



DIGITAL DISRUPTION AND ITS ECONOMIC IMPACT

HOW DO YOU REINVENT YOURSELF AND CAPTURE OPPORTUNITIES IN THE DIGITAL ERA

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10 Hot Consumer Trends 2018

ConsumerLab

10 HOT CONSUMER TRENDS 2017

10. Big Tech for All

Most advanced internet users believe that in five years they will buy everything from the biggest five IT companies

9. The Privacy Divide

Some people only want to use encrypted services, but others believe privacy no longer exists

8. Augmented Personal Reality

Consumers want to use AR to customize the way the world looks around them

7. Social Silos

People turn their social networks into silos, limiting their exposure to opposing ideas

2. Setting the Pace for IoT

Consumers are increasingly using automated applications, influencing overall IoT adoption

3. Pedestrians Drive Autonomous Cars

Autonomous cars could replace drivers – and pedestrians say this would make them feel safer

4. Merged Reality

Advanced VR users think virtual, augmented and physical reality will fully merge in only three years' time

5. Bodies Out of Sync

Advanced VR users think virtual, augmented and physical reality will fully merge in only three years' time

6. The Smart Device Safety Paradox

Phones help keep us safe, but consumers take more risks because they rely on smart devices



10 HOT CONSUMER TRENDS 2018



#01 Your body is the user interface

More than half of current users of intelligent voice assistants believe we will use gestures to interact with tech just like we do with people.



#02 Augmented hearing

63 percent of consumers would like earphones that translate languages in real time.

#03 Eternal newbies

46 percent say the internet allows them to learn and forget skills faster than ever.



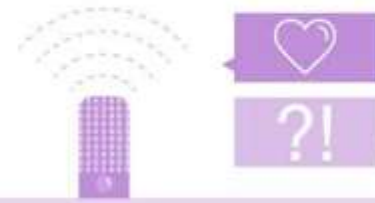
#04 Social broadcasting

55 percent think influential groups are using social networks for one-sided broadcast messages.



#05 Intelligent ads

More than half of AR or VR users think ads will become so realistic they will eventually replace the products themselves.



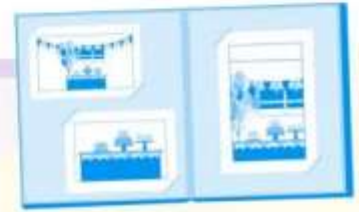
#06 Uncanny communication

50 percent of respondents think not being able to tell the difference between human and machine would spook them out.



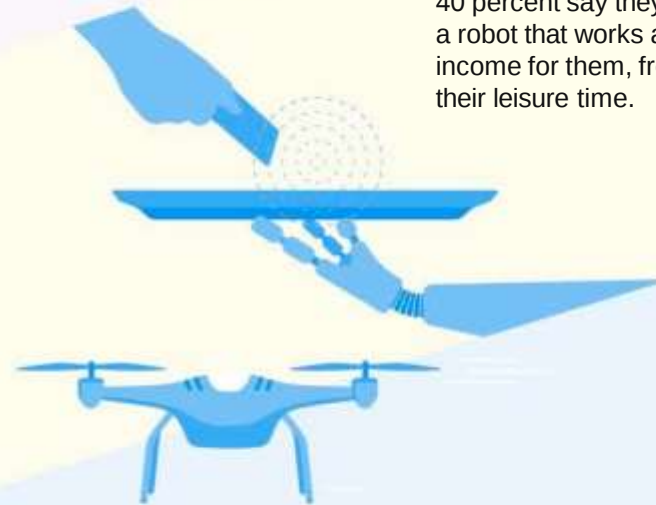
#07 Leisure society

40 percent say they would like a robot that works and earns income for them, freeing up their leisure time.



#08 Your photo is a room

Three out of four believe that in only five years they will use virtual reality to walk around in smartphone photos.



#09 Streets in the air

39 percent think their city needs a road network for drones and flying vehicles.

#10 The charged future

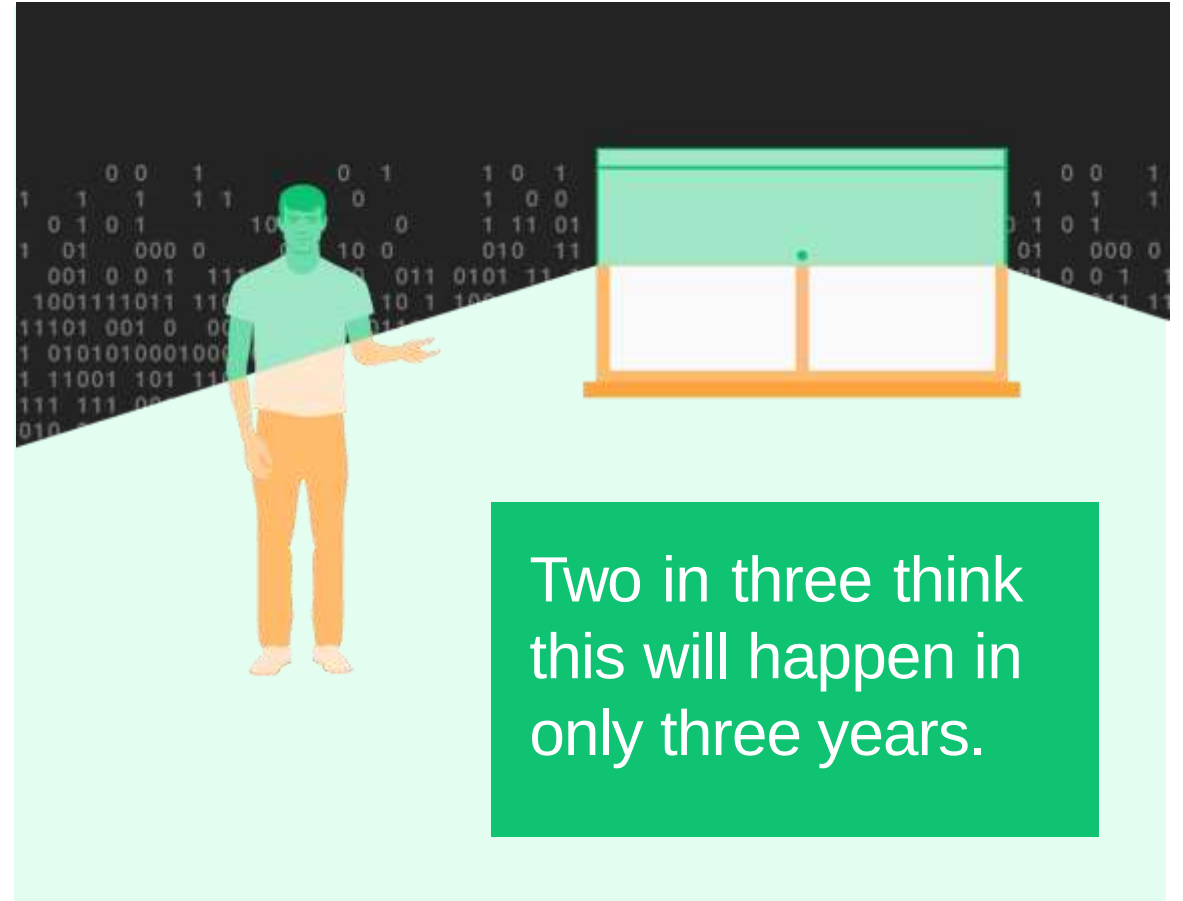
More than 80 percent believe that in only 5 years we will have long-lasting batteries that put an end to charging concerns.



#01 Your body is the user interface

Digital technology is beginning to operate on human terms.

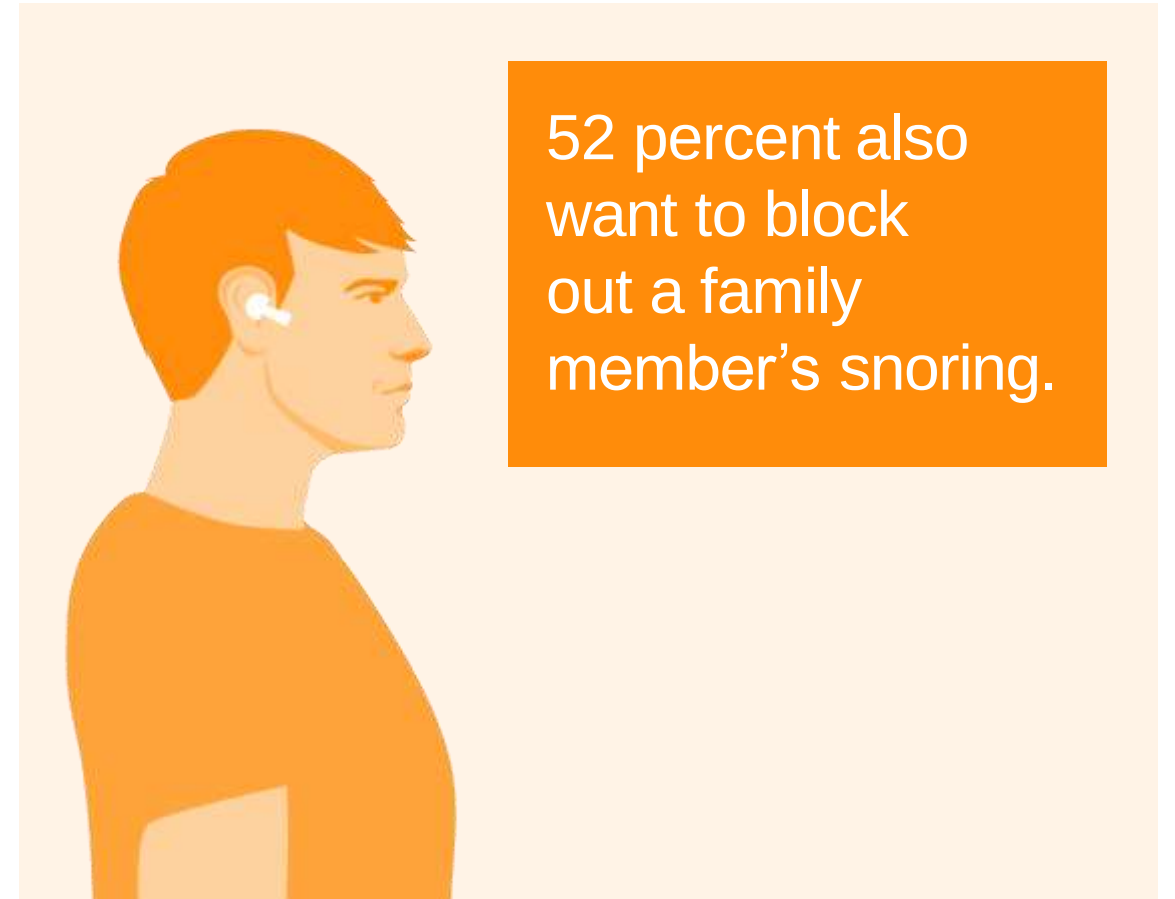
More than half of current users of intelligent voice assistants believe we will use body language, intonation, touch and gestures to interact with tech just like we do with people.



#02 Augmented hearing

Soon, we might use wireless earphones all day long – and even sleep with them in too.

63 percent of consumers would like earphones that translate languages in real time.



#03 Eternal newbies



30 percent say new technology makes it hard to keep their skills up to date.

But it also makes us instant experts. **46 percent** say the internet allows them to learn and forget skills faster than ever.

We use skills only at the moment we need them.

#04 Social broadcasting

Social media promised user-controlled, two-way communication, but now it is being overrun by traditional one-sided broadcasters.

55 percent say influential groups use social networks to broadcast their own messages.

But more positively, half of consumers say AI would be useful to check facts stated on social networks.

#05 Intelligent ads

Adverts may become too smart for their own good. **42 percent** believe companies will use AI to produce persuasive advertising.

But **more than half** of AR or VR users think ads will become so realistic that the experiences will eventually replace the products themselves.



#06 Uncanny communication

50 percent of respondents think not being able to tell the difference between human and machine would spook them out.

40 percent would also be spooked by a smartphone that senses their mood.



#07 Leisure society



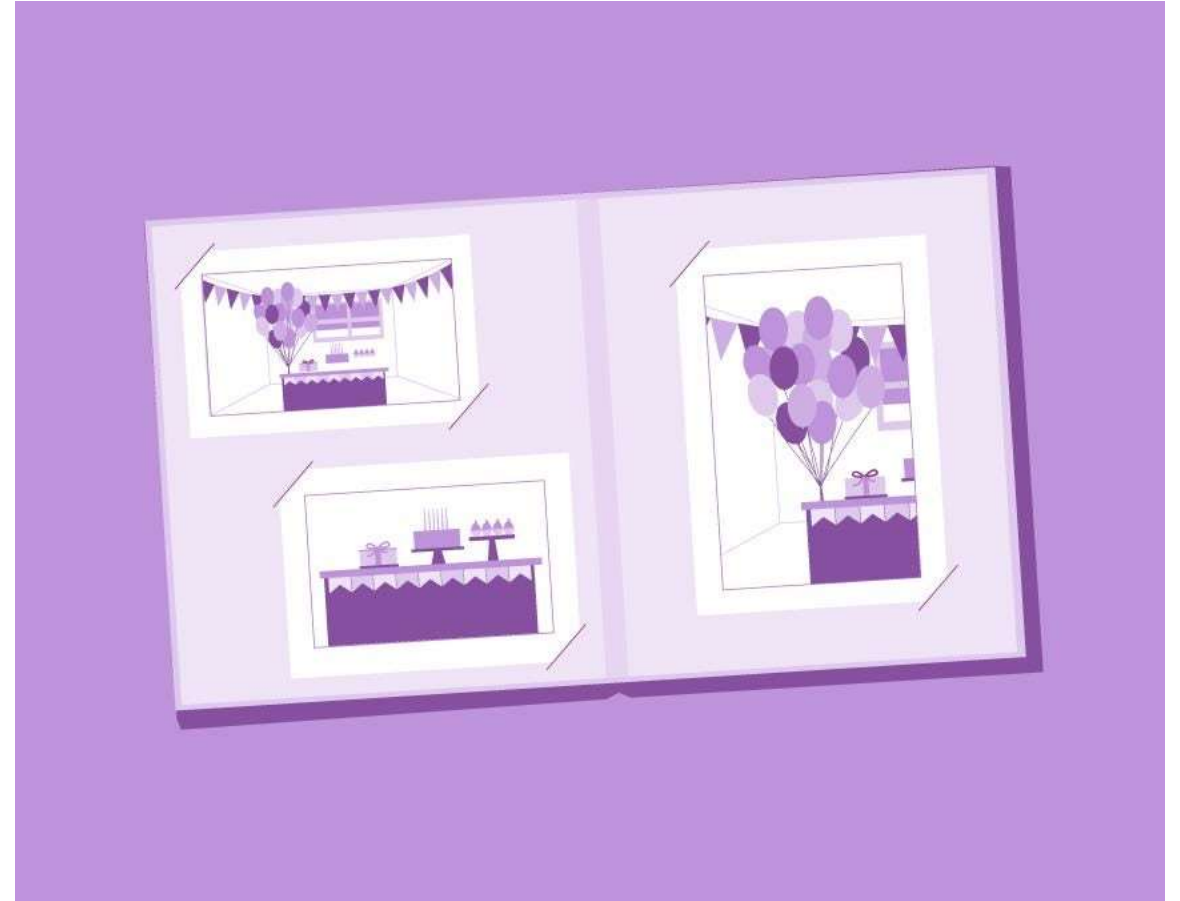
One in five students and working people believe robots will replace them in their jobs before they retire.

But many do not need a job to find meaningful activities. **40 percent** say they would like a robot that works and earns income for them, freeing up their leisure time.

#08 Your photo is a room

Imagine being able to walk into a photo and relive a memory.

Three out of four believe that in only **five years** they will use virtual reality to walk around in smartphone photos.



#09 Streets in the air



The streets may be crowded with traffic but what about the skies?

39 percent think their city needs a road network for drones and flying vehicles.

But almost as many worry a drone would drop on their head

#10 The charged future

The connected world will require mobile power.



56 percent of advanced internet users expect smart battery technology to change how we power everything from phones to cars.

More than **80 percent** believe that in only **5 years** we will have long-lasting batteries that put an end to charging concerns.

Summary



#01 Your body is the user interface

More than half of current users of intelligent voice assistants believe we will use gestures to interact with tech just like we do with people.



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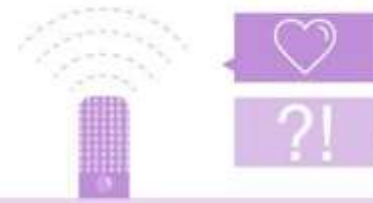
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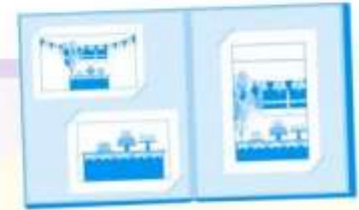
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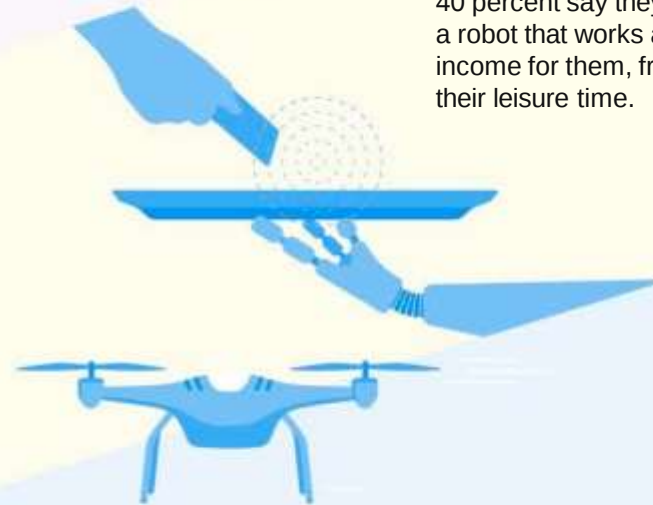
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A blurred background image showing a crowd of people at night, many holding up their smartphones to take photos or videos. The screens of the phones show a city street scene with tall buildings and lights. The overall atmosphere is one of a busy, digital event.

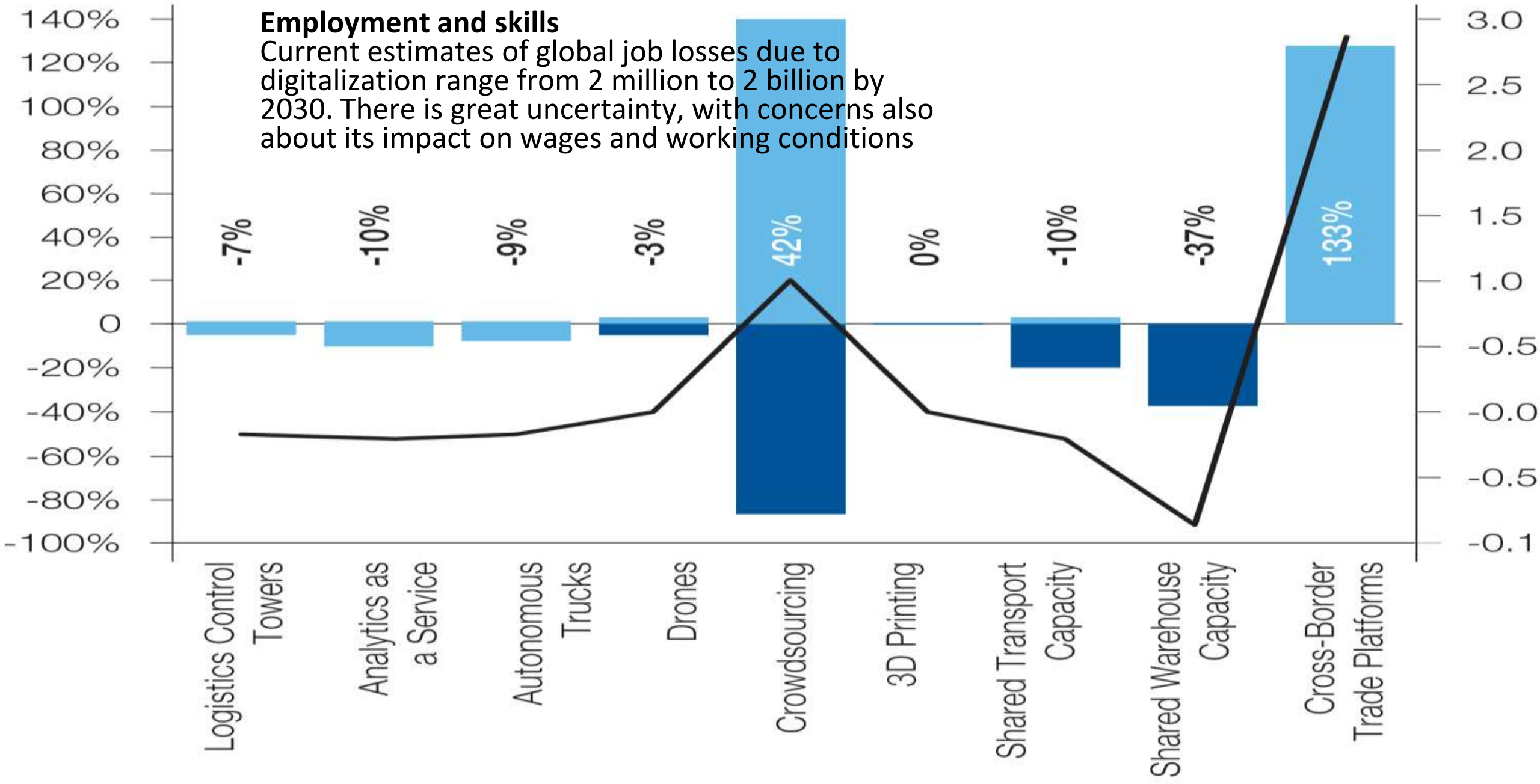
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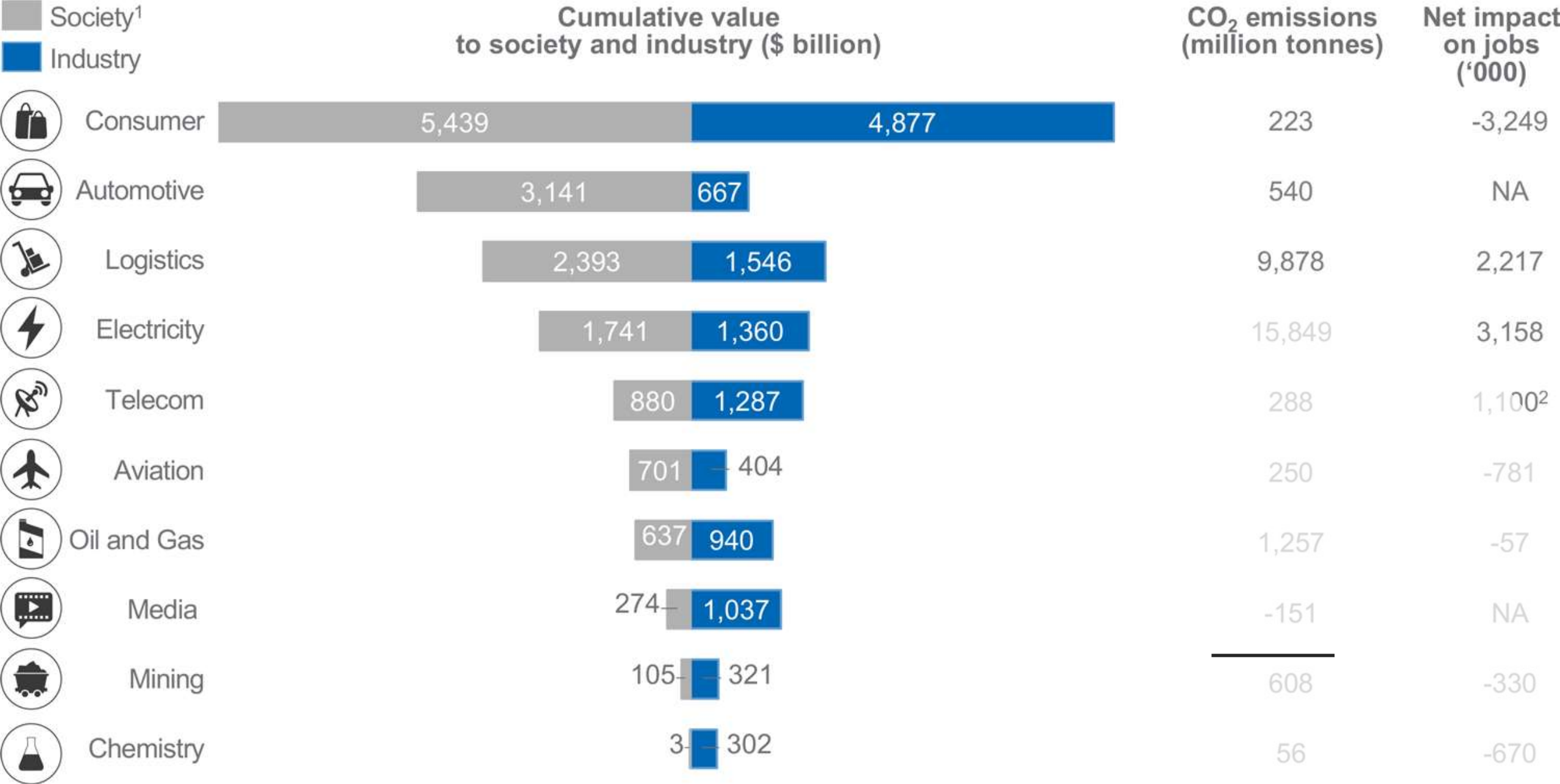
Digital disruption is generating a fierce debate among policy-makers, economists and industry leaders about its societal impact. As digitalization disrupts society ever more profoundly, concern is growing about how it is affecting issues such as jobs, wages, inequality, health, resource efficiency and security.

Jobs created as a % of total jobs created because of digital initiatives

Net jobs created (million)



The impact of digitalization on employment is likely to be significant, but the implications of digital disruption extend far beyond the labour market.



Note: ¹ Total societal value at stake includes impact on the customers, society and environment. Impact on external industries has not been considered.

²Excludes Extending Connectivity digital initiative

Key questions for businesses and policy-makers

Of course, the potential value of digital initiatives to society and industry will not automatically be realized. A number of questions need to be addressed by both business leaders and policy-makers if they are to maximize the combined value of digital initiatives for both industry and society.

For businesses

Are you aware of the value multiplier for society from your digital initiatives? Are you able to measure and track the socio-economic impact of your future digital initiatives? How can you incubate digital initiatives that could in future deliver a high value to society and your business? Is your corporate affairs / social responsibility function suitably aligned with your corporate strategy team?

For policy-makers and regulators

To what extent do you understand how industry-led digital initiatives could help you achieve specific policy objectives and targets? What policy tools could you use to incentivize industry towards digital initiatives that deliver value to society?

Are you taking sufficient steps to digitize your own organizations? Do you have the right digital skills and talent in place? How can you learn and exchange lessons from the experience of private sector organizations?



The age of digital

4 OUT OF 5 EXPERIENCE THE CONNECTED LIFESTYLE

UNCONNECTED

CONNECTING
NOW

NET
FOLLOWERS

NETWORKERS

NETIZENS



3 DYNAMICS OF THE NETIZENS



COLLECTIVE
INTELLIGENCE

SOCIAL
PARTICIPATION

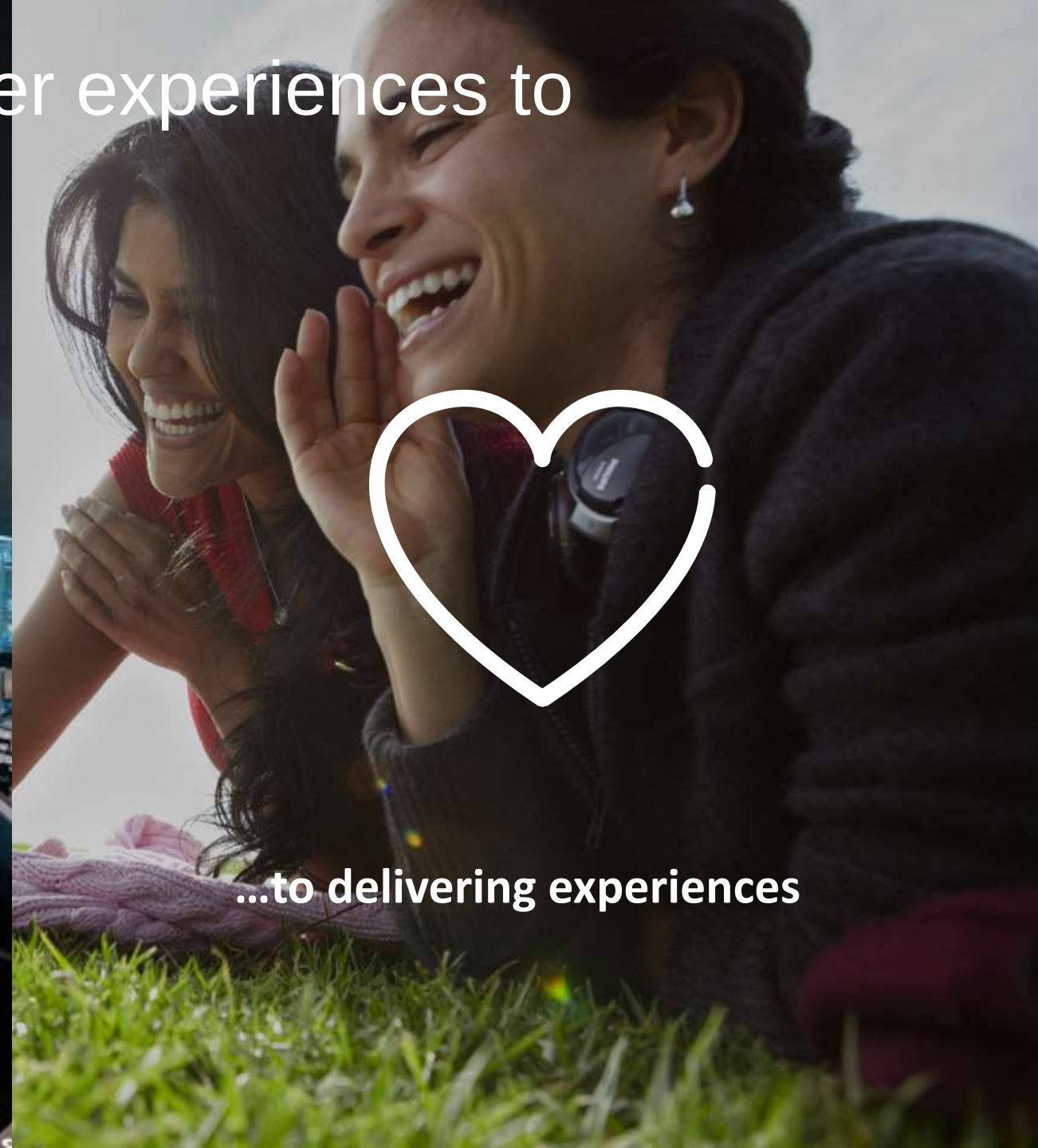
SHARING
SERVICES



Organisation need to Deliver experiences to win customers and citizens



From operating services...



...to delivering experiences

experiences drive loyalty and revenues

Virgin Atlantic



Outstanding inflight experience

Uber



Completely seamless experience

Coin credit card



One single card for all credit cards

Amazon Prime



Effortless support experience every time

Starbucks coffee



Creating a living room outside of the home

Zappos



A customer care that goes beyond everything

Companies born digitally change customer expectations

To get a specific problem solved

To buy services and products in new ways

To get new products & innovations faster



Customers expect...

To get interfaces they fall in love with

To experience an engaging customer journey

To get to new services based on big data

Driving forces for operators to create experiences in the digital age



**Increased demands
on digital
interactions**



**Radically more
capable technology**



**New services
enabled by
digitalization**



**Accelerating pace of
change among
operators**

A new kind of Consumer thriving on digital interactions

80%

Of U.S. consumers regularly buy products through digital channels.

42%

of in-store shoppers search for information online while in-store, a truly omni-channel behavior

75%

Of consumers say they will stop doing business with a company following a bad experience

53%

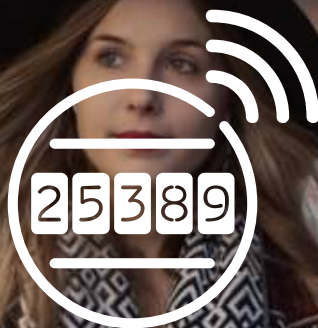
average growth of retail sales made on a smartphone in 2015



Consumers and Enterprises ready to buy digital services from their operator



TV and video services



Smart utilities services



Smart car services



Mobile financial services



Enterprise Cloud services



Smart home market

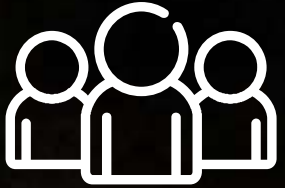


Introducing the digital operator

A Digital Operator is a new business and operating model for operators built for the digital age



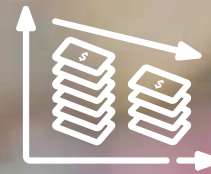
THE DIGITAL OPERATOR ACTING ON THE CHANGING ENVIRONMENT



Interacts consistently with customers everywhere



Innovates fiercely outside of typical telecom services



Reduces Opex through automation and consolidation



Leverages data to understand and drive the business



Responds quickly with agile processes & tech



Has a customer first approach in every part of the organization



Change principles -
how to become a digital Operator

An aerial photograph of the Shanghai skyline at dusk or dawn. The Huangpu River flows through the center, with the Oriental Pearl Tower prominently featured on the right bank. Numerous skyscrapers and modern buildings are visible, some with illuminated signs. The overall atmosphere is hazy and golden from the low sun.

Let's not kid ourselves - changing companies is
really hard

70%

Of all transformation projects fail

For success, do not start with technology

The C-suite must...



...ask the right questions

How should we change my market position by digitalization?

How do we deliver a superior customer experience?

What kind of new services should we delivery?

How do we create an ecosystem for partners?

How do we quickly understand issues and adapt along the way?

How do we implement the right operational model?

PRINCIPLES FOR CHANGE

We have created six principles for transforming into a digital operator. Principles that goes well beyond technology, that take an holistic approach to change, focusing on the things that matter

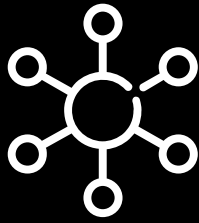
Six principles for digital transformation



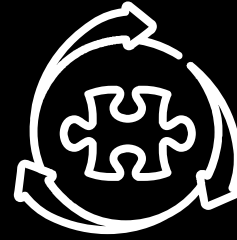
Target a
unique digital
position



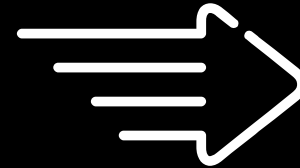
Design
magical
experiences



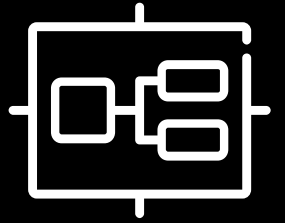
Engage with digital
services ecosystem



Create services
at digital speed



Operate a
digital
organization



Evolve technology
into digital



Target a unique digital position

Don't just become digital

Become something unique



A successful transformation is a journey towards a clear destination. Temptations will be many along the way, and a too vague idea of the end goal will waste time and resources. Not to mention the fact that you risk ending up in the wrong place.

Clarity on destination and goals help build a strong positioning in the market. Add to that a clearly stated digital transformation philosophy and your chances of standing out from the crowd will increase.



Let the position you choose impact every part of the customer journey



**Design every touch-point
along your customer
journey to make your
position come alive**

Develop a digital position with our structured approach

Understand and review
where you stand digitally

Digital maturity
analysis



Digital ambition &
best practice



Decide your ambitions and
learn from best practice

Define your gap between
current and future

Gap
analysis

Gap diagnosis &
prioritization
assessment



Roadmap forward



Analyze and create roadmap
forward

Detailed roadmap

Cost benefit
analysis

Portfolio enablement

Impact on full stack

Digital solution
roadmap

Impact go to market
strategy



Design magical experiences

Make customers fall in love

Seduce them with experiences



Over the years most organizations have focused more on the back end than the front end. Efficiency, structure, and order have been prioritized over design, experiences and a true love for the customer.

Today, the table has turned. Driven by the astonishing growth and proliferation of services built from the experience angle customers now demand it from every company. The front end is no longer just the outside of the back end, it should be a starting point for a love story with the brand.



We live in the experience economy



What is customer experience?



The practice of designing and reacting to customer interactions in order to meet or exceed customer expectations and so increase customer satisfaction, loyalty and advocacy.

(Gartner)



Operators have strong tools to create differentiating experiences





Engage with the digital services
ecosystem

Differentiate with new services



Collaborate for innovation



In the good old days, operators barely had to innovate any new services. Voice and text services virtually had no competition and as long as you kept costs down you were all good. Now it is a different ball game. In the data paradigm OTTs are delivering services eating straight into the core of telecom revenues.

But it is no time to hold a grudge. OTTs have proven to be a great partner to drive a data business and deliver the services that customers want. Lets open up and keep OTTs close and build systems to enable swift launch of new services at the pace that customers have grown accustomed to.



We are digital natives now

4 / 5 persons

now experience a lifestyle network effect, where an individual's benefit from a range of online services increases as more people use them.

46%

of teens today spend an hour or more on YouTube every day.

59%

of total video viewing time is spent on mobile screens for streaming natives

86%

say they would use personalized digital commuting services if they were available

→ **Consumers want digital services also from operators**

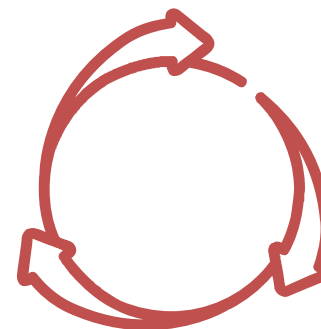
Collaboration is a powerful way of offering attractive services



Great opportunities are emerging in a world where **everything is connected**

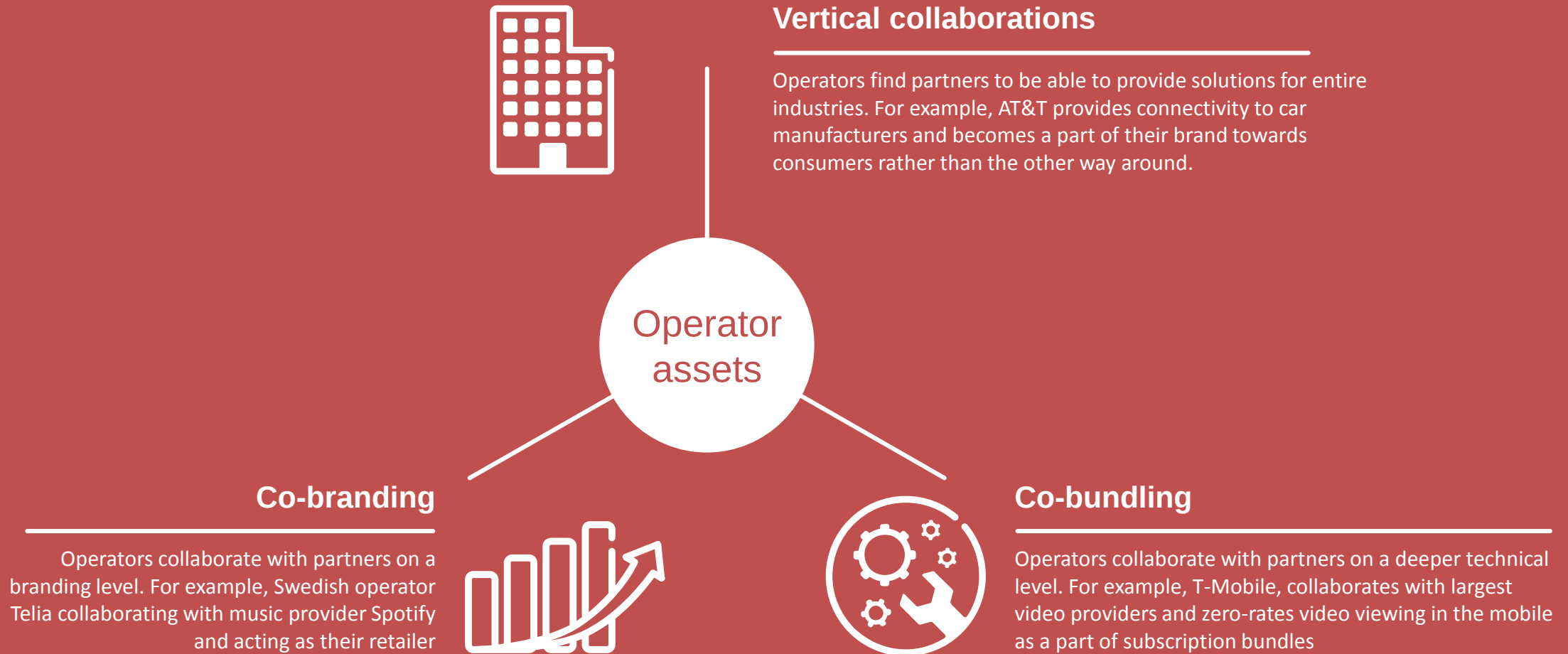


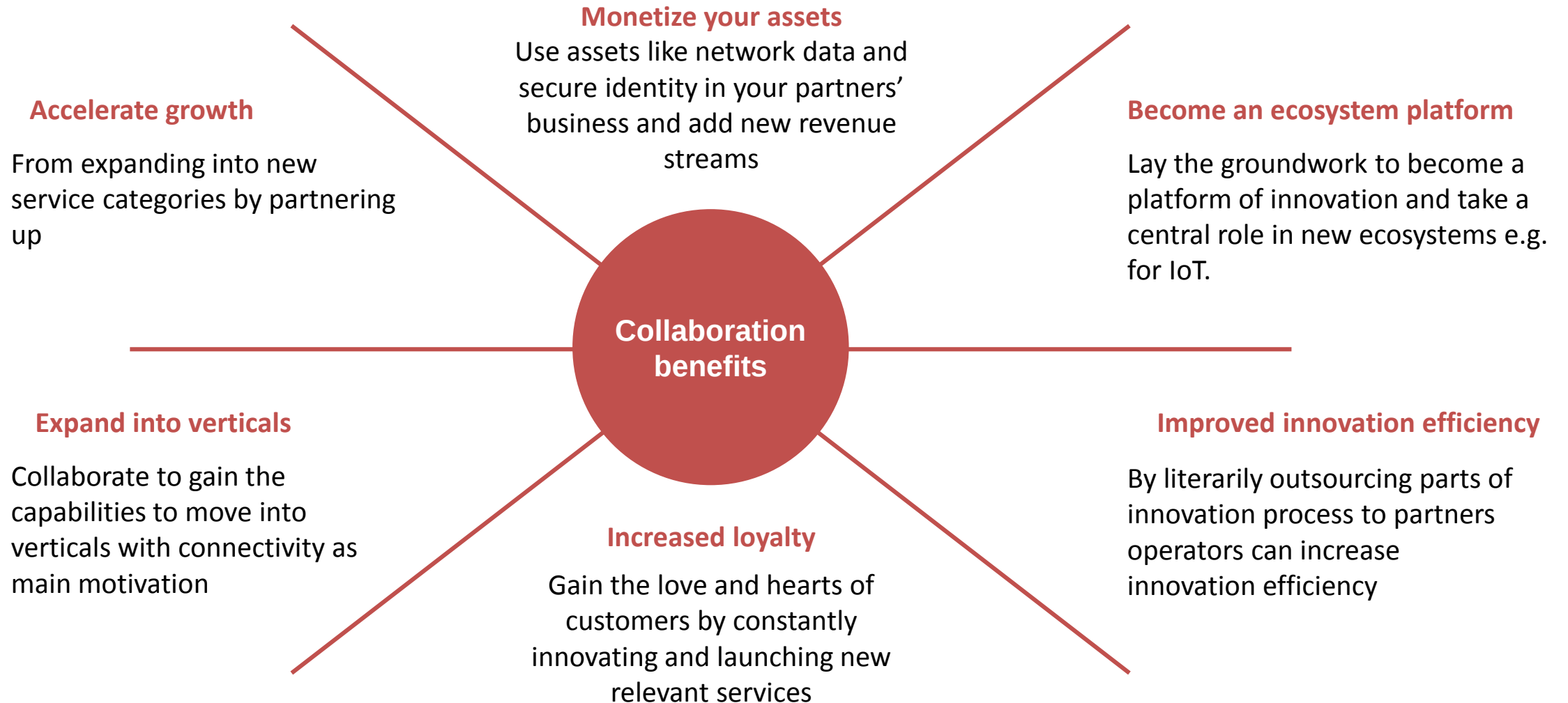
Operators have a **unique set of assets** that can be utilized in new ways



Third parties act as enablers, and joining forces is preferable to fighting head-to-head

different ways of collaborating and leveraging operators assets







Create services at digital speed

Give customers what they want

Before they know they need it



As the digital landscape evolves, time to market becomes critical for operators. They can no longer rely on the cash cows of yesterday to reap the benefits of the future. Digital native companies launch services at a pace that leaves most operators far behind.

It is time to change this and make operators swift and agile. Break down the silos inside the organization to make departments collaborate and build the product development process on a solid and modern technical platform.



Today, time to market for new operator services are slow

50–200+

New offers introduced every year by typical operator

450

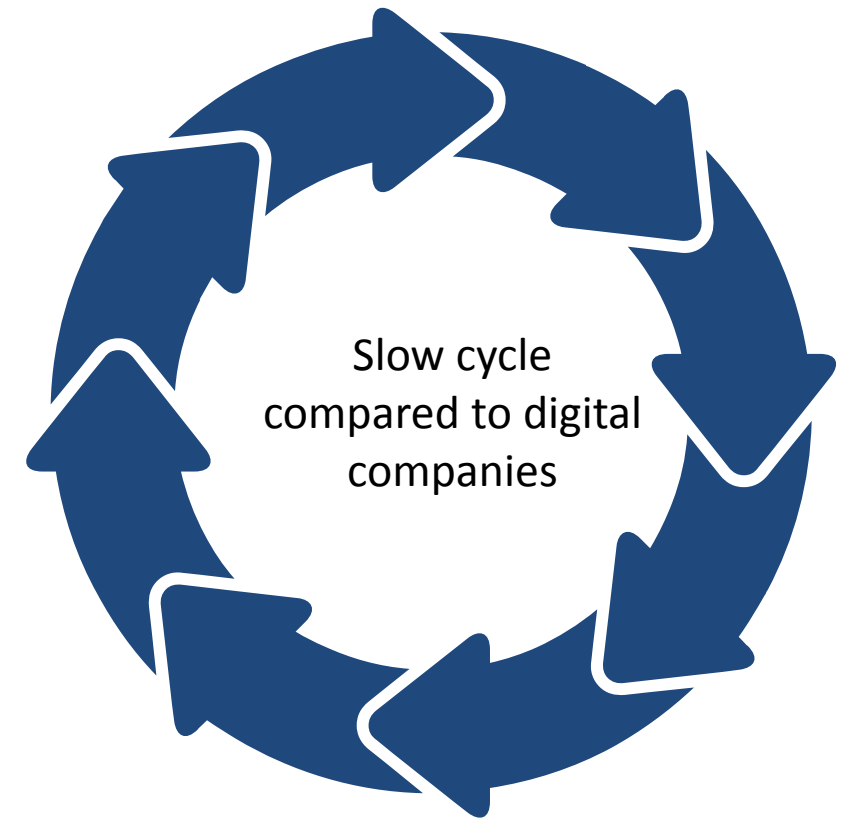
Distinct products and services offered at any time

40–50

People directly planning, defining and managing services

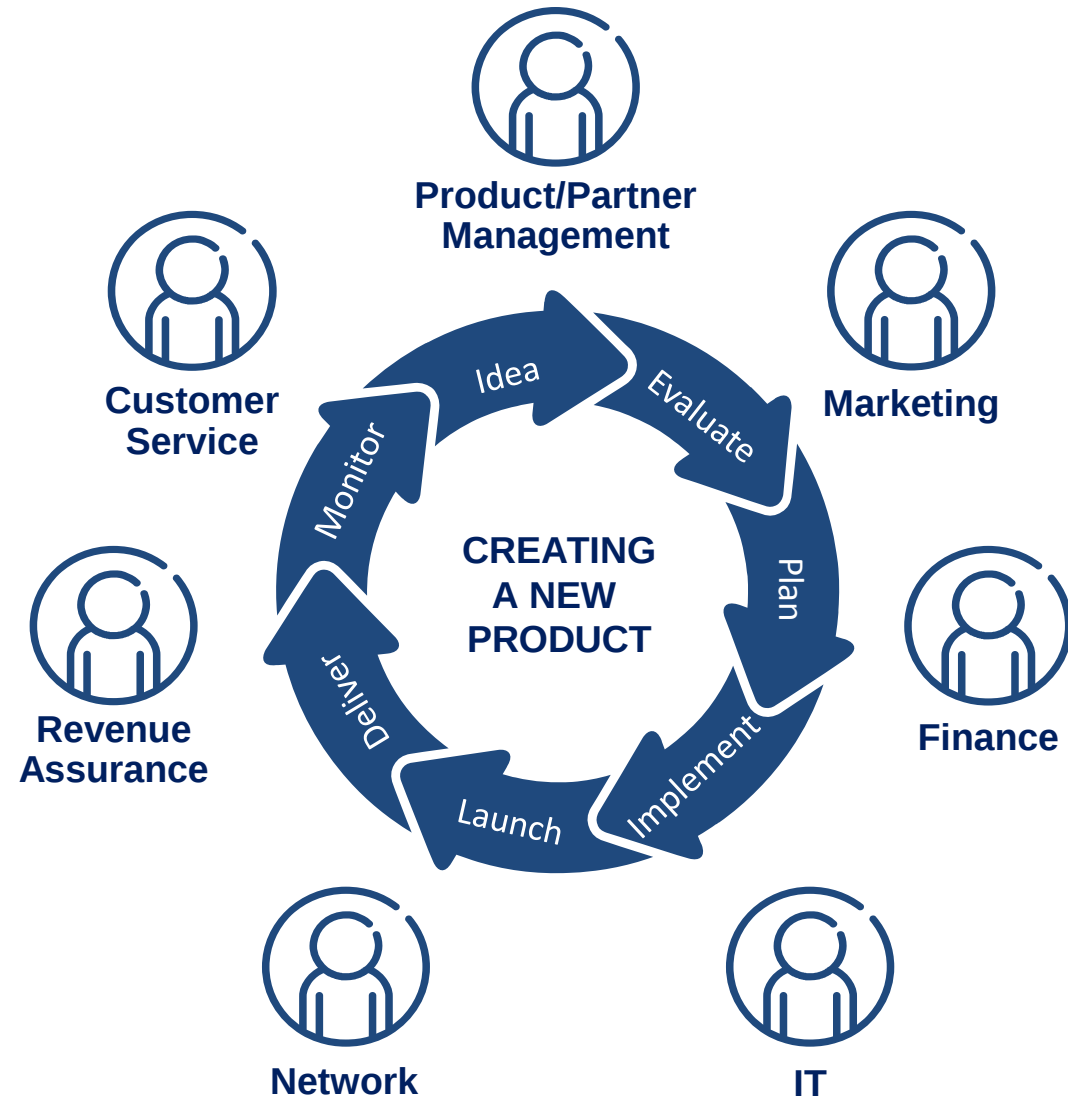
32–64

Average number of weeks from idea to revenue



Multiple stakeholders slow down process from idea to delivery

Multiple stakeholders involved from Idea to Delivery





Operate a digital organization

It's not business as usual

Run your business digitally

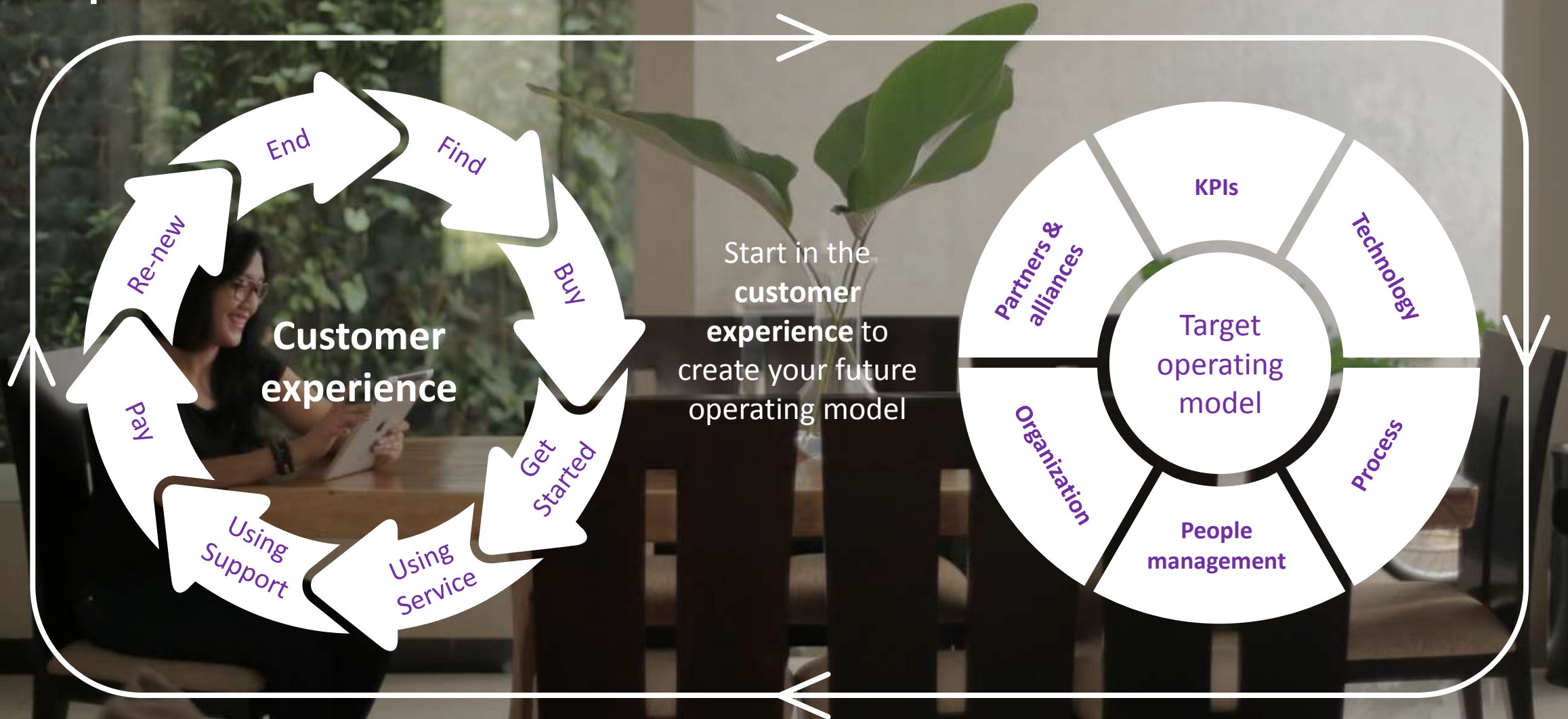


The day is coming when not being fully digital could put you out of business. Old revenue streams will dry out and new ones will open up and to capture them we have to be where the customers are, in digital. But it is not a questions of making old processes digital, it is about rethinking your operating model with processes and organization by challenging the past and rethinking the way you do everything.

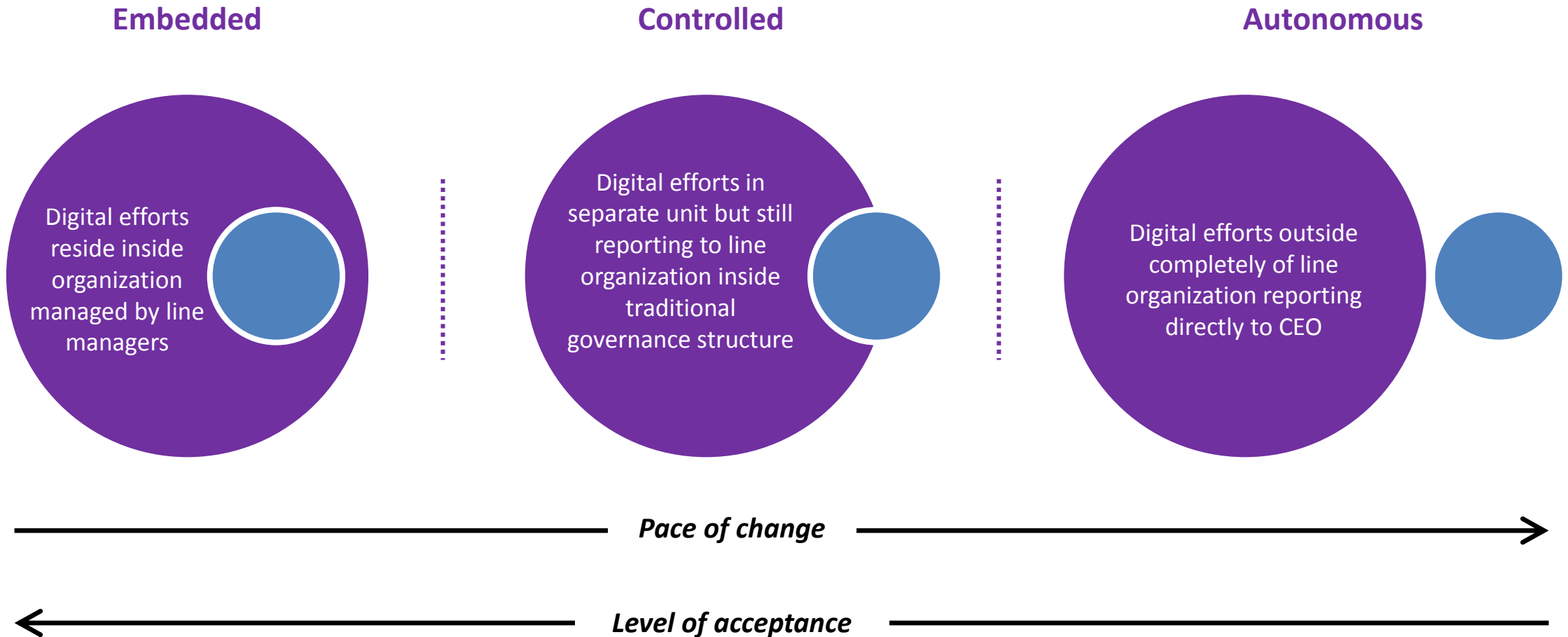
Rethinking is hard when you are stuck in legacies of mindset, governance and organization. Therefore, plan your digital transformation carefully and design your future operating model accordingly. This means challenging old habits of how you do things, from governance, to sourcing, to how you do product development. It is about embracing a digital culture that values innovation, accepts failure and moves swiftly to adapt to new conditions, just like your digitally native peers.

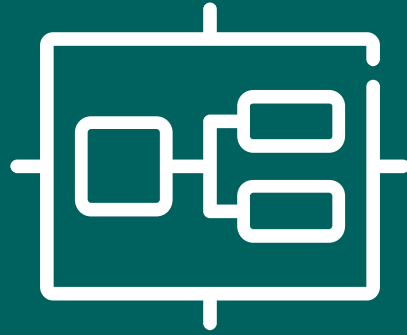


Design the future operating model with customer experience in mind



Different ways to organize digital skills and capabilities





Evolve technology into digital

Respect the past

And make it history

Thank you