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Global Study Reveals That the Most Digitally Mature Companies are 26 Percent More Profitable Than their Industry Competitors

New research from [Capgemini Consulting](http://www.capgemini.com) and the MIT Center for Digital Business explores how businesses are benefitting from digital transformation, revealing significant ‘Digital Advantage’ and superior financial performance as a result

Paris, November 5, 2012 – Capgemini Consulting, the global strategy and transformation consulting arm of the Capgemini Group, in partnership with the MIT Center for Digital Business, today announced the findings of a global research survey, examining how companies are managing and benefiting from ‘digital transformation’ -- the use of digital technologies such as social media, mobile, analytics, and embedded devices to improve business performance or reach. The study, *The Digital Advantage: How digital leaders outperform their peers in every industry*, reveals that those companies that have succeeded in delivering a fundamental transformation of their business through technology benefit from a considerable ‘Digital Advantage’ and demonstrate significantly better financial performance than their peers. However, the research also reveals that despite the transformative potential of technology in everything from delivering enhanced efficiency, productivity and collaboration to improving customer experience, few firms are truly capturing the benefits of digital transformation, with the majority at serious risk of falling significantly behind their competitors.

The two-year research, surveying over 400 major global companies worldwide, has found that digital maturity consists of two dimensions -- *Digital Intensity* (The “What”) and *Transformation Management Intensity* (The “How”). In other words, *what* the firm is doing with digital technologies and *how* the firm is managing the process of transformation. It is those organizations that are mature in both dimensions that are driving the most powerful digital advantage:

- **Digital maturity matters.** The study reveals a significant and measurable performance advantage for those organizations that have a highly developed or mature approach to digital transformation. These high-performing companies -- the 'Digirati' -- outperform their industry competitors on multiple financial metrics. They generate, on average, 9 percent more revenues through their existing assets; outperform their peers by 26 percent in terms of profitability; and achieve significantly higher (12 per cent) market valuations.
- **Digital maturity matters in every sector, from high-tech to more traditional bricks-and-mortar industries.** The study also found that while there are different maturity levels by sector, there are digital leaders in all of them who are currently outperforming their peers. The study found the highest percentage of Digirati in the high-technology (38%), banking (35%), travel and hospitality (31%), insurance (33%) and telecoms (30%) industries, but Digirati also exist within packaged goods (24%), utilities (20%), retail (26%), manufacturing (12%), and pharmaceuticals (7%), although these sectors are less advanced.

Didier Bonnet, who led the research for Capgemini Consulting, said: *“Our research program has identified a class of companies – the digirati – who outperform all others to a considerable degree. These companies are outperforming their peers in every industry that we have studied. These are not necessarily companies that have traditionally been technology leaders but are companies in which the senior leadership team has woken up to the opportunities of digital transformation and made it happen. They have worked to build digital maturity and they are now reaping the benefits. Although some executives might be tempted to wait, their competitors are not.”*

Companies in many sectors have already started their transformation but some brands are more advanced than others. Capgemini Consulting interviewed digital pioneers including Burberry, Prisa, Asian Paints and L'Oréal. When Burberry's CEO, Angela Ahrendts, took over in 2006 she launched a significant transformation program covering multiple business areas, from customer experience to operational excellence, largely driven by digital technologies. This was a closely managed change program to achieve cross-channel consistency, engage employees, secure the right skills, and develop strong IT-business relationships. According to Angela Ahrendts, *“Digital has been a catalyst for everything in the company and, when we got everyone on board with this concept, they were clamoring to become even more connected.”*

Companies worldwide can, and should, take action now

The approach that digitally mature companies use can be adopted by any company that has the leadership drive to do so. The research has identified common patterns for how the leading

companies build their digital advantage - a 'Digital DNA'. First, the Digital leaders significantly invest in the "how" of digital transformation. They build and share a digital vision, engage the workforce at scale in understanding the vision, implement proper digital governance structures to ensure ownership and accountability of the transformation, invest in a competence upgrade, and build strong relationships between the business and IT/technology functions. Second, they make clear choices on *what* to transform, concentrating investment based on their own strengths and the dynamics of their competitors. For example, some excel in process digitization with a strong emphasis on analytics and internal collaboration, while others select customer experience excellence through channel integration. Digital leaders achieve excellence along their chosen paths, moving from strength to strength to dominate their industries. All leaders can use these practices to help their businesses gain the digital advantage.

George Westerman, the Research Scientist who led the research for the MIT, said: *"Achieving a digital advantage requires more than sheer digital investment. It requires building the leadership frameworks to envision and drive transformation. Digital transformation is as much about leadership and organizational change as it is about implementing new technologies. It is therefore a top-down exercise requiring skills and influence that only senior leaders possess. Although there is no 'one size fits all' for digital transformation, we have identified common patterns for how successful companies have built their digital advantage. All leaders can use this Digital DNA to help their businesses gain a digital advantage. However, both leaders and laggards need to recognise that this is a process of constant reinvention."*

Follow this link to access the full study: <http://www.capgemini.com/insights-and-resources/by-publication/the-digital-advantage-how-digital-leaders-outperform-their-peers-in-every-industry/>

About the study

In a three-year joint research collaboration with the MIT Center for Digital Business, Capgemini Consulting is conducting a joint research study into digital transformation through interviews with senior executives from leading companies around the world. The findings outlined here are from the second phase of this research, involving 469 senior executive-level interviews in 391 companies in 30 countries. These companies are all major global businesses, the majority of which have more than \$1bn in annual sales. The interviews covered a broad range of geographies and industries with participants from Europe, the US, Latin America, Asia Pacific, The Middle East and Africa, and across industries including technology, banking, insurance, telecoms, consumer packaged goods, utilities, retail, manufacturing, pharmaceuticals and travel and hospitality. This study follows on from the 2011 report, '[Digital Transformation: a roadmap for billion-dollar organisations](#),' which was ranked among the top 5 thought leadership publications of the last decade by Source – a leading market analyst firm for the consulting industry – following a thorough analysis of some 22,000 consulting reports globally. This latest study is the culmination of the second year of the collaboration between Capgemini Consulting and the MIT Center for Digital Business.

About Capgemini Consulting:

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

Find out more at: <http://www.capgemini-consulting.com/>

About Capgemini

With around 120,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2011 global revenues of EUR 9.7 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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The MIT Center for Digital Business

Founded in 1999, the MIT Center for Digital Business (<http://digital.mit.edu>) joins leading companies, visionary educators, and some of the best students in the world together in inventing and understanding the business value made possible by digital technologies. We are supported entirely by corporate sponsors with whom we work in a dynamic interchange of ideas, analysis, and reflection intended to solve real problems. The Center has funded more than 50 faculty and performed more than 75 research projects focused on understanding the impact of technology on business value, and developing tools and frameworks our sponsors can use for competitive advantage.