



GLOBAL CENTER FOR DIGITAL
BUSINESS TRANSFORMATION

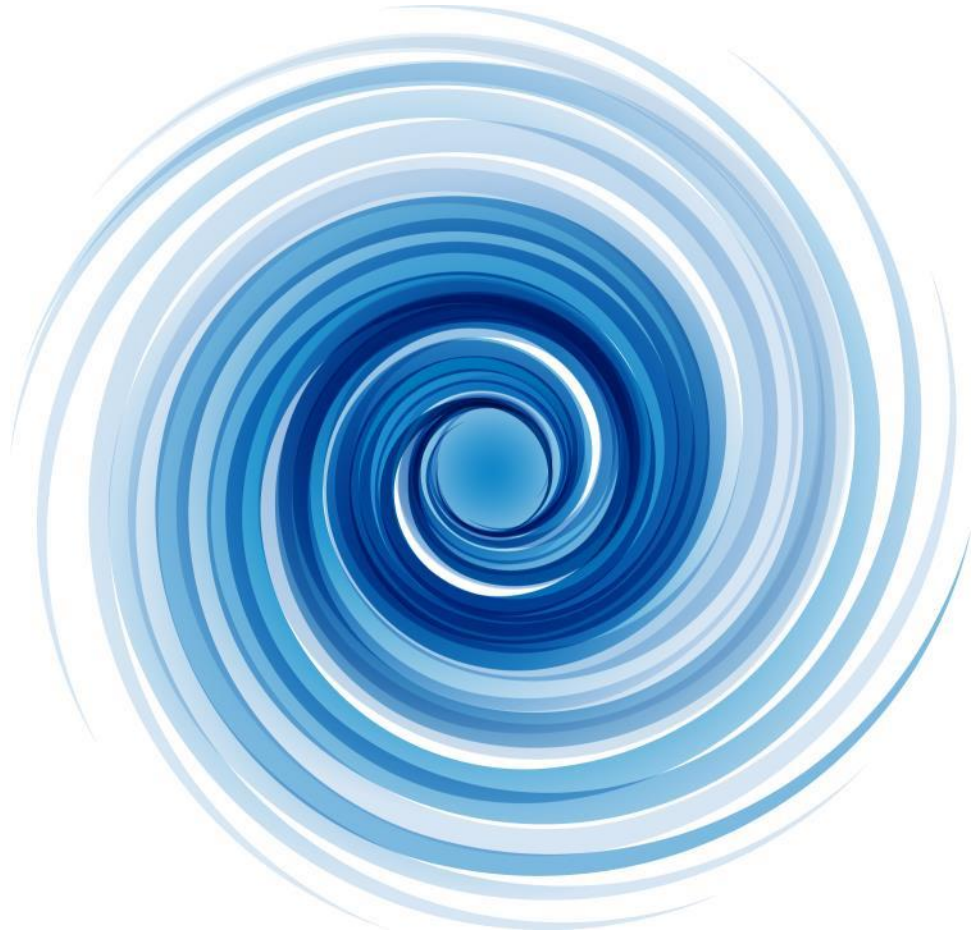
Digital Vortex

How Today's Market Leaders Can Beat
Disruptive Competitors At Their Own Game

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The Global Center for Digital Business Transformation

- Cisco and IMD co-founded Global Center for Digital Business Transformation in 2015
- IMD = Institute for Management Development, ranked #1 globally in executive education
- Mission: Develop research-based roadmaps to accelerate digital transformation
- Outputs: Original research, executive events
- A true partnership: Cisco executives, IMD faculty co-create real-world research



Digital Disruption Is the #1 CXO Careabout



Two-thirds of CEOs (66%) see more threats facing their businesses today than three years ago.



Source: PwC 19th Annual Global CEO Survey



All CxOs identified the risk of industry disruption caused by an unlikely competitor outside their industry as a primary competitive threat.



Source: IBM Global C-Suite Survey, 2016

Digital Competition Is Intensifying

40%

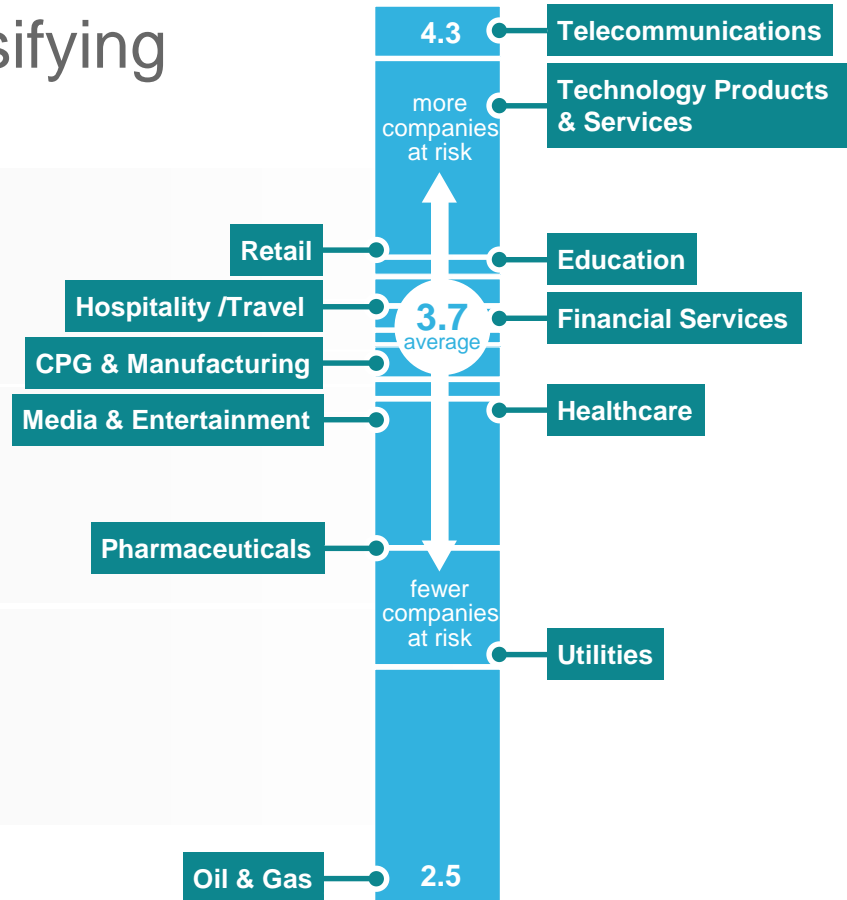
Market incumbents displaced

3 years

Expected time to disruption*

1 in 4

Companies actively responding

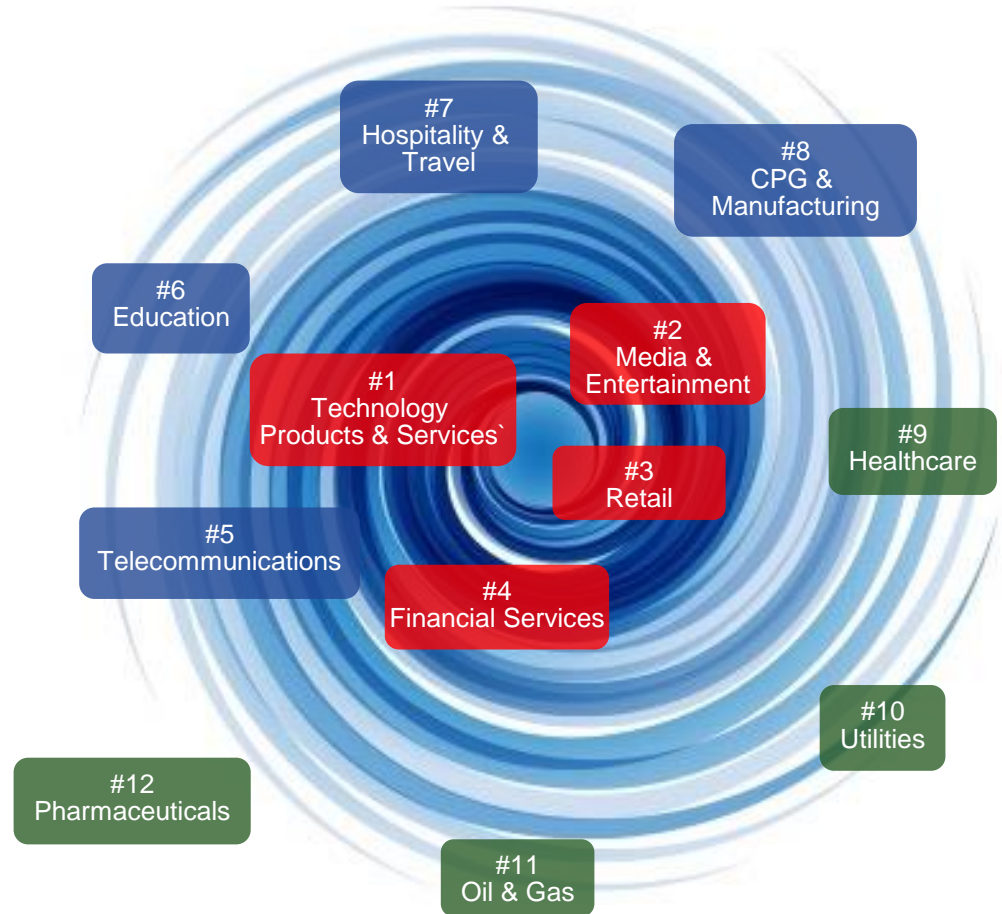


*Disruption = Substantial change in market share among incumbents
Source: Global Center for Digital Business Transformation, 2015

No Industry is Safe

The Digital Vortex

- A force that **pulls everything toward the middle**
- **Chaotic**: objects are drawn to the center with exponentially increasing velocity
- Industries may **dissolve and recombine**
- At the center, all value that can be digitized is digitized



Three Categories of Digital Business Models



Cost Value

- Free / Ultra-low cost
- Buyer aggregation
- Price transparency
- Reverse auctions
- Consumption-based pricing



Experience Value

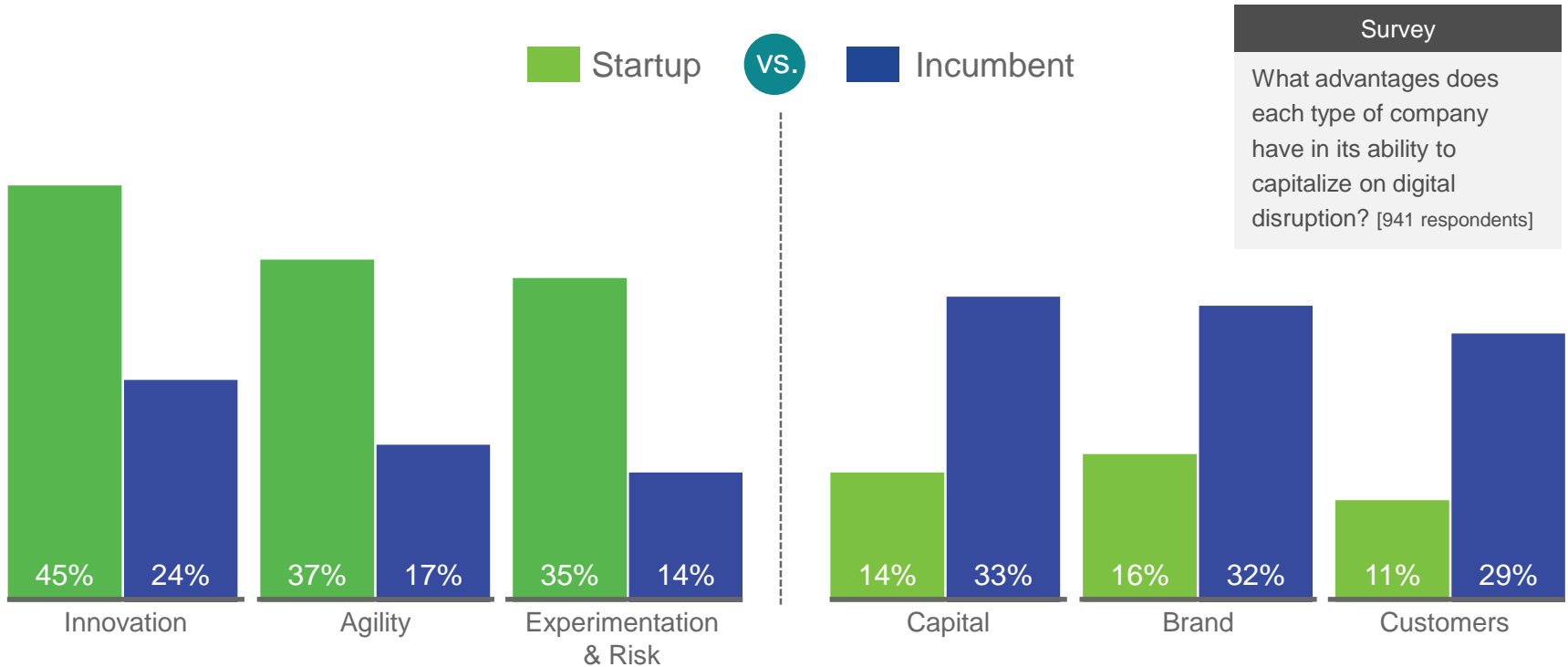
- Customer empowerment
- Customization
- Instant gratification
- Reduced friction
- Automation



Platform Value

- Ecosystem
- Crowdsourcing
- Communities
- Digital marketplaces
- Data orchestrator

In the Digital Vortex, Incumbents Must Learn from Startups



Source: Global Center for Digital Business Transformation, 2015



The dynamics of the ‘Digital Vortex’ will require organizations and governments to acquire a new level of agility that will allow them to not only change what they do, but to adapt often.



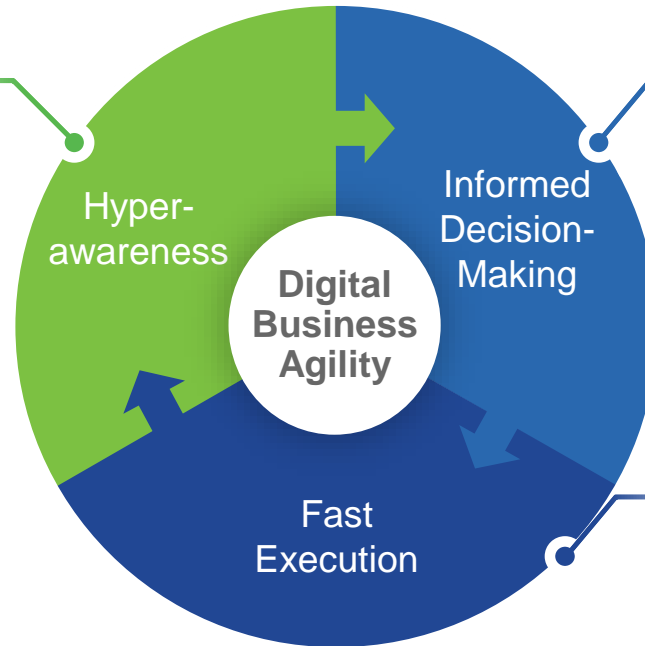
– John T. Chambers, Executive Chairman, Cisco
From the foreword of *Digital Vortex*

Digital Business Agility

Hyperawareness

A company's ability to detect and monitor changes in its business environment

Digital business agility enables companies to counter and capitalize on digital disruption



Informed Decision-making

A company's ability to make the best decision in a given situation

Fast Execution

A company's ability to carry out its plans quickly and effectively

Hyperawareness

Behavioral Awareness

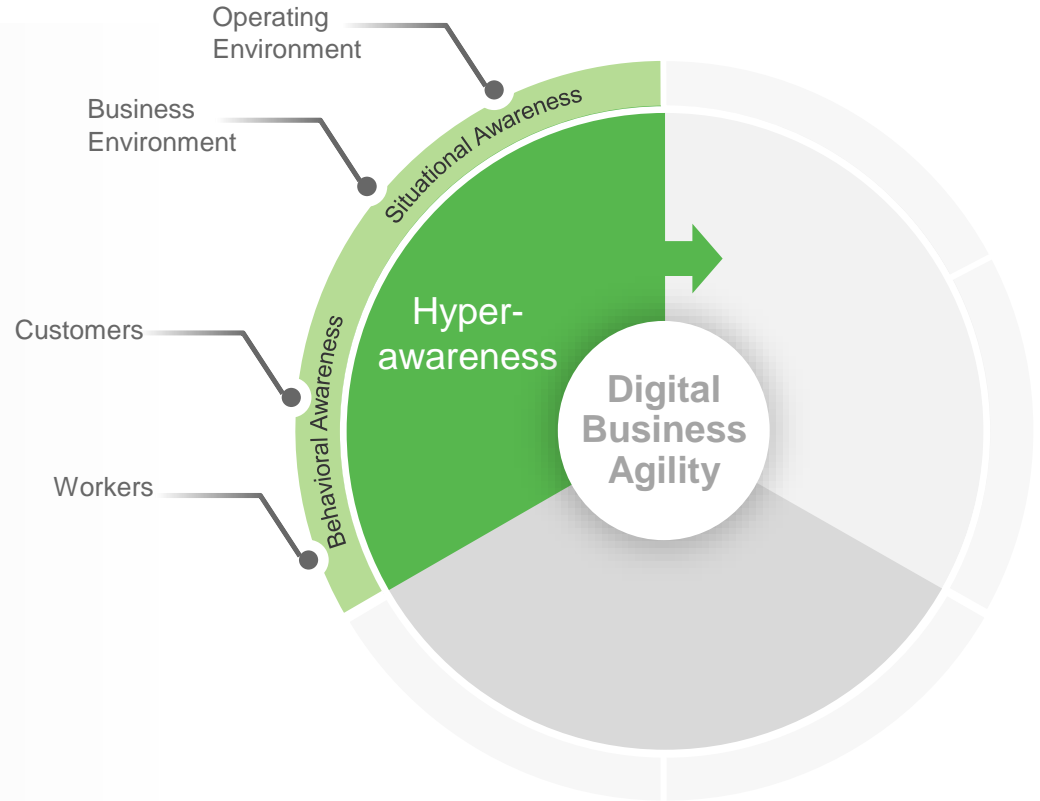
Workers – Gaining deep understanding of how workers act, what they think, and what they value

Customers - Gaining deep understanding of how customers act, what they think, and what they value

Situational Awareness

Business Environment – Sensing changes in the marketplace -including the company’s customer base, competitors, and partner ecosystem—that are relevant to an organization’s mission.

Operating Environment - Sensing changes in the operating environment—including physical assets such as oil rigs, manufacturing plants, vehicle fleets, buildings, and facilities that companies use to deliver the products or services they sell.



Here's a question for you...

Which of the following has the most highly subscribed YouTube channel as of today? Your choices are:

- FC Barcelona
- Justin Bieber
- Katy Perry
- Felix Kjellberg
- The White House



What is Twitch?

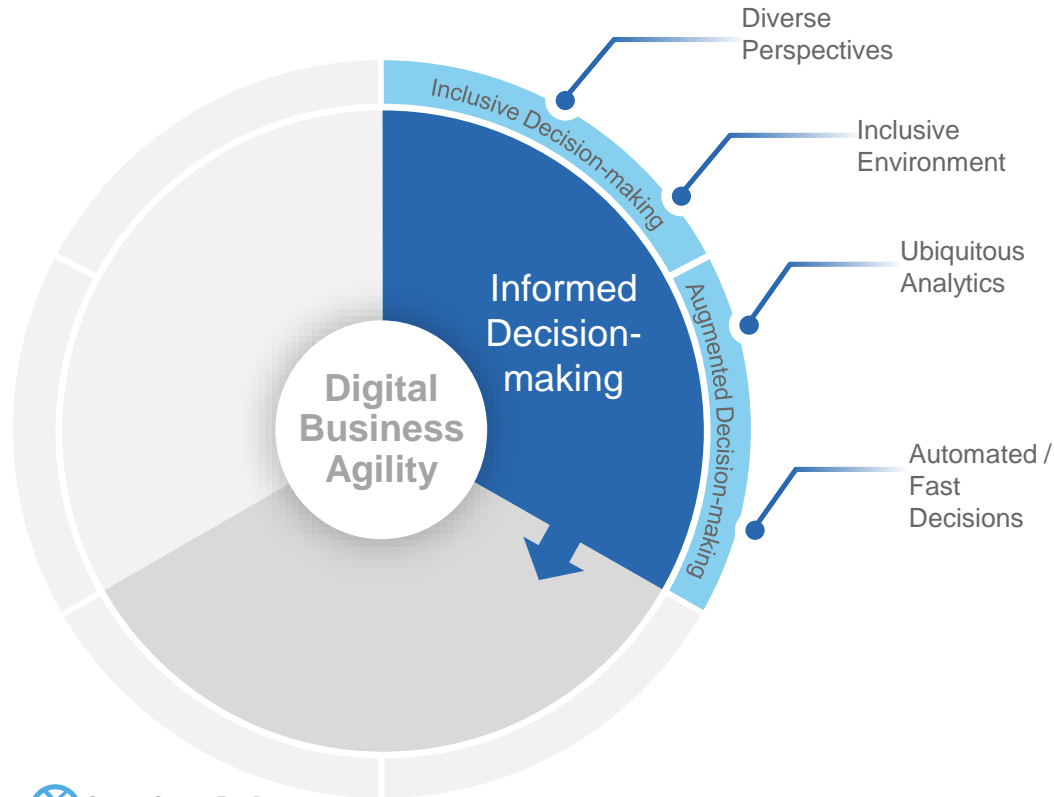
Digital Acceleration Team



LISTENING
ENGAGING
INSPIRING
TRANSFORMING

A graphic overlay with a dark background and purple accents, featuring icons for Twitter, LinkedIn, Facebook, and YouTube, along with a 'CHAT' icon at the bottom.

Informed Decision-Making



Inclusive Decision-making

Diverse Perspectives – Ensuring that all the decisions benefit from the diversity of perspectives within the organization

Inclusive Environment – Fostering a culture where everyone is willing to participate and engage

Augmented Decision-making

Ubiquitous Analytics – Embedding analytics directly into work processes at the point of decision across the organization

Automated / Fast Decisions – Accelerating the speed of decisions through automation and analytics

Steve is very shy and withdrawn, invariably helpful but with little interest in people or in the world of reality. A humble and tidy soul, he has a need for order and structure, and a passion for detail...



Is Steve more likely to be a farmer or a librarian?

Fast Execution

Dynamic Resources

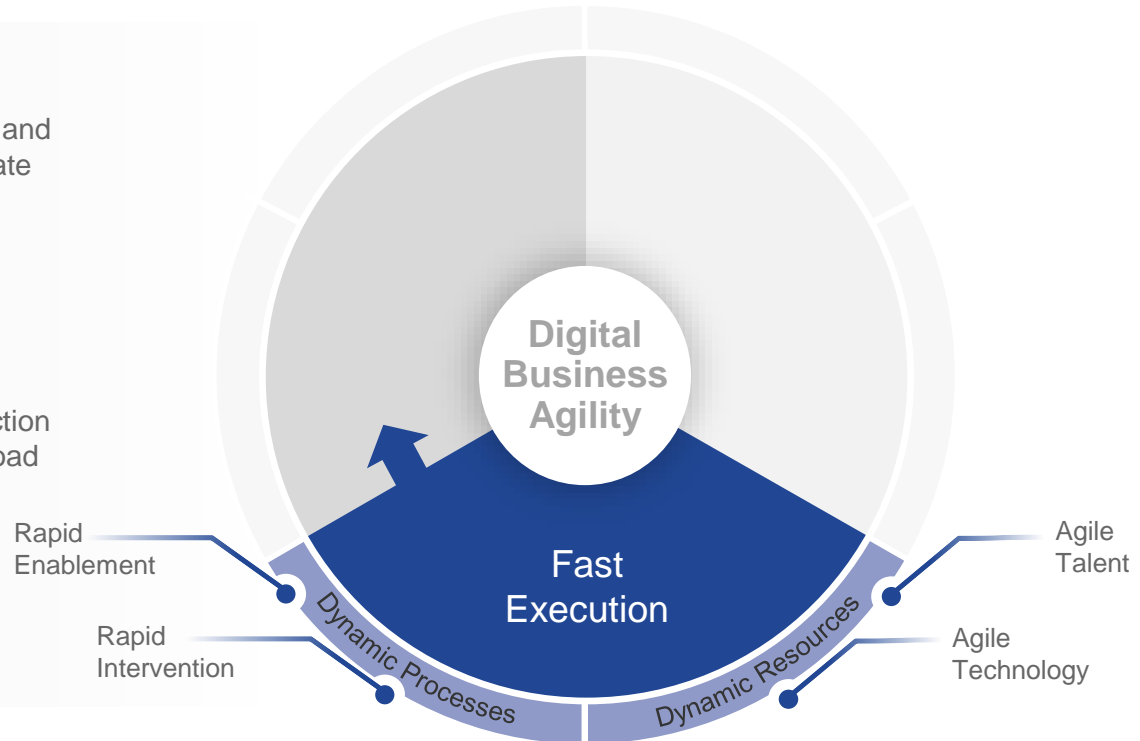
Agile Talent – The ability to acquire, manage, and rapidly shift talent as business conditions dictate

Agile Technology - The ability to acquire, manage, and rapidly evolve enabling technology as business conditions dictate

Dynamic Processes

Rapid Enablement – The accelerated introduction of new organizational capabilities across a broad spectrum of value-creating activities

Rapid Intervention – Taking immediate action to capitalize on opportunities or neutralize threats, whether to capture a sale, optimize operations, or prevent an accident



Putting It All Together

Situational Awareness:

The ability to identify changes in an organization's internal and external environments, and to understand which changes matter

Behavioral Awareness:

The ability to understand how workers and customers act, what they think, and what they value

Dynamic Processes:

The ability to rapidly introduce new business processes and adapt existing business processes to changing business conditions

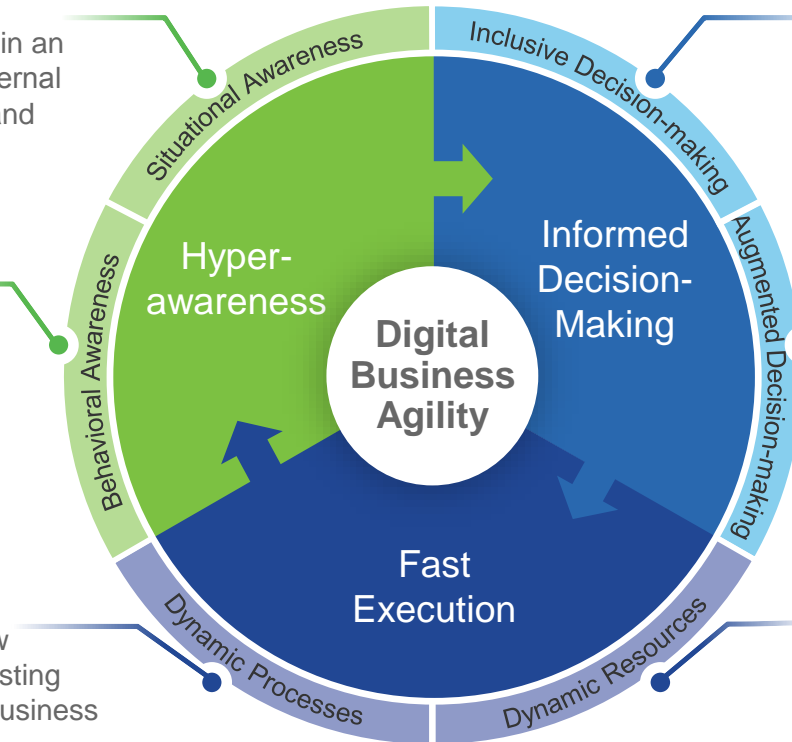
Inclusive Decision-making:

The ability to make decisions based on the shared intelligence that emerges from the collaboration of disparate individuals and teams

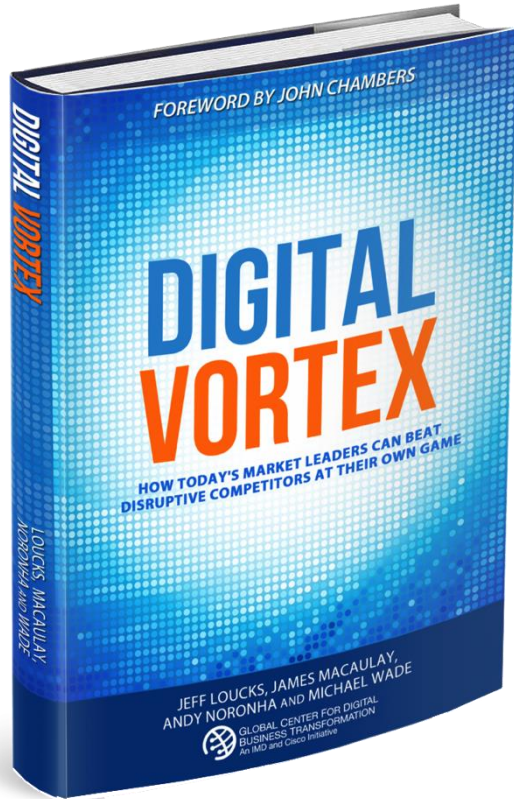
Augmented Decision-making:

The ability to incorporate data and analytics into the decision-making processes across an organization

Dynamic Resources: The ability to acquire, deploy, manage, and re-allocate resources (e.g., talent, technology) as business conditions dictate



Watch This Space



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imd.org/dbtcenter



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