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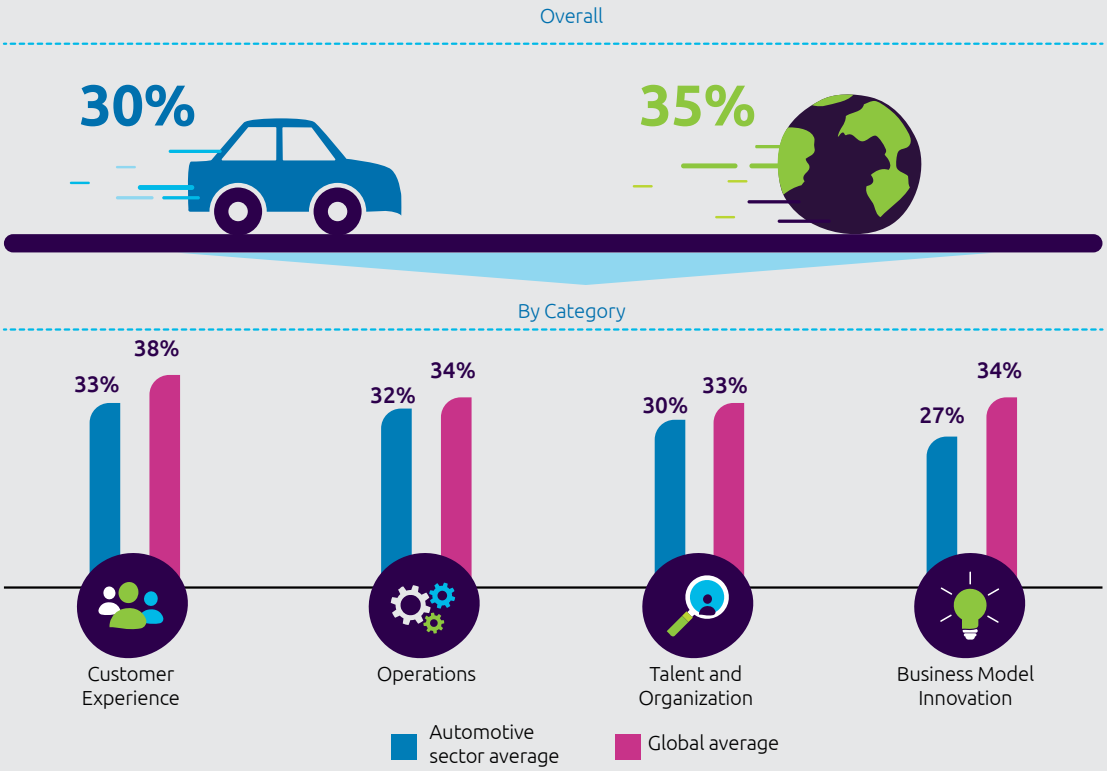
Automotive lags behind other sectors in their digital transformation journeys

Fewer than a third of automotive companies have the digital capabilities required for digital transformation

Percentage of organizations believing that they have the necessary digital capabilities, in the automotive sector and globally



Source: Capgemini Research Institute, Digital Mastery Survey; April–May 2018, N=1,338 respondents, 757 organizations; N=174 automotive respondents, 85 automotive organizations.

How can automotive organizations progress on their journeys to digital mastery?

Develop a digital culture that spans traditional automotive silos and hierarchy

6 out of 10 **automotive respondents** (63%) say that culture is the top hurdle to digital transformation

39% **of automotive employees say leadership acts as a role model** in displaying openness to change and adopting new behaviors (versus **75%** of automotive leadership)

- Deploy change agents and empower employees to drive digital culture
- Use collaboration tools to increase transparency and reach out to employees
- Design new digital KPIs focused on behaviors rather than successes or failures
- Make digital culture change tangible
- Set a clear vision and have visible leadership involvement

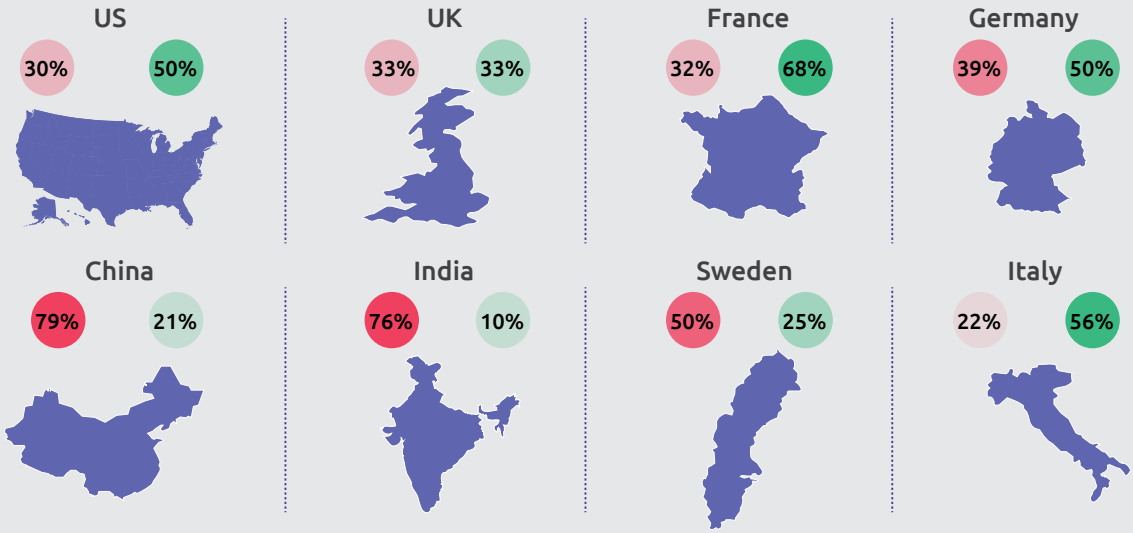
Source: Capgemini Research Institute, Digital Mastery Survey; April–May 2018, N=1,338 respondents, 757 organizations; N=174 automotive respondents, 85 automotive organizations.

For more insights, read our report here:

Capgemini Research Institute, "The need for speed: Four recommendations to turbo-charge digital performance in the automotive industry, Global digital mastery research series: automotive," November 2018.

Across the world, digital plants have generated a lot of enthusiasm among utility players

Adoption: Europe and US are the early adopters while India and China plan to catch up



We have a digital plant initiative being formulated or work in progress

Below 25% | 25 - 35% | 35 - 45% | 45 - 55% | Above 55%

We have an ongoing (operational) digital plant initiative

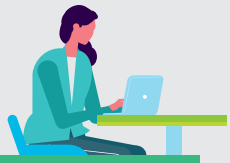
Below 25% | 25 - 35% | 35 - 45% | 45 - 55% | Above 55%

Source: Capgemini Research Institute, digital utilities survey, February-March 2017; percentages indicate the share of organizations in each category

How can utility companies increase their digital maturity to realize full potential of digital plants?

Beginners

- Use business case analysis to see and prioritize digital plant initiatives, taking organizations' strategic goals into account.
- Perform proof-of-concepts to identify most appropriate technologies and applications.
- Set up effective governance process to track the benefits



Conservatives

- Go for holistic transformation rather than point technology solutions
- Chalk out a strategic investment plan to scale up the digital plant initiatives

Fashionistas

- Synchronize the digital efforts by engaging the leadership to drive the initiative from the top
- Develop and nurture skills among employees to make the most out of digital plants

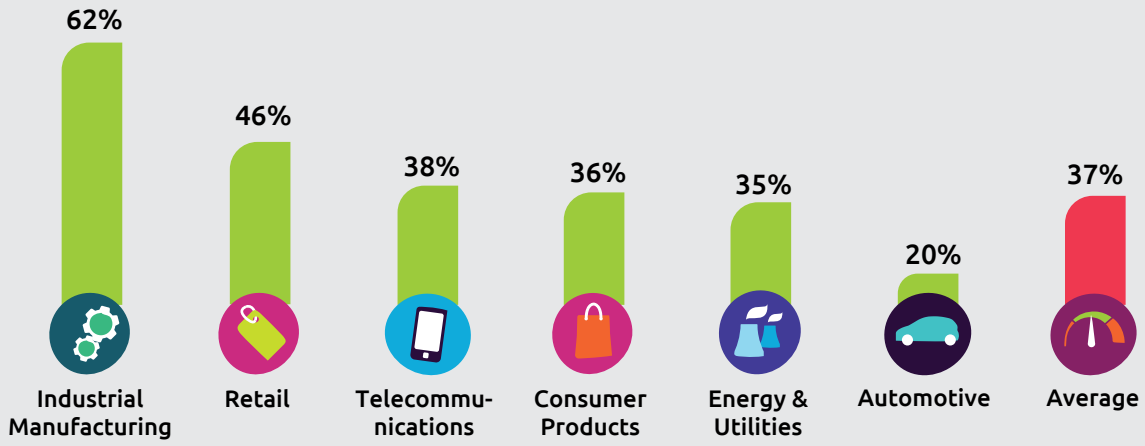
Source: Capgemini Research Institute analysis

For more insights, read our report here:

Capgemini Research Institute, "The Digital Utility Plant: Unlocking value from the digitization of utility production," September 2017.

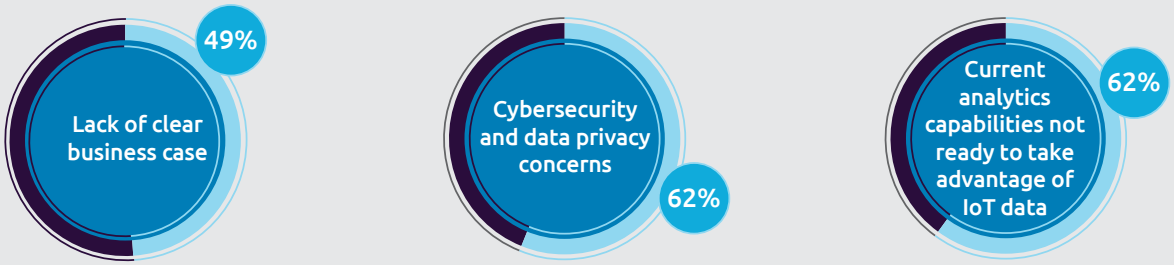
The challenge of scaling up IIoT initiatives is compromising benefits

Less than four out of ten organizations are deploying IIoT at full scale



*Full scale implementation means organizations with deployments across all regions, geographies and sites that the company operates in. Organizations with one or more use cases at full scale implementation form part of 37%.
Source: Capgemini Research Institute, Industrial IoT survey, N=316 organizations, 37% represents 116 organizations who have implemented IIoT, October 2017

Why are organizations struggling to move beyond pilots?



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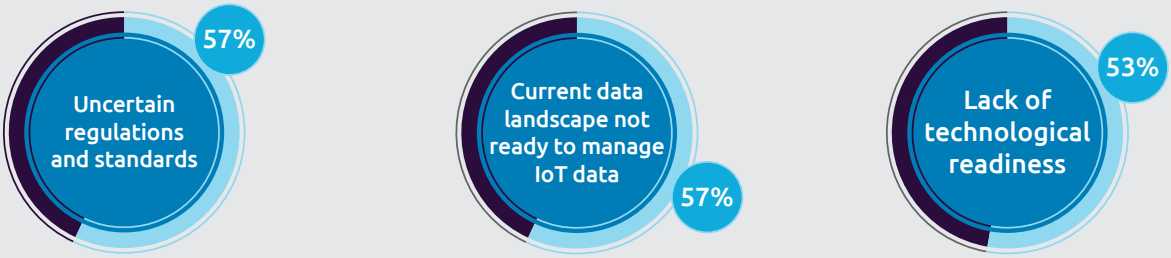


Source: Source: Capgemini Research Institute, Industrial IoT survey, N=316 organizations, 37% represents 116 organizations who have implemented IIoT, October 2017

Scaling up an IIoT strategy

Reviewing current tech capabilities and plugging gaps

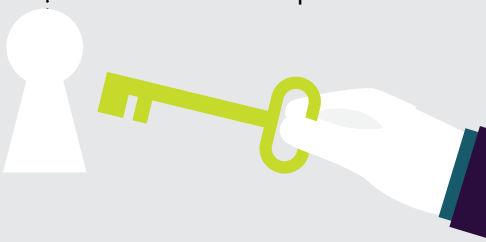
- Put in place analytics and development platforms required to take advantage of growing volumes of structured and unstructured data.
- Important criteria for organizations to consider while building up a platform:
  - Full-fledged device management capabilities
  - Seamless integration with current business applications
  - Data security
  - The ability to analyze the huge volumes of data generated

Investing in data management, analytics and artificial intelligence (AI)

- Descriptive analytics and AI to gain a granular view of the specific process
- Predictive analytics and AI to learn from past patterns and events mitigating and managing those risks
- Prescriptive analytics and AI to build a feedback loop to optimize, assist, or partly automate that process

Addressing IIoT security concerns

- Building IIoT devices for security from the ground-up
- Following best practices for data management and security controls to guard against potential risks from partner ecosystem
- Security solutions need to be tuned in to the specific needs of industrial IoT set-up



Source: Capgemini Research Institute analysis.

For more insights, read our report here:

Capgemini Research Institute, "Unlocking the business value of Industrial IoT," March 2018.

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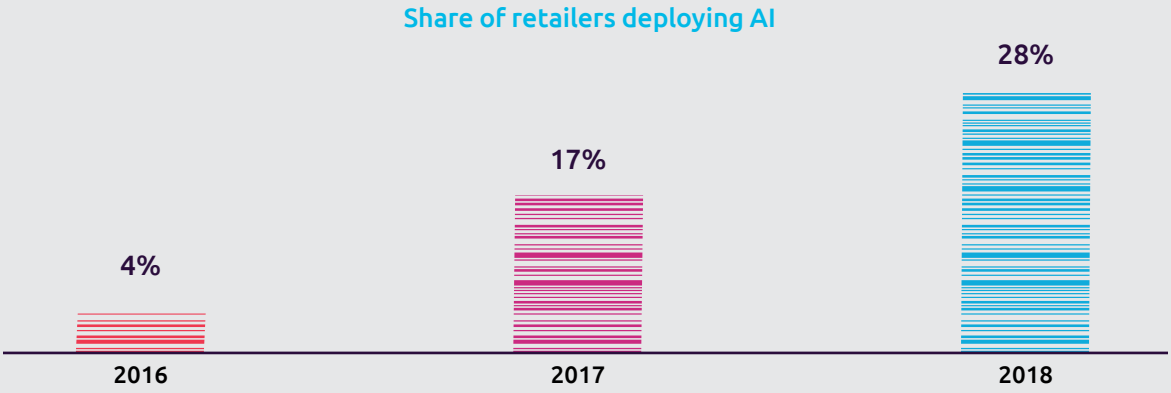
Retailers are accelerating their AI deployments

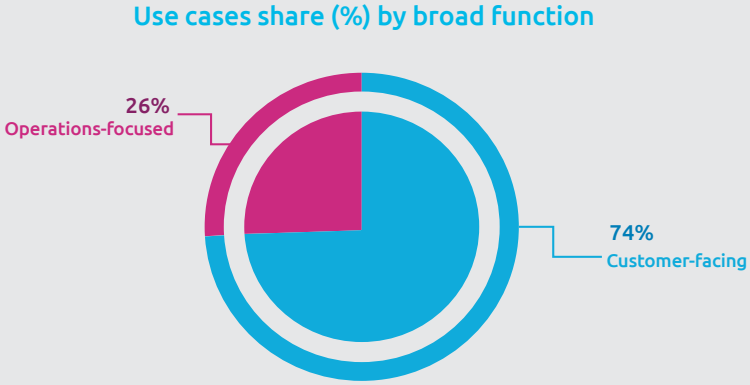
More than one out of four retailers are deploying AI in their organization



Note: These are retailers that are working on AI at any stage of maturity: pilot, multi-site deployment, and full-scale deployment.
Source: Capgemini Research Institute analysis; Analysis of Top 250 retailers based on 2017 revenue from Bloomberg, October 2018.

Most retailers focus on customer-facing AI initiatives

Almost three out of four AI use cases are deployed in customer-facing areas

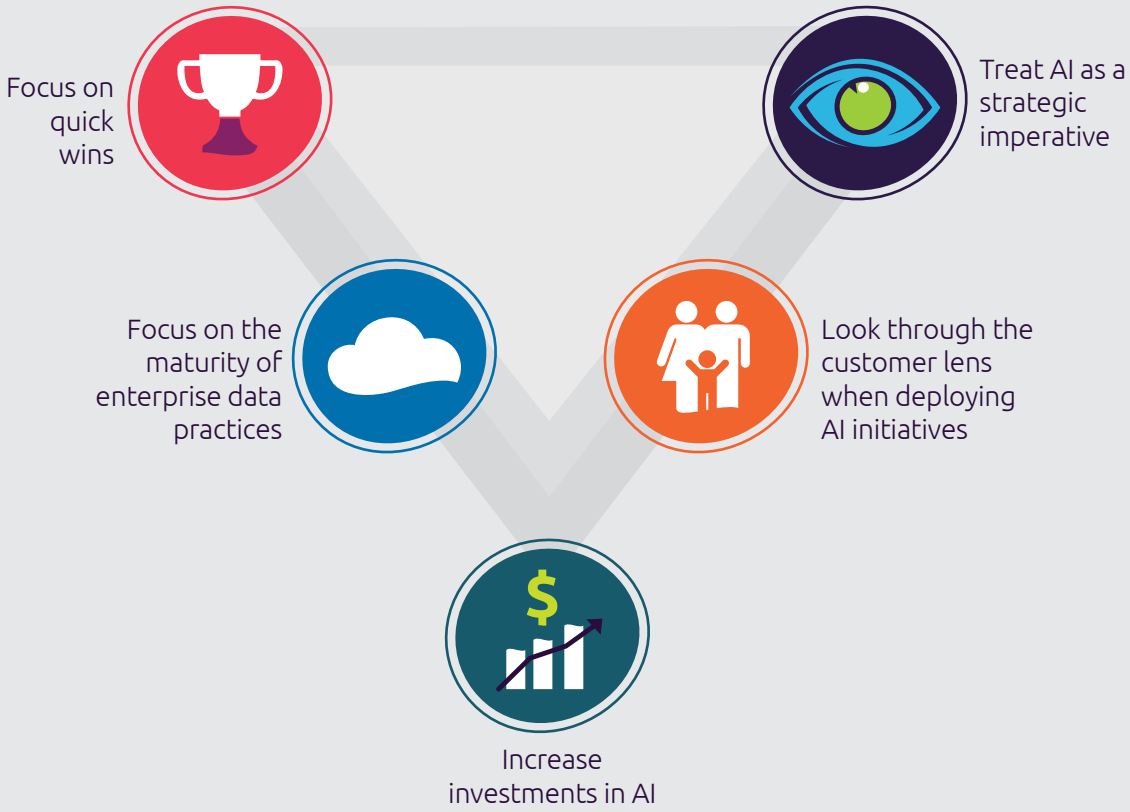


Source: Capgemini Research Institute analysis; Analysis of Top 250 retailers based on 2017 revenue from Bloomberg, October 2018.

Operations-focused use cases are defined as use cases impacting operations of retailers, not necessarily visible to the end customer, for example, supply chain optimization, procurement, etc.

Customer-facing use cases are defined as use cases with a direct impact on the end customer, for example, a chatbot for customer service.

How should retailers leverage AI to yield most benefit?



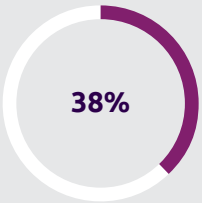
Source: Capgemini Research Institute analysis.

For more insights, read our report here:

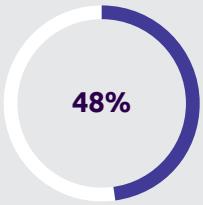
Capgemini Research Institute, "Building the retail superstar:
How unleashing AI across functions offers a multi-billion dollar opportunity," December 2018.

Hurdles to digital transformation

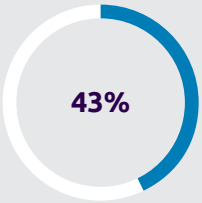
More than 6 out of 10 respondents consider culture as the number one hurdle to digital transformation



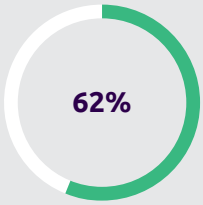
Lack of clear leadership vision



Presence of archaic IT systems and applications

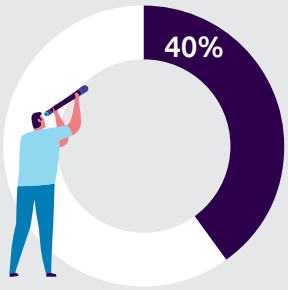


Lack of digital skills

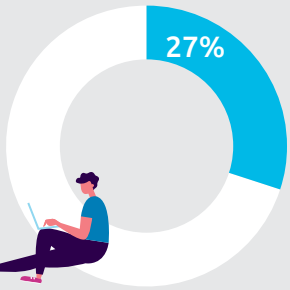


Cultural issues

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



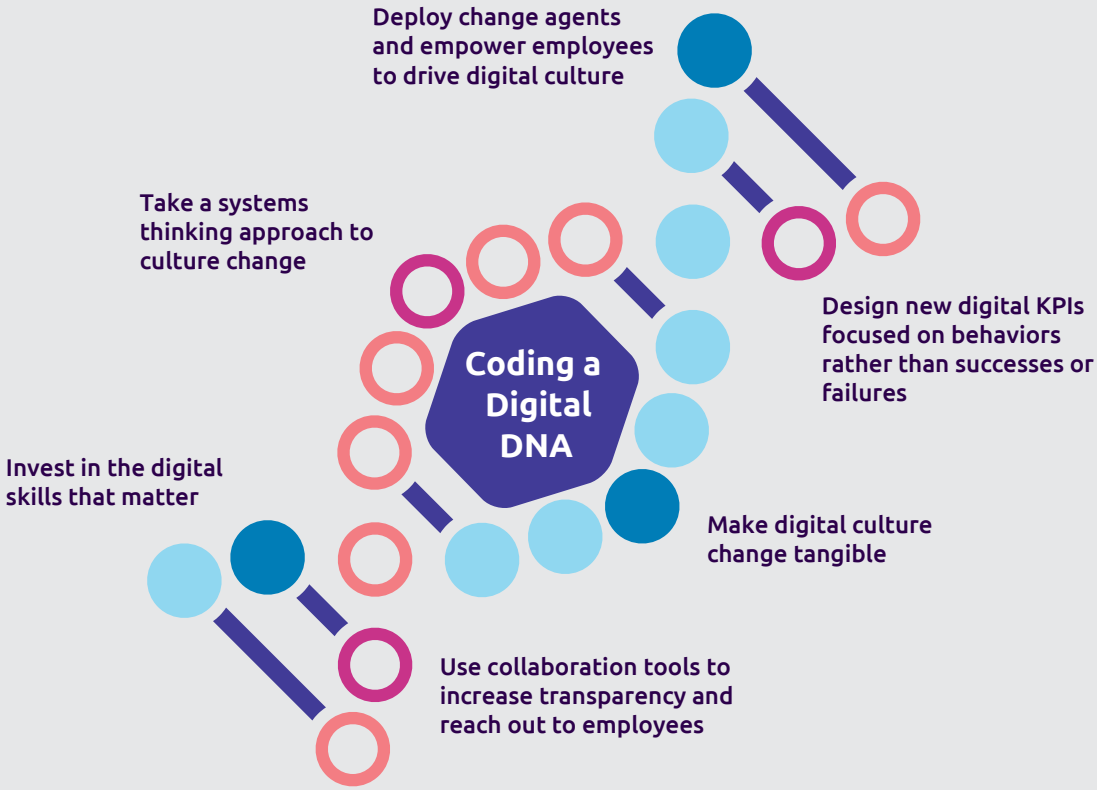
40% of leadership believe that their organization has a digital culture



Only **27% of** employees agree

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

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



Set a clear vision and have visible leadership involvement

Source: Capgemini Research Institute analysis.

For more insights, read our report here:

Capgemini Research Institute, "The Digital Culture Challenge: Closing the employee-leadership gap," June 2017.

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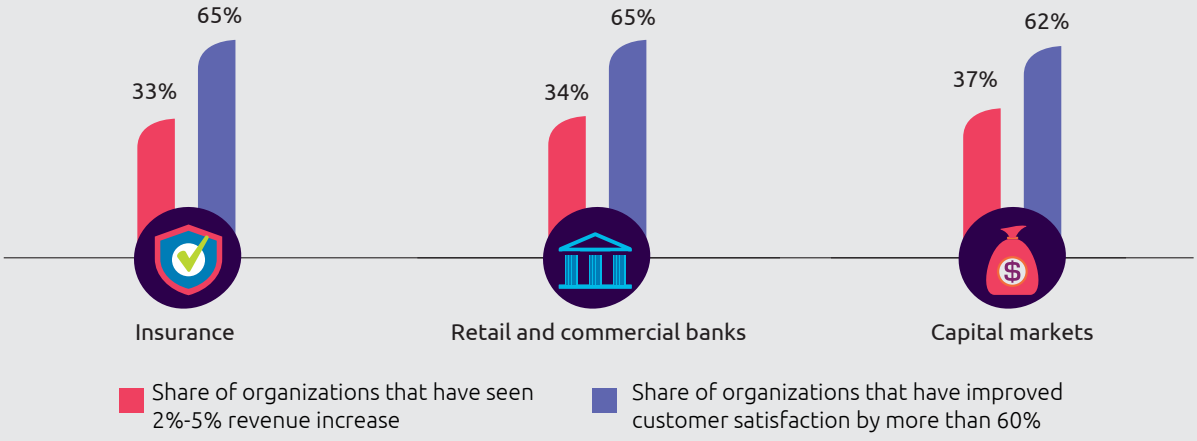
Intelligent automation in financial services offers more than just cost savings

Share of organizations by benefits from intelligent automation



Source: Capgemini Research Institute, Automation in Financial Services survey; February–March 2018, N=750 companies

Automation transformation roadmap for financial services

3. Scaling-up

- Establish an automation Center of Excellence (CoE)
- Expand automation from easy to complex use cases
- Secure and sustain employee engagement

4. Industrialize Intelligent Automation

- Processes re-engineered
- Business metrics driven
- Automation for Transformation

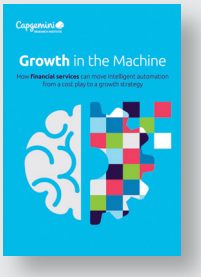
1. Vision and Leadership

- Set a compelling vision and get leadership backing

2. Pilot Intelligent Automation

- Assess and create business case
- Identify high potential use cases and test in a process or two
- Recruit automation talent
- Collaborate with ecosystem partners

Source: Capgemini Research Institute analysis.

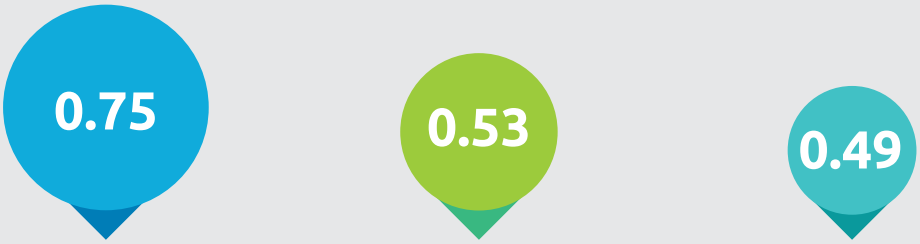


For more insights, read our report here:

Capgemini Research Institute, "Growth in the Machine: How financial services can move intelligent automation from a cost play to a growth strategy," July 2018.

Emotions have the strongest impact on loyalty

Emotions analyzed to create Emotions Index	Rational elements analyzed to create Rational Index	Brand values analyzed to create Values Index
▪ Honesty ▪ Integrity ▪ Trust ▪ Familiarity ▪ Belonging ▪ Gratitude ▪ Compassion ▪ Joy ▪ Surprise ▪ Security	▪ Price competitiveness ▪ Promotions/offers ▪ Instant customer service ▪ Same-day delivery ▪ Simple, clean, easy to use interface in mobile app/website ▪ Recommendation by friends/family/communities ▪ Loyalty reward points ▪ Age/heritage	▪ Environmentally friendly ▪ Fair business practices ▪ Fair price ▪ Ethical ▪ Socially responsible



Correlation coefficient of Emotions Index with loyalty	Correlation coefficient of Rational Index with loyalty	Correlation coefficient of Values Index with loyalty

Source: Capgemini Digital Transformation Institute survey, The Key to Loyalty; August–September 2017, N=9,213 consumers.

Emotionally engaged consumers spend more

70%

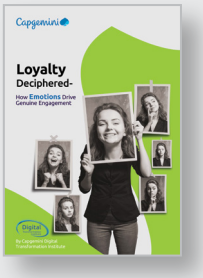
of consumers with **high emotional engagement** spend up to two times or more on brands they are loyal to

Source: Capgemini Research Institute survey, The Key to Loyalty, August-September 2017, N=9,213 consumers.

The road ahead—How can organizations make better emotional connections with consumers?

Drive **"human loyalty"** to create genuine **engagement**

Source: Capgemini Research Institute analysis.



For more insights, read our report here:

Capgemini Research Institute, "Loyalty Deciphered—How Emotions Drive Genuine Engagement," December 2017.