

# Digital Excellence Study

In cooperation with Združenje Manager

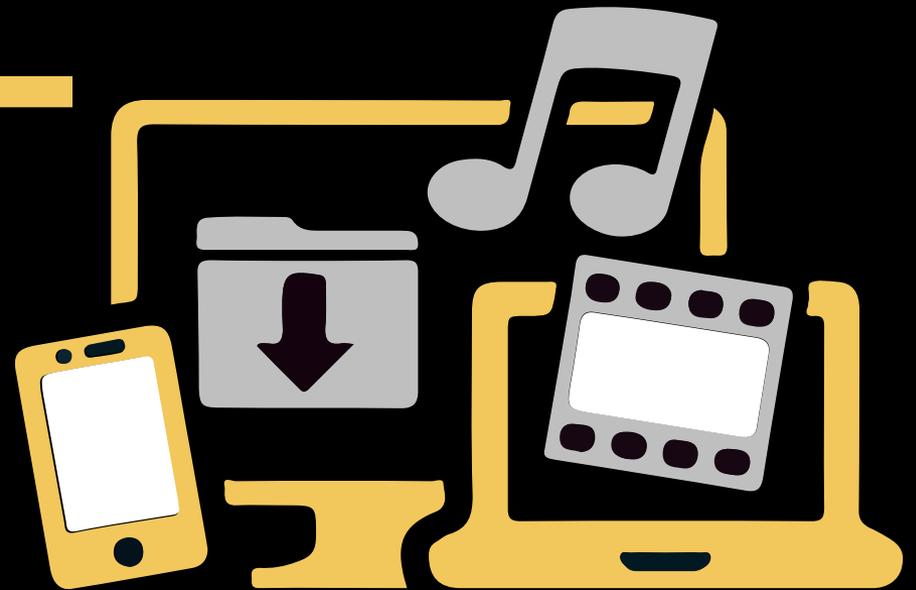
Key findings - Slovenia

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**Marko Derča**

Vice president, Head of Digital Transformation EE

# Why DIGITAL



The impact of digital is undeniable...

By **2020, more than 50% of revenues** will be funneled through digital channels and/or driven by digital products, services, and business.

**Is your company  
on the right trajectory?**



...and will be felt by everyone

**Executives see the threat of digitization as significant and imminent.**

**Digitization ranked the #1**  
potential disruptor shaping their industry



**~50%** of executives say digitization will have a high or even transformational impact on their business



**70% believe full digital impact**  
will unfold in the next five years



# Also Slovenian CxOs say: Digital will disrupt our core business

>88%

**85%** have digital on their agenda

>60%

**50%** believe in significant change in value chains

>45%

**25%** have their digital strategy formalized (part of regular strategy or separate)

Today in **48%** of companies digital is CxO responsibility (**61%** in next 3 years)

>78%

**32%** believe in boosting their digital transition and innovation with ecosystem partners

**60%** anticipate that their overall revenue will decline in the range of 5-15%

**54%** believe in up to 15% rev. decline...  
...**23%** believe in up to 3% rev. growth *from digital*

**30%** already invest more than 10% of budget in digital initiatives (leading by Financial industry)

**50%** consider digital capabilities of high importance in recruitment and promotion

>88% believe in significant change in skill profiles

Yes

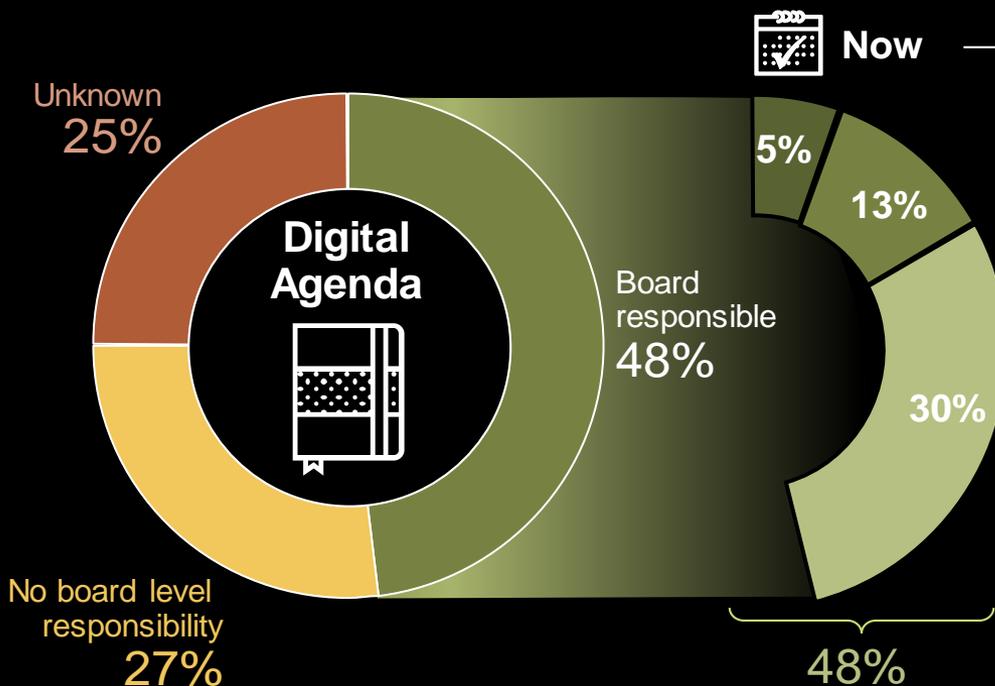


are best prepared industries

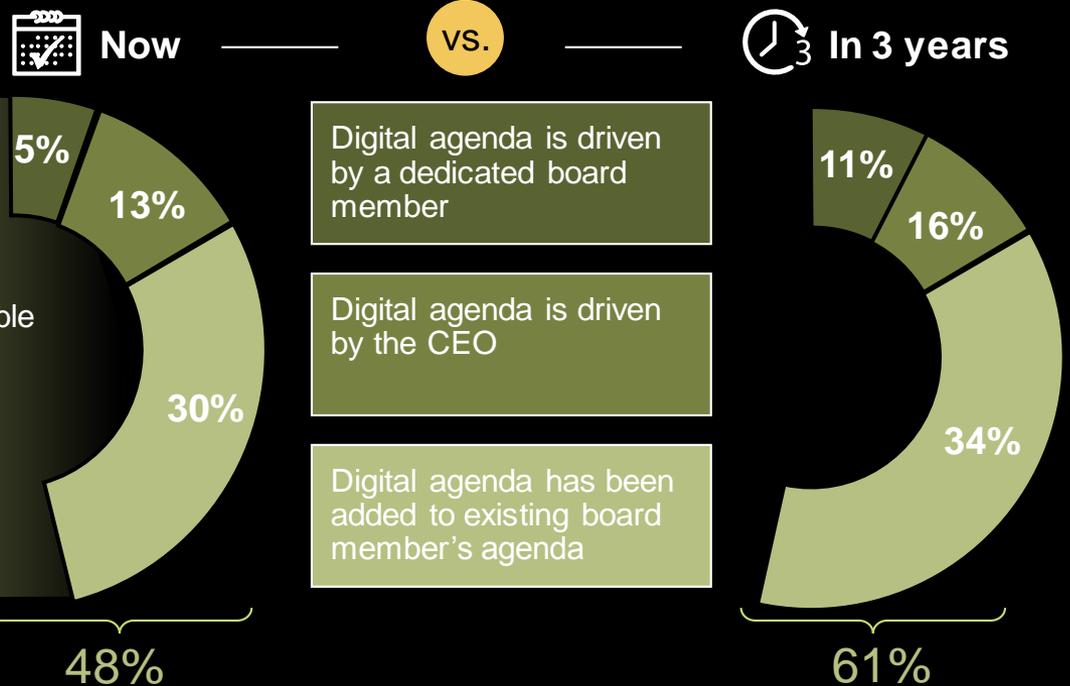
# Number of dedicated board members for digital topic will double in next 3 years

## Organization and governance

### Digital agenda in charges of board members?

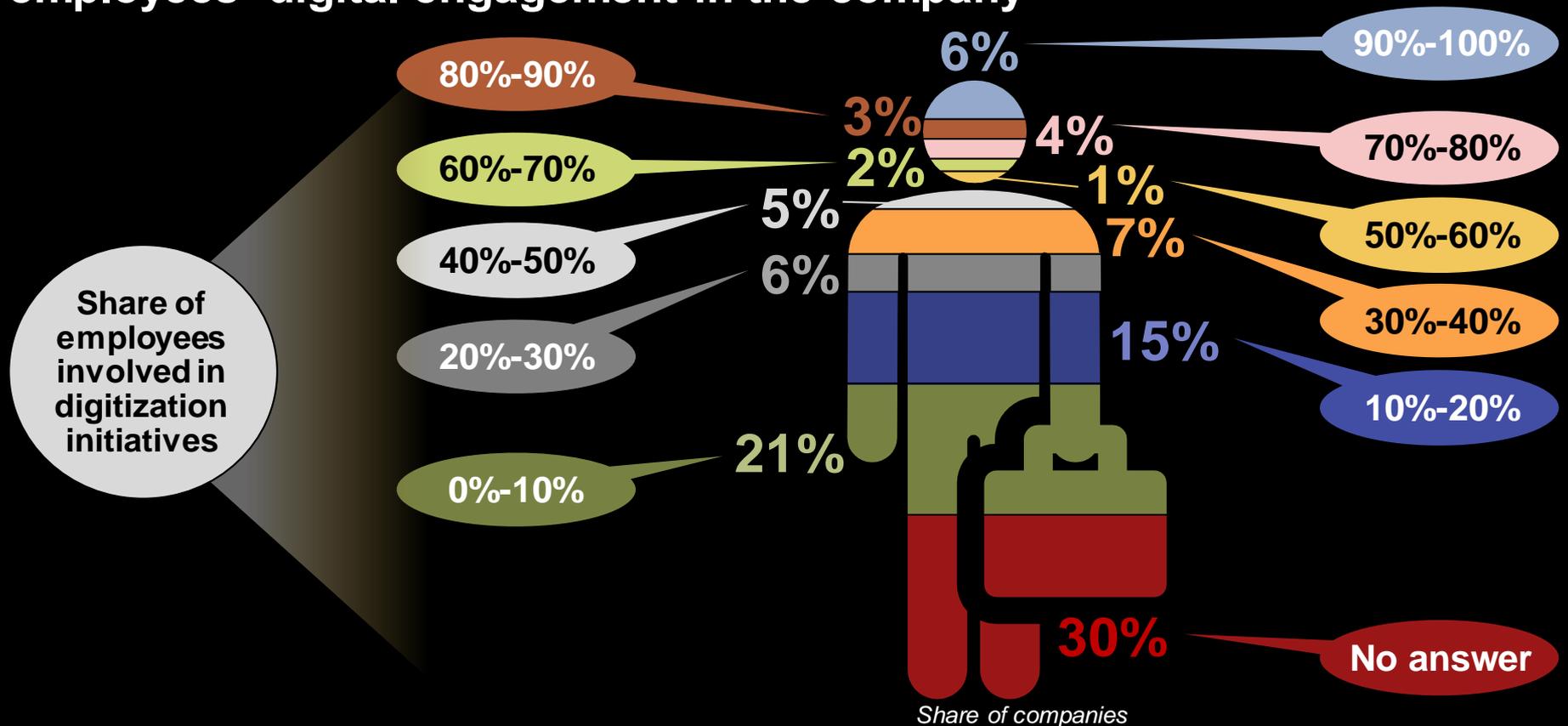


### Who is driving the digital agenda?



# In half of companies level of employees involvement in digital initiatives is still low

## Share of companies with awareness level of employees' digital engagement in the company



# Innovations in 4 key areas have significant transformation potential

#1 trend among S&P 500 companies

Proliferation of structured and unstructured data enable detailed insights



**Big Data Analytics**

Connected machines generate contextual data



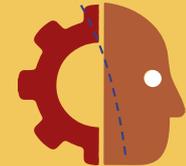
**'Internet of Things'**

Advanced intelligence and algorithms interpret data and trigger actions



**Algorithms & AI**

Execute and trigger routine tasks @ 3x the rate of humans



**Advanced Robotics**

- Big data **synthesizes and enriches** all data sources
- Combines **structured and unstructured data**
- Deep insights drive **innovation** and new **service** opportunities

- Network of physical objects equipped with **sensors & connectivity** to collect & exchange **data**
- **Devices communicate & execute** processes in a **frictionless** manner

- Algorithms allow products to **continuously learn** and **provide insights**
- Trigger **actions** based on pre-set '**recipes**'

- Extend reach of human activity in dangerous or hard to reach conditions
- Enhance human capabilities in precision tasks
- Part of an **interconnected, frictionless** eco-system

There is no **digital without data**

Dumb products are getting **smart**

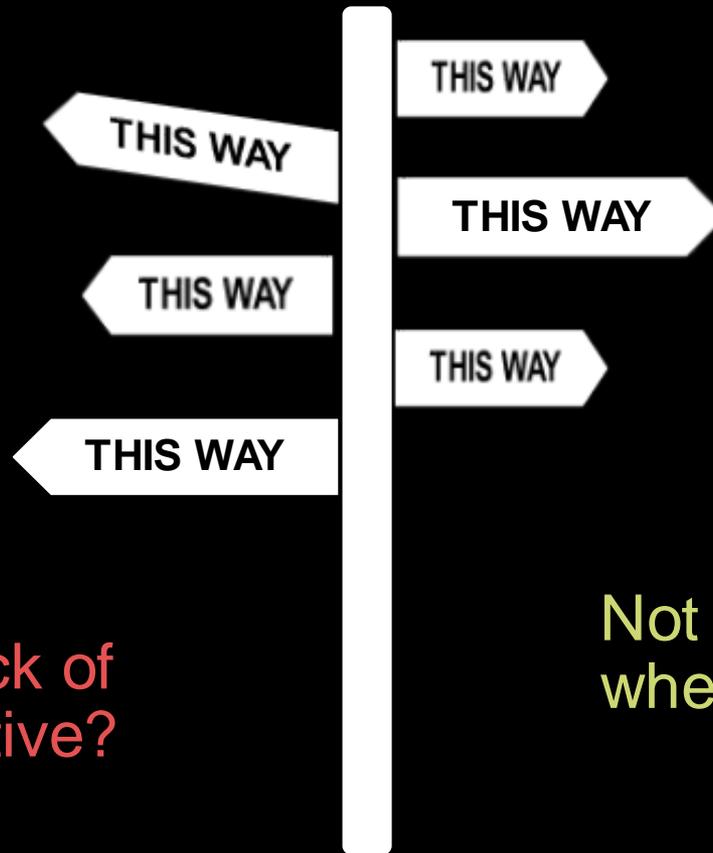
**Algorithms** turn data into **action**

Robots will **enhance** human capabilities

But why do companies still spend most of their time discussing Digital, instead of executing it?

Is Digital in the end not understood?

Is there a lack of a joint objective?



Do companies lack the right capabilities?

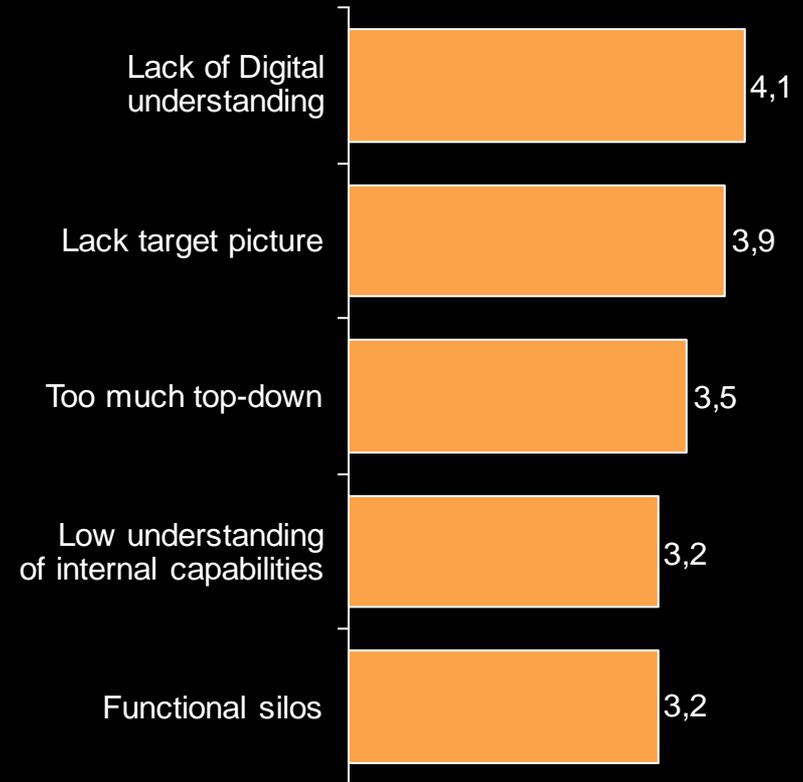
Not enough clarity where to invest?

Also in mature markets, most digital measures still don't focus on value creation

## Impact and focus of Digital measures

	Focus	Incremental Improvements	New Business Model
Impact			
Top Line		26%	5%
Bottom Line		12%	0%
Enabler		57%	

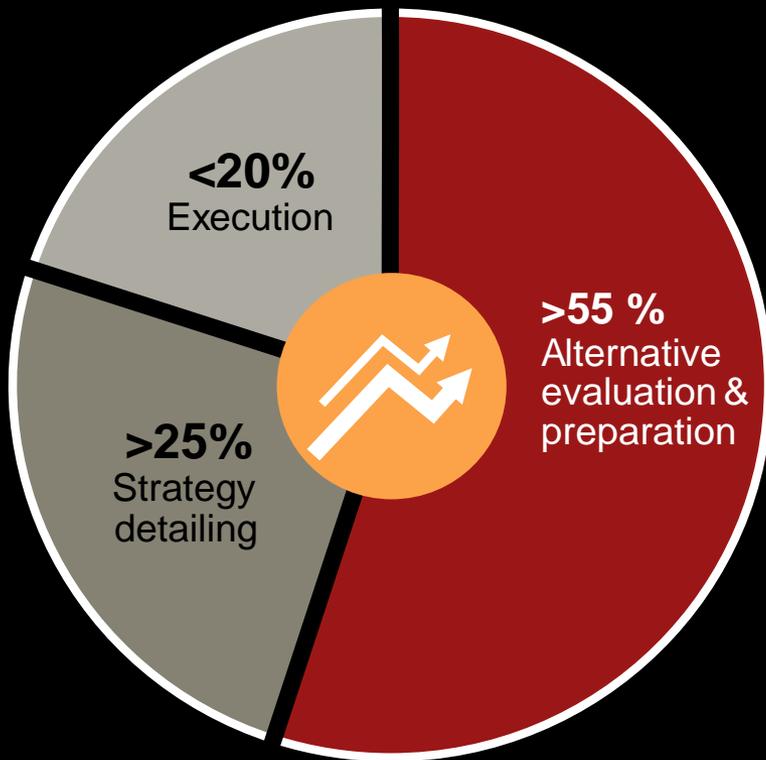
## Top reasons for failure in strategy formulation<sup>1</sup>



1. Average response on a scale from 1 (low) to 5 (high)  
Source: A.T.Keamey, practicalDigital innovation study among 450 CxO

# Only 20% of the workload is allocated on Digital strategy execution

## Allocation of Digital workload



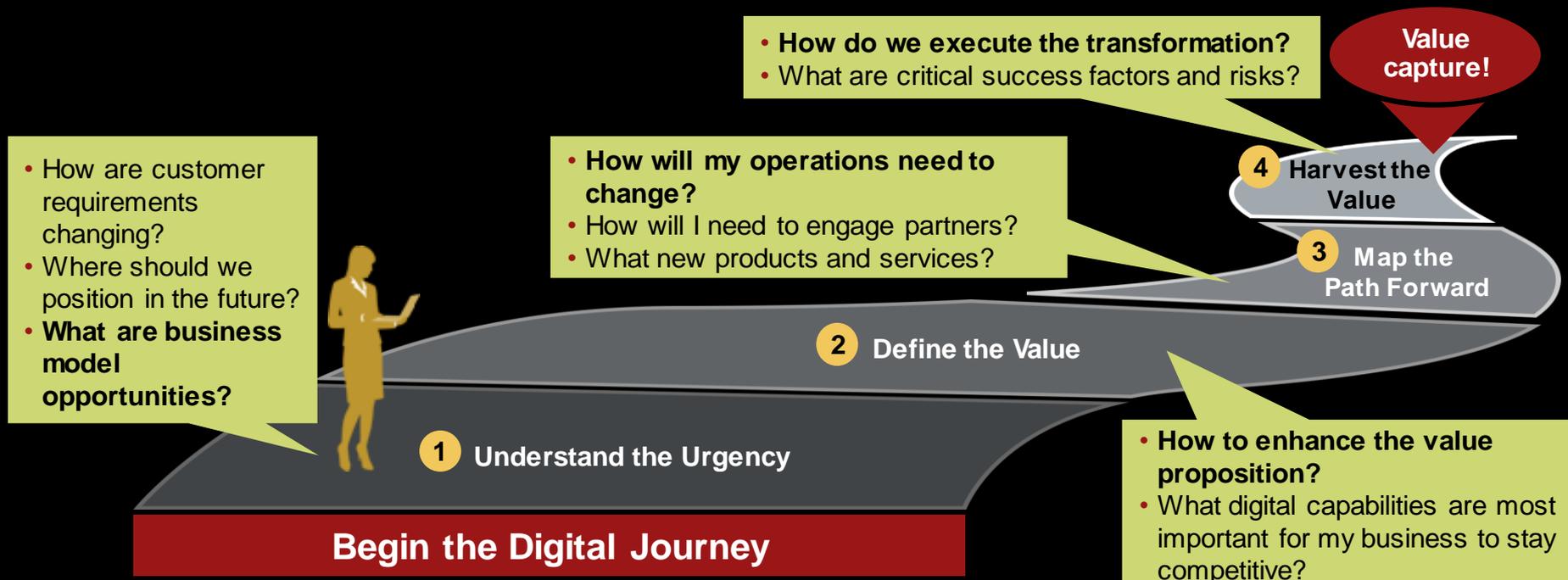
## Top reasons for failure in strategy execution<sup>1</sup>



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Source: A.T. Kearney Practical Digital Innovation study

# CxOs should begin by focusing on key dimensions of digital journey...

## Way forward



...to maximize opportunities of Digital transformation and ensure sustainable future growth

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