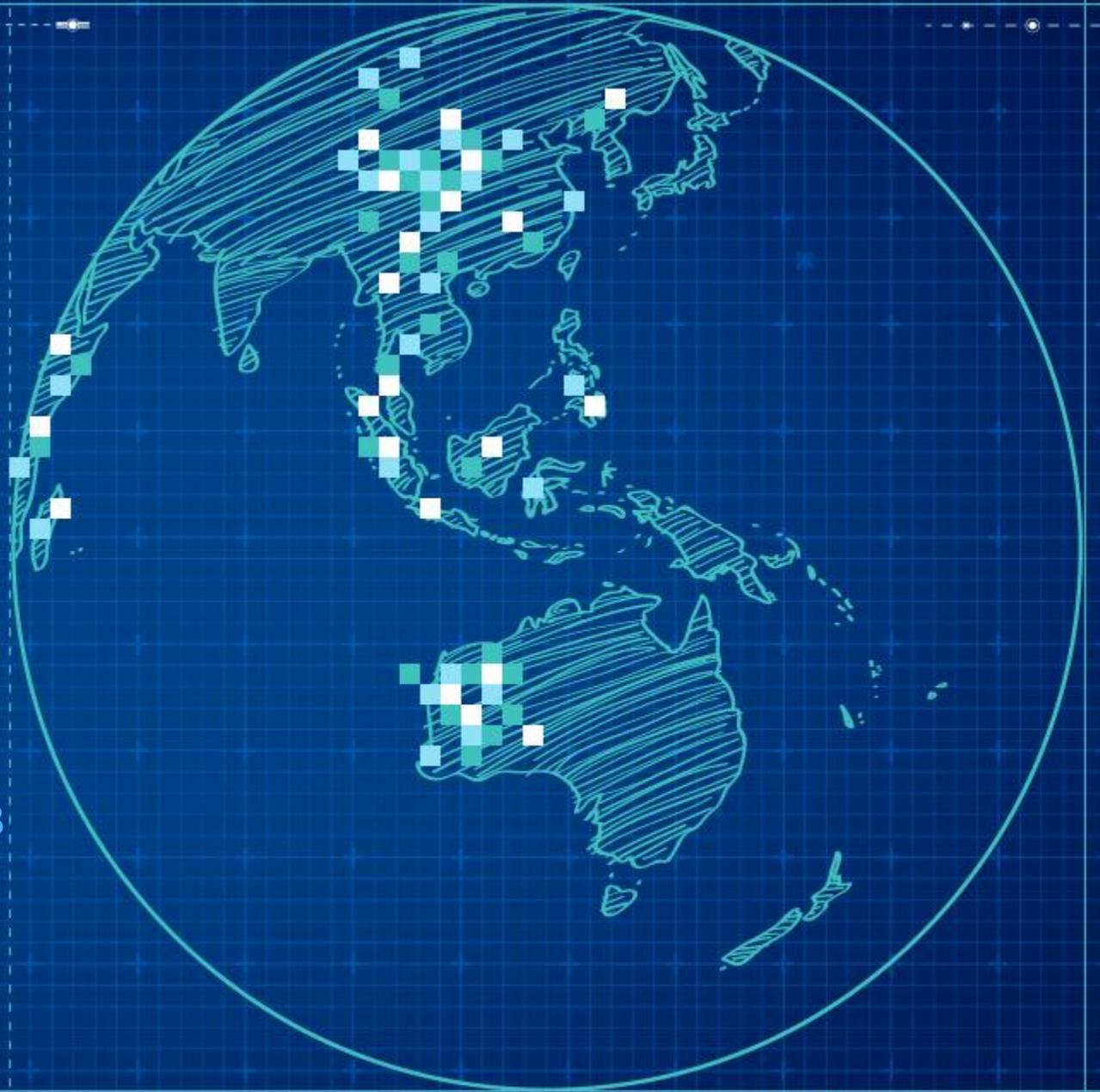




Unlocking the Economic Impact of Digital Transformation in Asia Pacific and New Zealand

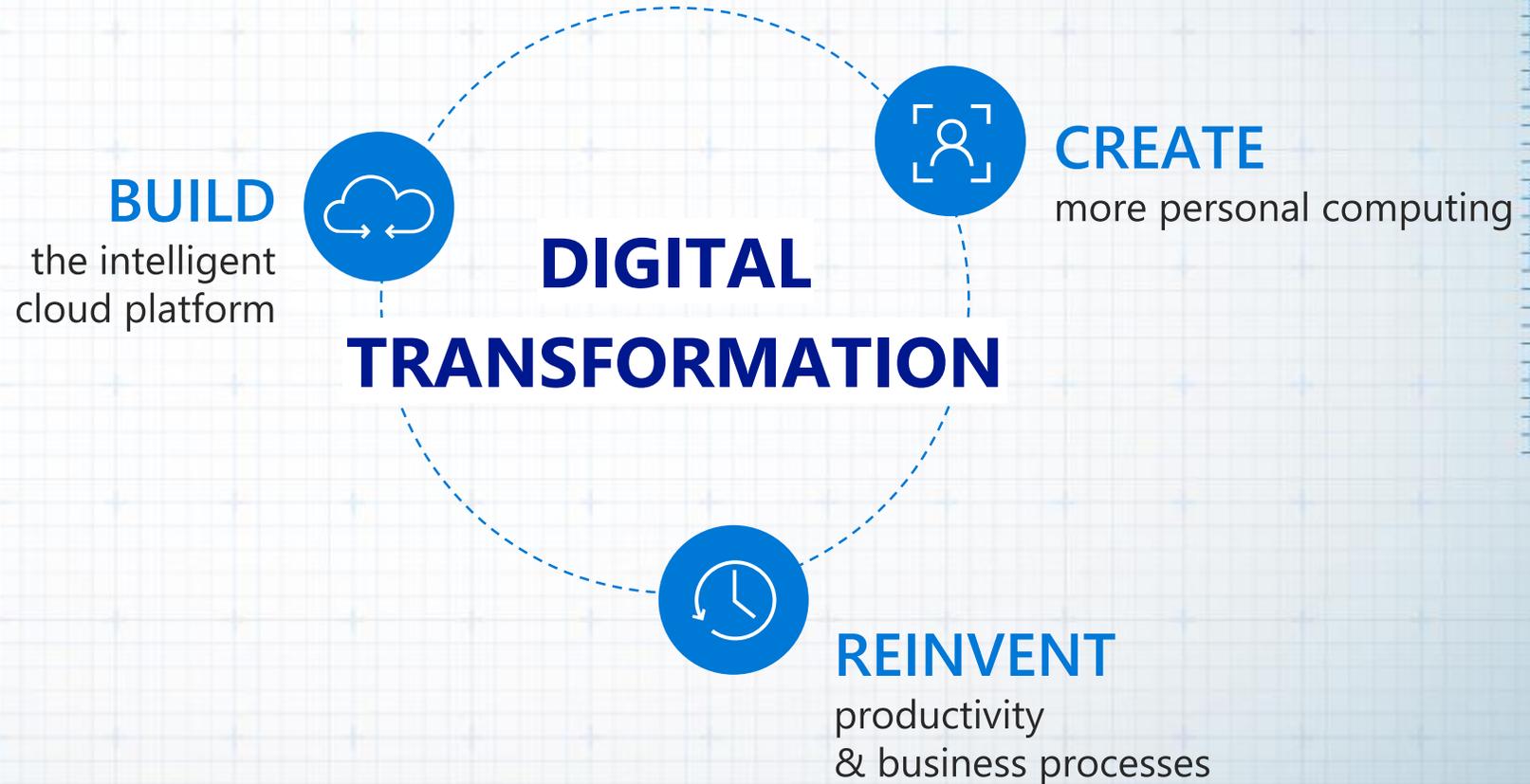
Microsoft Asia Digital Transformation Study 2018

In partnership with IDC Asia/Pacific



How is an organisation being digitally transformed?

How is an organisation business model being digitally transformed?





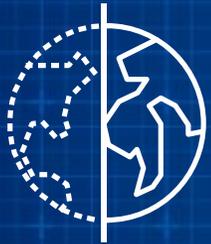
“

Every company is a software company. You have to start thinking and operating like a digital company. It's no longer just about procuring one solution and deploying one. It's not about one simple software solution. It's really you yourself thinking of your own future as a digital company.

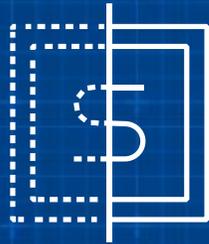
”

SATYA NADELLA
CEO, MICROSOFT

Unlocking the **Economic Impact** of **Digital Transformation** in Asia Pacific



Digital Transformation economic impact on countries' GDP



Digital Transformation impact on organisation's business



Digital Transformation Impact on society

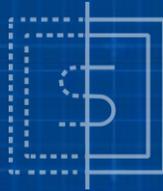


What sets Digital Transformation Leaders Apart?

Unlocking the **Economic Impact** of **Digital Transformation** in Asia Pacific



**Digital
Transformation
economic impact
on GDP**



Digital
Transformation
impact on
organisation's
business



Digital
Transformation
Impact on society

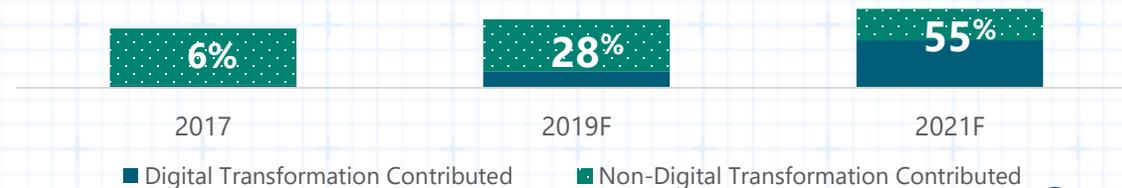
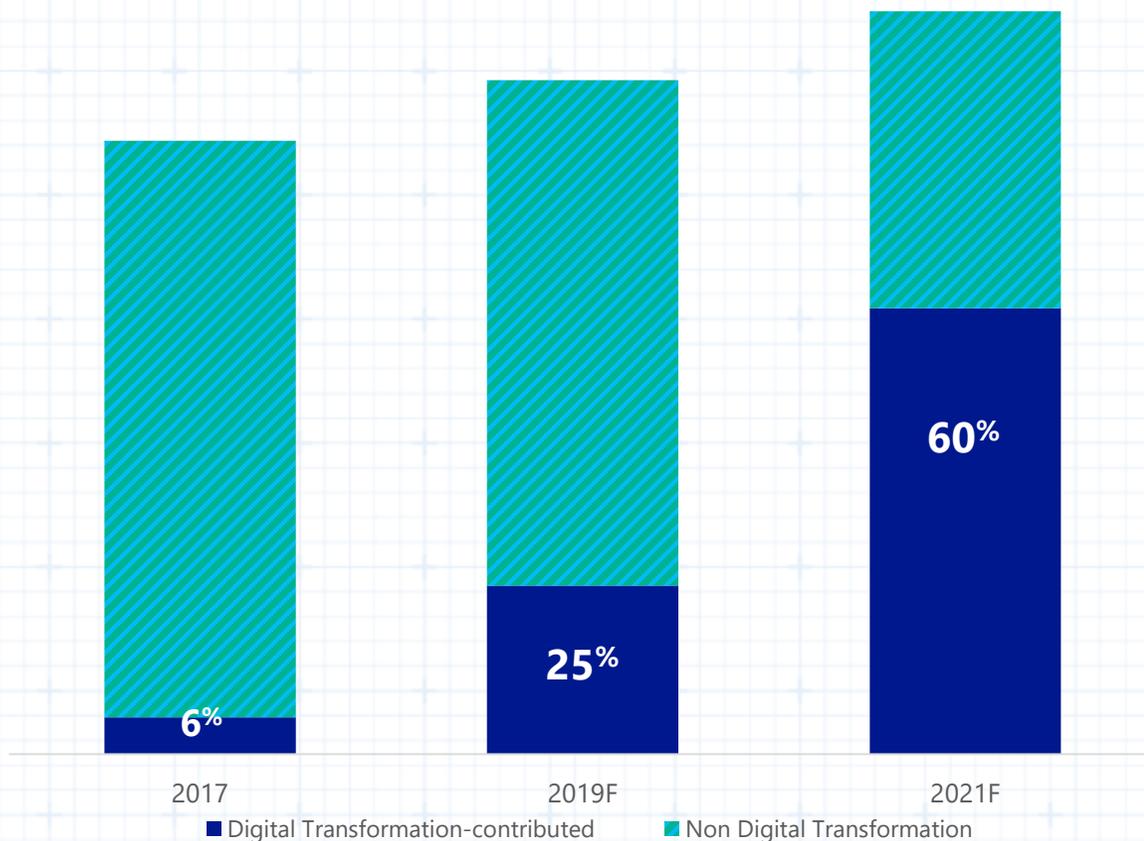


What sets Digital
Transformation
Leaders Apart?

Impact on GDP derived from digital products or services created directly through the use of technologies by 2021

Asia Pacific

New Zealand



Digital Transformation Impact on Asia Pacific and New Zealand's GDP

DIGITAL TRANSFORMATION IMPACT ON ASIA PACIFIC GDP (US\$ BILLION)



DIGITAL TRANSFORMATION IMPACT ON NEW ZEALAND GDP (US\$ BILLION)



Legend

GDP

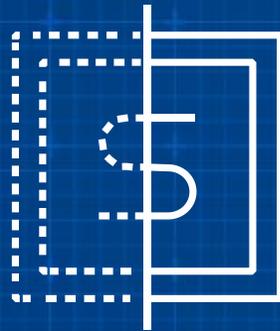
GDP Growth

DT Impact

Unlocking the **Economic Impact** of **Digital Transformation** in New Zealand



Digital Transformation economic impact on GDP



Digital Transformation impact on organisation's business



Digital Transformation Impact on society



What sets Digital Transformation Leaders Apart?

Top 5 Benefits Obtained by Organisations Undergoing Digital Transformation



#1

Improvement in profit margin



#3

Improvement in productivity



#5

Increased revenue from new products and services



#2

Increased revenue from existing products and services



#4

Improved customer advocacy, loyalty and retention

Top **Challenges** of Digital Transformation



#1

Lack of skills and resources



#2

Siloed and resistant culture



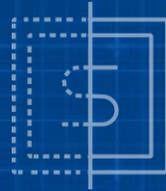
#3

Lack of advanced analytics to develop actionable insights

Unlocking the **Economic Impact** of **Digital Transformation** in New Zealand



Digital Transformation economic impact on GDP



Digital Transformation economic impact on organisation's business



Digital Transformation Impact on society



What sets Digital Transformation Leaders Apart?

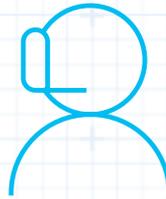
Digital Transformation **Benefits to Society**

Increasing opportunities for individuals through better access to education and training, creating higher value jobs for individuals, and improving quality of education through better teaching tools were seen as top three benefits



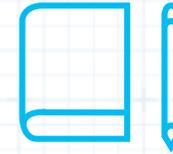
#1

Increase opportunities for individuals through better access to education and training



#2

Create more higher value jobs in the future for individuals



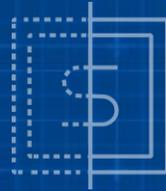
#3

Improved quality of education through better teaching tools

Unlocking the **Economic Impact** of **Digital Transformation** in New Zealand



Digital
Transformation
economic impact
on GDP



Digital
Transformation
economic impact
on organisation's
business

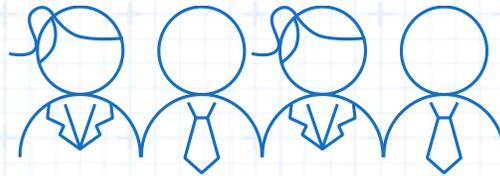


Digital
Transformation
Impact on society



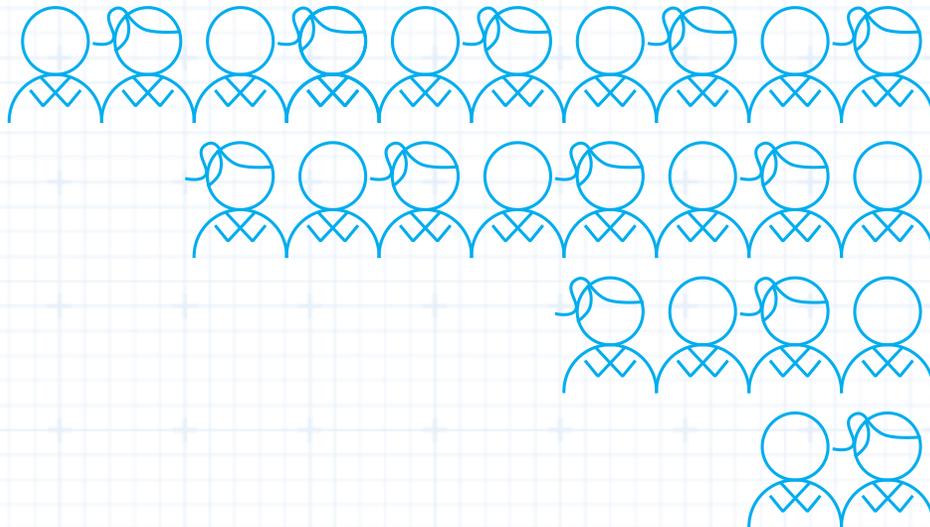
**What sets Digital
Transformation
Leaders Apart?**

2 Groups Identified within Digital Transformation Journeys across Asia Pacific



7%

LEADERS



93%

FOLLOWERS

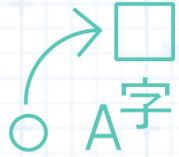
Base: All respondents (n=1560)

A1. Which of the following best describes your organisation's digital transformation strategy?

A6. What % of your revenues / fees / incomes / fundings are derived from digital products and/or services?

A5. What are the top 3 benefits that your organisation has observed from their current Digital Transformation initiatives? Please indicate the degree of improvement for these three.

Five Organisational Traits of Digital Transformation Leaders

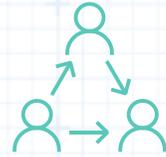


CULTURE & CHANGE

41% 31%

"...are **less risk-averse** and characterised by having transient organisations that adapt to changing needs, often automatically and without management intervention."

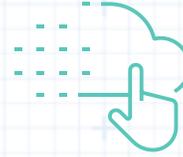
"They **embrace fail/learn-fast approaches.**"



ORGANISATIONAL BEHAVIOR

78% 61%

"...**display higher maturity** in collaboration and agility in change cycle. Instead of focusing on individual efforts, teams self-organise across groups to achieve organisational success."



DIGITAL TRANSFORMATION APPROACHES

80% 65%

"...display **higher organisation-wide alignment in their DT efforts.**"

"Their **strategies and metrics are interlinked to deliver digital products, services and experiences** to customers."



LEADERSHIP & STRUCTURE

84% 68%

"has a **key person leading their digital transformation efforts** with an **independent standalone digital business** unit or with digital leads assigned to each LOB and functional groups to drive efforts"



BUDGETS

70% 50%

"...have **allocated budget for digital transformation as a permanent part of the P&L** to maximize resources, ensure organisation-wide alignment and better governance"

Unlocking the **Economic Impact** of **Digital Transformation** in New Zealand



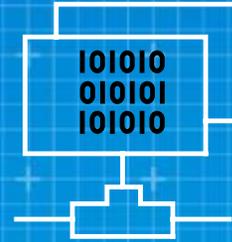
Recommendations

How to Become a Digital Transformation Leader?



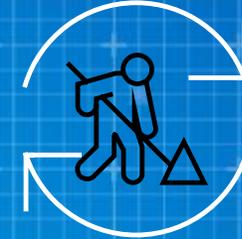
CREATE A DIGITAL CULTURE

- **Address organisational structure shifts required for digital transformation success**
- **Encourage the use of data across all work processes and operations** within the enterprise
- **Create a digital ecosystem–mindset** with data-sharing with partners and third parties.



BUILD AN INFORMATION ECOSYSTEM

- **Begin with the end in mind and include a plan with clear outcomes**
- Facilitate **Data Capitalisation across the Enterprise and with Ecosystem partners.**



EMBRACE MICRO-REVOLUTIONS

- **Focus on small, quick projects that deliver positive business outcomes** and accrue to a bigger and bolder digital transformation strategy
- **Enabling quick investments** and trials in **emerging technologies**, especially **AI**
- Create a **balance scorecard that combines standard and new metrics for DT success.**



LEVERAGE AI TO ACCELERATE DIGITAL TRANSFORMATION OF THE ENTERPRISE AND ECOSYSTEM

Recipe for Digital Transformation in New Zealand Organisations



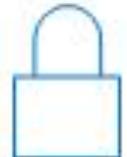
ECOSYSTEM



ENGAGE YOUR CUSTOMERS
in a personal and relevant way



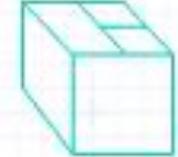
EMPOWER YOUR EMPLOYEES
To deliver differentiated service



SECURITY



OPTIMIZE YOUR OPERATIONS
To evolve forecasting and react faster



TRANSFORM YOUR PRODUCTS
And deliver new value to customers

Our mission

Empower every person and every organisation on the planet to achieve more



Customer Highlight: Making the daily commute a walk in the park



Challenge

- Nearly one-third of New Zealanders live in the Auckland metropolitan area, which houses 1.4 million people, and more move there every day.
- The city's population is projected to grow to 2.2 in next decade
- An estimated 800 new cars on Auckland's roads every week.
- This means a lot of demand for transportation services.

Strategy

- Help make Auckland a digital city by using technology to help manage public transportation projects.
- Implement a new system to allow AT to make real-time, informed decisions to improve travel for everyone.
- Work with NZTA to implement MaaS that can be used for buses, ferries and trains.
- Use Artificial Intelligence based on information about the commuter to predict in advance travel journeys.

Expected Results

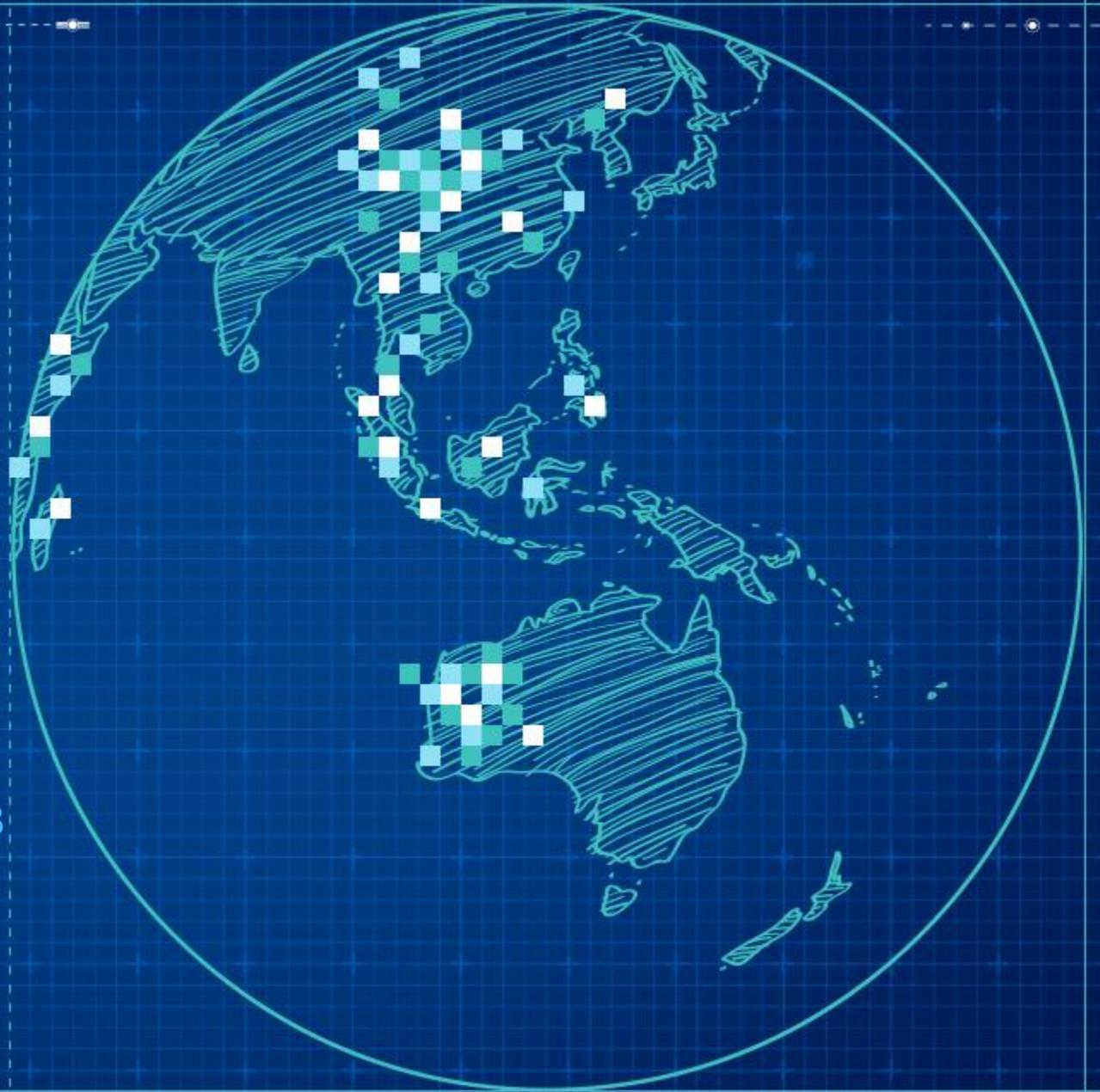
- Considerable cost savings through operational efficiency gains. Estimated quantifiable savings of \$3 million in the first 10 years, expected to continue to grow.
- Main goal is to allow customers to make informed decisions about their best choice of transport on a daily basis.



Unlocking the Economic Impact of Digital Transformation in Asia Pacific

Microsoft Asia Digital Transformation Study 2018

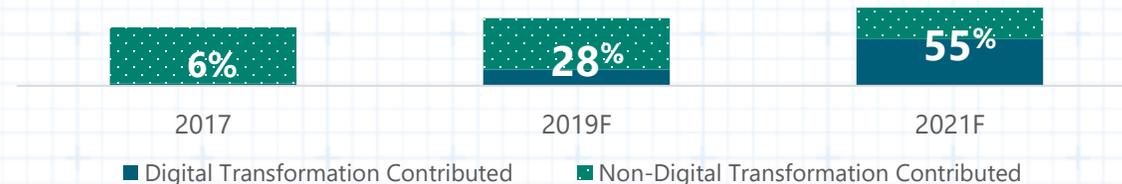
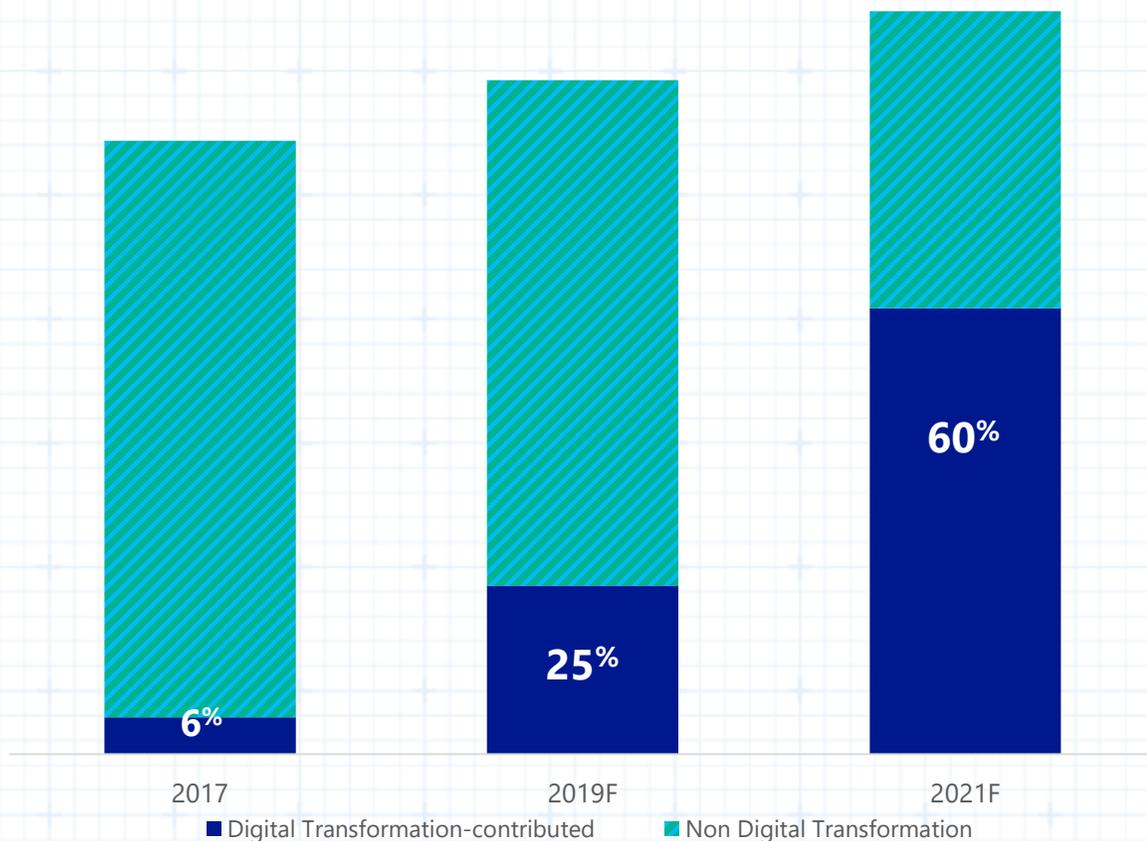
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Impact on GDP derived from digital products or services created directly through the use of technologies by 2021

Asia Pacific

New Zealand

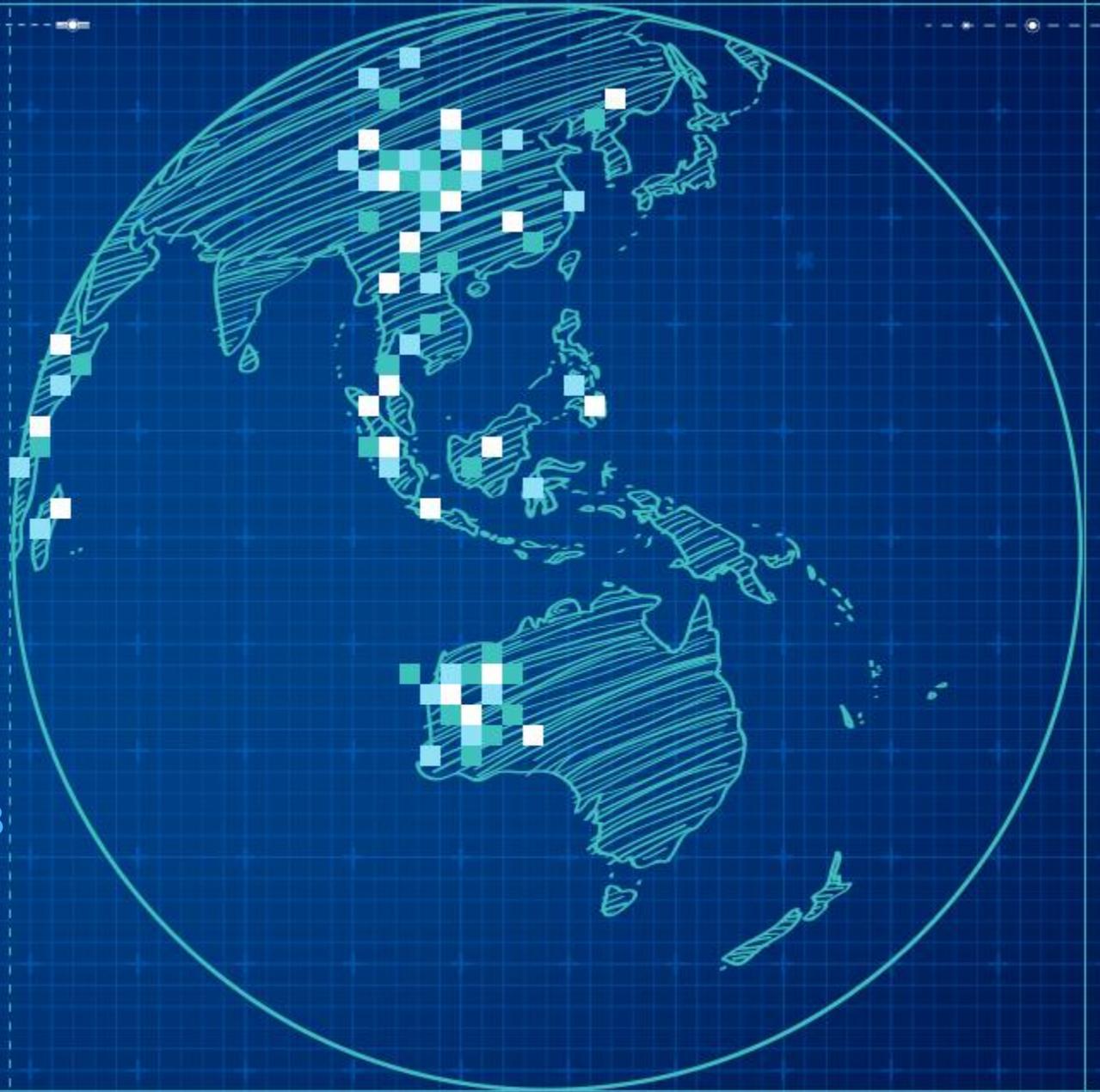




Unlocking the Economic Impact of Digital Transformation in Asia Pacific

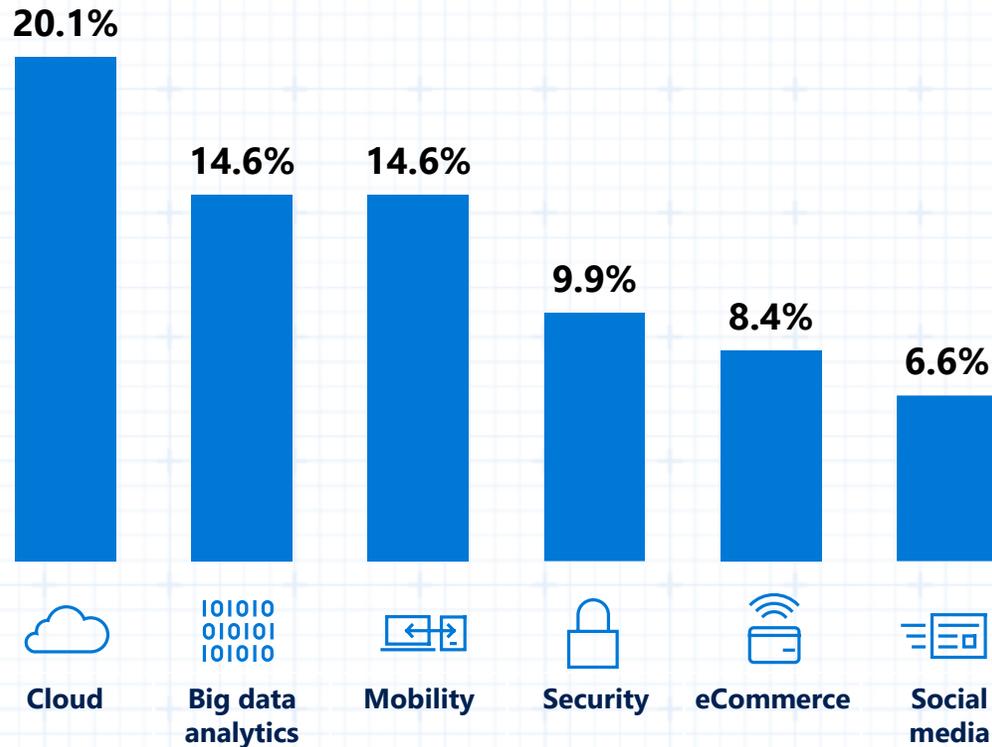
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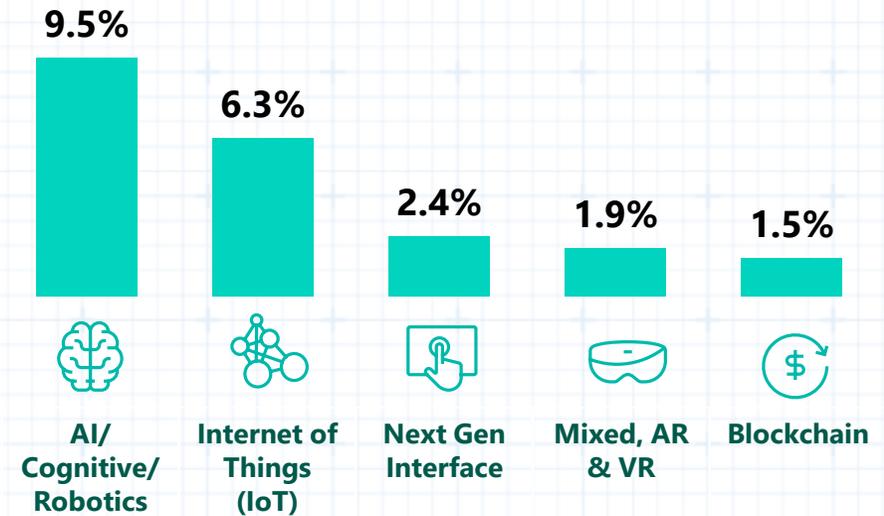


Technology investments for Digital Transformation for 2018

CORE TECHNOLOGIES



EMERGING TECHNOLOGIES

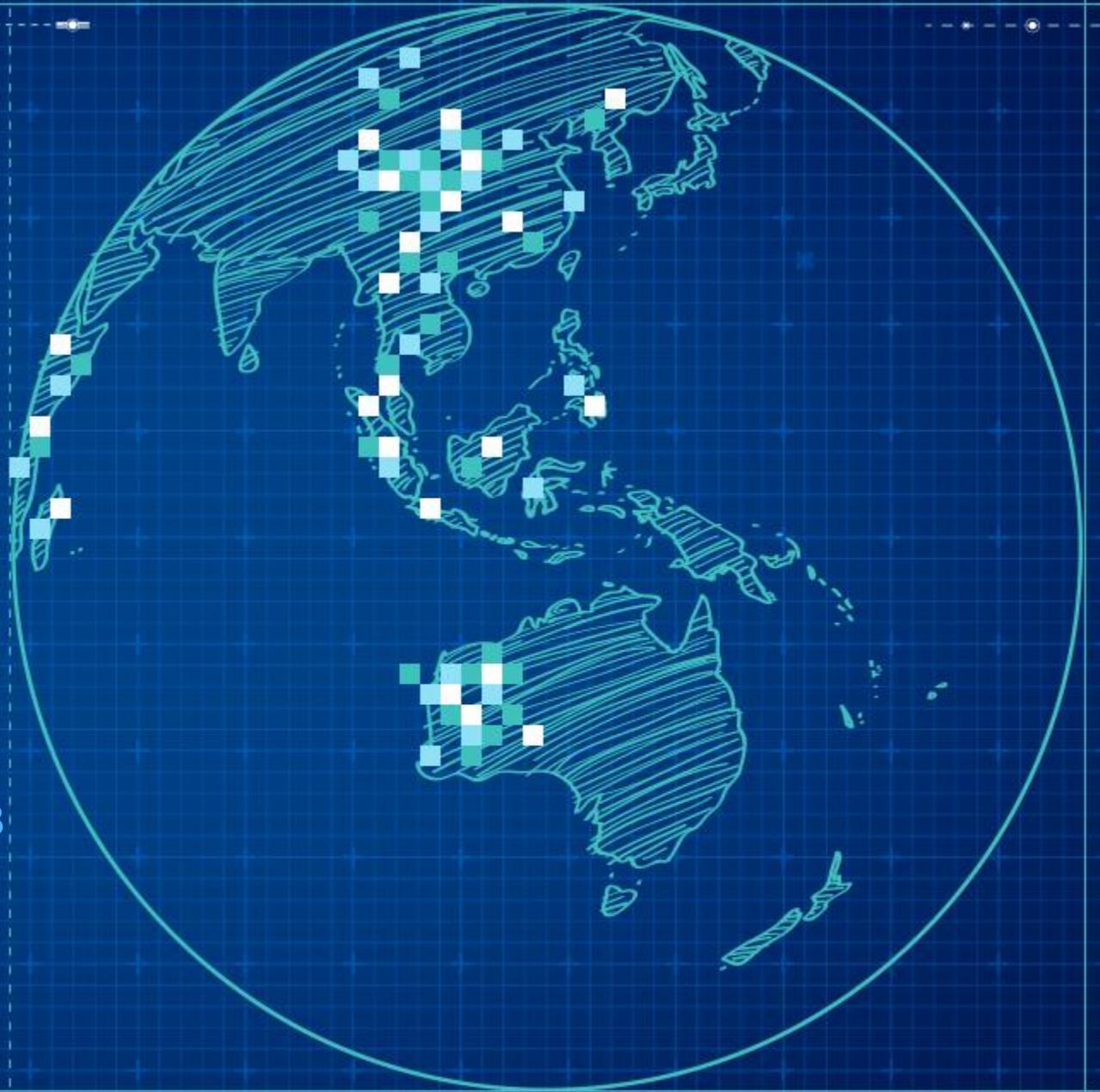




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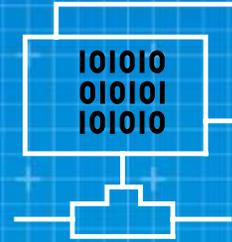


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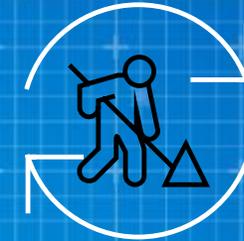
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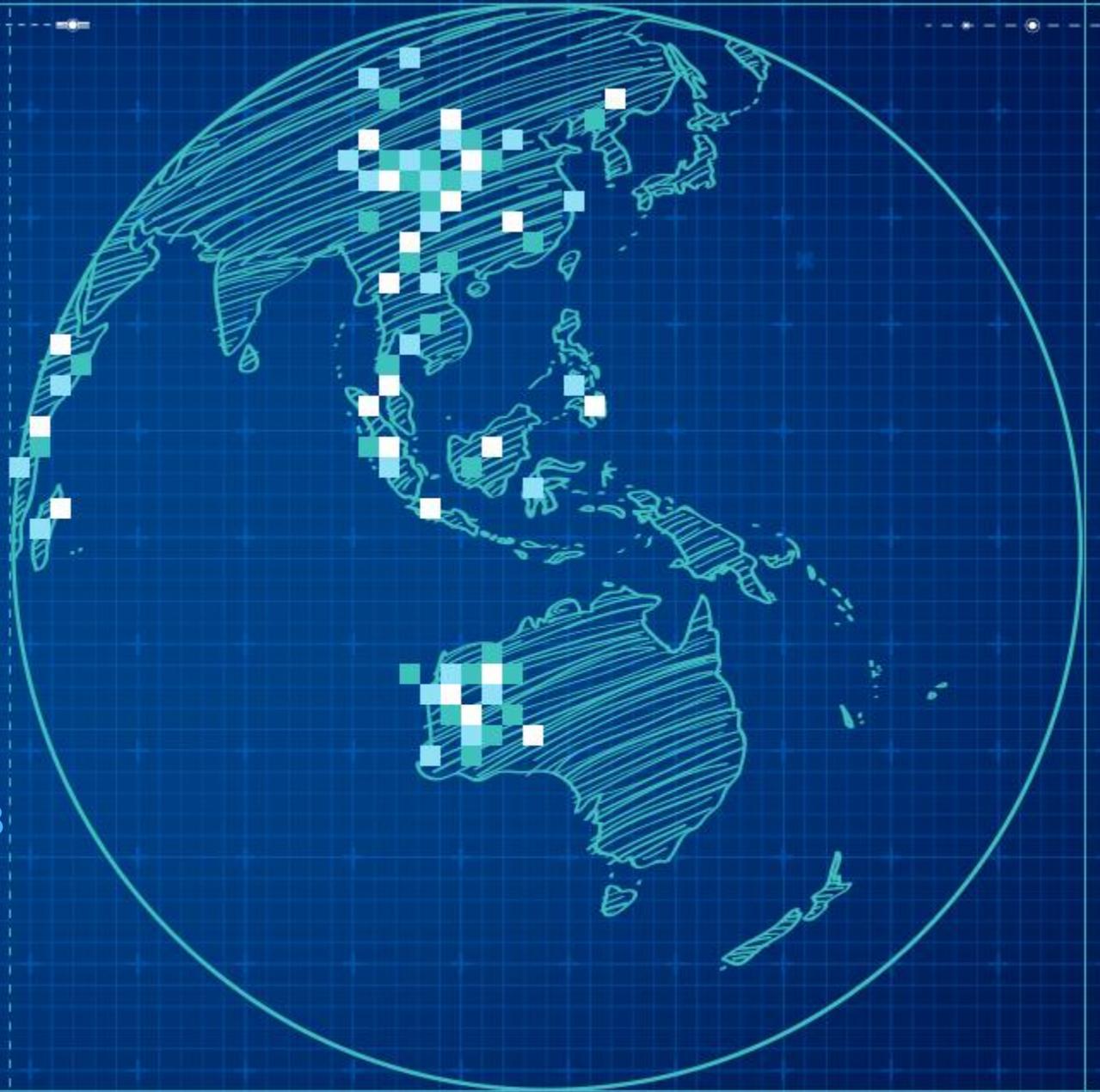
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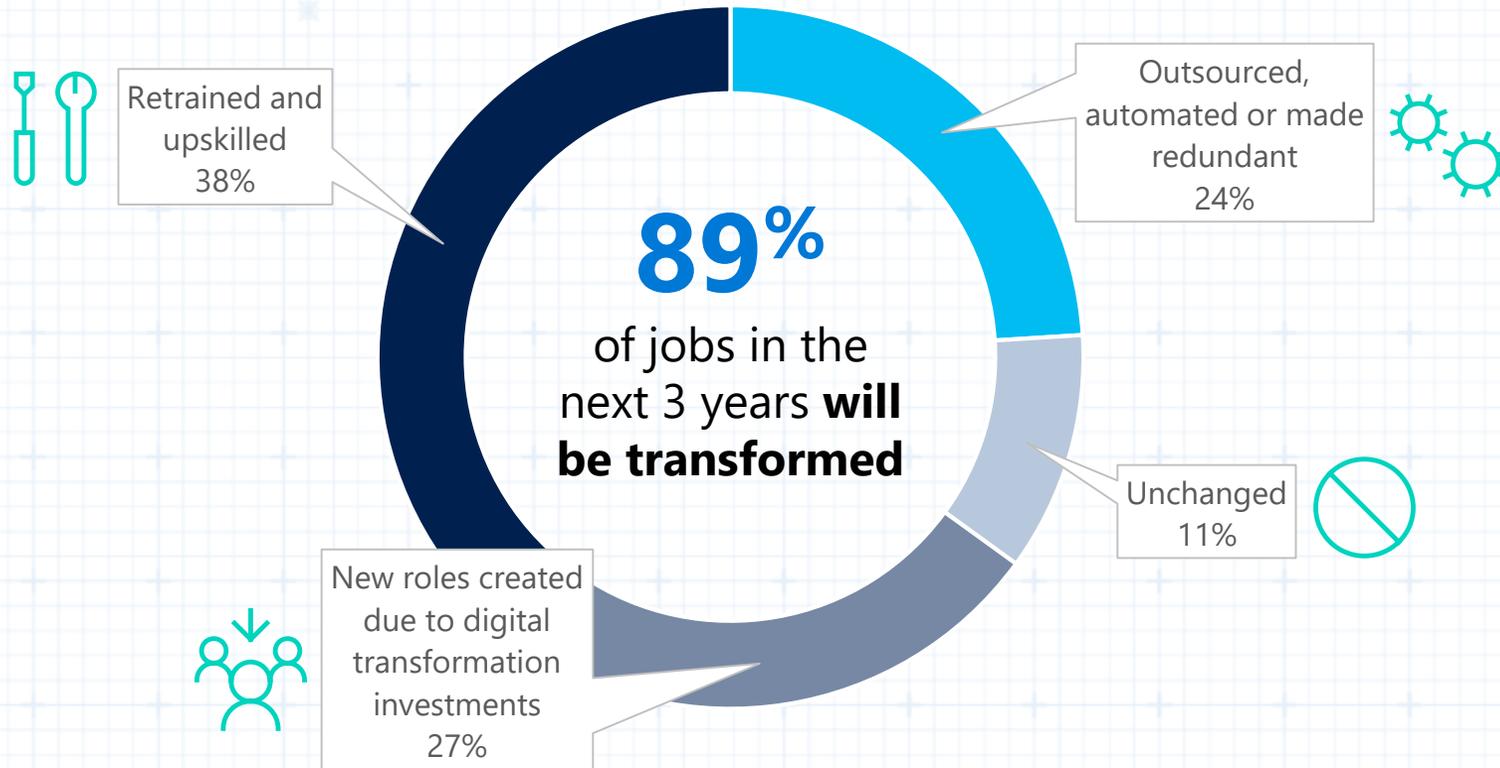
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Jobs Transformation, not Displacement



67%

are confident that young professionals **already have future ready skills** that will help them to transition to new roles.

Base: All respondents (n=100)

C3. To address the lack of skillsets in your organisation, what percentage of your organisation's jobs in 3 years will be: a) Outsourced, automated or made redundant, b) New roles created given digital transformation investments, c) Retrained and upskilled

#C3a:- Do you think young professionals within your organisation (aged 25 year-old and below) have future ready digital skills to meet the demands of digital transformation.?



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