CIO AGENDA 2020
Building the Digital Platform

Petar Kocovic
VERACOMP CIO LEADERSHIP FORUM
Hotel Cigota Zlatibor
September 26 and 27, 2019
British Soldier in WWI
Soldier of the 21st Century

- Battery Pack
- Flip Mount
- LED Flashlight
- Insta-Light Adjuster and Infrared
- Focal Point Distance Determination Laser
- Digital Nightvision Optics
- Headset
- Mic

A. Battle-Cam System

B. C. D.
Electronic vs. Digital

Electronic boarding pass

Digital boarding pass

DEPARTURES
Mining Lifecycle
Geovia an Dassault Company
resilience (1807)
noun: ˌri’zi-l-ən(t)əs
The capacity to recover quickly from difficulties; toughness.
World Economic Forum tracked

Five types of organizational risks: economic, environmental, geopolitical, societal and technological
Organizational resilience is the ability of an organization to resist, absorb, recover, and adapt to business disruption in an ever-changing and increasingly complex environment to enable it to deliver its objectives, and rebound and prosper (a slightly modified version of the ISO 22316:2017 definition).
ISO Standards for Digital Transformation

ISO 9001 - Quality Management
ISO 20000 (1:12) - Service Management
ISO 27001 - Information Security Management
ISO 27701 (1:2) - Security Techniques
ISO 22301 - Social Security - Business Continuity Management
ISO 31000 - Risk Management
ISO 38500 - Corporate Governance of Information Technology
“Your Company Doesn’t Need a Digital Strategy - you need a better strategy, enabled by digital.”

George Westerman
MIT Sloan Management Review - Spring 2018
Digital Business Transformation

Ambition
- Why?

Design
- What?

Deliver
- How?

Digital Business Ambition Canvas

Business /I&T Strategy

Strategic plan
Key Questions?

What will happen in our industry?

What are we going to do about it / and when?

How will we know if we succeed?

Who will own the journey?

Where do we invest?
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By 2020, your organization **lead or adapt** to an industry vision ...
# Key Questions?

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Cost Optimization for Digital Business

Digital Business

- Digitalize physical assets, data and business processes.
- Drive IT cost reduction while maximizing business value.
- Digitalize and optimize business processes using IT.

IT Cost Optimization

Business Cost Optimization
Key Questions?

What will happen in our industry?

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Build Your Digital Team

82% combined IT and non-IT responsible for enterprise transformation

Executive Table

CEO
BoD
CMO
HR
Sales
Supply Chain
Product/ R&D
CFO
IT
CIO
The Digital Platform Is Here

How You ENGAGE

Customers

How You INTERACT

Ecosystems

How You Make DECISIONS

Intelligence

How You SENSE

Things

How You RUN

IT Systems

Spinner
Some of the Key Roles

- User Experience Designer
- Chief Data/Analytic Officer
- IoT Lead
- Spinner
- Customers
- Ecosystems
- Intelligence
- Things
- IT Systems
- Product Manager
- API Product Manager
- Cybersecurity Expert
- Cloud Architect
- Megavendor Manager
- API Product Manager
- Product Manager
New Role of Digital Business Team
Roles prevalent in most user IT organizations

- CIO & Senior IT Executive
- Security & Risk Management
- Enterprise Architecture
- Business Intelligence & Information Management
- Business Process Improvement
- IT Infrastructure & Operations
- Sourcing & Vendor Relationships
- Application Management
- Program & Portfolio Management
THE DIGITAL INDUSTRIAL ECONOMY
• Digital Technology Architecture
• Enterprise Information Architecture
• Cyber Security & Risk
• Industrialized IT Infrastructure
Distribution of IT Roles in Serbian Companies (2019)

Source: CIO AGENDA 2019 - Srbija

Sample: 43 Serbian Top 150 companies
1. Digital Business Report to CIO

CEO/President

IT
Business Unit
Business Unit
Business Unit
HR
Finance

Digital Business Team
2. Digital Business Report into Business Unit

- CEO/President
- IT
- Business Unit
- Business Unit
- Business Unit
- Digital Business Team
- HR
- Finance
- Digital Business Team
3. Digital Business Is a Separate Business Unit
4. Digital Business Is a Multiple Business Unit Entity (Shared Services)
5. IT Reports Into a Digital Business Leader
Digital Business Transformation Canvas
DIGITAL TRANSFORMATION
What Is Business Model Transformation?
“Executives and their teams can formulate the product/services, processes, supply chains, organization charts and more that will secure success..”
The World Is Moving Toward Platforms
Digital Transformation

- IT Infrastructure Platform
- Delivery Platform
- Talent Platform
- Leadership Platform
- Business Model Platform
- IT
- Ecosystem
- Enterprise
- IT
Digital Visionaries Are Building Platforms Throughout Their Businesses

Focus Areas of This Presentation
Create a Bimodal Delivery Platform

Exploit and Explore
BIMODAL IS NOT TWO SEPARATE ORGANIZATIONS
Bimodal is the practice of managing two separate but coherent styles of work: one focused on predictability; the other on exploration.
Mode 1 is optimized for areas that are more predictable and well-understood. It focuses on exploiting what is known, while renovating the legacy environment into a state that is fit for a digital world. Mode 2 is exploratory, experimenting to solve new problems and optimized for areas of uncertainty.
Platforms Are Powerful

PLATFORM ECONOMICS
NETWORK EFFECTS

- Multidisciplinary by Design
- Semiporous Boundaries
- Dynamically Connected and Reconfigurable
- Continually Sensing, Learning, and Reconfiguring
The implied promise a company makes to its customers regarding the value of products or services.

Individuals and segments that purchase or use your products or service.

The resources combined across the organization to deliver customer-perceived values.

System for capturing value and turning excess value into profit and funding that can be reinvested in the business.

Source: Petar Kocovic, SERBIAN CIO AGENDA 2019, Digital Dreams
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<th>Technological areas that are used for Digital Transformation</th>
<th>Top performers</th>
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<tr>
<td>BI/Analytics</td>
<td>47%</td>
</tr>
<tr>
<td>Cloud Services/Solutions</td>
<td>34%</td>
</tr>
<tr>
<td>Digitalization/Digital Marketing</td>
<td>20%</td>
</tr>
<tr>
<td>Infrastructure and Data Center</td>
<td>20%</td>
</tr>
<tr>
<td>Mobility and Mobile Applications</td>
<td>16%</td>
</tr>
<tr>
<td>Cyber/Information Security</td>
<td>13%</td>
</tr>
<tr>
<td>ERP</td>
<td>8%</td>
</tr>
<tr>
<td>Networking, Voice and Data Comms</td>
<td>8%</td>
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Four Digital Transformation Trends Driving Industry 4.0
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Source: Petar Roccovic, SERBIAN CIO AGENDA 2019, Digital Dreams
Optimized production (sensors, cloud analytics)

Connected customers, Customized experiences

Revenue

Cost

Empowered employees (ERP, CRM, Customer Experience Mapping, Supply Chain, Marketing Strategies, Assembly Line)

Car - customizable options

Transformed products (IoT + Machine learning + AR + VR + live product performance=increasing productivity)
Moving Company toward a Subscription-based, per-use business model:

1. Invest in automating back-end and operations to enable the information flows needed for per-use tracking
2. Task a small team to iterate on an e-commerce and IoT platform
3. Once the technology proves operational, conduct a small pilot to validate the new approach and then bolt the new platform onto an existing product line
Level of Digital Maturity in Serbian Companies (2019)

- We use ver 1.0: 40%
- In the phase of extending digitalization: 20%
- There is ambition: 40%

Source: Serbian CIO AGENDA 2019
Sample: 43 Serbian Top 150 companies
Does Companies Measure ROI in Digital Investments in Serbia (2019)

Sample: 43 Serbian Top 150 companies

Source: Serbian CIO AGENDA 2019
Role of CIO in the New Business Model based on Digital Transformation (Serbia, 2019)

Sample: 43 Serbian Top 150 companies

Source: Serbian CIO AGENDA 2019
Does Serbian Companies have support from the Management?

- Typical: 65%
- Manage as we know: 14%
- Extraordinary: 21%

Sample: 43 Serbian Top 150 companies

Source: Serbian CIO AGENDA 2019
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