

Monetizing Digital Transformation

Blending the Physical and Digital Worlds to Generate New Revenue Streams



An IDC White Paper sponsored by SAP

INTRODUCTION

BBVA Chairman and CEO Francisco González recently predicted that up to half of the world's banks will disappear through the cracks opened up by digital disruption of the industry. In this respect, many CEOs recognize a requirement to shift their business models and are embarking on a digital transformation (DX) journey to ensure their companies are able to remain relevant and competitive in the face of significant market disruption. More importantly, there is a growing understanding that if they don't they will potentially face the same fate as many well-known "digitally disrupted" companies such as Kodak, Blockbuster, and HMV. Hence when we talk about the "digital economy" it inherently refers to change in the way businesses are having to engage customers on a more "service-based" model because consumers and business clients alike are expecting services-led experience in terms of the way they engage with products and services (if you have used Uber to book a pickup as opposed to a traditional cab, you will have had this "experience").

But,

the "business model shift" is an oft-quoted but frequently misunderstood term. It absolutely does involve a completely new vision for the company that is cross-domain and impacts every division, but it could take various forms. This report highlights the impact of this type of business model shift in a number of scenarios:

- 1 → **SUBSCRIPTIONS**
Moving from physical product to a subscription service leveraging usage-based pricing models as opposed to a traditional product approach
- 2 → **ECOSYSTEM FIRST**
Taking an "ecosystem first" approach to delivering new products and services to market with a focus on partners and third-party stakeholders
- 3 → **CUSTOMER EXPERIENCE**
Delivering an entirely new customer experience through a variety of channels with a focus on ecommerce
- 4 → **NEW MARKETS**
Targeting an entirely new market, with a new set of customers, that brings a different level of scale and volume that had not been dealt with previously
- 5 → **DEVELOPING NEW GO-TO-MARKET STRATEGIES**
Creating a new customer relationship based on "service experience" as opposed to the underlying product that may disintermediate channel partners or distributors in the short term, but absolutely require them for the longer-term value proposition based on a shared revenue model

IDC believes that an organization's ability to fundamentally make money from digital transformation is directly correlated to its digital maturity across a number of dimensions.

Rising to the Challenge

Most scenarios differ depending on the industry, but across all these "business model shifts" the major challenge lies in turning the digital vision into real business (i.e., top- or bottom-line growth).

How do revenue streams change? If partners are part of the new value proposition, then how do they monetize their services? How are various stakeholders in sales, marketing, and operations incentivized in the new business model?

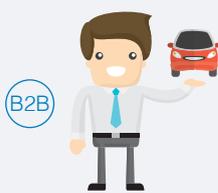
All of these questions need an answer if the vision is going to be a reality. It is a major exercise in change management, and hypothetical scenarios linked to the new business models are quickly being questioned in terms of business impact.

Hence, with the title of this paper, *Monetizing Digital Transformation*, we will be exploring best practices and emerging examples of how companies are rising to this challenge. IDC believes that an organization's ability to fundamentally make money from digital transformation is directly correlated to its digital maturity across a number of dimensions. Critical to that maturity is an organization's ability to operationalize digital transformation initiatives which tend to require more complex billing and revenue management processes.

To provide evidence for this we sought to identify examples of organizations that are able to blend the physical and digital worlds to deliver new revenue streams. To this end we interviewed eight companies that are at various stages of their digital transformation journey.

METHODOLOGY

IDC interviewed eight organizations to assess digital transformation maturity, and their focus on billing and revenue management as part of their efforts in this space. Details of the companies interviewed are below with their B2B versus B2C orientation highlighted in parallel.



B2B

Head of product planning at a large global automotive manufacturer



B2C

CIO at a large global insurance company



B2C

Head of IT at a French retailer



B2B

Head of digital business at a large global electronics manufacturer



B2B

Business manager at a large global high-tech IT company



B2C

CIO of a French retailer of building professionals materials



B2C

Vice president of research and digital development at a North American communications company

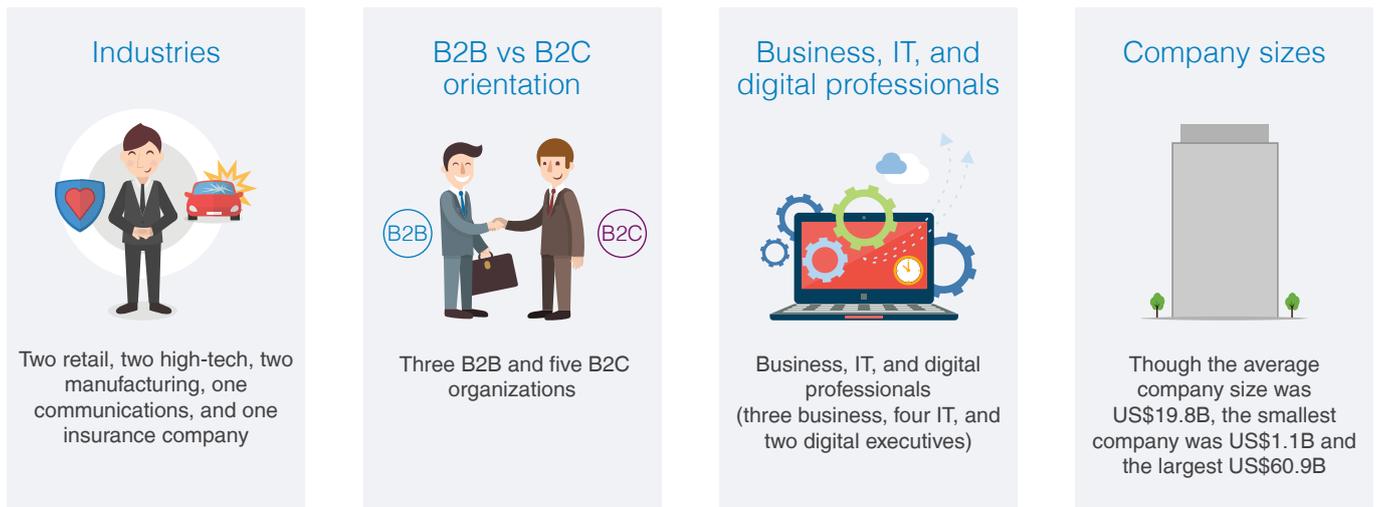


B2B

B2C

VP of solution marketing at a global Germany-based IT company

As can be seen from the above, we interviewed a good mix of:



From the above it is clear that digital transformation is impacting all industries, all company sizes, and all types of stakeholders within those organizations. No company or individual is immune to the digital disruption that is hitting our work and personal lives.

"There is a group of representatives that meets every month. This digital committee steers the high-level initiatives and reports on innovations and status. HR and Finance are far behind the other orgs when it comes to DX. They see the urgency of DX but their leaders are more conservative."

VP of Research and Digital Development, North American Communications Company

KEY DATA POINTS

All companies interviewed will be impacted by digital transformation in one way or another:

It is a cross-domain initiative that needs to be CEO driven

"Our CEO is the driver for our digital transformation. He has given us the mandate to become a digital organization."

Head of Digital Business at a large global electronics manufacturer

Transformative journeys can take up to three years — some even longer

"We believe that this journey can take anywhere between 5 to 10 years."

CIO at a large global insurance company (B2C)

Utilizing data better is a critical part of the journey

"Digital transformation is different to the past because there's so much data available and now people know what to do with the data. Now we know the meaning behind those words."

VP of Solution Marketing at a global Germany-based IT company (B2B and B2C)

Digital Transformation

Multiple Paths — Similar Objectives

Q: What are the key drivers of DX for your company?



"Creating new revenue streams"
The most frequently cited driver for DX

Multiple Paths to Digital Transformation — Similar Objectives

Digital
Transformation
"Business Model
Shift"
Examples

- ➔ **SUBSCRIPTIONS**
Moving from physical product to a subscription service leveraging usage-based pricing models as opposed to a traditional product approach
- ➔ **ECOSYSTEM FIRST**
Taking an "ecosystem first" approach to delivering new products and services to market with a focus on partners and third-party stakeholders
- ➔ **CUSTOMER EXPERIENCE**
Delivering an entirely new customer experience through a variety of channels with a focus on ecommerce
- ➔ **NEW MARKETS**
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- ➔ **DEVELOPING NEW GO-TO-MARKET STRATEGIES**
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Subscriptions

Moving from product to a subscription service leveraging usage-based pricing models as opposed to a traditional product approach.

"We are no longer selling products or services, but rather we are selling offerings. That tends to be more of a usage and subscription based model rather than a one-off bump in revenues."

**Business Manager at
Large Global High-tech
IT Company**

For B2B-oriented companies, the shift from selling products to offering subscription services has a dramatic impact on how business is booked and revenue is recognized. It is not the spike that happens toward the tail-end of the quarter as products are shipped. The revenue stream is normally lower (at least initially) but more constant and predictable (i.e., there is more predictability from a three-year subscription than from the spikes linked to product sales). This changes how the business is managed, and how financial investors value the company. More traditional companies are used to seeing revenue spikes — and now they have to see "peanut butter" spread across the year. This shift in the business model has a huge impact on sales incentives, partner engagements, and how the broader company is managed over the longer term. Moving to a new revenue model frequently impacts how the core product and related services are built. For example, when usage-based pricing is a desired outcome, the future product must incorporate the capability to instrument and meter the services it delivers. And following on from this, the metering capability needs to be integrated into the company's revenue management systems.

Part of the transition to a subscription service requires a focus on the new experience linked to the product with a focus on delivering outcomes. Critical to this new experience is the ability to provide flexible pricing options. And companies that are going through this business model shift are realizing that pricing models can actually serve as a competitive differentiator. For example, "all-you-can-eat" flat pricing works for many customers and has the benefit of simplicity. But low-usage customers would be happier with a usage-based model. A competitor is therefore likely to develop an offer of a usage-based model to attract those customers. Hence pricing catalogs tend toward more sophistication in the models offered in order to meet the needs and usage behavior of each customer segment, particularly as new offers are introduced such as freemium or collaborative models. This requires more dynamic pricing agility, not just in terms of the price points, but the actual pricing model itself, which needs to evolve quickly to meet market needs and respond to competitive threats.

MINI CASE STUDY

Germany-Based Global Technology Company

Business Model Shift

Moving from product to a subscription service leveraging usage-based pricing models as opposed to a traditional product approach.

In the technology industry, this is about shifting from delivering a traditional product (hardware or software) to a cloud service. This has major implications on the revenue model as it represents the shift away from an upfront capex model to an ongoing opex model.

"On the Digital Radar"

This organization believes that digital transformation is necessary to maintain relevance and ensure survival. But more importantly, these strategies need to be positively perceived both internally and externally.

"Change means you are active. You are influencing the market and coming up with new and exciting solutions ... Once an organization starts the transformation with this sort of mindset, you can galvanize all business units and stakeholders to make the necessary changes."

Monetizing Digital

With this new revenue model, certain things will have to change in terms of cash flow. A usage-based model means that revenue is recognized in small increments as opposed to all in one go. The business will have to be managed in a completely new way — especially in terms of the monthly waves of revenue based on the usage. Obviously it will be critical for the organization to shift its sales focus to renewals and prevent customer churn through subscription cancellations, but this model does eventually make it simpler to forecast and manage the business due to its predictability. At a technical level, usage-based solutions require built-in capabilities to measure usage in order for customers to be automatically billed based on their usage of specific or additional functionality.

Global High-Tech Case Study

Business Model Shift

Introducing "as-a-service" offerings for the use cases that fit the mold.

This company embraces technological innovation and internally, the company considers itself an early adopter of new technologies. When searching for new areas that will give the company an edge in its business execution, it is not afraid to try new things. While making sure from a financial and revenue generating perspective it remains risk averse.

"On the Digital Radar"

At its core, the company believes that digital transformation means searching for new revenue opportunities. There is a strong vision and commitment from the leadership team in terms of where this transformation will take the company. At the same time, it cannot ignore the demand for "traditional" products – it would be irresponsible to push everything to the cloud immediately.

The main challenge lies with those involved in the transformation ensuring that all pull in the same direction. The new as-a-service offerings are not driven by one group, but across functional teams. It may be possible to build and deploy new offerings quickly by forming a team of experienced engineers but, because as-a-service offerings are a completely different business model, a cross functional team of people need to answer the right questions based on the customer requirements.

A key success factor in their digital transformation has been involving business and IT partners to provide their views on how they would like to see the new offerings take form. Continuously exposing the business and IT partners to developments ensures the project team develops an offering that has the customer at its core.

Monetizing Digital

For this high-tech company digital transformation means a shift in revenues and introducing new ones as it launches new cloud service offerings. SAP's hybris Billing has been selected to support the company's mission to the cloud with an initial focus on flexible billing and in consideration for the full end-to-end functionality.

continued

Although automated billing through their ecommerce presence is increasing, most transactions are significant and will continue to rely on separate purchase orders for the foreseeable future, however SAP hybris Billing could be used to support customers that want to take advantage of moving payments to credit card instead of traditional purchase orders in the future. In fact, it warns that it has yet to face the real challenge in the digital transformation: understanding the real implications for the company's revenue management and distribution.

Ecosystem First

Taking an "ecosystem first" approach to delivering new products and services to market with a focus on partners and third-party stakeholders.

"Everyone has to be truly digital. It is about challenging the entire company."

**Head of Digital
Business at a Large
Global Electronics
Manufacturer**

"The online and digital people with T-shirts and flip-flops used to be the 'odd people' in the organization. The real business was done by the traditional sales and marketing teams. Now EVERYBODY has to become digital."

**Head of Digital
Business at a Large
Global Electronics
Manufacturer**

We're entering an era where the distinction between the technologies and processes that businesses deploy are so tightly linked to their customers and markets that the boundary between the internal operations of an enterprise and its external ecosystem (customers, markets, competitors, partners, and regulators) is rapidly disappearing. Any organization looking to get access to the billions of users and be part of the millions of apps that the digital economy enables needs to understand that there are an entirely different set of metrics that drive real scale and volume, as outlined below:

- ① **An "ecosystem first" approach to market, based on an "outside-in" business environment where the external ecosystem calls the shots in terms of product strategy and go-to-market.**
- ② **Open platforms, standards-based reference architectures — new capabilities are built on an open digital platform so that they are reusable and repeatable.**
- ③ **Investment in APIs and templates that other stakeholders in the ecosystem can leverage to amplify the relevance and usage of a certain product or service.**

MINI CASE STUDY

Global Consumer Electronics Manufacturer

Business Model Shift

Engaging and building direct relationships with the end customer.

This manufacturer historically sold all of its products through the retail channel, and previously had no direct relationship with its customers. Over the past few years, however, it has launched a number of connected products that allows it to engage directly with its customers (primarily via their mobile phones). It is currently in the process of piloting the initiative in the Nordics, where it has created a new customer database (on an opt-in basis) that it is using to increase digital presence.

"On the Digital Radar"

The organization realizes that it could potentially "disintermediate" partners (retailers in this case) that would traditionally sell its products, but it realizes that it will have to disrupt their business model in order to effectively disrupt its own. It has set up a series of consumer engagement hubs in a number of physical locations to help manage the new type of relationship across both physical and digital worlds.

Monetizing Digital

It is delivering a subscription model with consumers whereby they are provided with advice and feedback on whether they are using the products effectively. It also indicates when parts should be replaced based on usage. Finally, and most interestingly, it is looking to bring in third parties as part of the value proposition. For example, it is looking to team up with insurance providers as part of the subscription to highlight how the usage of the digitally connected products could potentially drive down claims (and therefore premiums).

Customer Experience

Delivering an entirely new customer experience through a variety of channels with a focus on ecommerce.

"We are setting up 'consumer hubs' to engage end consumers more effectively — it has to be on a 1:1 personalized basis. We are making large investments to leverage global best practices, but aim to deliver a local experience with the right 'tone of voice'."

**Head of Digital
Business at a Large
Global Electronics
Manufacturer**

Think of the companies that create the most extraordinary digital experiences — Amazon, Netflix, Google, and Apple — and design and product images immediately come to mind and recollections of interactions surface instantly. These companies understand the power of creating and leveraging "omni-experiences" — amplified multi-dimensionally among ecosystems that include customers, partners, and employees. Omni-experiences transcend the direct experience, and they are born and delivered multi-dimensionally. Not every company is innately digital like Netflix or Amazon, but every company now exists in a digital environment that demands and rewards agility, innovation, listening/sensing, learning, automation, and predictive responsiveness. Being digital enables the collection, analysis, and autonomic response to ecosystem feedback and the continual creation of disruptive new products and services that either drive market change or keep pace with market leaders. There are a variety of dimensions that make up this next-generation customer experience, including pricing. Returning to the dynamic pricing approach mentioned earlier, a number of customer experience impacts that need to be taken into account — for example, having too many offers — could potentially confuse customers, which could negatively impact the broader customer experience. Getting the balance right between choice and simplicity is something that service providers will have to manage carefully as they roll out new approaches in this space.

MINI CASE STUDY

International Retailer Headquartered in France

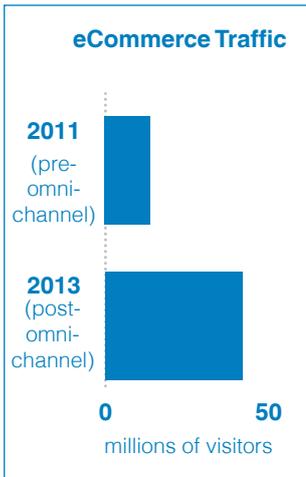
Business Model Shift

Delivering an entirely new experience to the customer through a variety of channels.

The digital transformation of this company is closely related to its ecommerce platform rollout with a focus on delivering an omni-channel customer experience across the web, in-store, and on any client device (PC, tablet, or smartphone).

"On the Digital Radar"

The arrival of the retailer's website to its physical stores has forced the company to reconsider its customer experience system. The goal was to fully integrate the organization's "brand" to ensure that it could deliver a seamless experience to the end customer throughout the omni-channel engagement. Obviously the key focus of this initiative is to generate new revenue streams from the ecommerce platform to complement in-store purchases.



continued

Dealing with Growth

Since launching the omni-channel experience, its ecommerce has experienced exceptional traffic growth — from 11 million unique visitors in 2011 to 40 million in 2013. The company has also put in place a product content management platform to centralize the product data to streamline efforts with back-end systems. Alongside this, a customer service offering has been launched to ensure that service agents have all the information required to serve their clients' needs regardless of the channel. Moving forward, part of the next phase will be to look at how to use the data from existing customer touch points to provide recommendations to customers on a more flexible basis.

New Markets

Targeting an entirely new market, with a new set of customers that brings a different level of scale and volume that had not been dealt with previously.

"For many years it has been about the product, a very analogue approach — give it a handshake and hope the customer comes back. The services industry introduces a similar relationship, although you are committing to a longer relationship with the contract."

Head of Product Planning at a Large Global Automotive Manufacturer

If the new business model is addressing an entirely new set of customers, they will expect a certain way of doing business. For example, they might require a more flexible set of pricing options that can be changed in a dynamic fashion. The new customers might need to be engaged slightly differently (e.g., self-service as opposed to direct engagement). Understanding the nuances of these new customer segments will be critical to the ultimate success of this specific business model shift in the context of the broader digital transformation journey.

MINI CASE STUDY

North American Telecoms and Media Company

Business Model Shift

Targeting an entirely new market to find new revenue streams.

Going after an entirely new set of clients through new distribution models for content and services (with different scale and volume requirements) that will impact and diversify future revenue streams.

“For many years it has been about the product, a very analogue approach – give it a handshake and hope the customer comes back. The services industry introduces a similar relationship, although you are committing to a longer relationship with the contract”

— **Head of product planning at a large global automotive manufacturer**

continued

Its goal is to have its advertising revenue move from 65% to 35% of total revenue. To bridge the gap, the company is making new acquisitions in completely new areas. For example, it has bought sports arenas, a video game publisher/developer, and a production company to produce its own captive content.

"On the Digital Radar"

The organization has set up a "digital committee" that has a spokesperson for each division. Any decisions on changes are brought to a more senior committee that includes the president.

"Each time we start an initiative, we identify the person responsible and the KPIs that they will use to track progress and success. They set the key objectives for each project and derive specific KPIs from those for each team."

In parallel, the digital business unit is working on a project to track new digital revenues and margins, separating them from traditional media businesses. There is a dashboard in place surfacing this information to senior executives to track performance of the digital business over time.

Monetizing Digital

The organization realizes that each new customer segment it is targeting represents a new challenge in terms of volume and scale. For example, looking to provide next-generation media or content experiences to 50,000 sports fans at a specific sporting event in a captive setting requires a completely different approach to how it would have delivered a traditional media offering. The same applies to video game developers leveraging its platform. Hence the focus is on delivering an optimal customer experience to each segment. This will ultimately determine the success of any of its digital offerings.

DEVELOPING NEW GO-TO-MARKET STRATEGIES

Creating a new customer relationship based on 'Service Experience' as opposed to the underlying product that may disintermediate channel partners or distributors in the short term, but absolutely require them for the longer term value proposition based on a shared revenue model

Always sitting behind the digital transformation of any company is the end-user (or consumer) that is demanding closer intimacy to product and service providers. We all expect higher levels of service and much better experience than historically was possible in the disconnected world. So the digital economy is putting major pressure on businesses to deliver. Currently, there is a distinction between how this is impacting B2C versus B2B oriented companies (with the B2C industries such as retail and banking having to move a lot faster), but increasingly the line between these segments will be blurred because there is always a big C (for consumer) at the end of those value chains. For B2B companies that have historically focused on the product (and much less on the consumer), the opportunity is there to have a connection with the consumer that historically was not possible (think BMW and its 'Connected Drive' offering which bypasses dealers to engage directly with drivers).

MINI CASE STUDY

Global Automotive Manufacturer

Business Model Shift

Rethinking partnerships.

In this case, it is about its trucking business where it is offering fleet management services to its business customers. It is looking to add new services to a variety of partners and customers (for example, around predictive maintenance).

"On the Digital Radar"

This organization realizes that there will always be challenges in working out which services should be bundled with the underlying products (i.e., the vehicle in this case), compared with offering standalone services (which also might become commodity services themselves). Making this decision will obviously have an impact on assessing additional revenue streams from the additional services that are being rolled out.

continued

Monetizing Digital

As these services were being rolled out, it became clear that subscriptions actually make it easier to manage customers. However, if a customer is using 50,000 trucks, it is much easier to have a subscription to all vehicles instead of 50,000 contracts when distribution partners need to renew subscriptions. This allows the dealer to offer multiple pricing options for additional services in a dynamic fashion which ultimately enhances the customer experience. Hence the partner (or dealer in this scenario) becomes critical to the joint value proposition with the customer.

MINI CASE STUDY

Global Insurer

Business Model Shift

Building direct customer relationships and challenging the channel in the short term.

Creating a new customer relationship based on "service experience" as opposed to the underlying product that may challenge channel partners or distributors in the short term, but absolutely require them for the longer-term value proposition based on a shared revenue model. In the insurance industry, the insurers could potentially disintermediate their agent partners by selling their products directly to consumers online. Hence, loyalty in both directions (company vs agents) is the key word in terms of go-to-market model. For this insurance company, all the products are sold exclusively through agents. Although it now has direct digital contact with customers via a variety of channels, all the digital marketing campaigns drive demand to the agents and are decided by them.

"On the Digital Radar"

Putting in place a chief digital officer (CDO) reporting to the CEO. The new hire has a significant amount of experience from ecommerce and digital roles outside the insurance industry and will be focusing on:

- Product innovation and development through data analytics, customer insights, and risk management
- Interactive communication and claims handling with clients
- Marketing and branding across social media and the mobile Internet

continued

Monetizing Digital

As an example of the focus of this function, when it comes to rolling out new mobile applications, it has set up a syndicate of agents. Each year, this syndicate elects a "product and marketing" committee (15 people) and an "IT committee" (15 people). Both committees work together with the CDO and have weekly meetings to follow up on new apps and products. When they launch a new app, they incentivize the agents to test them and if it is not successful, then they move on. In parallel, it has also attempted to launch pay-as-you-drive motor insurance leveraging the "connected car" through an online portal. This did not work very well for individual customers, but it has been successful for the corporate fleet. For this offering, the company is assessing a completely new quote-to-cash billing process to better manage the customer relationship as well as having a more accurate understanding of its own margins based on the various offers that it is putting in front of customers through its agents.

Digital Transformation Maturity

Very few companies could actually say that they have completed their digital transformation journey. However, certain best practices have started to emerge. To help organizations with the digital transformation journey, IDC has developed the Digital Transformation MaturityScape model. This provides business and IT leaders with a framework that they can use to

understand the challenges and opportunities linked to digital transformation in their enterprises. This framework, summarized in Figure 2, presents stages of maturity in five key dimensions: leadership, omni-experience, work source, operating model, and information.

The IDC DX MaturityScape model is an important tool that enables organizations to:

- ① **Assess their capabilities and stage of maturity in digital transformation**
- ② **Enable dialog among business and technology executives about goals and actions relative to digital transformation initiatives**
- ③ **Identify areas of digital transformation capability that require strengthening**
- ④ **Establish standards for pursuing digital transformation initiatives**

Figure 2
IDC's Digital Transformation Maturity Model

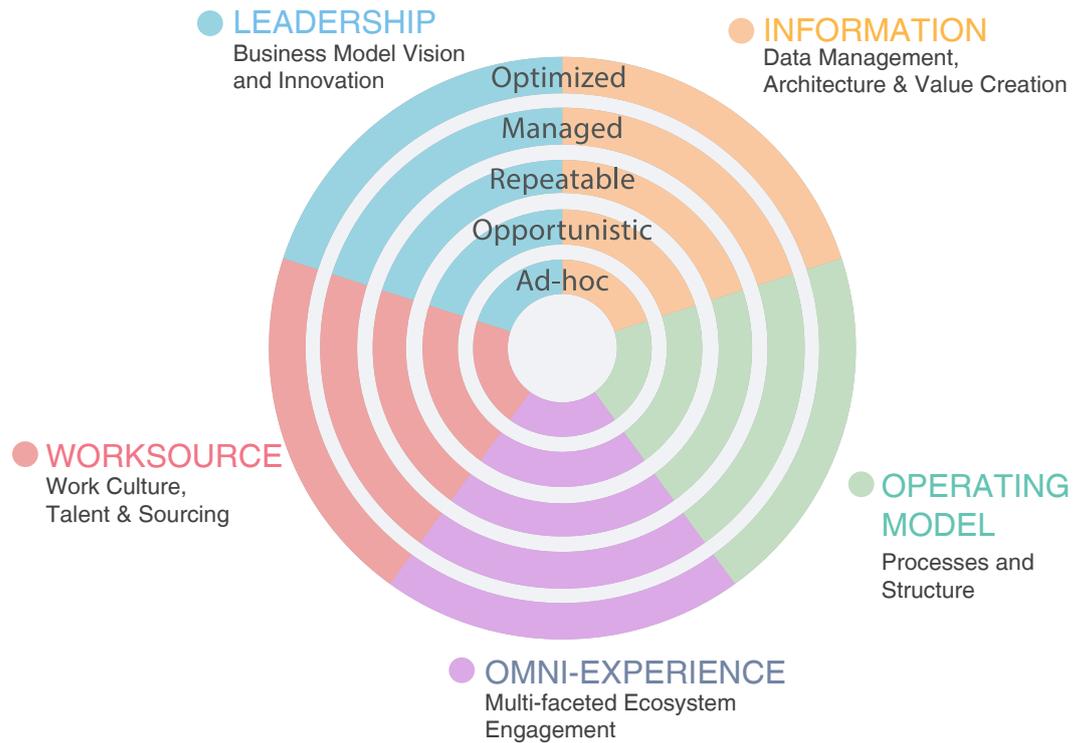
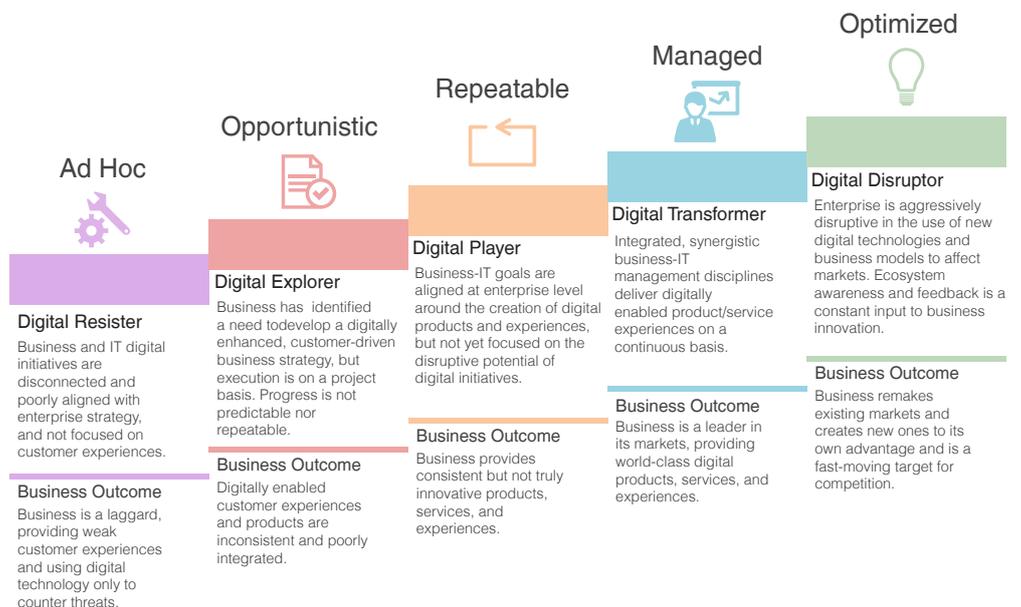


Figure 3
IDC's Maturity Scope Digital Transformation Stage Overview



Each of the companies interviewed was slightly different in terms of its approach to digital transformation. Maturity also varied significantly. Figure 4 shows where these companies are positioned in IDC's Digital Transformation MaturityScape.

Digital leaders must take a hard look at themselves and their teams and assess whether they have the "right stuff" to hone and synthesize all of the ingredients of digital transformation. IDC believes that most organizations will find themselves wanting with regard to managing and leveraging the five disciplines. Many will attempt to transform through a series of initiatives targeting specific digital competencies while losing sight of the interplay and synergies that are needed for true DX. Organizations that master the orchestration of the five disciplines will thrive; those that don't will struggle to survive.

Figure 4
Benchmarking Digital Transformation Maturity



Conclusion

Monetizing digital transformation demands a clear understanding of the underlying business model shifts potentially required for any organization undertaking this journey. Companies should evaluate the **five business model shifts** that we have explored in this paper to assess which of them are most relevant to where they are on their digital transformation journey. Below are key recommendations for each of the five business model shifts in order to help organizations with developing the next steps as part of this process.

KEY RECOMMENDATIONS

Business Model Shift

Recommendation

Subscriptions: Moving from physical product to a subscription service leveraging usage-based pricing models as opposed to a traditional product approach.

The subscription model needs to be effectively built into the product (depending on whether it is user based or transaction based). Use dynamic pricing models as a competitive differentiator to enhance the customer experience.

Ecosystem First: Taking an "ecosystem first" approach to delivering new products and services to market with a focus on partners and third-party stakeholders.

Reassess the traditional "make-sell" enterprise orientation to one more dependent on developing the ability to engage multilaterally with the external ecosystem (e.g., customers, markets, partners, competitors, regulators) to engage new markets that were previously inaccessible. As part of this, it is imperative to include partners in the new monetization model, particularly in cases where you might be selling on their behalf and sharing the revenues with them.

Customer Experience: Delivering an entirely new customer experience through a variety of channels with a focus on ecommerce.

Gain insights by analyzing consumer data to ensure that your organization can deliver the ideal omni-channel experience based on a highly personalized engagement approach with the end customer.

KEY RECOMMENDATIONS *continued*

Business Model Shift

Recommendation

New Markets: Targeting an entirely new market, with a new set of customers, that brings a different level of scale and volume that had not been dealt with previously.

Ensure that you have a clear approach to the way that revenues are recognized, allocated, and reported across business units and to shareholders based on the new business model compared with your traditional business. This will help to improve existing business processes and systems that may be ill-adapted for new businesses with different scale that require greater levels of automation for the customer engagement and revenue management processes.

Developing new Go-To-Market Strategies:

Creating a new customer relationship based on "service experience" as opposed to the underlying product that may disintermediate channel partners or distributors in the short term, but absolutely require them for the longer-term value proposition based on a shared revenue model.

Ensure that partners are incentivized to play a part in the new business model based on referral fees linked to the number of new customers that are signed up or retained as a result of their direct or indirect activities. New partner recruitment might be required and a clear strategy on whether the customer will be billed by the partners or not is critical to get right upfront.

The in-depth interviews with the eight organizations in various stages of their digital transformation provide practical details on how this could potentially look in the context of real organizations across multiple industries and company sizes. The feedback from these discussions indicates clearly that any digital transformation initiative has to be cross-domain in nature with CEO and board-level sponsorship.

Finally, every organization's digital maturity is directly linked to its ability to manage the disruption that one (or more) of these five business model shifts would have on the organization and ultimately on monetizing digital transformation over the long term.