

**Deloitte.**  
Digital

D I G I T A L  
**DNA**  
2018

How to organize, operate,  
and behave for digital



# Digital is woven into everything.

**For the first time in history**, technology is pervasive enough and affordable enough to use with minimal learning interventions, creating business models and opportunities that never existed before.

## Personal/Consumer

The digital lifeline



**Digital technologies are woven into the fabric of everyday living.**

Family and friends stay connected, scheduled, and entertained. We can track our health, socialize, shop, bank, travel, learn, and dozens of other personal activities.

## Society

Technology as an enabler for the digital era



**Technology has become ubiquitous and embedded into everyone's lives.**

The explosion of connectivity, data, ease of use, computing power, accessibility, and the rapid pace of innovation have brought technology into our homes, mobility, and societal resources.

## Business/Employees

Digital disruption in every sector



**Digital is transforming every business and touches every employee in a unique way.**

Some industries are being turned inside out, while others are benefiting from the expanded capabilities. Marketing, customer engagement, employee productivity, sales, and many other business functions are being redefined.

# What got you here, won't get you there

## WHAT'S DIFFERENT?

### Less Stable Environment

- Massively replicating and changing ecosystem
- Acceleration: there's not going to be a 'time out'

### What Rules?

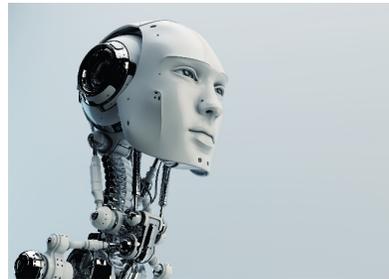
- The rules, or lack thereof, are constantly changing

### Target keeps moving

- No single project, technology, or solution will address needs
- It's about creating capability to iterate, be agile, innovate, and collaborate as never before

### Customers have new choices every day

- Long projects to market are too late
- Perfection can be your enemy
- Collaboration with customers is different than what you think



## WHY IT MATTERS?

## DIGITAL CAPABILITY

### No real debate about whether digital business makes sense

- 85% of organizations see digital transformation as integral to business success\*

### Traditional business practices interfere

- 50% report traditional business practices interfere with the ability to engage successfully in digital business\*

### Companies disappear

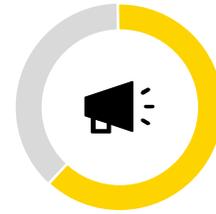
- 50% of Fortune 500 companies disappeared between 1999-2009—and many more since then\*
- Many business analysts note that the inability to operate in this new digital environment is a distinguishing factor in business demise\*

# MIT research shines a light on key challenges companies face when trying to become more digital



#1

reported biggest challenge impacting a company's ability to compete in a digital environment is lack of experimentation



63%

disagree their leaders share results from failed experiments in constructive ways that increase organizational learning



78%

of companies aren't pushing decision-making authority needed into lower levels of the organization



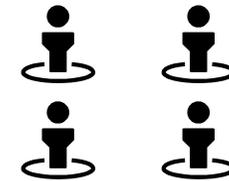
90%

indicated they need to update their skills at least yearly, with nearly half of them reporting the need to update skills continuously



66%

are dissatisfied with the degree to which their organization supports ongoing digital skill development



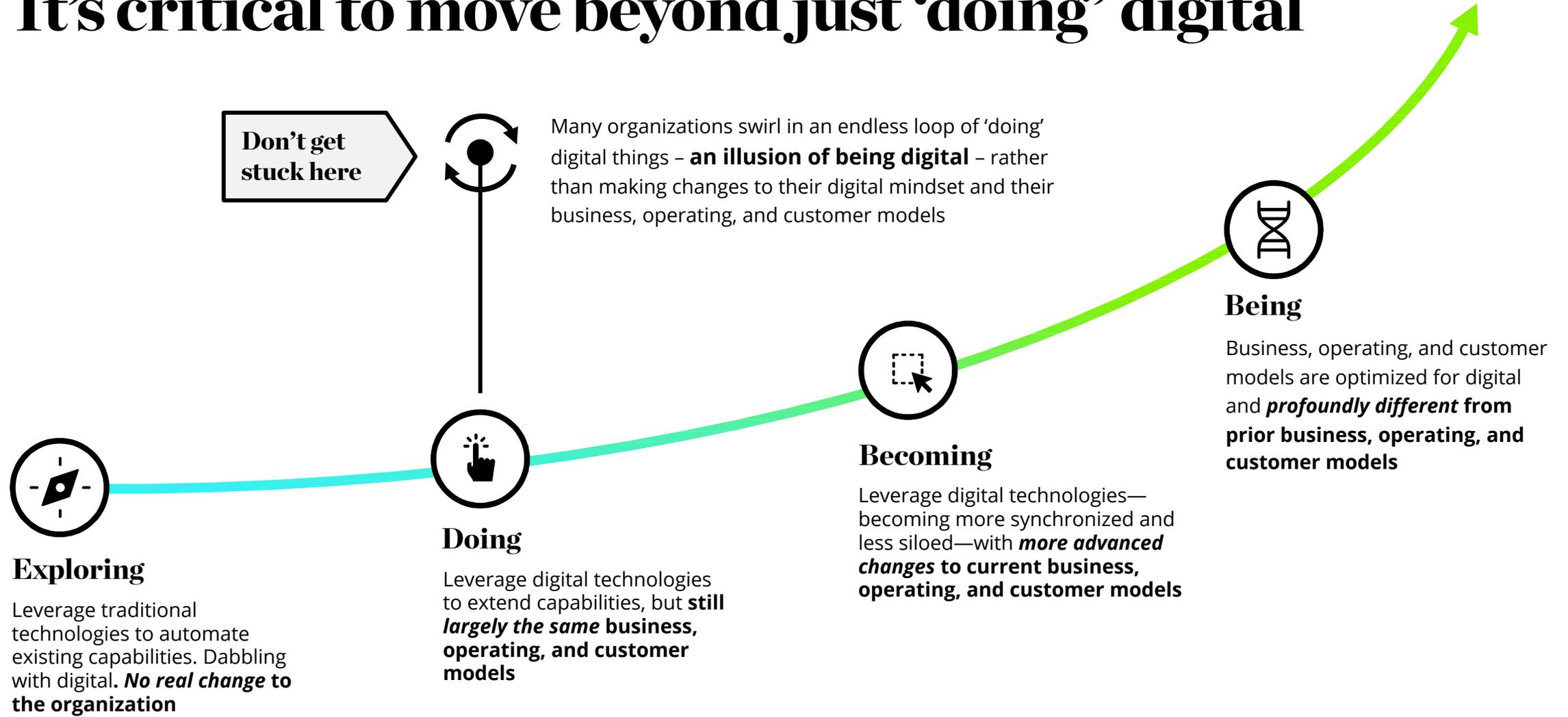
4x

more likely (64%) to develop digital leadership skills if you are a digitally mature organization than the least digitally mature organizations (14%)



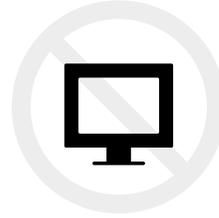
What can we learn from  
others' **digital journeys?**

# It's critical to move beyond just 'doing' digital

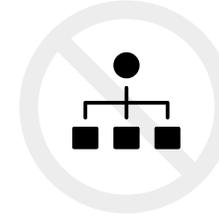


# Unsuccessful transformations are piling up because these approaches don't work

## WHAT NOT TO DO



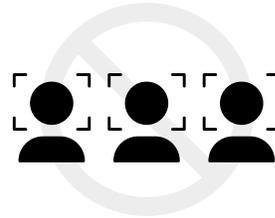
Focus only on implementing new digital technologies



Try to 'org design' the way to digital



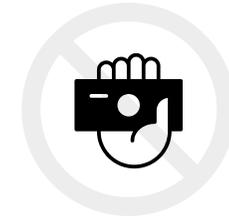
Approach digital transformation as a technology implementation



Just tell people to be more agile and innovative



Isolated victory or bursts of activity—then declare digital success



Hire or buy digital skills without also focusing on training existing talent in digital

# Those crushing it have **five things** in common, tied together with the right Digital DNA

## 1 Digital leader and talent development

Build digital leadership skills and talent pool. Develop leaders who can excel in leading in the future of work, source digital talent, and train existing employees.

## 2 Innovation culture

Embrace a “succeed fast” approach to innovation that focuses on the end-user and desired outcomes.



## 3 Balanced digital portfolio

Understand how to prioritize initiatives and manage the digital portfolio.



## 4 Cross-functional collaboration

Break down traditional silos to improve collaboration across business units and functions.

## 5 Robust digital ecosystem

Leverage external partners (e.g., startups, tech companies, designers, academia, etc.) and not try to do everything themselves.



So how do you  
make the leap  
from where you  
are to being  
**more digital?**

# DNA: It's how you're organized, operate, and behave

Every organization has its own unique DNA, which contains the self-replicating instructions for who you are as an organization.

Your DNA defines not only who you are, but how and where you work, who you employ, the technology you use, how you are structured, what you reward, and so on.



**STRUCTURE**

- Roles
- Responsibilities
- Spans of Control
- Decision Rights

**PHYSICAL SPACE**

- Real Estate
- Setting/Layout
- Resources
- Technology
- Collaboration/Models/Tools

**GEOGRAPHY**

- Locations
- Local Culture/Customs/Language
- 3rd Parties
- Distribution Networks
- Time Zones

**CAPABILITIES**

- Economic/Financial
- People
- Strategy
- Marketing/Sales
- Technology
- Operational



**PROCESS**

- Operations/General Management
- Products & Services
- Marketing, Sales & Customer
- Human Resource Management
- Technology
- Procurement, Logistics & Distribution

**TECHNOLOGY**

- Infrastructure
- Applications
- Data
- Network
- Desktop/Mobile
- Data Centers
- Analytics
- Storage

**GOVERNANCE**

- Work/Workforce Management
- Board
- Environmental/Regulatory
- Government
- Community
- Legal Entities

**TALENT**

- Hire-to-Retire Management
- Talent Ecosystem/Co-Employment
- Productivity
- Mobility/Demographics



**LEADERSHIP**

- Structure
- Style
- Behaviors
- Performance
- Succession Management

**POLICIES**

- Employment/Conduct
- Comp & Rewards
- Security/Safety
- Technology
- Environmental
- Financial
- Customer/Members
- Suppliers
- Ecosystem Partners

**REWARDS**

- Pay/Financial Incentives
- Benefits
- Recognition
- Non-cash Incentives

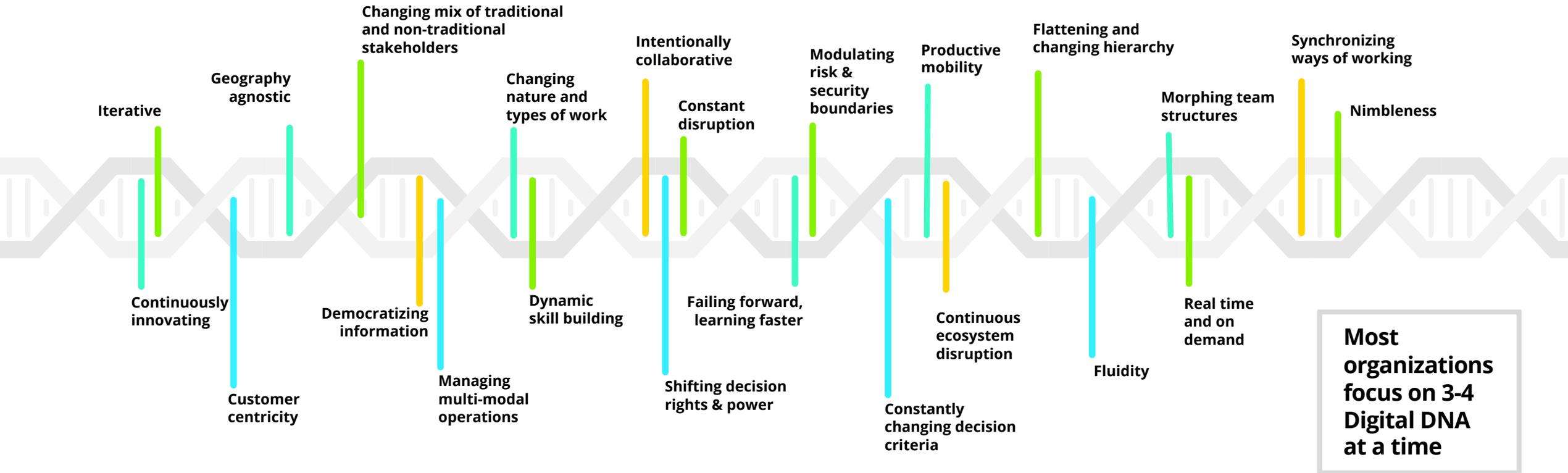
**PERFORMANCE MANAGEMENT**

- Planning
- Coaching & Feedback
- Mentorship
- Appraisal

# Do you have digital in your DNA?

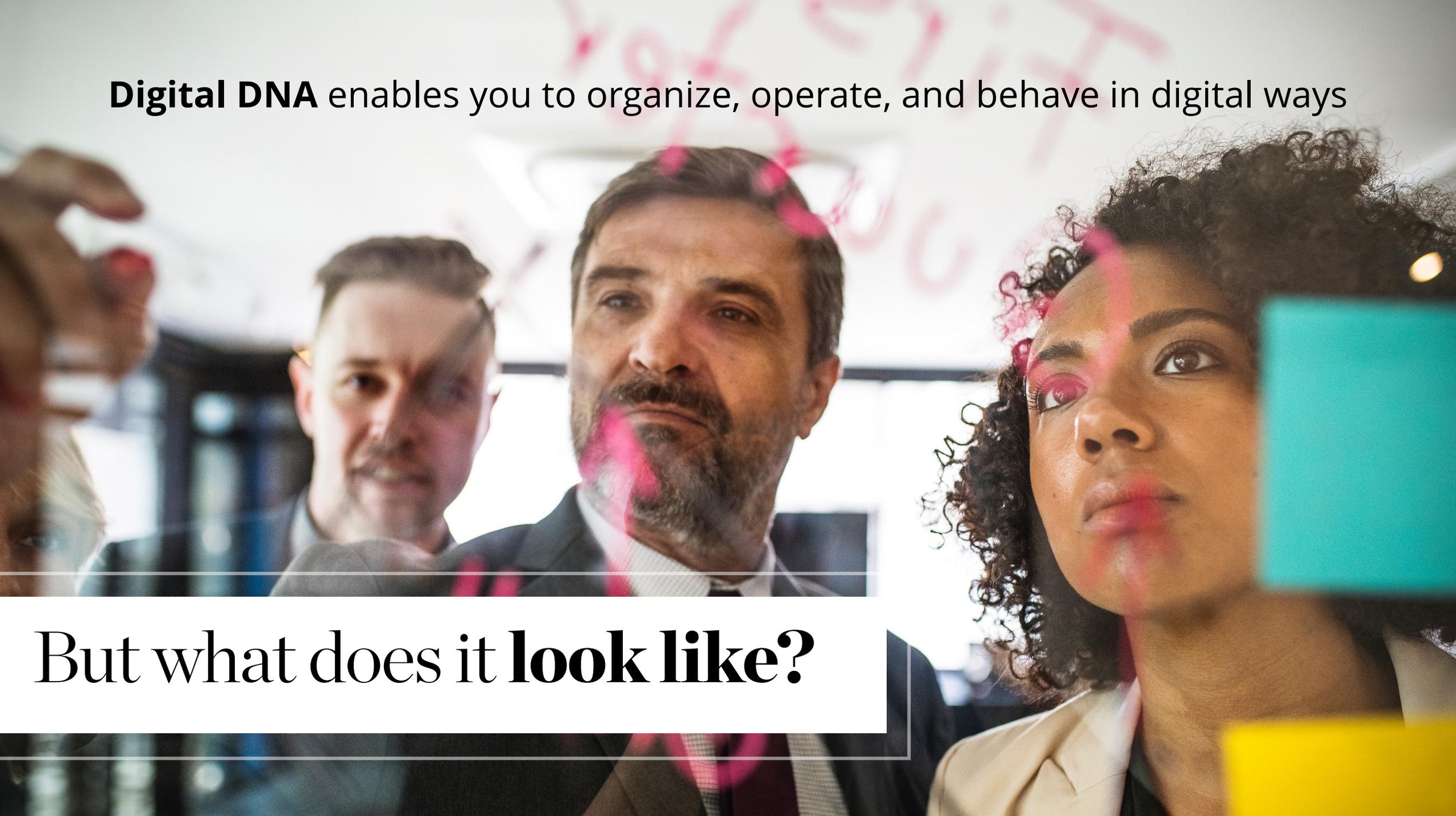
Whether you've identified existing digital traits or unmet needs, Digital DNA must be embedded into your organizational DNA and matured if the organization is to become more digital.

**Digital DNA\*** is a set of **23 traits**, identified through research, that your organization can adopt or mature to become more digital. This DNA becomes the **blueprint for bringing digital transformation to life**.



# Here's what a few companies are doing to help achieve their digital ambitions using Digital DNA

WHO	 <p><b>Global Technology Co.</b></p>	 <p><b>Electric Utility Co.</b></p>	 <p><b>Military</b></p>	 <p><b>Global Bank</b></p>
DIGITAL AMBITIONS	<p><b>Organize, operate, and behave as a digital leader</b> in the technology world. Become more customer centric, agile, increase speed to value, build digital leaders, and continuously innovate</p>	<p>To be a <b>fully digital utility</b>, capable of rapid innovation, with a digital ready workforce and organization in synch with the constantly evolving future of work</p>	<p><b>Leapfrog from a traditional to a digital organization</b> as rapidly as possible, providing the best digital technologies, organization, and readiness to better enable and support the mission</p>	<p><b>Hyper-personalize the bank's customer experiences</b> leveraging a digitally-able culture and workforce by enabling everyday customer-centric actions with digital skills and capabilities</p>
DIGITAL DNA	<p>Rewire the organization for digital while creating digital leaders and teams that can help the organization continuously transform</p>	<p>Architect and build a function that innovates digital business and operational solutions while enabling the rest of the organization to become more digital</p>	<p>Focus on aligning digital technologies with how the org is organized, operates, and behaves—to keep shaping its DNA for everyday readiness</p>	<p>Enable the marketing function to “be” more digital while personalizing customers experiences</p>



**Digital DNA** enables you to organize, operate, and behave in digital ways

But what does it **look like?**

# Digital DNA helps answer three important questions

How digital are we today?

How digital do we need to become?

How do we get there?

6-8 Weeks



Determine overall digital maturity and how digital you are for each of the 23 Digital DNA traits

Frequency of Trajectory	DIGITAL DNA BLUEPRINT	Value of Digital DNA/Key Issue	Risks of Missing Digital DNA/Key Issue	Initial Address
High	<b>Structure</b> Organizational structure is designed to support digital transformation. Key roles and responsibilities are clearly defined and aligned with digital goals.	Sub-optimization and silos within the organization. Lack of cross-functional collaboration and communication.	Loss of focus and risk of digital transformation not being fully implemented. High risk of digital transformation failure.	Address the structure and organization of the organization. Ensure that the organization is designed to support digital transformation.
Medium	<b>Governance</b> Digital transformation is supported by a clear governance framework. Key roles and responsibilities are clearly defined and aligned with digital goals.	Lack of clear governance framework. Lack of clear roles and responsibilities. Lack of clear communication and collaboration.	Lack of clear governance framework. Lack of clear roles and responsibilities. Lack of clear communication and collaboration.	Establish clear governance framework. Define clear roles and responsibilities. Ensure clear communication and collaboration.
Low	<b>Technology</b> Digital transformation is supported by a clear technology strategy. Key roles and responsibilities are clearly defined and aligned with digital goals.	Lack of clear technology strategy. Lack of clear roles and responsibilities. Lack of clear communication and collaboration.	Lack of clear technology strategy. Lack of clear roles and responsibilities. Lack of clear communication and collaboration.	Establish clear technology strategy. Define clear roles and responsibilities. Ensure clear communication and collaboration.
Very Low	<b>Policy</b> Digital transformation is supported by a clear policy framework. Key roles and responsibilities are clearly defined and aligned with digital goals.	Lack of clear policy framework. Lack of clear roles and responsibilities. Lack of clear communication and collaboration.	Lack of clear policy framework. Lack of clear roles and responsibilities. Lack of clear communication and collaboration.	Establish clear policy framework. Define clear roles and responsibilities. Ensure clear communication and collaboration.

Create a blueprint of the new DNA needed to help the organization or function become more digital



Construct minimum viable changes (MVCs) that help infuse needed Digital DNA into your organizational DNA

# Digital DNA is a catalyst for digital transformation

It's not just about the technology—it's about **becoming more digital** in the right places and in the right ways.

It's important to know **how digital you are today, how digital you need to become, and how to get there.** This is done by DNA surveying, interviewing, and working sessions to isolate priority traits. Then, constructing minimum viable changes (MVCs) that will help infuse needed Digital DNA traits into your organizational DNA.

By leveraging your existing strengths, you can make Digital DNA your everyday DNA—**changing the way you're organized, operate, and behave.**





# Thank you.

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