Transform Your Business to Compete in the Digital Age

#ChileDigital  @david_rogers

Wi-Fi:
Network: Columbia
User Name: columbia2018
Password: global2018
Welcome,
Introductions & Overview of Today

Digital Business Strategy
Columbia Business School Executive Education

@David_Rogers, Faculty Director
Q: What is the biggest “digital” challenge you face at your business?

... then, join your group to discuss.
Each share with your table:

1. What’s your name, business, and industry?
2. What is the biggest “digital” challenge you face at your business?

Report back (optional):

1. Share one digital challenge OR objective that you discussed (not mentioned by a prior group)
@David_Rogers
Faculty Director

#ChileDigital (program hashtag)

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Digital Business Strategy

3 Days (in NYC)

Digital Business Leadership
NYC + Silicon Valley

3 Weeks (NYC / SFO)
over 6 months
Online Programs

COURSE HIGHLIGHTS

159 Interactive Lectures

10 Real World Applications

24 Discussions

1 Case Study

1 Capstone Assignment

1 Simulation

Digital Strategies for Business
10 Weeks (online)

Digital Marketing
12 Weeks (online)
Books & research
Some companies worked with

Google  GE  Unilever  Cartier  MERCK

VISA  HSBC  acuity  Telstra  tigo

Pernod Ricard  HEARST  CHINA EASTERN  MOVADO

TOYOTA  Pizza Hut  Hard Rock  Arab Bank  SAP  CMI
THE DIGITAL TRANSFORMATION PLAYBOOK

Rethink your business for the digital age

DAVID L. ROGERS

Columbia Business School Publishing
<table>
<thead>
<tr>
<th>Time</th>
<th>Module</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:45-11:15</td>
<td>Introduction (Karen Poniachik)</td>
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<tr>
<td></td>
<td>The 5 Domains of Digital Transformation: A Holistic Framework</td>
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<tr>
<td>Break</td>
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<tr>
<td>11:30-1:00</td>
<td>Big Data, Analytics, and the True Power of A.I.</td>
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<td>Spotlight: Development of the Future Workforce (Jennifer Goez)</td>
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<td>LUNCH</td>
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<tr>
<td>2:00-4:30</td>
<td>Mastering Disruptive Business Models</td>
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<td>Exercise: the Disruptive Business Model Map</td>
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<td></td>
<td>Leading Digital Transformation in the Enterprise</td>
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</table>
The 5 Domains of Digital Transformation: A Holistic Framework

@David_Rogers
Faculty Director, Digital Business Strategy
Columbia Business School Exec Ed

www.davidrogers.biz
Wall Street to CEOs: Disrupt Your Industry, or Else

Investors and boards are hunting for corporate leaders who can move quickly to fend off upstarts and place big bets on disruptive tech

By Christopher Mims
May 26, 2017 5:30 a.m. ET

For pretty much any industry you can name—not just autos but manufacturing, logistics, finance, media and of course retail—there are tech startups purporting to have better ideas, ones they say they don’t need decades to make into realities. It isn’t as if all these industries will see massive CEO turnover, but it does mean established companies need to consider drastic measures. They must be willing to tell their stakeholders they may have to lose money and cannibalize existing products and services, while scaling up new technologies and methods.
Quick POLL:

How seriously does the CEO of your enterprise take the imperative for digital transformation?

1. Our industry has already been disrupted
2. Disruption is imminent: We must change fast or we will be disrupted
3. We need to move soon to prepare ourselves (“future proof”) for digital change
4. Digital is important, but it is not as impactful on our business
5. Digital is a fad
The challenge of digital transformation:

*How does a business started before the Internet adapt to grow in the digital age?*
Digital transformation is not about technology
5 DOMAINS OF DIGITAL TRANSFORMATION

CUSTOMERS
VALUE
COMPETITION
INNOVATION
DATA
From passive targets... to dynamic networks
Mass market model

Company

mass production

mass communication

Customers
Customer network model

- Company
- Comments
- Blogs
- Forums
- Customer
- Customer
- Customer
- Customer
- Craigslist
- YouTube
- Twitter
Circa 1987

Value proposition: “30 minutes... or it’s free”
DOMINO’S

ANYWARE

Order your favorite oven-baked goodness on your favorite devices.

ZERO CLICK

TEXT

TWEET

ECHO

SMART TV

CAR

SMART WATCH

VOICE
Next up...

Europe

USA

New Zealand
CEO Patrick Doyle:

“We are as much a tech company as we are a pizza company.”

Stock price

- 2010 $8.76
- 2017 $186.37
COMPETITION

From products... to platforms
<table>
<thead>
<tr>
<th>Brand</th>
<th>Market cap/valuation</th>
</tr>
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<tbody>
<tr>
<td>Marriott</td>
<td>$39.4 B</td>
</tr>
<tr>
<td>Airbnb</td>
<td>$31.0 B</td>
</tr>
<tr>
<td>Hilton</td>
<td>$21.4 B</td>
</tr>
<tr>
<td>Accor</td>
<td>$13.3 B</td>
</tr>
<tr>
<td>Starwood</td>
<td>$13.1 B</td>
</tr>
<tr>
<td>Wyndham</td>
<td>$11.0 B</td>
</tr>
<tr>
<td>Intercontinental Hotel Group</td>
<td>$10.6 B</td>
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<tr>
<td>Hyatt</td>
<td>$7.3 B</td>
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<tr>
<td>China Lodging Group</td>
<td>$5.9 B</td>
</tr>
<tr>
<td>Choice Hotels</td>
<td>$3.8 B</td>
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</tbody>
</table>

Source: Google Finance 6/26/2017
Platforms: 8 of 10 Largest Co’s Started Since 1994
From process... to strategic asset
INNOVATION

From planning... to learning
RETAIL'S NEW RADICAL

HE'S THE GUY BEHIND THE APPLE STORE AND TARGET'S COOL CACHET. NOW HE WANTS TO FIX J.C. PENNEY.

WHO IS Ron Johnson AND WILL HIS HIGH-STAKES MAKEOVER REALLY WORK?

By JENNIFER REINGOLD

fair and square.
3 kinds of pricing. no games. no gimmicks.

everyday
other stores mark it up just to put it on sale; we price it low and keep it that way everyday.

month-long
seasonal prices on what you need now—throughout the season.

best
our best prices start the first and third Friday of every month and last until the goods are gone.

jcp
TO BE CLEAR: JC Penney May Have Just Had The Worst Quarter In Retail History
Challenge:
Financial product to raise Indian farmers’ income 10%
Buyer-Seller online auction

Supply-side crop information

SMS based buyer-seller matching

Farmers income +20%
1m customers
Traditional innovation cycle

Observe Generate Analyze Team Design Build Launch Customer
ideas & discuss decision product product & market response

Cost of learning

Innovation by rapid experimentation

Observe Generate Design Customer
ideas prototype response

& test

Cost of learning

$ $
From sustaining... to adapting
THE METROPOLITAN MUSEUM OF ART

THE HIPHOP PROJECT

TRANSLATING RAP LYRICS INTO ART ENCOUNTERS
“Our competition is not other museums. It’s Netflix, Candy Crush. We’re fighting for attention.”

– Sree Sreenivasan, former Chief Digital Officer
# THE DIGITAL TRANSFORMATION PLAYBOOK

<table>
<thead>
<tr>
<th>DOMAINS</th>
<th>STRATEGIC THEMES</th>
<th>KEY CONCEPTS</th>
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<tbody>
<tr>
<td>CUSTOMERS</td>
<td><strong>Harness customer networks</strong></td>
<td>• reinvented marketing funnel</td>
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<td>• path to purchase</td>
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<td>• core behaviors of customer networks</td>
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<tr>
<td>COMPETITION</td>
<td><strong>Build platforms, not just products</strong></td>
<td>• platform business models</td>
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<td></td>
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<td>• (in)direct network effects</td>
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<td>• (dis)intermediation</td>
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<td>• competitive value trains</td>
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<td>DATA</td>
<td><strong>Turn data into assets</strong></td>
<td>• templates of data value</td>
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<td>• drivers of big data</td>
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<td>• data-driven decision making</td>
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<td>INNOVATION</td>
<td><strong>Innovate by rapid experimentation</strong></td>
<td>• divergent experimentation</td>
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<td>• convergent experimentation</td>
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<td>• minimum viable prototype</td>
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<td>• paths to scaling up</td>
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<td>VALUE</td>
<td><strong>Adapt your value proposition</strong></td>
<td>• concepts of market value</td>
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<td>• paths out of a declining market</td>
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<td>• steps to value prop evolution</td>
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</table>
DISRUPTION?
“By the time we stopped publishing the print set, the sales represented only about 1% of our business. We’re as profitable now as we’ve ever been.”

-- Jorge Cauz, President
Digital transformation is **not** about technology,

...it is about STRATEGY, LEADERSHIP,
and new ways of THINKING
Questions?