

# Digital Build-Operate-Transfer (DBOT)



OpCo discussion  
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Digital / McKinsey

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# The digital enterprise – an attempt at a definition

A “digital enterprise” is a company who...



Puts customers front and center of their strategies



Develops new ways to measure "digital success"



Proactively shapes their ecosystem: new partners, new value sharing models



Actively experiments and seeks to raise the metabolic rate of the company



Ruthlessly innovate and disrupt their own business model before others do



Follows the money: put their best resources and investments where the future growth is

# The digital transformation delivers the digital strategy

■ Focus of this document

## Digital Strategy

**Description** **Rethinking** the overarching strategy in light of industry fundamentals, trade-offs, and sources of advantage altered by digital disruption

- Outcome**
- Sizing of overall potential
  - Identification of areas of opportunities
  - Assessment of starting point for a transformation



## Digital Transformation

**Designing and implementing** digital initiatives, e.g., new digital products, new digitally enabled business models, a digital culture and mindset program etc.

- Increased revenue from new or improved digital products
- Reduced costs from eliminating manual work
- A culture focused on innovation, experimentation with stronger digital capabilities

# There are four major shifts that companies must make...

From...



...to

1



Limited digital talent and capabilities

5



Amount and level of digital talent to compete in digital era

2



Slow decision processes  
Slow decision processes

6



Ability to act quickly based on learnings from e.g. users, i.e. agility

3



Siloed organizations and no E2E customer view

7



Cross-functional e2e teams focused around the customer

4



Legacy systems

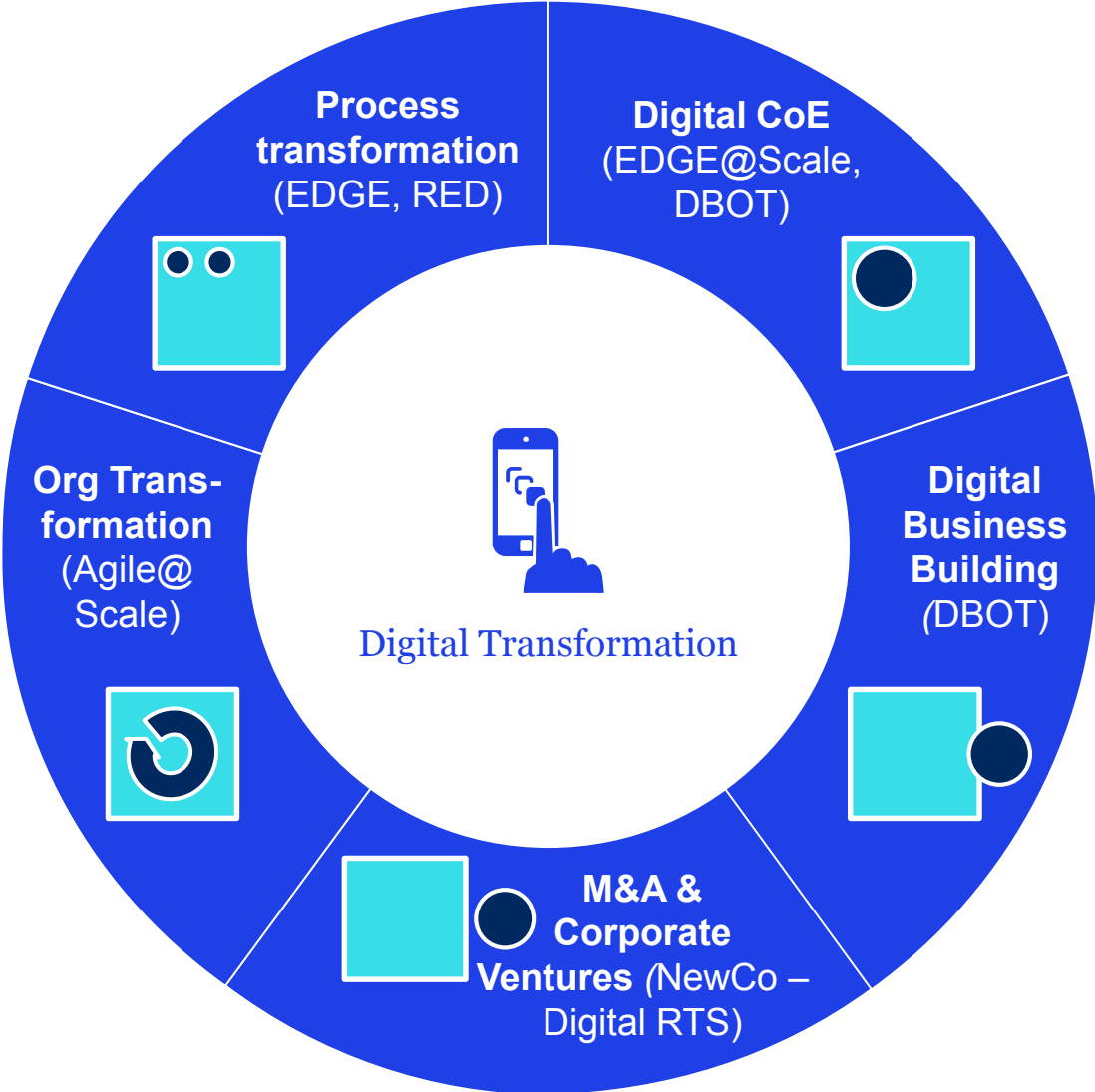
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Modern tech stack and modular process landscape

# A combination of several transformation “pathways” should be followed to ensure a successful digital transformation

- Focus of this document
- Nucleus of new organization
- Existing organization



Radically **re-think selected** journeys/ processes to create **light-houses** for larger trans-formation. **Talent gap won't** be addressed



Transform by building a new “**digital hub**” as nucleus for future organization **inside existing** organization



Build a **new digital business outside** the existing organization **leveraging core skills** wherever required



Invest and buy successful **digital businesses** and **leverage** their **talent** and **capabilities** as nucleus



Establish **org-wide agile way of working** with multidisciplinary product-focused teams

# We have put in place a governance and a core working team with hands on experience from flagship DBOT cases

## Digital McK OpCo



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Senior Partner | London



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Senior Partner | Silicon Valley



**Greg Phalin**  
Senior Partner | New York



**Somesh Khanna**  
Senior Partner | New York

## DBOT SteerCo



**Lars Vinter**  
Digital Partner | Copenhagen  
• Led Costa and ERGO as “interim” Head of Digital Unit



**Markus Berger-de Leon**  
Digital Partner | Berlin  
• Leads Telefonica



**Satty Bhens**  
Digital Partner | New Jersey  
• Led Costa, Youse



**Florian Wunderlich**  
Senior Partner | Munich  
• ...



**Greg Phalin**  
Senior Partner | New York  
• ...

# We have a global core DBOT working team that has been driving this forward based on hands-on experience from flagship cases

■ DBOT working team leads

## Americas



### Satty Bhens

Digital Partner | New Jersey

- Led Costa, Youse



### Kristine Simonsen

Digital Manager | New York

- Led ERGO as “interim” COO and Head of Talent, Product Owner at Costa



## EMEA



### Markus Berger-de Leon

Digital Partner | Berlin

- Leads Telefonica



### Danish Aziz

Digital Manager | London

- DM at Liberty South Africa



### Paul Welling

Digital VP | London

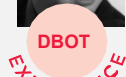
- Leads Pizza Hut



### Ziga Jakhel

Sr. Digital Expert | Amsterdam

- “Interim” CTO at Telefonica, “Interim” CTO at New10 (ABN AMRO)



### Darshan Chandarana

Digital VP | London



### Lars Vinter

Partner | Copenhagen

- Led Costa and ERGO as “interim” Head of Digital Unit



### Aishwarya Singhal

Digital Expert | Berlin

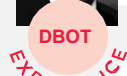
- Tech Lead, ERGO



### Shaun Bohannon

Senior Digital Expert | London

- Tech Lead, Costa and interim CIO at ERGO



### Chris Smith

Digital VP | London

## Asia



### Raphael Bick

Digital VP | Shanghai

We have successfully delivered on a large number of DBOTs across industries and geographies and have a large pipeline

Existing DBOTs



DBOT pipeline TO BE COMPLETED



# Our proven Digital Build Operate Transfer approach for digital business building accelerates a digital transformation over three phases

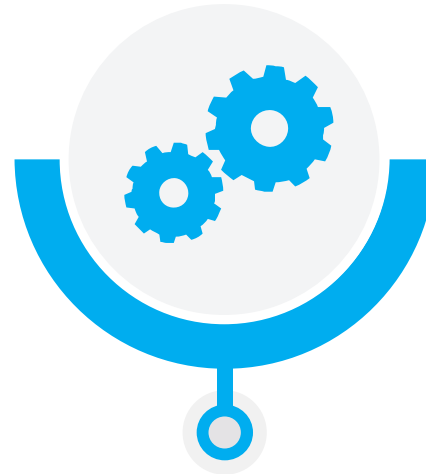


## Build



... a unit that operates like a digital native: "Agile culture", "Freedom to hire new talent", "Freedom on stack and tools", deliver an MVP, McKinsey runs day to day operations

## Operate



... delivering working software at scale to customers, establish product market fit, identify top digital talent and start to fill recruiting pipeline

## Transfer

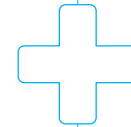


... unit continues without McKinsey successfully through 1:1 job replacement and coaching

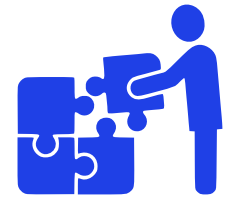
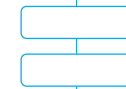
# A DBOT engagement is the best methodology for fixing a capability and culture gap in times of exciting digital opportunities



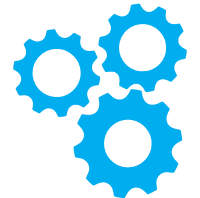
- ✓ **Gaps at client are evident** that cannot be closed internally:
  - Talent capability gap
  - Technical, analytical capability gap
  - Digital culture gap
- ✓ **Scope of project** is along 3 archetypes:
  - New disruptive business
  - New CoE / talent hub
  - Good to great, insourcing of capability
- ✓ **Digital McKinsey** capabilities are in need:
  - SW is built and delivered, McKinsey in charge
  - Delivery by MDL, MDL certified vendors, freelancers, and new hirers
  - Significant hiring of digital talent



- ✓ **Exciting digital opportunity ahead**
  - Need to jumpstart own activities due to market pressure
  - Board-level / CEO commitment



Build



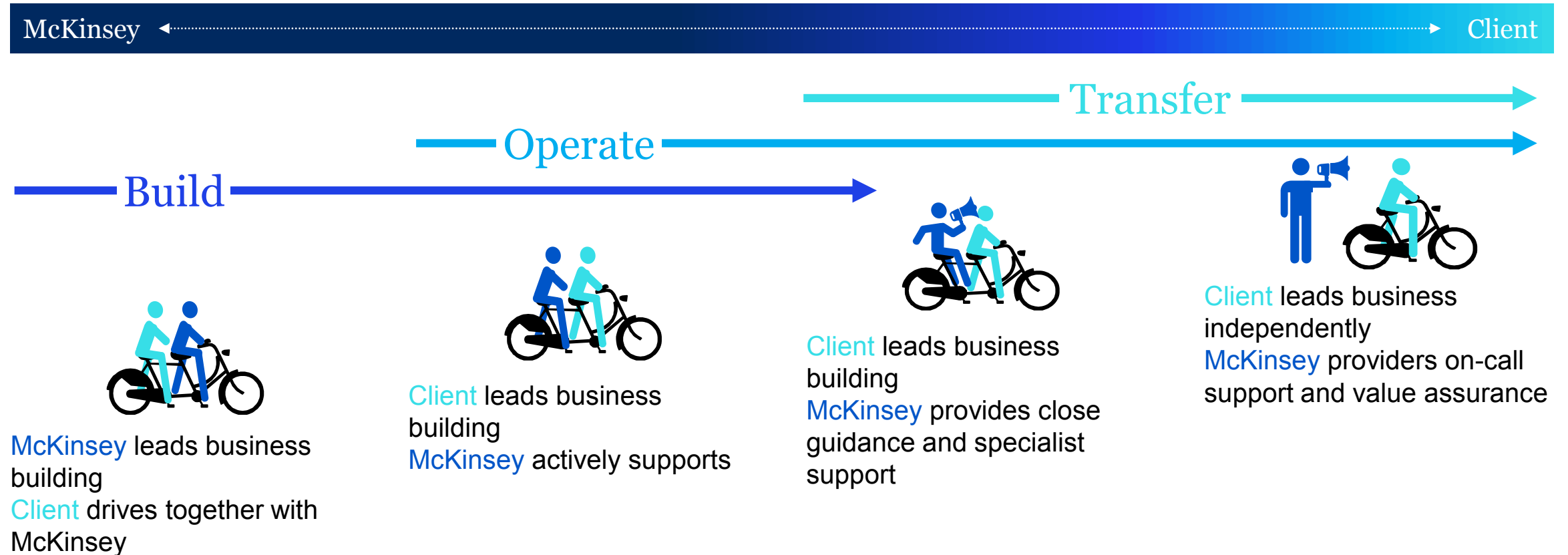
Operate



Transfer

# Capability building is fundamentally embedded into our DBOT for building new digital business

Approach to capability building



 Progressive ramp-down of McKinsey with focus on long term sustainability to maximise impact,

# Our venture should build on the learnings from venture capital and leading technology businesses



## Test, Measure, Learn, Innovate

Establish a culture and infrastructure that fosters and fast learning based on measurable tests. We don't know where we will end up, but testing and learning faster than the rest of the market will make us successful



## Hyper-incentives

Nothing is sure, yet if goal is achieved, personal reward is disproportionate



## Run like hell

Significant benefit to fast movers, "winner takes all" dynamics deliver superior returns



## Results ahead of cash

Stage-gates for investment rounds instead of yearly budget. If results are met, financing continues. If not, it is over



## Best teams only

Bring the most talented resources on board. No second chances to revisit the team. Senior advisor allow to learn from experience



## End-goal focus

Everything geared towards reaching exit value. Simple governance

# We will run like a startup and build a new company



## How we speak



- We are building a company with a mission and a vision
- To build the best product, our focus is on fast paced validated learning – not be right or wrong (Test, Measure, Learn)

## How we communicate



- Implement latest tools – Trello, Slack, Github ...
- Have our own domain, use google apps
- We have stand-up meetings in the morning and evening, weekly all-hands meetings, reviews and retrospectives every week

## How we structure our work

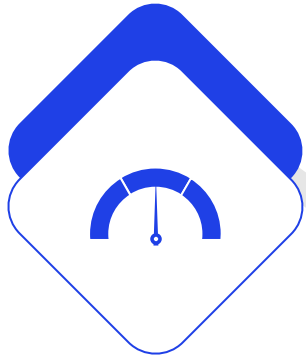


- We work in an agile way, fully customer centric
- We have heads-down afternoons
- Only build what is strategic, else use best of breed
- Limit non-standard integrations with legacy systems

# What needs to be in place to start a DBOT engagement?



Mandate along  
governance, speed,  
IT tools



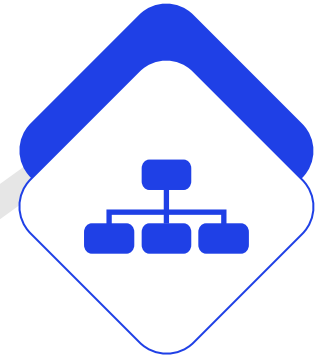
Contract that covers  
software and other  
risk elements

Funding for the  
next phase



Aligned incentives  
structure

APIs to existing  
org defined



# We have successfully delivered on a large number of DBOTs across industries and geographies



## Type

New Business Building

## Context

- New disruptive business opportunity
- Client does not have the culture nor the talent to capitalize on the opportunity

## Client examples



Digital Unit / Digital CoE

- Client does not have the culture nor the talent to build and operate digital products
- Client has challenges in hiring and keeping digital talent



From good to great

- Client wants to insource digital product development and at the same time significantly improve performance of existing product

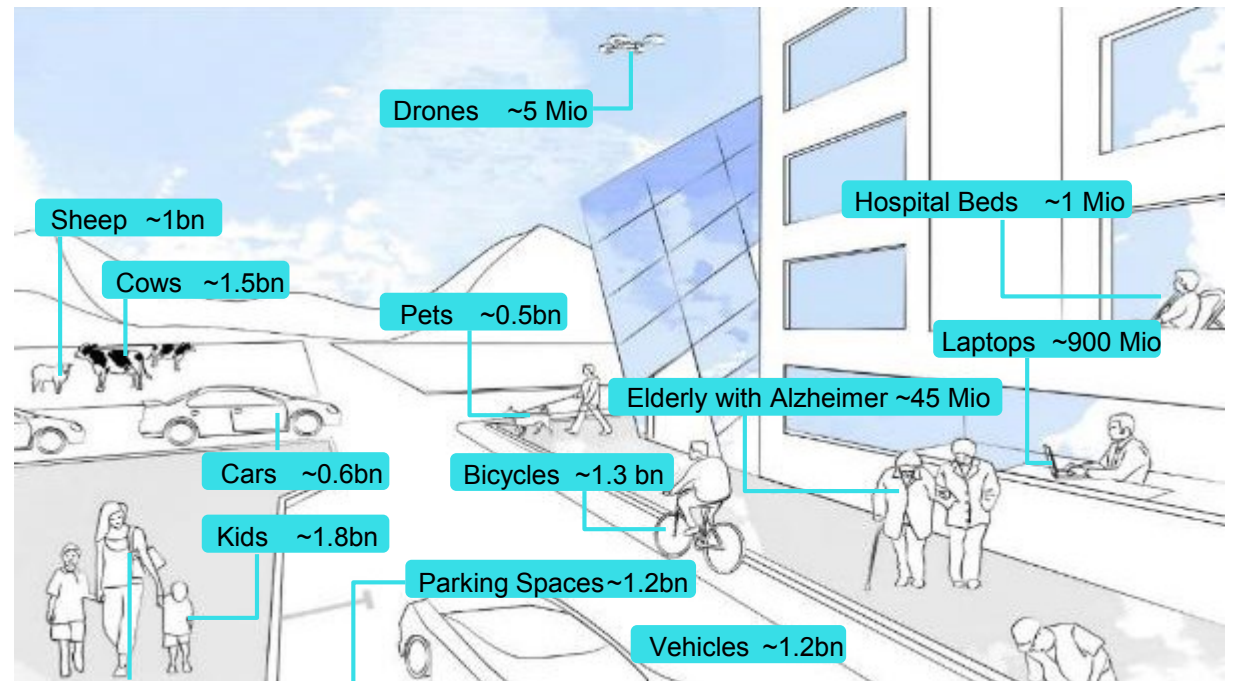


# Together with Telefónica we build a new IoT business unit

## GEENY

Smart things. Happy people.

- A fully operational **~60 FTE strong digital IoT unit for Telefonica** with world-class digital talents in a greenfield approach within 8 months
- A vendor-independent, highly **scalable platform for consumer IoT** with a radically new approach to **data stewardship** and **unbundling of IoT devices and apps**
- An in-house designed and engineered **E2E IoT product (animal health tracker)** on top of the new platform, launched after **6 months**
- A vibrant ecosystem of partners such as **OEMs, design agencies, startups, hardware manufacturers, etc.**





# Client reference case: Creating a digital insurance company

## Context

- Leading Latin American insurer creating a new digital company, aspiring to be the first in the region to provide 100% digital journeys to their clients
- New company to be launched as a separate startup

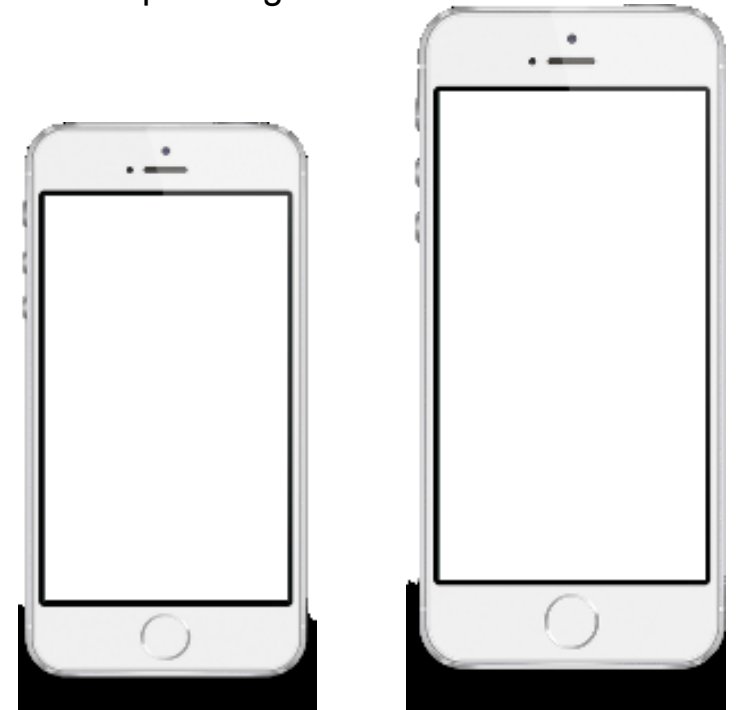
## What We Did

- Defined the company structure and operating model based on the Spotify's approach
- Designed digital channel experience from zero, incl. zero-based journeys for buying process and policy issuing, customer service, claim processes, CRM, etc.
- Introduced Agile and Lean methodologies, and supported client in developing backlog, planning sprints, designing architecture, implementing OKR methodology, coaching staff, etc.
- Helped client scale-up to 8+ product teams with more than 150+ people – including several vendors – working on squads and chapters approach to build the new business
- Defined the enterprise architecture guidelines based on micro-services approach



## Our Impact

- Raised 8+ product teams working simultaneously on Spotify's model and delivering software every two weeks
- Delivered first MVP in 12 weeks proving the feasibility to issue an insurance policy through a 100% digital channel
- Delivered best of class architecture railway
- Go live to production 6 months before the initial planning



# Client reference case – New digital unit: We successfully built a Digital Center of Excellence (CoE) at Costa Crociere

Costa Crociere

EUR 6 billion in revenue

30,000 employees

HQ in Hamburg

~ 6 months

- Responsible for building new digital unit including PO
- 2 MDL teams (4-5 FTE each) responsible for product development and technology implementation
- Identified and hired 35 digital talents
- Erected a digital architecture (2-speed IT) using micro services and cloud infrastructure

~ 12 months

- Digital unit assumes dedicated P&L responsibility
- Continuous implementation and market launch of several digital products

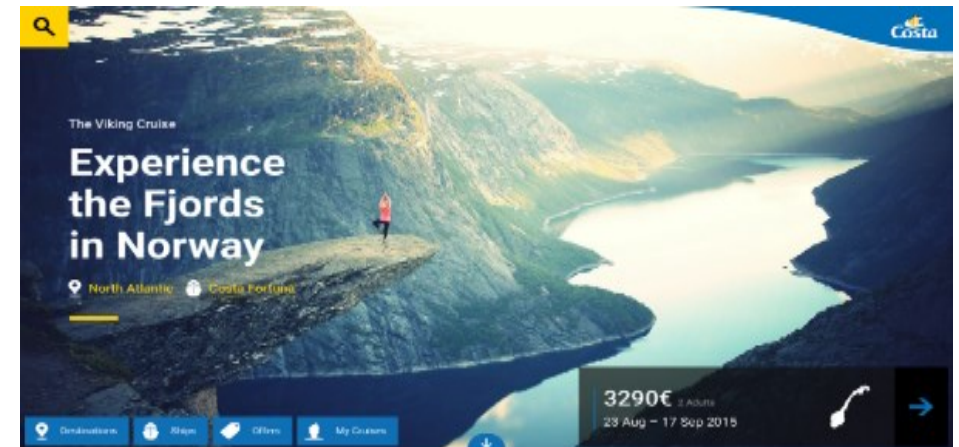
~ 18 months

- Digital competence and methodology integrated across the entire company
- Use of advanced analytics across all of company's core areas for operational management
- Digital as “new normal”



Outcome

- Go-live of 5 products (incl. online travel assistant, global mobile website)
- Built up high-performance team
- Continuous delivery process (with 50+ releases/day)
- Digital platform with recyclable components and standardized API connectors



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