

AXEL WINTER

MAKING 'BIG CORPORATE' SMALL



> Large corporations are under significant pressure to change, to become more strategic, address past shortcomings in a dramatically fast changing world.

Free markets drive increased competition with global players and startups who are extremely focused on winning with a clear business model.

- ASEAN Economic Community and Transatlantic Partnership driving corporations to either regionalize to generate scale or to remain local, but become a niche player.
- Low cost of service becomes a significant challenge and the Achilles heel of the organization. Where a well managed player invests \$100 into innovation, a local badly optimized may only invest \$1.
- Regional Operations and Technology Platforms driving agility up and cost down allowing new features everyday are very difficult to generate.
- Even as a local player, attracting skills and building a strong team to engineer innovative solutions and digitize is costly and difficult to do in short time frames, especially with staff traditionally used to lean onwards a vendor.
- Old GE Mantra of reduce cost, while driving growth with quality execution engine is more relevant then ever.

- Can't copy home based to other countries
- Exchange of knowledge cross country

- Growth & productivity drive simultaneously
- Make or break decisions

Digital enterprises compete with startups and new entrants

- Organizations are reacting and buying technology from vendors/SIs who are being disrupted as well.
- Strategic and ever evolving Architectures, defining business and technology road maps, are key to change.
- Agile operating model for the business and the technology function - lower cost and faster execution.
- New digital enterprises like GE, [amazon.com](https://www.amazon.com), or startups like GrabTaxi are able to push feature changes into production every single day.
- The rate of change and perfection required, to continue with a single unique sales proposition, at a lower cost platform is a significant challenge for traditional enterprises.

- Evolve faster and better than the market
- Execution engine focus

- 80% cheaper with 4 x speed
- Adopt GE Change Mantra



Existing corporates often don't know how to compete effectively in new markets — over invest and under deliver.

- IT Model based on vendors, consultants, and “best practice copy & paste thinking”.
- Enterprise Architecture in its infancy (“backroom power point drawing”), means a lack of strategic thinking and focus on tactical solutions.
- Business not ready for decisions and teaming with IT, to drive change too. Either the business sources its own vendors or sees IT as an order taker, without the view to truly team.
- Vendors, SIs and Consulting companies are being disrupted by Cloud, Open Source, and Startups, too. The commoditized industry isn't able to contribute expert skills, but sells on 'best practices' Iterative operational cost reductions, productivity gains, and innovation in regional platforms has only been done by US and European companies in Asia, with some success, but high investments.
- Startups are also driving standard process, zero touch operations, and single technology platforms globally - at a fast changing rate of improvements.

- DNA for change is missing
- Strong country views

- No Technology & Business alignment
- Change pressure drives budget up

Key questions to help reviewing priorities and understanding the approach transformation should take within an enterprise.

What is the approach to digitization and technology?

How competitive do we want to be?

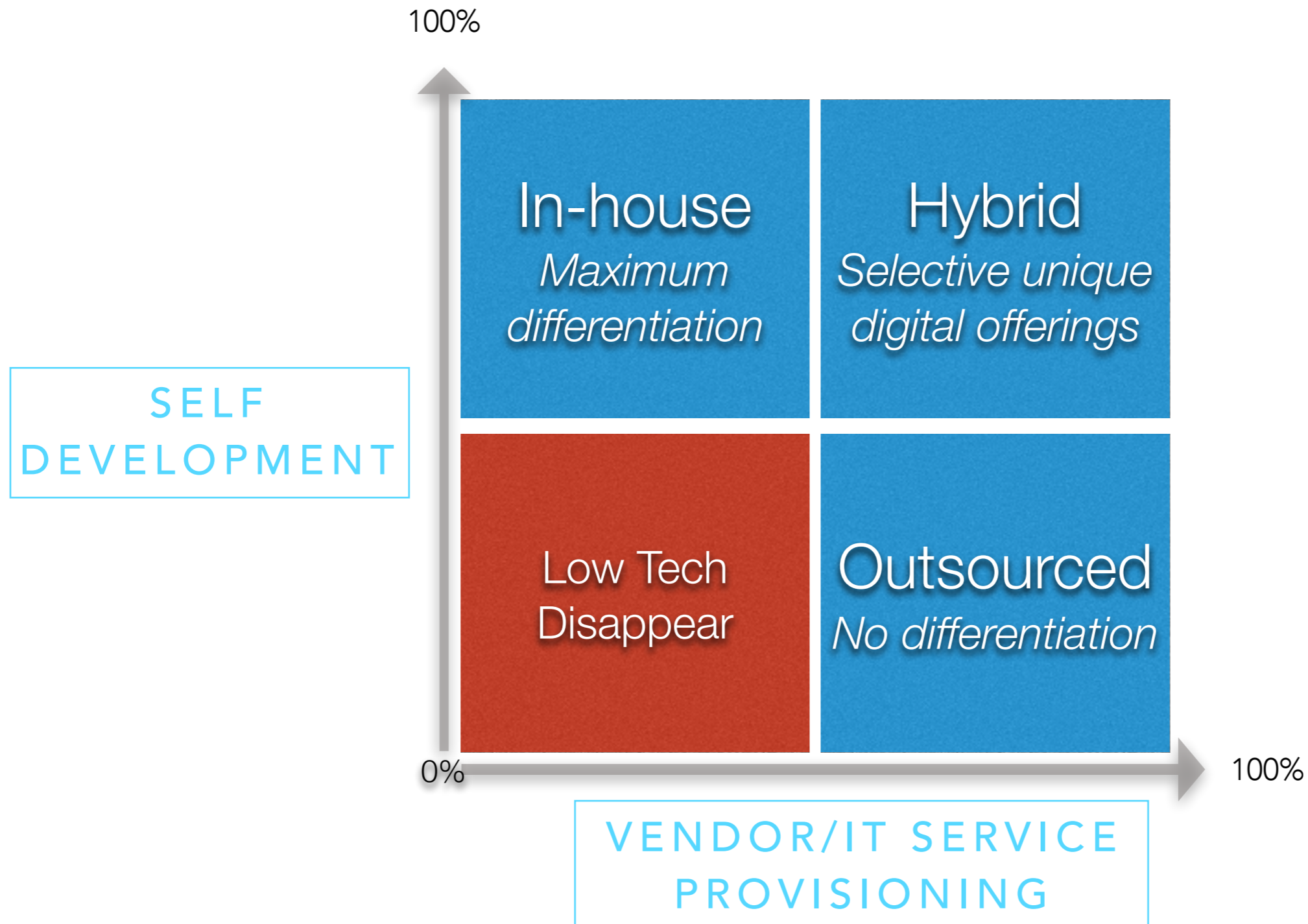
How unique do we want to be?

How much investment is it worth to us?

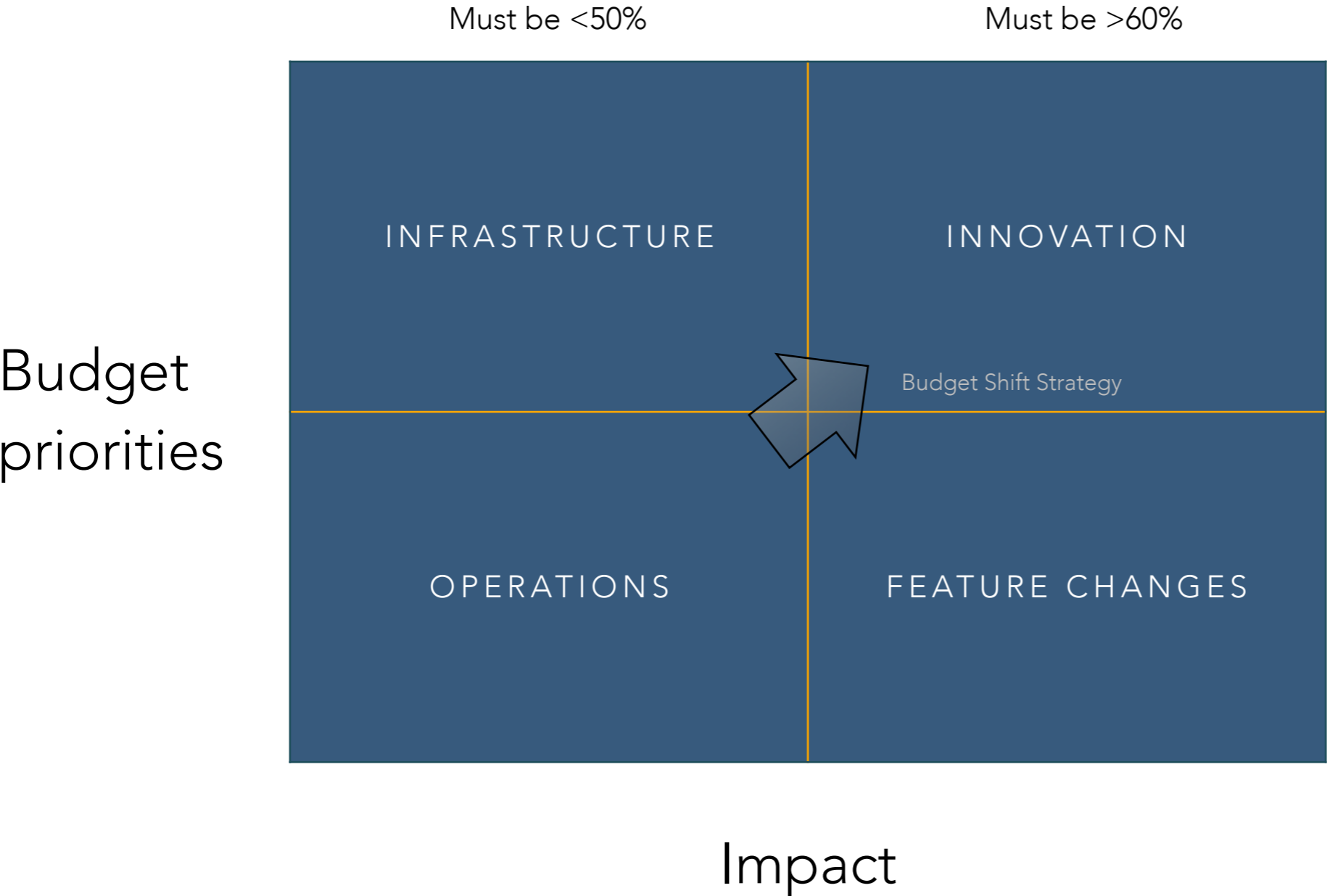
How much effort and restructuring are we ready to do?

What is commodity for me?

The core decision for an organization is, to define the level of differentiation and with that deciding the technology approach.



**The question on smart budgets equally drives competitiveness.
Investing in zero touch operations or client facing features adds value.**



How can innovation be a continuous process versus a one off?

How can investments be focused towards increase feature changes at lowest possible cost?

Great companies drive majority investments towards Innovation and Feature changes!

consultants and vendors are also under pressure to change in this 'age of specialization', as many focused on commoditization of service and lack of product investments.

Vendors are developing or partnering with Consultants/SIs

Consulting/SIs Companies acquiring or developing vendor capabilities!



The future landscape will have specialists and cloud, but little commodity SI/Off-shoring

Significant disruption to happen!

PRODUCT SPECIALISTS

High Priced

HYBRID PRODUCT, CLOUD, AND SERVICES FIRMS

Commoditized

HIGH END CONSULTING

High Priced

>Vendors and consultants fail, corporate needs to take ownership on the journey and requires to remodel the organization. This drives an end to end changes for a company, if done right.

Corporations have limited options in addressing the concerns and drive for improvement, however, all of these also come with additional challenges.

Your approach:

1-2 years to take ownership and develop Subject Matter Expertise in Technology, Engineering, Agile, and Lean to drive in the new economy!

How to use?

Manage 3rd party, owns road map, engineers business and technology approach, knows better than outsiders.

Their approach:

Use open source and commodity products to deliver commercial products and services, which are reusable.

How to use?

Adopt in non-core areas where it doesn't impact competitiveness. Watch solution and pricing.



Their approach:

Limited availability of true Subject Matter Experts. Focus on pushing 'best practice' (a copy in itself).

How to use?

Well positioned for amending in-house expertise.

Their approach:

Players can only offer commodity services due to immense margin pressure.

How to use?

Adopt these for commodity products only (e.g, data centers).

This change journey requires a new operating model, with forward looking technical architecture at its core.

- Business
- Technology
- Operating model
- Capabilities

Strategy
Priorities
Properties

Evolving targets
Innovation
Productivity
Specialization

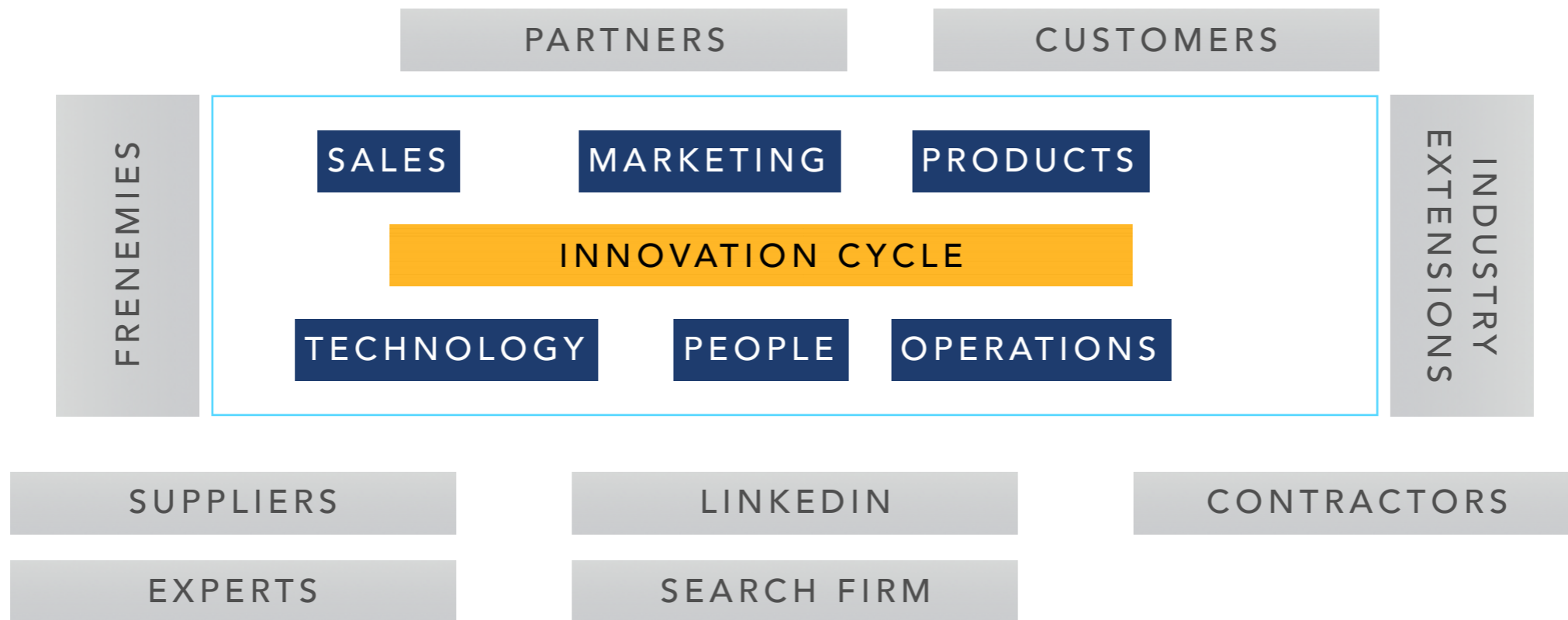
Processes
Data Driven
Organization
Metrics

Culture change
Skill development
Change management

Digital Architecture

These four dimensions are dependent on each other and are part of the overall strategy framework for the organisation.

Corporations and startups have to continually reinvent themselves to thrive.



Iterations!
Open Data!
Free Information!

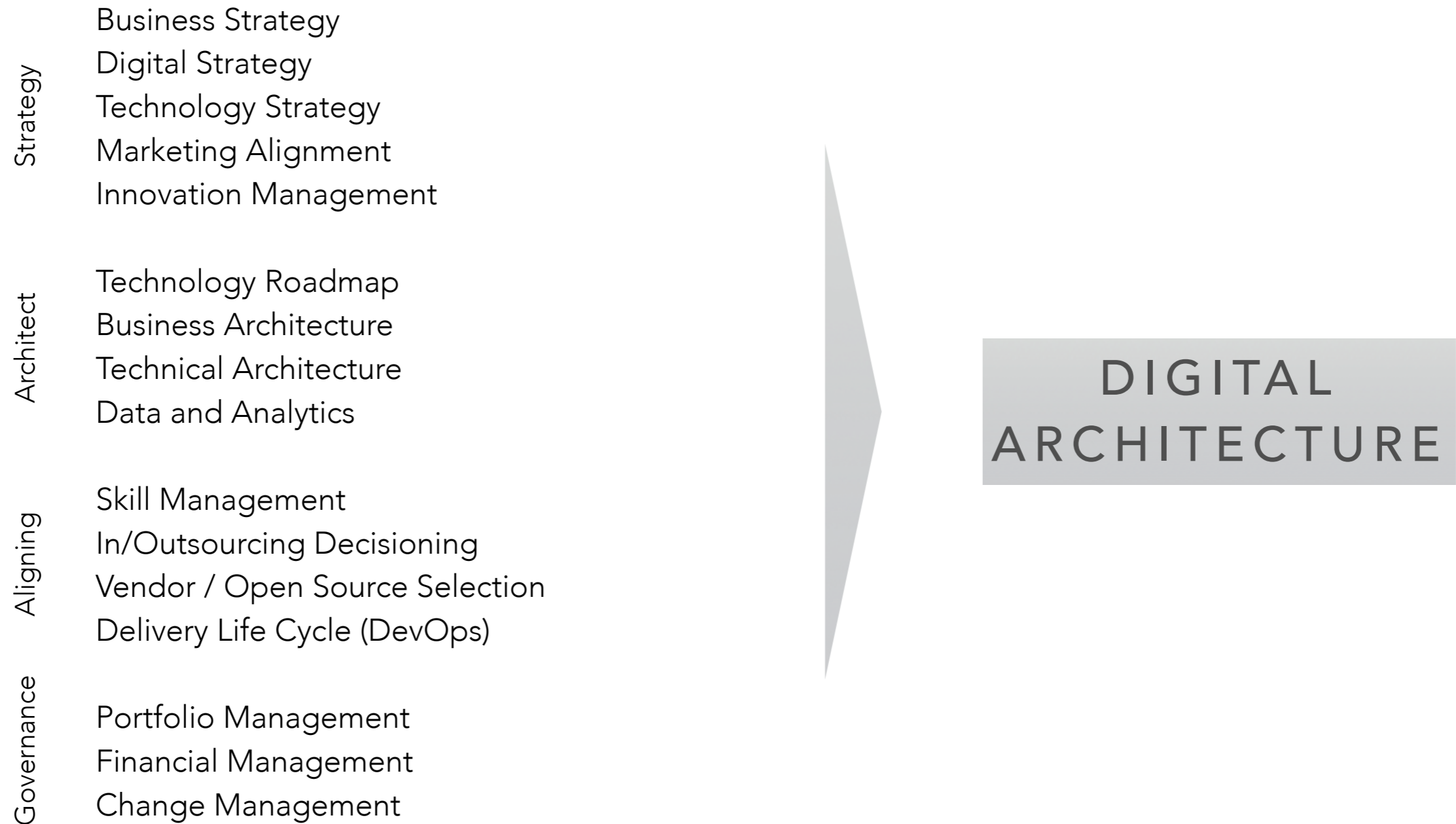
Mature vs
Developing
Countries

Innovation
happens
everywhere

Large Corporates
or Startups the
same as vulnerable

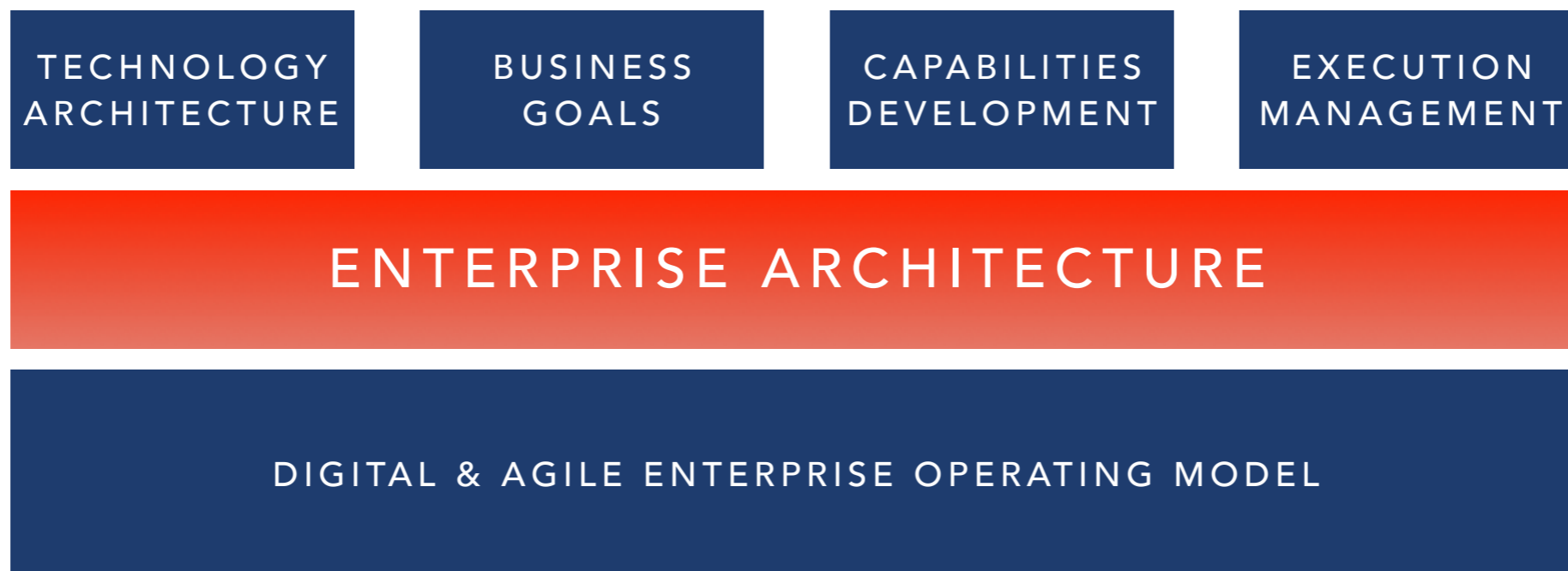
Empower (with some
rules) and good
things will happen

Architecture drives digital transformation, puts strategic thinking into It and the corporation around it.



Architecture creates the digital strategy and thus aligns Board Members with Developers, a crucial task in the new economy.

The approach is based on expanding methods, to manage strategy and align execution based upon clear goals and targets.

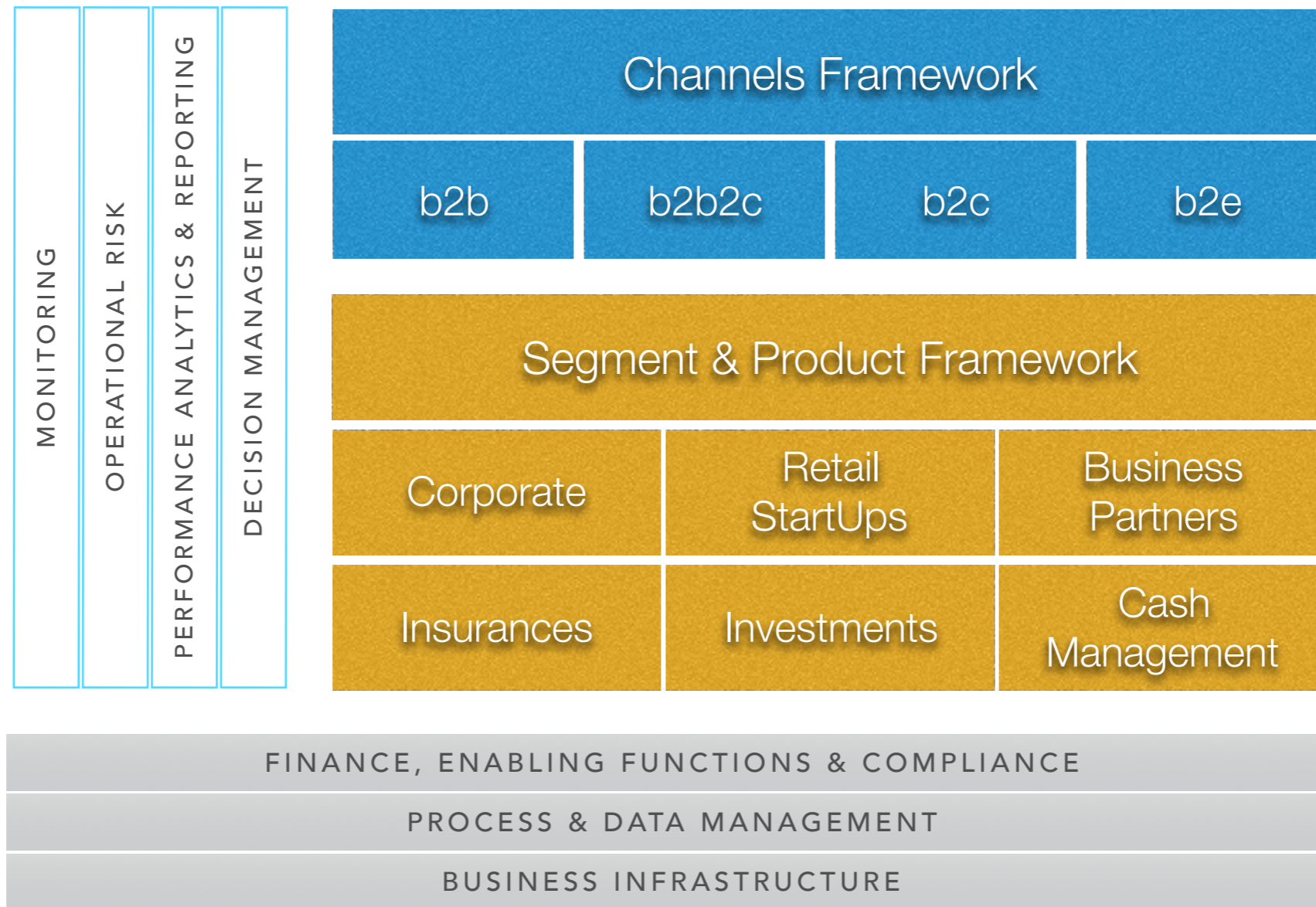


Digital strategy depends on architecture! Adopt the methodology to drive the transformation process. This means adjusting the operating model, but also deepen technology skills and aligning them with the strategy.

Change driven by principles, helps to navigate the strategy

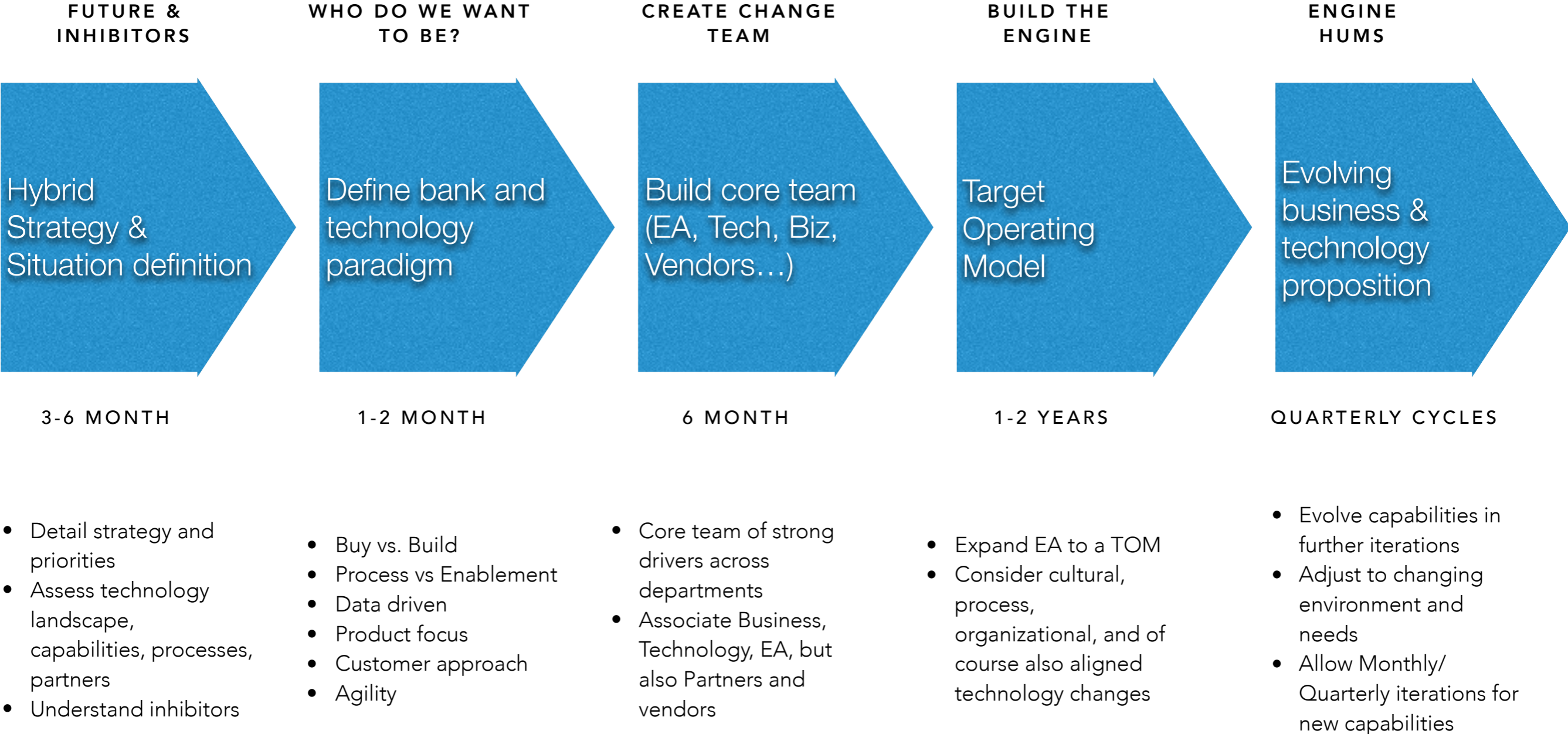
- Transformation creates new operating model
- Cultural change & improve 'corporate engine'
- Enterprise architecture realizes business strategy
- Data driven, reduce process dependency
- Link client segments (employee, private, SME...)

Logical Enterprise Framework, is part of driving the strategy.



EXAMPLE

Building a new 'corporate engine' and DNA is difficult, but possible and the only way to drive towards a digital enterprise being able to challenge start-ups and global digital giants, like GE.



EXAMPLE

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