

DISRUPT OR BE DISRUPTED

What Every CEO Needs to Know About
Digital Transformation

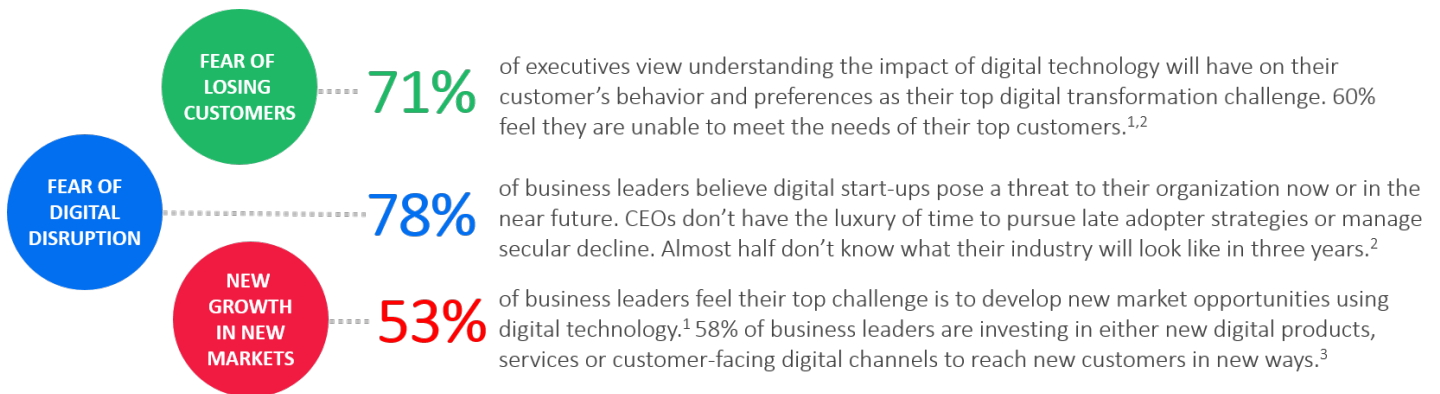
Five practical steps you can take to future
proof your business and unlock its full growth
potential with digital innovation

REPORT HIGHLIGHTS

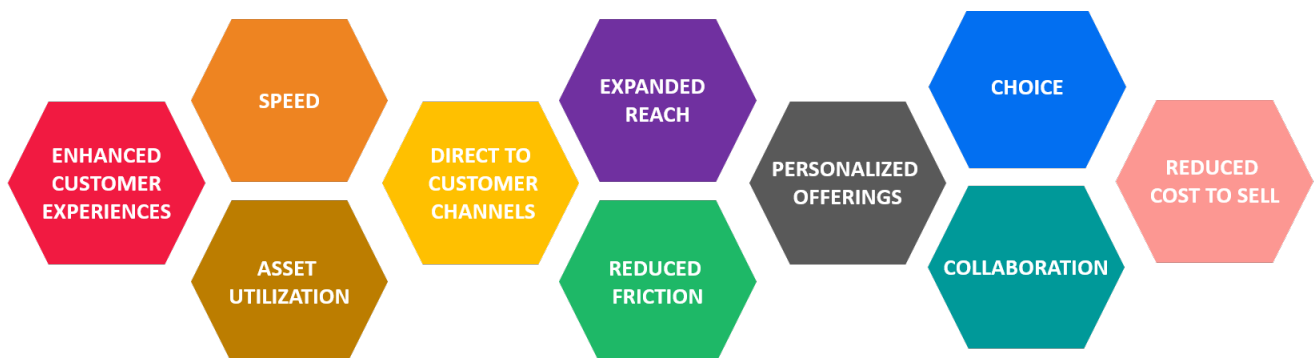
THE RAPID ADOPTION OF DIGITAL TECHNOLOGIES BY CUSTOMERS AND COMPETITORS IS DISRUPTING EVERY INDUSTRY AND CREATING VALUE AT AN ACCELERATED PACE



DIGITAL INNOVATION HAS EMERGED AS A TOP CEO PRIORITY FOR THREE PRIMARY REASONS



THERE ARE TEN WAYS LEADING COMPANIES ARE USING DIGITAL PLATFORMS TO UNLOCK THE FULL GROWTH POTENTIAL OF THEIR BUSINESS AND CREATE VALUE



CEOS CAN TAKE FIVE STEPS TO PROTECT AND GROW THE VALUE OF THEIR BUSINESS ASSETS





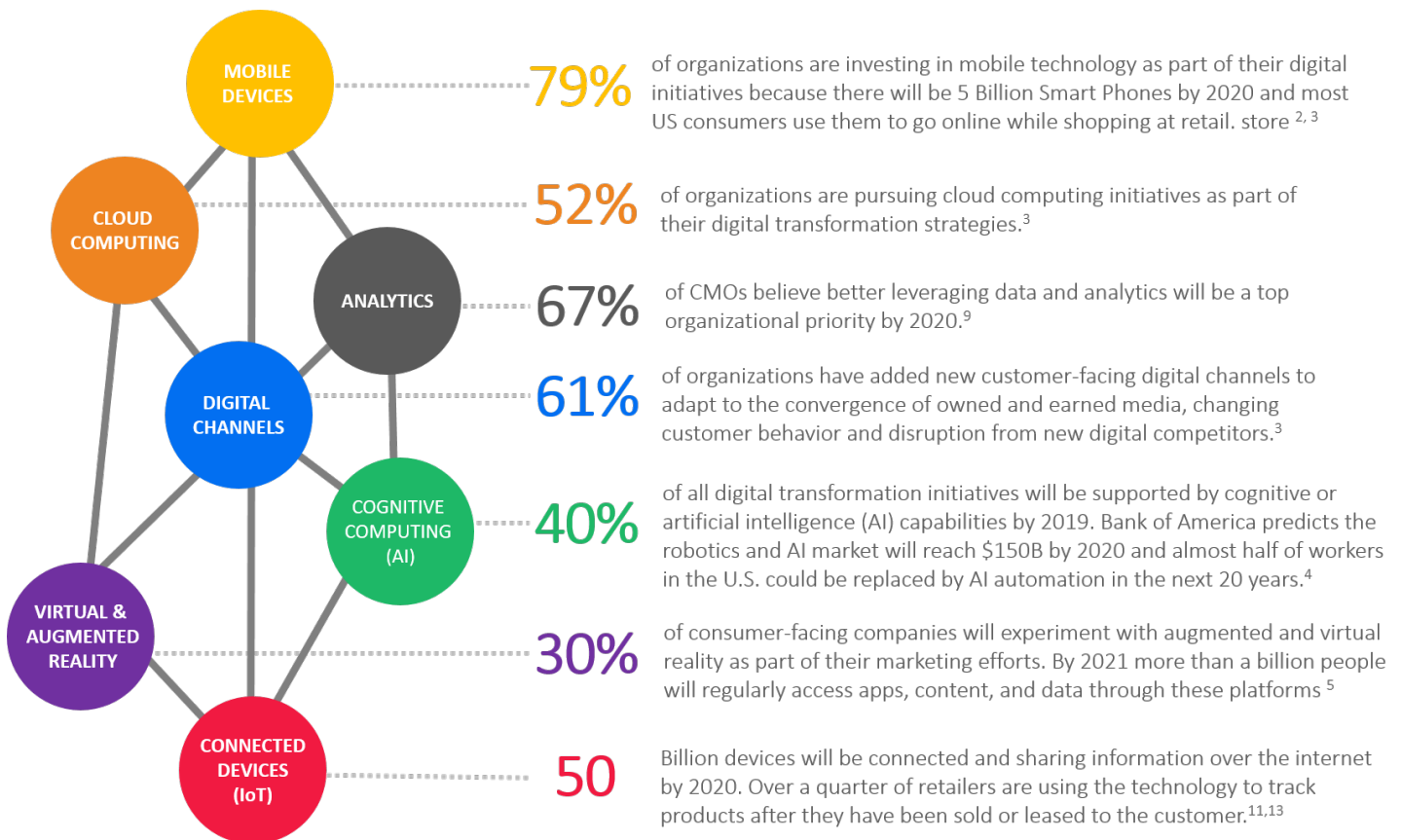
DIGITAL TRANSFORMATION

THE DESIGN AND EXECUTION OF DIGITAL STRATEGIES THAT ACCELERATE GROWTH BY AUGMENTING, REDEFINING, OR DISRUPTING EXISTING PRODUCTS, CHANNELS, AND BUSINESS MODELS TO DELIVER EXPERIENCES THAT ENGAGE, DELIGHT, AND ADD VALUE TO CUSTOMERS

WHAT EVERY CEO NEEDS TO KNOW ABOUT DIGITAL TRANSFORMATION

The rapid adoption of digital technologies by customers and competitors is disrupting every industry and creating value at an accelerated pace. Advances in technology and marketing science have armed businesses with an expanded pallet of powerful digital platforms and tools with the potential to create new value, disrupt the competition, and delight customers. These highly scalable technology platforms are changing the way businesses connect with and create value for customers. They have catalyzed a wave of digital innovation by both new digital “natives” start-ups and legacy businesses who are using them to adapt their products, channels, and business models.

DIGITAL INNOVATORS ARE LEVERAGING A PALLET OF DIGITAL PLATFORMS TO CREATE NEW BUSINESS VALUE AND DISRUPT ESTABLISHED COMPETITION



Digital innovators are creating hundreds of millions of dollars of value in a matter of months with product, channel, and business model innovations that exploit the rapid adoption of these digital technology platforms and changes in customer behavior. Digital natives like Blue Apron, Warby Parker, Dollar Shave Club, and Waze are disrupting traditional industries one at a time with highly scalable digitally enabled business models. For example, Casper built a \$100 million business in two years by selling its innovative “bed in a box” in direct-to-consumer online channels. Dollar Shave Club created the \$342 Billion online shave category, displacing Schick as the number two razor cartridge brand within four

years. And the mobile navigation business Waze created \$1.3 Billion dollars in business value by getting over 30 million drivers to share information for free in exchange for more accurate traffic information.

The pace of innovation has accelerated to the point that that CEOs no longer have the luxury of time to manage secular decline of their core business, develop strategic plans, or pursue late adopter strategies. In fact, almost half don't know what their industry will look like in three years.² As a result, 97% of global businesses have initiated a digital transformation initiative of some form.³

DIGITAL INNOVATORS ARE CREATING HUNDREDS OF MILLIONS OF DOLLARS OF BUSINESS VALUE IN A MATTER OF MONTHS

VERTICAL	INTERMEDIARY	DISRUPTOR	MARKET VALUE	YEARS
Financial Planning	Investment Advisors	 mint	\$120 Million	2 Years
Eyeglasses	Retailer/ Optician	WARBY PARKER	\$1,200 Million	7 Years
Recycling services	Waste Management	 RUBICON	\$500 Million	8 Years
Navigation	GPS Navigation Devices	 waze	\$1,300 Million	5 Years
Mattresses	Bedding Retailers	Casper	\$600 Million	2 Years
Transportation	Taxi & Livery	 UBER	\$69,000 Million	7 Years
Mortgage	Loan Originators	 ROCKET MORTGAGE by Quicken Loans	N/A	2 Years
Health Benefits	Employee Benefits	 LIAZON	\$215 Million	9 Years
Travel	Hotels	 airbnb	\$30,000 Million	9 Years
Music	Record Labels	 Spotify	\$8,000 Million	10 Years
Razors	Drug Store	 DOLLAR SHAVE CLUB	\$1,000 Million	5 Years
Food	Supermarket	 Blue Apron	\$2,000 Million	5 Years
Retail	All Retailers	amazon	\$379,000 Million	20 Years

A CEO needs to be aware and vested in digital innovation for defensive and growth reasons. To help, this report provides CEOs a playbook for understanding and managing the impact of digital technologies, disruptive threats, and changing customer behaviour. It includes:

- Three reasons why every CEO needs to care about and lead digital transformation strategy;

- The top ten ways legacy businesses are unlocking the full growth potential of their businesses and defending against disruptive digital competition;

- Five specific steps every CEO needs to take to “future proof” and grow the value of their business asset with intelligent innovation investment and purposeful action;

- An assessment tool your organization can use to quantify the size, nature, and timing of digital threats and value creation opportunities.

WHY EVERY CEO NEEDS TO CARE ABOUT DIGITAL TRANSFORMATION

There is a significant amount of hype about the nature, speed, and impact digital transformation will have on businesses. Much of the information on the topic is being produced by technology solutions providers who benefit most from a new trend. Academics celebrate “unicorn” business models like Uber that are not realistic for legacy businesses. Consultants prescribe undertaking major transformation programs without the skills, financial support, investment model, incentives, patience and culture to succeed.

THE TOP THREE REASONS DIGITAL INNOVATION HAS BECOME A TOP CEO PRIORITY



FEAR OF
LOSING
CUSTOMERS



FEAR OF
DIGITAL
DISRUPTION



NEW
GROWTH
IN NEW
MARKETS

But despite a justifiable amount of scepticism, responsible CEOs need to be vested in digital innovation in their capacity as stewards of their enterprise. The demonstrated success of digital business models and a growing body of research about changing customer behaviour provides three legitimate reasons CEOs need to take digital transformation seriously. There are three reasons why every CEO needs to focus energy, leadership and capital on a digital innovation strategy.



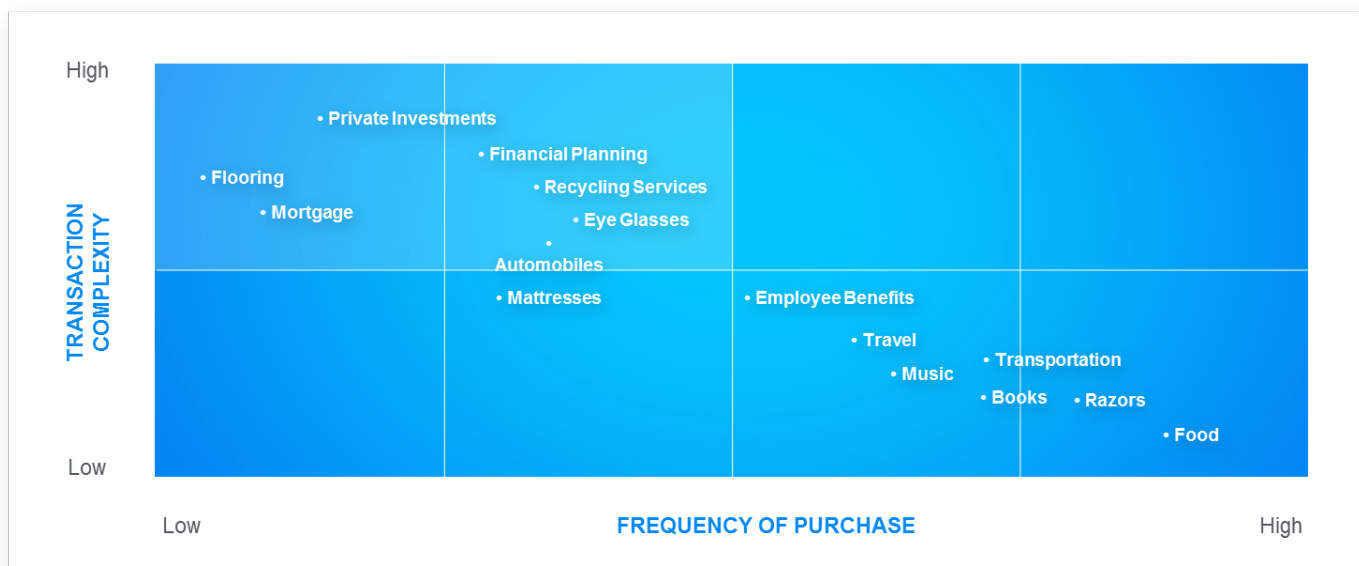
FEAR OF
LOSING
CUSTOMERS

Fear of losing digitally enabled customers. The number one fear is losing access to their customers because they can no longer effectively engage them in traditional channels or meet their rising expectations. Digitally-enabled customers are much more demanding. They are looking for fast, personalized, and friction-free experiences when it comes to the products and services they buy. So, it's not surprising that 60% of executives feel they are unable to meet the needs of their top customers in the digital age.² Rapidly changing customer preferences are putting enormous pressure on consumer and B2B business to incorporate social, mobile and digital technologies into their business model to enhance the customer experience and accelerate the customer journey. 71% of executives' view understanding the impact of digital technology will have on their customer's behaviour and preferences as their top digital transformation challenge.¹ And 80% of B2B executives believe business customer expectations are being shaped by business to consumer practices.¹³

FEAR OF DIGITAL DISRUPTION

Fear of disruption by new digital competitors. The second biggest concern is the threat of digital disruption by both new “digital native” competitors and existing suppliers, partners or competitors. 78% of business leaders believe digital start-ups pose a threat to their organization now or in the near future. 62% have seen new competitors enter the market as a result of the emergence of digital technology.² The new reality is that every business is vulnerable to digital disruption – regardless of industry, the complexity of their products, or the length of sales cycle. Disruptive digital business models are being successfully implemented across industries as diverse as recycling, investment banking, flooring, mattresses and mortgages. And virtually every player in a given industry is now experimenting with digital platforms to find ways to enhance, intermediate, disintermediate or completely disrupt the industry value chain.

DIGITAL BUSINESS MODELS ARE DISRUPTING OR ENHANCING TRADITIONAL BUSINESSES IN EVERY INDUSTRY REGARDLESS OF TRANSACTION COMPLEXITY OR SALES MODEL



NEW GROWTH IN NEW MARKETS

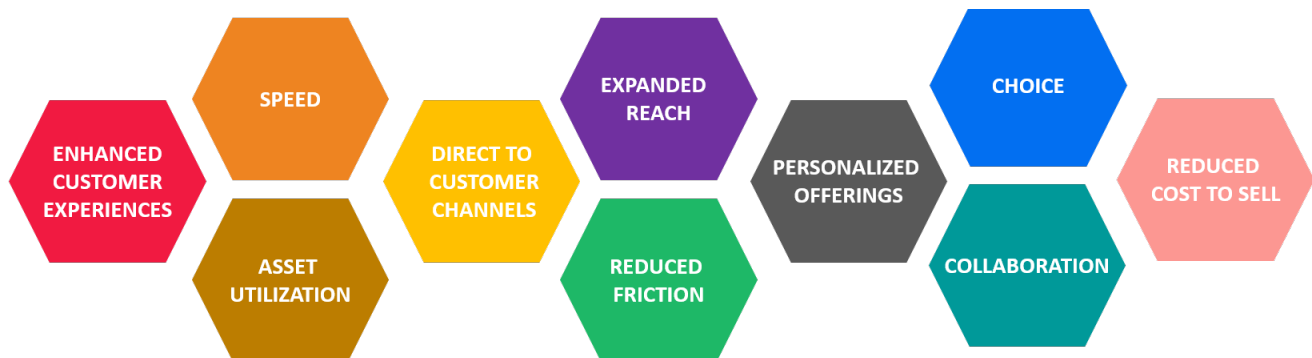
Finding new growth in new markets and channels. The third reason CEOs care about digital innovation is because without it will be very difficult to achieve their growth goals. In fact, IDC forecasts that one half of the Global 2000 will see the majority of their business depend on their ability to create digitally-enhanced products, services, and experiences by the end of the decade.⁴ Over half of business leaders are looking at digital products, cloud based services, and direct-to-consumer channels as a way of developing adjacent markets and new sources of growth.¹ According to research by the Economist Intelligence Unit, 61% of global business and IT leaders are adding of new customer-facing digital channels as part of their digital transformation journey to reach new customers in new ways.³

THE TOP TEN WAYS LEGACY BUSINESSES ARE CREATING NEW VALUE WITH DIGITAL PLATFORMS

Our analysis of the digital transformation initiatives of 100 new and legacy business leaders like Burberry's, Disney, Hilton, Intuit, Mondalez, Lowes, and Tesco identified ten specific ways digital innovators are unlocking new business value with digital platforms. Individually, each of these ten dimensions add value to digitally savvy customers. Collectively, they represent the building blocks of a digital innovation strategy. The most successful digital innovators are using design thinking and agile experimentation to assemble these building blocks in clever combinations to transform their products, channels, and customer experiences.

To help CEOs identify focused and high impact ways to apply digital innovation on their businesses, this analysis breaks down these 10 proven ways create new value on the following pages. They provide the essential ingredients for developing a digital innovation strategy and a framework for systematically assessing the potential of digital disruption.

TEN WAYS CEOs ARE CREATING NEW VALUE WITH DIGITAL TECHNOLOGY



These building blocks address the fundamental desires of digitally-enabled customers for speed, choice, simplicity, and personalized experiences when it comes to the products and services they buy.

For example, personalization can add significant value to the customer. 94% of executives believe that delivering personalization is important to reaching customers.⁸ Progressive brands like Nike, Burberry, and Macys are using digital platforms and data to personalize offers and offerings to drive differentiation and margins. For example, Macy's offers personalized shopping services – called mystylist@macys and the connect@macys kiosk – where they can get access to experts and 1:1 personalized services in 135 of its top stores as part of its Store of the Future initiative.

To the digitally empowered customer, products and pricing matter less – and experiences matter more. So, most marketers are prioritizing the customer experience as the focal point of the branding, design, delivery and differentiation of their offerings. For example, 72% of travel and hospitality businesses are providing customers with mobile apps to enhance the customer experience by allowing them to check in, open doors, and order room service on their smart phones.

TEN DIMENSIONS OF VALUE CREATION

THE TOP WAYS BUSINESSES ARE CREATING NEW VALUE WITH DIGITAL PLATFORMS



Speed creates value in many ways. For example, Kroger has reduced time customers spend in lines using customer monitoring and analytic tools to cut the average in-store wait time from more than four minutes to less than 30 seconds. And Amazon is looking to eliminate the check-out line entirely with the Amazon Go checkout less grocery pilot.

Immersive technologies - virtual and augmented reality - are moving into the mainstream. Both USA Today and the New York Times are using the technology to deliver compelling advertisements and “man on the street” reporting. Best Western, Marriott, Carlson Rezidor, and Starwood are all using virtual and augmented reality to help customers explore vacation properties and venues. For example, Best Western offers customers a highly immersive virtual reality experience both on premises with virtual reality headsets, as well as online. Customers can take a virtual tour of any resort property – walking through the lobbies, viewing guest rooms, and experiencing amenities offered at the resorts.

Improving return on assets is perhaps the biggest and most attainable opportunity digital presents. Legacy businesses have huge opportunities to leverage their physical assets - people, capital, inventory, equipment, and facilities - by increasing utilization or leveraging them over many customers and partners. Digital innovators are applying the economics of sharing pioneered by Airbnb and Uber to the waste management, rental car, construction equipment, and packaged goods industries. For example, Rubicom is using digital technology to create value in the recycling industry by making it faster, more transparent, and easier to match the nearest supply side assets (trucks, recycling centers, and landfills) with demand side producers (retail stores and factories).

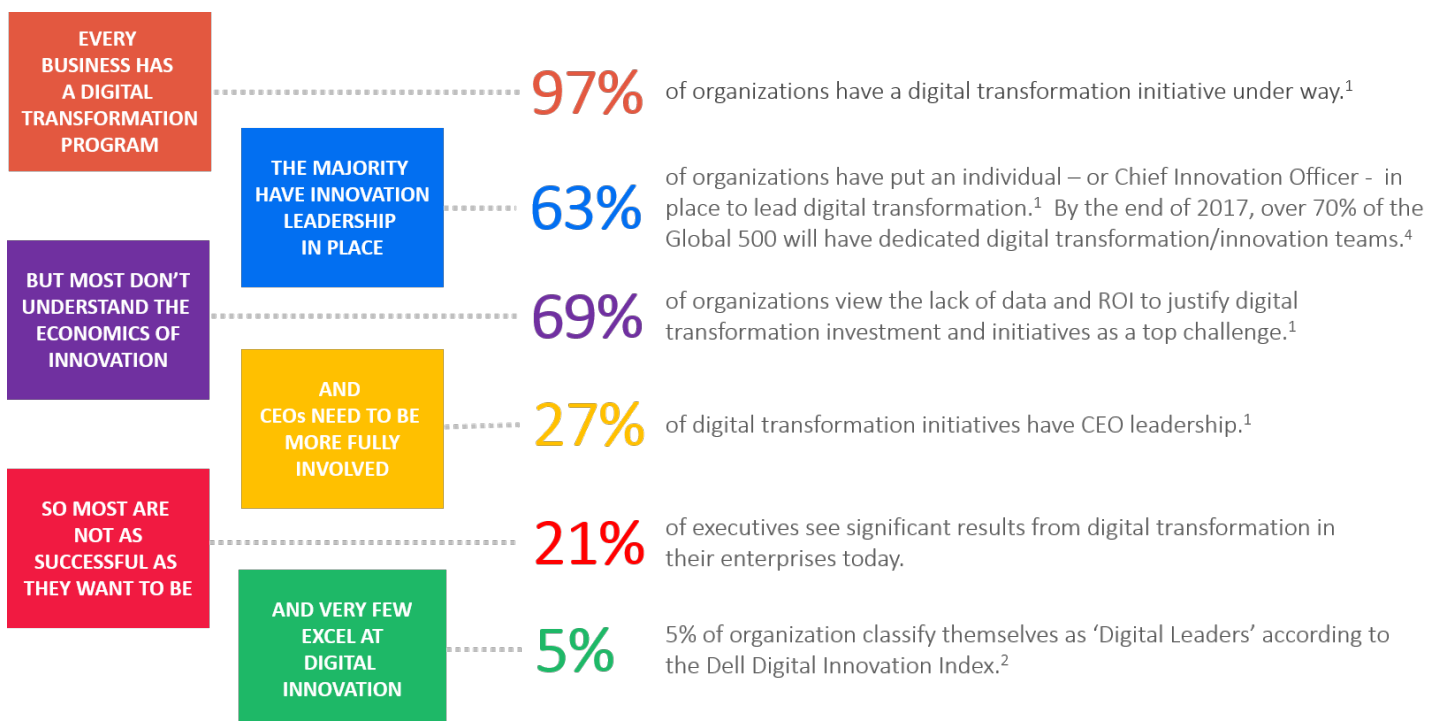
Another untapped opportunity for established businesses is to create value by facilitating collaboration in their networks of customers, partners and suppliers. Every business has well developed relationships along the value chain to facilitate purchasing, producing, distributing and selling in their existing business model. In a digital world, these relationships can have greater value than the enterprise they support. Leaders like Waze, CNN, and Comcast are harnessing the value in these networks by collaborating to co-create content, information and products. For example, CNN turns its audience into journalists. Comcast predicts outages using social listening with their customers.

Offering customers more choice creates significant value in world where they can now choose from hundreds of jeans brands (800 today vs. 6 brands in 1980) and thousands of investment and benefits options. Proven digital platforms and tools now allow marketers to overcome the “paradox of choice” – the notion that offering more than three choices will paralyze customers rather than delight them. Clever direct-to-customer (DTC) marketers are finding ways to use artificial intelligence, analytics, and visualization tools to create experiences that turn that idea on its head by offering much broader selection with less complexity, inventory, and management costs. For example, Lowe's and Home Depot are using virtual reality headsets at the point of sales to help customers visualize, configure, and design home improvement projects with many moving parts. The headsets are part of design stations that help customers design their kitchens and select from many cabinet options and kitchen elements with lifelike realism. Brands and retailers are creating endless “virtual shelves” that offer unlimited selection online combined with store pick up to augment retail channel partners and minimize their inventories.

HOW LEGACY ORGANIZATIONS ARE ADAPTING TO CHANGE

As a direct result of these pressures, digital innovation has emerged as a CEO priority. The vast majority of business leaders are trying to incorporate digital platforms into their business model to stay relevant to their customers, stave off digital competitors, and grow the equity value of their businesses. 97% have a digital transformation initiatives under way according to a recent survey by the Economist Intelligence Unit.³ These programs vary in scope and purpose. But they are generally accompanied by an innovation leader and significant investment in a growing array of digital platforms, including: mobile, social, analytic, cloud and device technologies. For example, 79% of businesses have invested in mobile technology as part of their digital initiatives. Two thirds have also invested in social media (67%). Most have invested in the Internet of Things (58%), big data analytics (57%), and cloud computing (52%).

THE CURRENT STATE OF DIGITAL TRANSFORMATION PROGRAMS

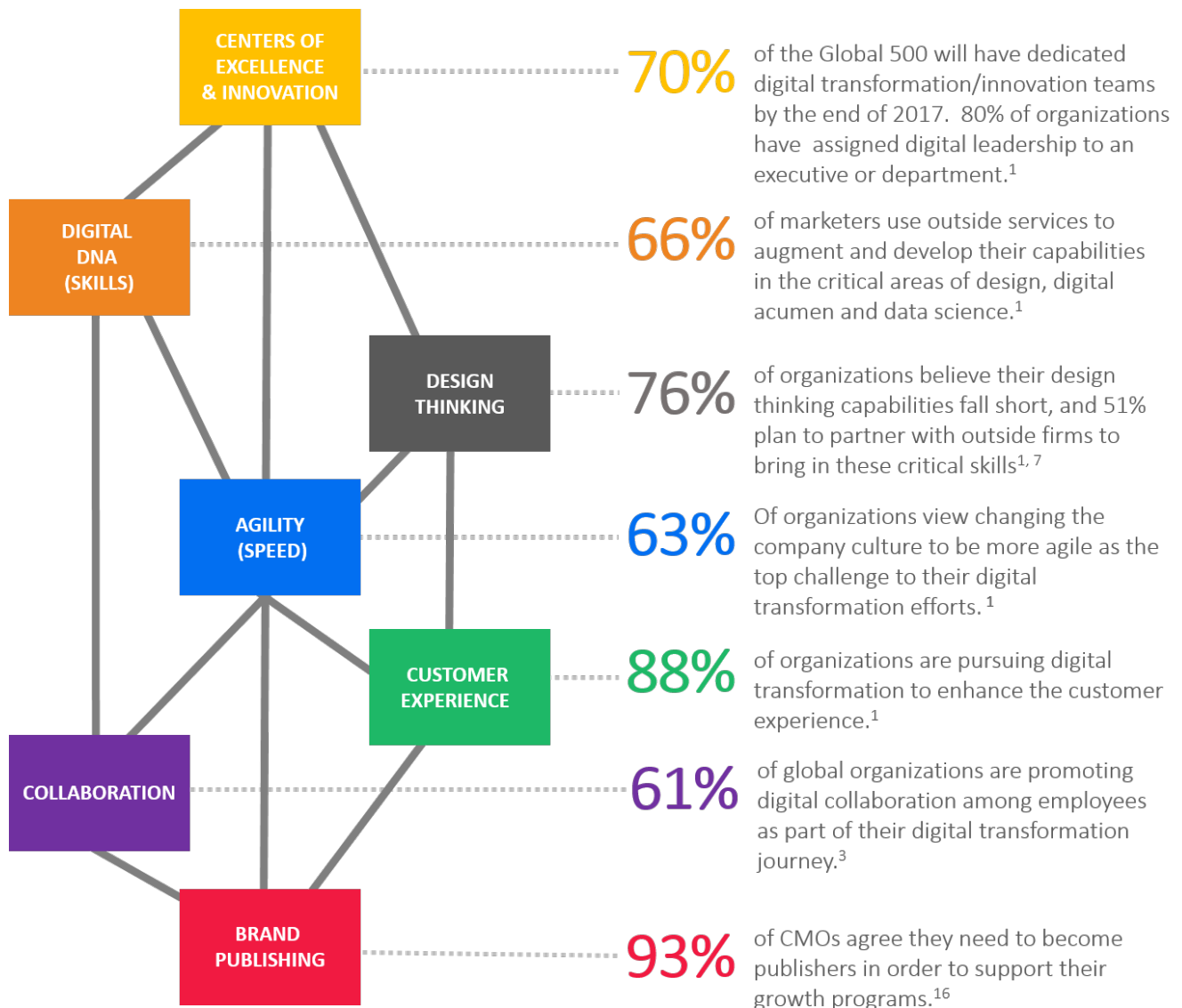


While almost every company is pursuing digital transformation, three quarters lack CEO engagement in the initiative and only one in five have an organization-wide strategy in place.³ As a direct consequence, recent research from the Economist, Forbes, and the Harvard Business Review indicates that between 66% to 79% of these programs have failed to generate the desired results so far.^{5,17}

CEO leadership is necessary to separate and prioritize the critical tasks of establishing a digital innovation vision, strategy, and investment portfolio from the “noise of digital tactics, trends, and technologies. This is hard to do because “while technology is all around us, as leaders we lose sign of the fact that the science of managing technology innovation is very immature” according to Jimmy Williams the Director of Carnegie Mellon’s Engineering, Technology and Innovation Program. “As a consequence, results tend to suffer because most organizations lack an economic, cultural, or organizational model for investing in a healthy innovation investment portfolio”.

DIGITAL MANAGEMENT PRIORITIES

HOW ORGANIZATIONS ARE CHANGING THEIR MANAGEMENT PRACTICES TO ADAPT TO CHANGING CUSTOMER BEHAVIOR AND DISRUPTION FROM NEW DIGITAL COMPETITORS



FIVE PRACTICAL STEPS A CEO CAN TAKE TO PROTECT AND GROW THE VALUE OF THEIR BUSINESS ASSETS

To help your organization succeed where others have failed, we've provided CEOs a simple playbook for understanding and managing the impact of digital technologies, disruptive threats, and changing customer behavior. It factors in the top ten ways legacy businesses are creating value with digital. It also includes a tool to help assess and quantify the risks and opportunities your business faces.

FIVE PRACTICAL STEPS TO PROTECT AND GROW THE VALUE OF YOUR BUSINESS



These five specific steps are designed to help the CEO to provide sponsorship and direction to the digital strategy and reallocate resources to the innovation investment portfolio. They provide a practical way systematically “future proof” and grow the value of existing business assets with full transparency, focused innovation investment, and purposeful action. These steps -and tools to help you execute them - are outlined in greater detail on the following pages.

FIVE QUESTIONS EVERY EXECUTIVE SHOULD ASK TO EFFECTIVELY LEAD DIGITAL INNOVATION STRATEGY



ARE YOU PLAYING OFFENSE, DEFENSE, OR SITTING ON THE SIDELINES?



ARE YOU DISRUPTING OR BEING DISRUPTED IN DIGITAL CHANNELS?



DO YOU KNOW WHAT YOUR CUSTOMERS ARE THINKING AND DOING?



HOW SENSATIONAL IS YOUR CUSTOMER EXPERIENCE?



ARE YOU EVOLVING AS FAST AS YOUR CUSTOMERS AND COMPETITION?

STEP ONE: DECIDE HOW YOU WANT TO PLAY THE INNOVATION GAME

The first step is to decide if you want to take offense, play defense, or sit on the sidelines and wait for more information.

Most organizations only get serious about digital transformation in direct response to start-ups that threaten their business models with new digitally enhanced ways of doing business. Many CEOs choose to sit on the sidelines because they believe digital transformation is just another management trend fuelled by technology providers looking to sell more solutions and services. But the evidence increasingly suggests a reactive approach to digital will be less and less successful over time. GM - and to some degree Kodak - may have been able to manage a slow secular decline of market share over decades before a crisis occurred. But the pace of change has accelerated. The lessons of Blockbuster (in video) and more recently Luxottica (eyewear) and Gillette (in razors) indicate the window of time to react is now measured in months.

Playing offense has several advantages. It provides learnings and insights from intelligent experimentation (few innovations are born on spreadsheets). It can effectively “future proof” your business by building a moat of digital initiatives around your core business before digital disruption can happen. It can also provide an engine to drive new growth by reaching new customers in new ways. For example, starting in 2006, Burberry overcame flat growth and a waning brand by transforming itself into one of the most digitally innovative luxury brands. By 2012 Burberry had doubled revenues by consolidating websites onto one platform that could be customized by region, developed mobile, digital, and social channels, and offering up to 12 million possible styles in an online personalization platform named Burberry Bespoke.

STEP TWO: ASSESS THE RISKS AND OPPORTUNITIES POSED BY DIGITAL INNOVATION

Whether you decide to take action, play defense, or wait on the sidelines, it's important to be aware of the size, nature, and timing of the potential threats to your business and opportunities to create value.

Lack of vision is not a sin. Nobody can accurately predict the future. But the lack of diligence and foresight is irresponsible in a rapidly changing digital world. Responsible stewards are making intelligent guesses about where opportunities lie, and are putting tests and triggers in place to ensure they smarter over time. At a minimum, they won't be surprised as Gillette, Blockbuster, or the music industry when digitally enabled change happens faster than they anticipated.

Based on our experience defining and executing digital strategies for leading brands over the last decade, we've built a **Digital Risk and Opportunity Assessment** Tool that can help CEOs more rigorously assess the risks and opportunities that digital transformation present to their business in the next 24 months. The output is rigorous enough to help "future proof" your business assets by anticipating where threats will likely come from. It will also help communicate with investors and direct intelligent innovation investments. Any digital transformation project team should be able to answer these ten questions before diving into a technology investment or try to mimic the approach of a digital native who has already established a beachhead in your market.

TEN QUESTIONS EVERY CEO NEEDS TO ANSWER TO ASSESS THE RISKS AND OPPORTUNITIES OF DIGITAL INNOVATION
Speed to Market: Are there opportunities to accelerate our response to market, product launches and the customer journey? Direct Channels: Can we expand sales, profits and share through channel innovations and by selling direct? Asset Utilization: Can we dramatically improve the return on our capital investments in physical, data, and technology assets? Experiences: Can we create digital experiences that are more compelling, sticky or innovative? Personalization: Can we use customer insights to grow margins, improve effectiveness, differentiate or add new value with personalization? Choice: Can we improve conversion, channel economics, and value to customer with expanded choice? Reduce Friction: Can we simplify the buyers journey and accelerate the sales cycle by removing friction and leakage from the process? Expand Reach: Can we reach new customers in new ways using social, mobile and digital channels? Cost to Sell: Can we improve conversion, reduce transaction costs, and increase the effectiveness of owned, earned and paid media? Collaboration: Can we create new value in our customer network and demand chain by cooperating, sharing, or collaborating more?

The Digital Risk and Opportunity Assessment Tool and examples of the analysis are available by request.

STEP THREE: ESTABLISH A STRONG UNDERSTANDING OF CUSTOMER BEHAVIOR AS A BASELINE FOR YOUR STRATEGY

One of the biggest traps organizations fall into is to confuse digital innovation with technology. It's important to remember that digital transformation is primarily about finding new ways to engage, delight, and deliver value to customers. This means it is critical to take an "insights-first" approach. This begins by establishing a strong understanding of customer behaviour as a baseline for digital strategy development, experimentation, and the reallocation of capital to digital business models.

Most organizations are too quick to invest in a technology solution before they first understand how digital technology can delight customers and solve their biggest problems. It is almost impossible to assess the potential of a digital channel strategy, application, or offering without first having a deep understanding of what your customers are thinking and how their behaviour is evolving.

A baseline understanding of their customer creates a foundation for the design, test, and development of a digital innovation strategy. This should validate or intelligently inform some fundamental facts:

- The touch points they prefer to engage with
- The process and sources of information they use for decision-making
- The key points of failure, friction and frustration they experience in the customer journey
- Sentiment about your brand, offering and competition
- Emotional triggers and unarticulated needs
- The language, data and behaviour that identify prospects and signal intent

Most organizations are using traditional market research to validate their assumptions and strategies. Many are using cognitive insights, web analytics, social listening, and digital engagement tools to discern sentiment and test their assumptions online.

For example, the digital financial solutions provider Mint built a customer base of 1.5 million and a business worth \$170 million by focusing on one core customer insight. For years, financial advisors from Ameriprise to Intuit have traded on the moment of satisfaction clients get when they see their entire financial life visually represented in a pie graph. But that customer delight came with significant effort, expense and data entry. Mint built its business on the insight that the more they can reduce the "time to pie" the more value they would create for customers. That core customer insight was the guiding principle behind hundreds of features and technology improvements to the digital financial tool.

STEP FOUR: IDENTIFY WAYS DIGITAL INNOVATION CAN ENHANCE THE CUSTOMER EXPERIENCE

A critical aspect of digital transformation involves defining, designing, and executing digital strategies that accelerate growth by delivering superior customer experiences. In fact, 89% of marketers expect customer experience to be their primary differentiator according to Gartner.⁷ This is because superior customer experiences increasingly define brands, generate loyalty, and command higher margins.

Focusing on experiences first is important because an investment in technology solution, customer database or a mobile application alone will not guarantee a superior customer experience. In today's competitive environment, CMOs need to delight customers, not just satisfy them. Delighting customers involves more than getting their name right, knowing their interests, and communicating consistently across a variety of devices.

Marketers who want to differentiate their brands need to define and develop customer experiences that are functional, but also fun, relaxing, memorable or inspiring. Ultimately the most successful experiences are the result of a blend of art and science, and a lot of experimenting with prototypes, routes to market, and the sales and merchandising mix.

The trick is to apply the principles of design thinking and agile experimentation to uncover and iterate opportunities to enhance the customer experience. Design thinking provides a disciplined way to break down the large pallet of digital, analytics, virtualization and mobile tools – and then mix them together to create customer experiences that engage, delight and add value to customers. Agile experimentation provides a scalable approach to prototyping, testing, narrowing, refining and scaling these ideas with customers. Both management disciplines are essential tools for digital innovation.

The benefits of embracing design thinking are myriad. It's an effective way to focus investment on the highest impact and most attainable opportunities. It allows your organization to try and fail early and often without undue risk or expense to your company. The approach makes it easy to extract the perspective, talent and ideas from across many business functions in your company in a relatively painless way. And design thinking naturally achieves consensus and organically evolves the culture towards a digital and customer focused mindset.

From a tactical perspective design thinking workshops provide a practical way to blend and synthesize all these factors and quickly identify ways to enhance the customer experience and create new sources of customer value. Consumers don't think in channels or digital platforms, so marketers and designers can't either. Great experience design blurs the lines between channels and taps into game mechanics and sensory experiences to create interest, engagement, and commerce for niche and broad viewers alike.

For example, the retailer Barneys used a design thinking approach to create a 70% increase in-store sales and 4 Billion in earned media impressions worldwide by creatively blending a mix of digital, social, mobile and experiential elements into an in-store promotion featuring Lady Gaga called the 12 Days of Gaga. The campaign included an exclusive curated set of merchandize aligned to the theme available online and in a fully converted section of Barney's flagship store dedicated to the event over the holiday season. The art of the experience design was the blurring the lines between the in-store experience and the digital experience, facilitated by online badges on mobile phones that drove thousands of customers to the store.

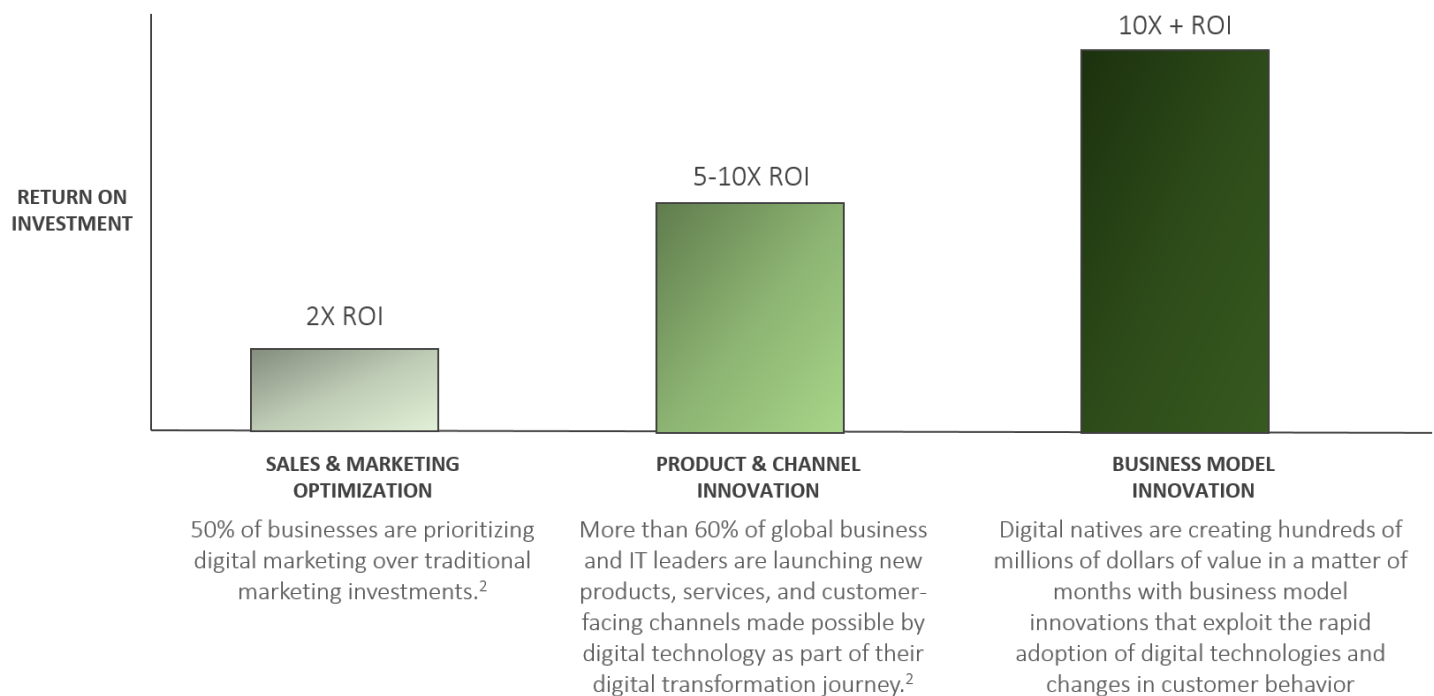
STEP FIVE: DEVELOP AND TEST A PORTFOLIO OF INNOVATION EXPERIMENTS

The final step is to develop a portfolio of innovation experiments that provide a moat around your business and an engine for growth. The key is to balance your innovation investment like a financial portfolio to maximize return while managing risk. Most experiments should on incremental gains such as optimizing sales and marketing performance. These require new ways of thinking, but are relatively low risk because they fundamentally optimize go-to-market processes that already exist.

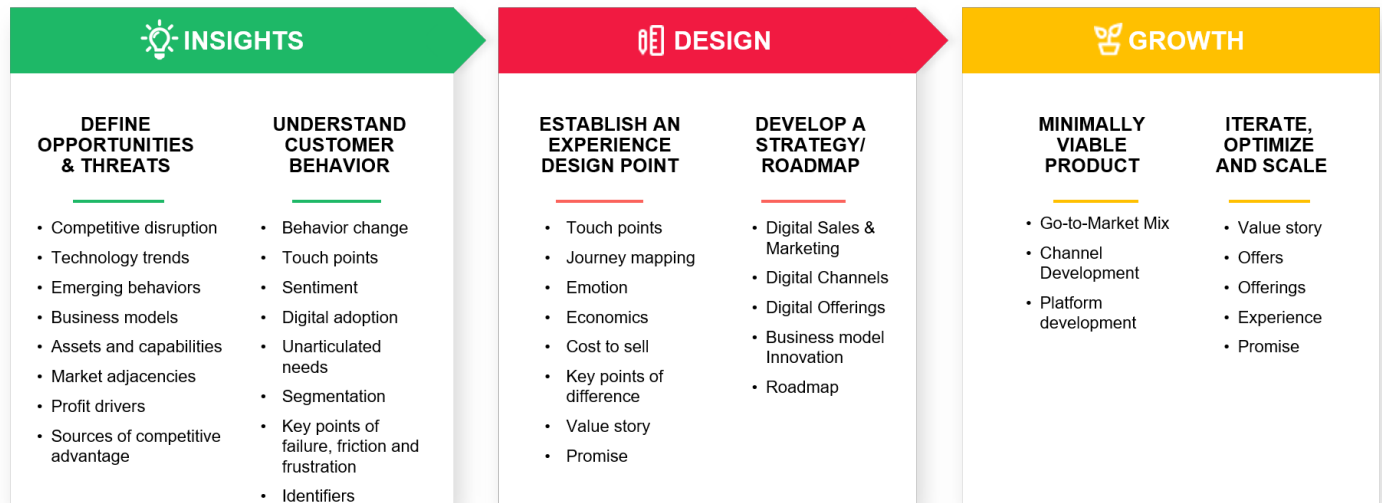
More aggressive experiments involve developing direct to consumer channels and digital products based in the cloud. These are higher risk and require outside skills and resources. But can yield next generation returns.

The minority of investment will be game changing business model innovation.

MANAGING THE DIGITAL INNOVATION PORTFOLIO



LEARN MORE ABOUT OUR APPROACH TO DIGITAL INNOVATION



Digital Surgeons is a digital design and innovation company that help marketing and sales leaders unlock the growth potential of their business with brand connections, differentiated experiences, and measurable sales outcomes. Our Digital Transformation practice designs and executes high growth marketing, product, and channel strategies that leverage advances in digital, mobile, social and analytics technologies– from strategy to development to execution and tracking. Our services include:

- **Digital Transformation** – Modern digital, mobile, social, and Direct-to-Customer models that directly engage customers to accelerate growth and enhance the customer experience;
- **Customer Experience Design** – Developing the digital, content, and platforms needed to support personalized experiences and value selling in digital marketing and face-to-face selling channels.
- **Connected Sales and Marketing** – Demand generation and sales enablement programs that drive deep into the funnel and directly support the sales process to generate measurable sales outcomes

We have delivered over 100 growth programs to our clients, who include: Armstrong, Arcoss Golf, Barneys, CBS, CamelBak, EMC, Janus, Lego, Ricoh, SunTrust Bank, US Bank and the US Open.



CONTACT US

1175 State St, Suite 219
New Haven, CT 06511
Phone: 203-912-8172

www.digitalsurgeons.com

Stephen.Diorio@digitalsurgeons.com

ABOUT THIS RESEARCH

This research initiative was led by Stephen Diorio and Peter Sena of Digital Surgeons. It is based on an analysis of over 100 digital initiatives and supported by 10 years of client experience executing digital innovation programs and secondary research from a wide variety of sources.



Stephen Diorio is an established authority in advanced sales, marketing and channel strategies that take advantage of technology. He has twenty-five years of experience executing innovative go-to-market strategies for over one hundred leading sales organizations—including Merrill Lynch, Intuit, American Express, Ameriprise, Wells Fargo, CBS, SunTrust Bank, DuPont, Staples, UPS, US Bank, and IBM. Mr. Diorio is an expert on how technology can improve sales effectiveness, and author of *Beyond e: 12 Ways Technology Will Transform Sales & Marketing*

Strategy (McGraw-Hill). Mr. Diorio is the Vice President of Digital Transformation at Digital Surgeons and a Director of the Brand Publishing Institute, which provides marketing executives with education, advice, and solutions to optimize how they manage and distribute marketing content at scale. Prior to Digital Surgeons, Mr. Diorio founded Profitable Channels a go-to-market innovation business, built MarketBridge into a leading go-to-market strategy, and was a Venture Partner at Trident Capital – a private equity firm that specializes in advanced marketing services and solutions. Mr. Diorio holds an MBA in Marketing from the University of Chicago and a B.S. in Engineering from Bucknell University.



Peter Sena II is an entrepreneur, angel investor, and creative technologist who Founded Digital Surgeons, a global innovation & design firm that uncovers insights, delivers award-winning experiences, and engineers growth for Fortune 50s and startups alike. and an established authority on creative strategy, design, and marketing technology. Peter is expert in creating emotionally resonant and highly immersive content experiences using video, interactive and user generated content. Obsessed with the intersection of design, business, entrepreneurship, and strategy,

Peter focuses on leading Digital Surgeons' innovation and growth practice. Over the last decade, Peter has helped clients — including the U.S. Open, Dell/EMC, Arccos, Barney's New York, LEGO, and Unilever — to translate strategic organizational goals into actionable marketing programs that drive growth. Peter is a keynote speaker who regularly presents at marketing conferences, corporations, and universities such as Yale, Carnegie Mellon, and UPenn's Wharton School of Business. You can find his editorial contributions in Admap magazine and on TechCrunch, PSFK, VentureBeat, Hubspot, CMO, and Forbes.

CITATIONS

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