 365. We also launched a Digital Center of Excellence in 2017 that is responsible for managing digitalization efforts across the company through six digital programs. The center of excellence has employees both from the business side as well as world-leading talents within areas such as machine learning and artificial intelligence.



We took both a top-down and bottom-up approach."

How are you addressing the challenge of hiring and sourcing digital talent?

We are addressing this challenge in four ways. Firstly, a lot of our employees have strong quantitative aptitude, and many are already working alongside analytics teams. We try to upskill and re-skill these employees and engage them with data science projects. Secondly, we target external recruiting, particularly new software developers, IT security professionals, and data scientists. In the new Digital Center of Excellence, the ratio of internal versus external recruitment is almost equal. We want to attract digital talent in the fields of data analysis, machine learning, artificial intelligence, and software development. The fact that we are addressing some of the biggest energy problems in the world provides a unique value proposition to digital minds. Thirdly, we have built digital labs at multiple offices and are encouraging all our data scientists and software developers to spend up to 20% of their time on education. Finally, we also nurture good relations with universities.

The future of digital transformation at Equinor

How do you see Equinor evolving in the next 10 years with respect to its digital transformation roadmap?

Digital transformation is an ongoing process and there are benchmarks that every company needs to set for itself. One can't evolve overnight and to transform at scale requires significant investment. While we have a long way ahead of us, I believe we are on the right track. We endeavor to achieve

higher levels of safety, carbon-efficiency, and profitability in a more seamless manner using data and digital solutions. And, we want to ensure that we collaborate closely with both internal and external stakeholders throughout our digital journey. Our digital evolution has the potential to significantly impact the way the energy industry functions in the years ahead.



Frédéric Levaux, Legrand



Legrand's journey: how collaboration and culture change have driven new digital innovations

Legrand is a global specialist that offers a range of products and solutions that connect millions of buildings to energy, data, and lighting – from energy distribution to digital infrastructures. With a presence in nearly 90 countries – and a workforce of over 37,000 people – Legrand reported 2017 sales of more than €5.5 billion.

As Legrand's chief digital officer, Frédéric Levaux is responsible for driving digital transformation across the Group. This primarily covers two areas: using digital to improve and transform industrial capabilities at Legrand and using digital to make Legrand a better workplace.

An MBA graduate of HEC Paris, Frédéric is a veteran of digital innovation projects and new ventures. He has co-founded several start-ups, including a venture capital-backed mobile software publishing firm.

Legrand's digital transformation journey

What was the impetus for Legrand's digital transformation?

The history of Legrand is a traditional industrial company focused on manufacturing electrical switches and outlets in a slow-moving industry. Digital was not on top of the agenda. But everything changed a few years back with IoT. A big realization for us was when Google Assistant and Nest emerged. It showed that a company could come in from scratch, create a domestic thermostat, and sell it directly in what was a traditional value chain that involved the manufacturer, wholesalers, installers, and end users.



The history of Legrand is a traditional industrial company focused on manufacturing electrical switches and outlets in a slow-moving industry. Digital was not on top of the agenda. But everything changed a few years back with the IoT.

We reacted very quickly in 2015 by launching the Eliot program, a worldwide program that aims to accelerate IoT deployment within the Group's product range. By 2017, Eliot had more than 30 connected product families and generated sales of almost €488 million from connected devices.

We have a vision that, in the future, all the products we make today will be connected and interoperable. Initiating connected products really started the chain of events. In the beginning, as we got these products to market, they started generating data on our end users through apps and websites. We were

able to leverage this data to improve the customer experience and identify ways to connect an entire ecosystem. With this experience, we are now able to connect all the dots and accelerate our efforts. However, I would say that we are still in the first half of our journey. We are now making sure that everything is connected and that we have a single view of our end user and that all the necessary steps regarding security and privacy are taken into consideration.



We reacted very quickly in 2015 by launching the Eliot program, a worldwide program that aims to accelerate the deployment of the IoT within the group's product range. By 2017, Eliot had more than 30 connected product families and generated sales of almost €488 million from connected devices.

What is so revolutionary about intelligent switches and outlets? What's the benefit to the consumer?

In order to fully answer, you have to understand that connected switches and outlets are part of a larger connected home ecosystem. The fact that a switch is connected has little direct impact on the consumer, however, if you consider that switch or outlet as a set of intelligent sensors, then their role becomes key. These switches are already present in every room of your house, they could integrate temperature sensors, air quality sensors, light

sensors, and microphones. That data will make your smart home assistants more intelligent and will also make your home safer by monitoring any electrical hazard, for example. Coupled with usage data and artificial intelligence, our products could improve your quality of life tremendously in the home as well as contribute to substantial energy savings.



Coupled with usage data and artificial intelligence, our products could improve your quality of life tremendously in the home as well as contribute to substantial energy savings.”

What role does design play in your innovation strategy?

Over the last few years, we have focused on using design as a differentiating factor. When you are in a very commoditized industry like ours – with switches and outlets – you must find ways to differentiate. Design is a great way to do it. Our design teams now work at the product conception phase with the engineering teams.

We created a Group-level website for collaboration across design teams in Europe, Asia, India, and the US. These design teams employ a user-centered design approach, which is a framework where things like usability goals and user characteristics are studied at each phase of the design process. For example, what do our users do when they come home from work? What parts of their home do they often touch? The designers think about how our end users might interact with our products – through voice, touch, or motion – and how they can use that information to build designs for new user interfaces. We believe that focusing on voice, touch, and motion in this user-centric design approach differentiates us.



Over the last few years we have focused on using design as a differentiating factor... design teams employ a user-centered design approach.”

Promoting internal collaboration and developing talent

Are you also navigating a cultural change in your digital transformation journey?

For us, digital means more collaboration internally. In the past, when products were not connected, employees did not naturally reach out to their colleagues in other departments. This was because we had very distinct products with sometimes different distribution channels. Now that our products need to talk to each other, we need to

have standard protocols so that the data can be shared. This means employees must work together from the initial product conception. Culture change is primarily about driving the greater collaboration that our digital transformation requires. For this, we launched an initiative to change our ways of working – to increase collaboration and to increase sharing of knowledge and data. We are accomplishing this through working groups, seminars, and using workplace collaboration tools.

The other big cultural change for Legrand is to move from a product mindset to a solution mindset. This means that instead of thinking of a product in isolation, you must think of it in the full product lifecycle, including software, data, upgrades, and servicing. In order to accomplish that, we must improve the skills of our workforce and bring in new skills, such as software development and data analytics skills.



A big cultural change for Legrand is to move from a product mindset to a solution mindset.”

What are some specific initiatives that you have in place to develop your current talent?

In one of our projects, “digital training and skills,” we’ve put in place an internal digital platform to train employees on the different steps of digital. In the first phase, we are training 9,000 employees. It is

a collection of massive online open courses (MOOC), which are gamified with quizzes and challenges so that employees can earn points and feature on a leader board.

We also offer specialized training by function. For example, a sales person could be trained on social selling, a marketing employee would have training on how to use CRM efficiently, and a finance employee would participate in training on how to leverage robotic process automation to improve their productivity. Our goal is to increase the overall level of awareness around digital and then give employees practical tips and tools to leverage digital in their everyday work. The program has been piloted for six months and we hope to roll it out globally to 20,000 employees in 2019.



We are training 9,000 employees through a collection of massive online open courses (MOOC).”

Looking to the future

How do you see digital transformation helping Legrand evolve in the next 10 years?

In the next five years, I hope we will be able to achieve a lot of our plans in terms of setting up the infrastructure and rolling out connected products. This means that in the next 10 years we could be one of the biggest consumer home data producers in the world. I think at some point there will be a shift where software will become Legrand’s main focus and first source of revenue as the mechanical

parts become less and less important. What will remain important is the user interface, the design, and of course, the intelligence around user habits contained in the home data captured by those switches and outlets. I can envision a future where we might be selling insights to other companies to build better homes or energy management systems. The opportunities are many and I believe we will be a key player in providing data to create larger connected environments, from connected buildings to connected cities.



Eric Chaniot, Michelin



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

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.

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.

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, Allopnus. 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."

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.

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

Fostering a start-up culture

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. 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



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

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 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."

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.



Rahul Welde,
Unilever



Unilever: consumer-first approach accelerates digital transformation

Rahul Welde – executive vice president, Digital Transformation – leads global digital initiatives at Unilever. A veteran of the company, he joined in 1991, and has worked across a range of roles in the global organization. A well-known face in the industry, Rahul plays an active role in industry bodies and was chairman emeritus for the Mobile Marketing Association Asia and the regional vice president for the World Federation of Advertisers (WFA).

Unilever's digital transformation – the journey so far

Which digital transformation initiatives are you most proud of?

There are quite a few initiatives we are proud of. We are seeing the benefits of transformation across a number of business areas – in driving impact for our brands as well as efficiencies.

We have laid a strong foundation through our 5C framework – consumers at the center, with great content and connections, building communities, and powering commerce. This framework lies at the heart of our transformation. This is showing great impact across our presence in the digital ecosystem. Equally, we have stepped up from a technology and tools perspective. This drives simplification whilst bringing new tech into our plans. For example, the work we have been doing through media and our programmatic trading desk “ULTRA” or U Studios which is our content capability. We are also using a variety of tools to enhance the quality of our investments, embedding a test-and-learn approach, greater experimentation, and continuous-learning loops. We are going beyond communication and using these to fuel innovation across the business system. We now have data centers in many locations, enabling us to deploy modern tech and systems. All these initiatives form the backbone of the multi-faceted digital transformation of Unilever.



We have laid a strong foundation through our 5C framework – consumers at the center, with great content and connections, building communities, and powering commerce.

What surprised you the most in your journey so far and what did you learn from it?

One of the things that has grown faster than expected is e-commerce. People's need for convenience – along with the friction-free nature of platforms – has led to a dramatic increase in consumers embracing e-commerce. It is very liberating for consumers to make their own choices, and where and when they want to shop. The second area which has taken off is in social influence. The impact of social influencers in shaping consumer interest has been much bigger than anyone imagined. The key learning is that we have to keep a sharp eye for the changes that are taking place and as we are a part of that fast-changing ecosystem, we need to respond rapidly.

Engaging the end-consumer

Is being “consumer first” a challenge for Unilever, given the need to keep up to speed with fast-changing consumer needs and preferences? How do you manage to keep pace?

We pride ourselves in staying close to local trends and having very customized approaches to all segments. We have a very diverse portfolio, both in terms of geography as well as product categories. That requires us to stay very close to our consumers and thus all our thinking and

frameworks have a consumer-first approach. As an example, “Putting People First” is central to our Crafting Brands for Life approach. Another example is that the consumers are at the center of our 5C framework. We always think of people and consumers at the center. This also enables us to keep pace with changing demands and trends. Technology is changing things fast and it is here that we are leveraging our global scale, expertise, and approaches. We always remember one underlying principle – we sell everyday products that consumers value and use regularly. With that perspective, we have to ensure that we are at the sharp edge of great execution, every day and everywhere.

How are you leveraging new technologies to transform your relationship with the end consumer?

A large part of the business is still conducted in retail stores, while e-commerce is the fastest growing channel. The influence or how we engage consumers is increasingly online. We must win in an omnichannel world leading across conventional as well as new channels – both for communication and for commerce. We have evolved our marketing significantly and continue to do even more now. We have invested in large digital platforms and capabilities, and are leveraging data, optimizing our content and connections using tech and tools, and effectively engaging with consumers more directly through a data-driven approach.

Taking the employees along

How have your employees responded to digital transformation? How readily did they embrace the change?

Digital is touching everyone, including employees who experience the dramatic changes in their daily lives. It is easy therefore to understand the change. A cultural transformation underpins digital transformation. It is also about skills – we have been driving a large-scale skills transformation program across our organization. In Marketing alone, thousands of our employees are constantly



Our leaders are enrolled in a reverse-mentoring program, where some of our younger digital-native employees act as mentors to these very senior leaders... it is very exciting for both these groups.”

upgrading their skills, while other functions – such as finance, supply chain, procurement, HR – are reskilling thousands more. These initiatives are driving empowerment, greater agility, greater collaboration, and greater experimentation.

How involved is Unilever’s leadership in these reskilling programs?

Leaders have to very much be a part of the culture transformation – in fact, at the center of it. Similarly, when it comes to digital we are enabling our leaders with new skills and deeper understanding of technology. For example, our leaders are enrolled in a reverse-mentoring program, where some of our younger digital-native employees act as mentors to these very senior leaders. And it is very exciting for both these groups. For senior leaders, it demystifies technology and improves their knowledge base. More importantly, it also creates a cultural intervention. It sows the seeds of a culture that is

much more accessible, open to experimenting with fresh ideas, and willing to learn. It is also a way for leadership to signal to the entire organization how serious they are about making the change.

Many companies fail to create exciting learning or reskilling programs for their employees. How did you tackle this issue?

We believe learning must be in a self-motivated environment to be most effective. We think of our employees as we would think of consumers – internal customers but the same principles. We therefore aim to create a similar wow effect with learning and culture change as we do with our brands for consumers. Thus, our programs and initiatives internally are also marketed in that fashion to the employee. As a simple example, we would

use Instagram or social-style posts rather than just emails, we craft newsletters that are exciting, we track open rates but also customize to various internal segments. Great learning programs have two things that make them exciting and successful – great content presented in compelling manner. The design must engage, must prompt employees to participate, and then must deliver against expectations. Most important is to build a learning culture – we continuously strive for that. There can never be enough learning.



We think of our employees as we would think of consumers – internal customers but the same principles.”

Sustaining the momentum

In your digital transformation journey, to what extent do you involve partners as opposed to working on your own?

Partners are critical part of the transformation journey. They bring some great capabilities, new knowledge and approaches, and enable a level of external perspective that we cannot get on our own. For me, personally, I spend a lot of time with our partners and agencies.

There is always the question of working with partners compared to doing things in-house. Both approaches have their pros and cons. However, a few strategic and operational filters help us make a

decision. Technology expertise is one area where it makes a lot of sense for us to leverage partnerships to accelerate our progress. For instance, voice assistants are a ripe space for experimentation, and a lot of companies are building expertise in them. We are better off accelerating our progress by partnering with them than trying to do it in-house. For instance, start-ups are creating new solutions and services. We have been aggressively engaging with start-ups through our Unilever Foundry, trying to craft new business models, and so on. We have hundreds of projects. On the whole, partnerships will continue to be very important. I would argue even more important than before – particularly when it comes to innovation and technology.

Capgemini Perspective

Understanding digital mastery today

Why companies are struggling with their digital transformations



There is no doubt that organizations understand the importance of digital transformation. Worldwide spending on digital transformation technologies – hardware, software, and services – is expected to cross the \$2 trillion mark by 2021.¹ The investment commitment to putting the infrastructure in place is not in question.

But, are organizations turning these investments into successful transformation journeys? In our 2012 research with the MIT Center for Digital Business, we established that a high-performing cohort of organizations – digital masters – outperformed their peers in every industry.² Six years on we undertook new research to gauge whether large organizations have mastered the art and the science of digital transformation.

We surveyed more than 1,300 executives in over 750 global organizations and interviewed senior executives responsible for their organizations' digital transformation programs. Six years after our original research, organizations have had time to build capability and experience in driving digital transformation and one would expect the level of digital mastery to have progressed from 2012. However, our research does not find a clear

advancement. Organizations are still struggling to turn their investments into business successes. This might reflect the difficulty for organizations to adapt to the dizzying pace of change in technology innovation (e.g., artificial intelligence, internet of things, automation). Moreover, business model disruptions in many industries are challenging traditional value-chains. But, it could also be that organizations were overly optimistic in 2012 and have now realized the magnitude of the challenge, coupled with rising expectations of markets, employees, and customers.

In this report, we focus on three key areas:

- An assessment of how organizations have progressed with their digital transformations in the last six years
- The major challenges that organizations face as they implement their digital transformations
- Key recommendations for how organizations can sustain their digital transformation journeys based on what digital masters do differently today.

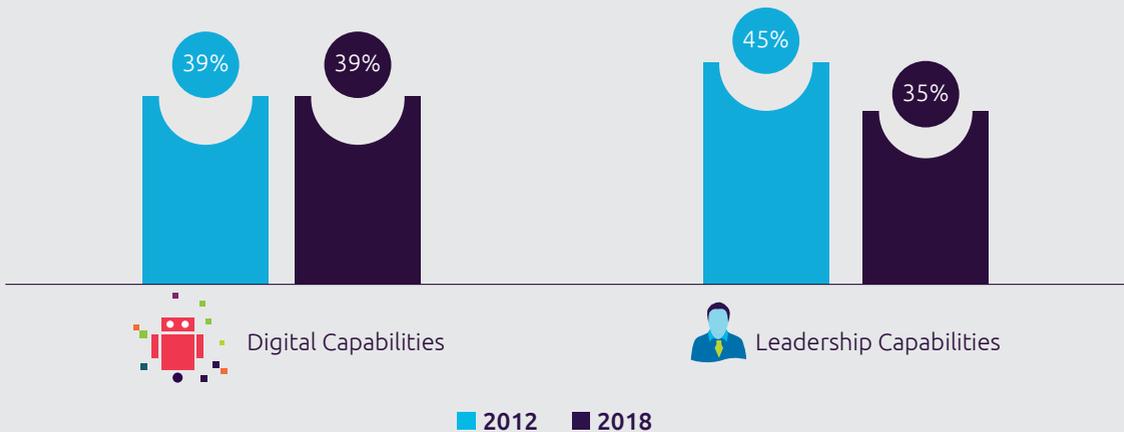
Find out more about the **Understanding Digital Mastery Today** report by visiting www.capgemini.com/understanding-digital-mastery-today/



Many organizations are finding their digital transformation journeys a struggle

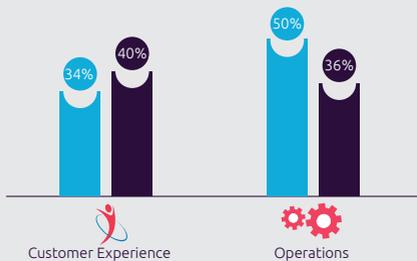
Only a minority have the digital and leadership capabilities required

Percentage of organizations believing they have the required capabilities

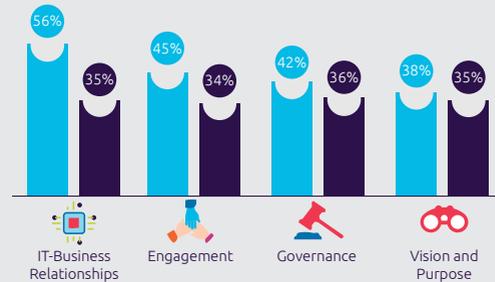


How did things change from 2012 to 2018? While expectations have increased, many organizations have not kept pace.

Percentage of organizations believing they have the required digital capabilities



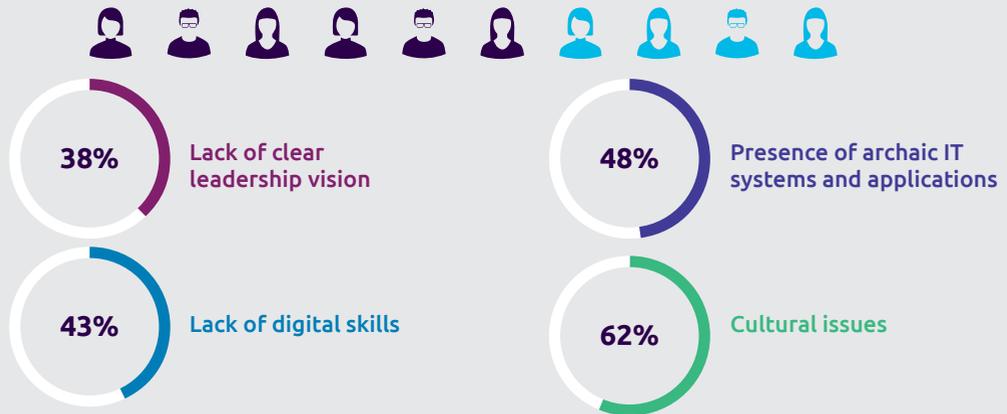
Percentage of organizations believing they have the required leadership capabilities



Source: Capgemini Research Institute, Digital Mastery Survey; April–May 2018, N=1,338 respondents, 757 organizations; Capgemini Invent and the MIT Center for Digital Business, “The Digital Advantage: How digital leaders outperform their peers in every industry,” 2012, N=391 organizations. Questions included in this analysis are the same in 2012 and 2018.

Hurdles to digital transformation

More than 6 out of 10 respondents consider culture as the number one hurdle to digital transformation



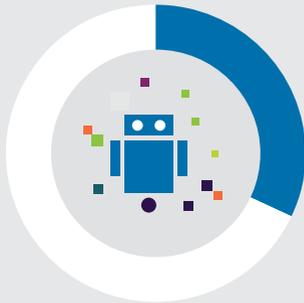
Source: Capgemini Research Institute Survey, Digital Culture; March-April 2017, N = 1700, 340 organizations.

Respondents who reported culture among the top two hurdles (Breakdown by geography)



Source: Capgemini Research Institute Survey, Digital Culture; March-April 2017, N = 1700, 340 organizations

Employees are not being invited on the digital transformation journey



Only **36%** of organizations agree that it is possible for everyone in the company to take part in the conversation around digital initiatives

Organizations are not upskilling employees

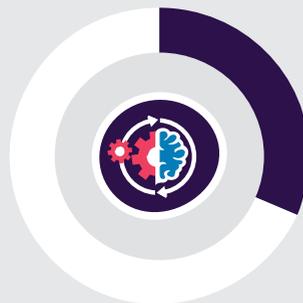
44% Upskilling/reskilling on digital skills is a top priority for our company



Organizations are not paying enough attention to the crucial ingredient - digital culture



38% Actively promote data-driven decision making



35% Actively promote the exploration of new ideas and experimentation at all levels

Source: Capgemini Research Institute, Digital Mastery Survey; April–May 2018, N=1,338 respondents, 757 organizations.

Leadership and employees disagree on the existence of digital culture in their organizations



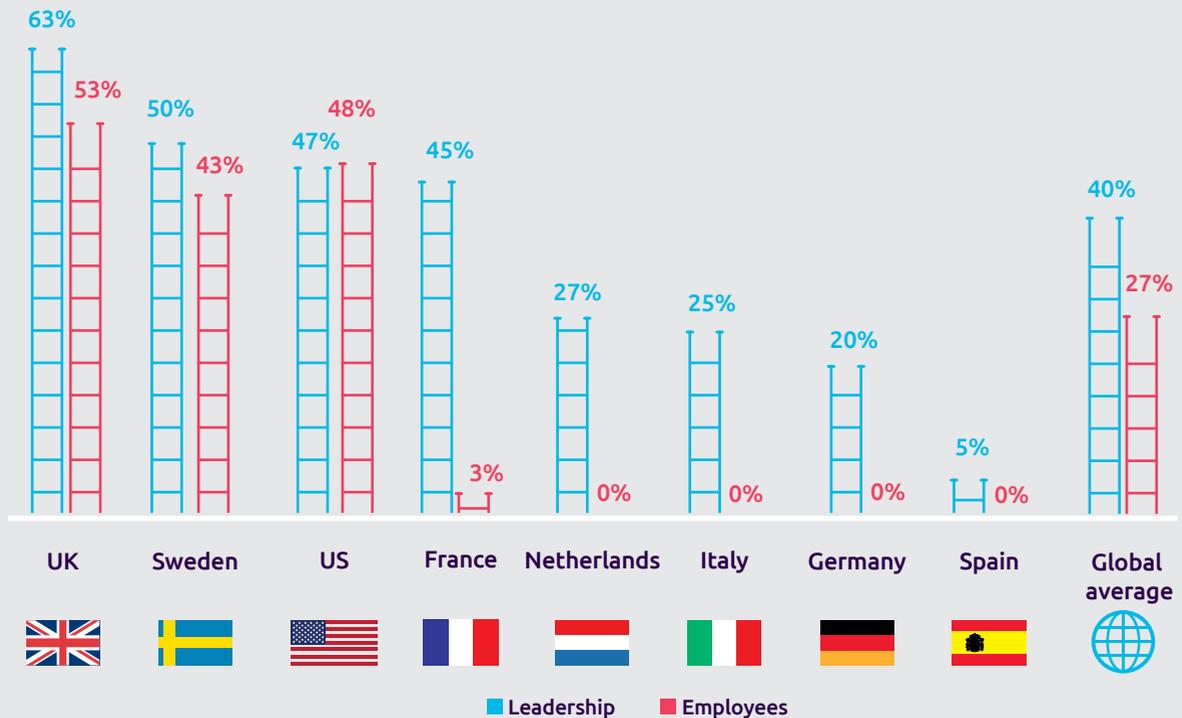
40% of leadership believe that their organization has a digital culture



Only 27% of employees agree

Source: Capgemini Research Institute Survey, Digital Culture; March-April 2017, N = 1700, 340 organizations.

Percentage of leadership and employees who agree that there is a high prevalence of digital culture in their organization



Source: Capgemini Research Institute Survey, Digital Culture; March-April 2017, N = 1700, 340 organizations

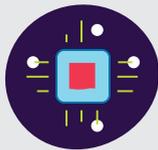
How do we define digital mastery



Digital Capabilities



Leadership Capabilities



Technology and Business



Vision and Purpose

Workforce Enablement



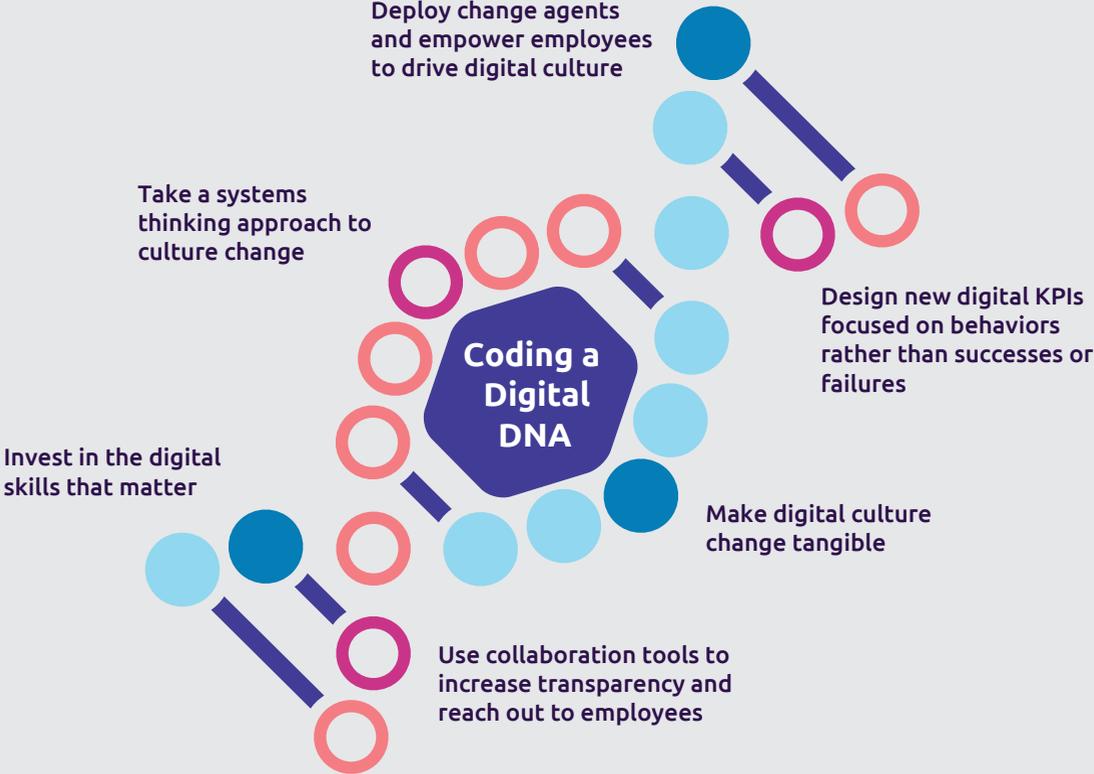
Culture and Engagement



Governance

Source: Capgemini Invent.

Blend top-down and bottom-up approaches to code a Digital DNA



Source: Capgemini Research Institute analysis.

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 over 200,000 team members in more than 40 countries. The Group reported 2018 global revenues of EUR 13.2 billion.

Learn more about us at
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About Viva Technology

Co-organized by Publicis Groupe and Groupe Les Echos, VivaTech is the world's rendezvous for startups and leaders to celebrate innovation. This international event, dedicated to the growth of startups, digital transformation and innovation, will take place 16-18 May 2019 at Porte de Versailles, Paris. More than 100,000 visitors attended the third edition, an increase of more than 47% in one year. Viva Technology 2019 will build on this success and will bring together startups, business leaders and executives, investors, academics, students and media from around the globe.

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