



NAW Institute
Research Project – Digital Transformation



LIVE WEBINAR

January 10, 2017 • 1pm EST/12pm CST

Digital Transformation in Wholesale Distribution

Review the results from an extensive NAW sponsored survey that will expose leading trends and conditions in the Wholesale Distribution Industry, as well as, show how to craft a strategic plan for digital transformation in 2017.

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- B2B Credit Network and Platform.
- For Online (eCommerce) and Offline Ordering.
- Automates all Credit Approval, Invoicing and Collections.
- Our Banks Finance all Orders in 24 hours. No Risk to the Seller.



Our goal is to make doing business as frictionless, safe and cost effective as possible.

NAW Research Project consisted of 5 key activities:

1. Executive Survey
2. Three onsite Digital Strategy Workshops
3. Benchmark scorecard
4. Webinar
5. Whitepaper

Project Premise

Digital transformation is upon us and *gaining momentum* every day. Leaders of manufacturers and distributors are in various stages of interpreting the *long term impact* of this transformation on their organization. They are beginning to realize that the impact of digital technologies is broad based and far reaching, potentially *impacting* nearly *every customer interaction* with their organization.

Digital Transformation - What is It?

“Digital transformation is the *reinvention* of an organization through the use of digital technology to *improve the way it performs and serves* its constituents. *Digital* refers to the use of *technology* that generates, stores and processes data. The term *transformation* refers to a *fundamental change* to an organization's day-to-day business *from* the types of products and services it produces *to how* it delivers them.”

Digital Transformation - How to energize it



Moving from “*Make*” to “*Give*”

- Instead of focusing on what we have the capacity to make, we focus on what we have the ability to give our customers, even if that lies outside our capacity.

Moving from “*Product*” to “*People*”

- Instead of focusing on the product itself, we turn our attention to the needs of our customers, letting the product decisions flow from that.

Moving from “*Sell*” to “*Want*”

- Instead of focusing on how we sell the product we create we obsess about aligning the total experience of our product with the customer’s desires, giving them what they want, when, and where they want it.

Digital Transformation - *Not just eCommerce!*

Digital Transformation encompasses *reengineering* business processes and *leveraging* digital technologies to continually enhance:

- Communication, marketing, merchandising, socializing, transacting, diagnosing, configuring, promoting, searching, manufacturing, shipping, notifying, tracking, etc, etc, etc.
- With anywhere, anytime, anyplace access to both external and internal users through multi-channel enablement that blends physical and digital channels
- That strives to put the *Voice of the Customer* in first place
- That today includes technologies for eBusiness, Internet of Things, advanced analytics, robotics, 3D Printing, Augmented and Virtual Reality, etc., etc., etc.

Digital business transformations undergo three distinct phases:

- They must *start*
- They must *begin to deliver* the key *cultural, organizational, technology, and measurement changes* that *pivot* an organization into a mode of *iterative* innovation
- They must *embed* this approach to change into *business as usual*.

Forrester - Develop A Digital Business Roadmap that Drives Innovation

Agile Digital Strategy Approach - What does it look like?

- Conduct a Digital Strategy Workshop every 90 to 120 days
 - Review current research and market trends for relevant topics
 - Assess Current State
 - Determine short term action plans (90 - 120 days)
 - Iterate on a long term vision
- Assign resources and execute
 - Conduct bi-weekly check in meetings to assess progress and remove roadblocks
 - Commit to overcoming barriers.
 - Adjust the plan if necessary
- Repeat the process for 18 to 24 months ***until the DNA of the organization changes***



McKinsey Research

Digital America – A Tale of the Have's and Have More's

Digital America - A Tale of the Have's and Have More's

Summary

“The digital frontier is **uncharted territory**, full of **exciting possibilities** for **innovation** and **productivity**. At the same time, it creates **more competitive pressure** and the potential for businesses without the best digital assets and capabilities to be **disrupted**.

Companies are aiming at a **moving target**, but there is **no opting out** of the **imperative** to go **digital**. The **opportunities** and **operational benefits** are **too great**—and the **biggest risk** of all is being disrupted while **sitting on the sidelines**.”

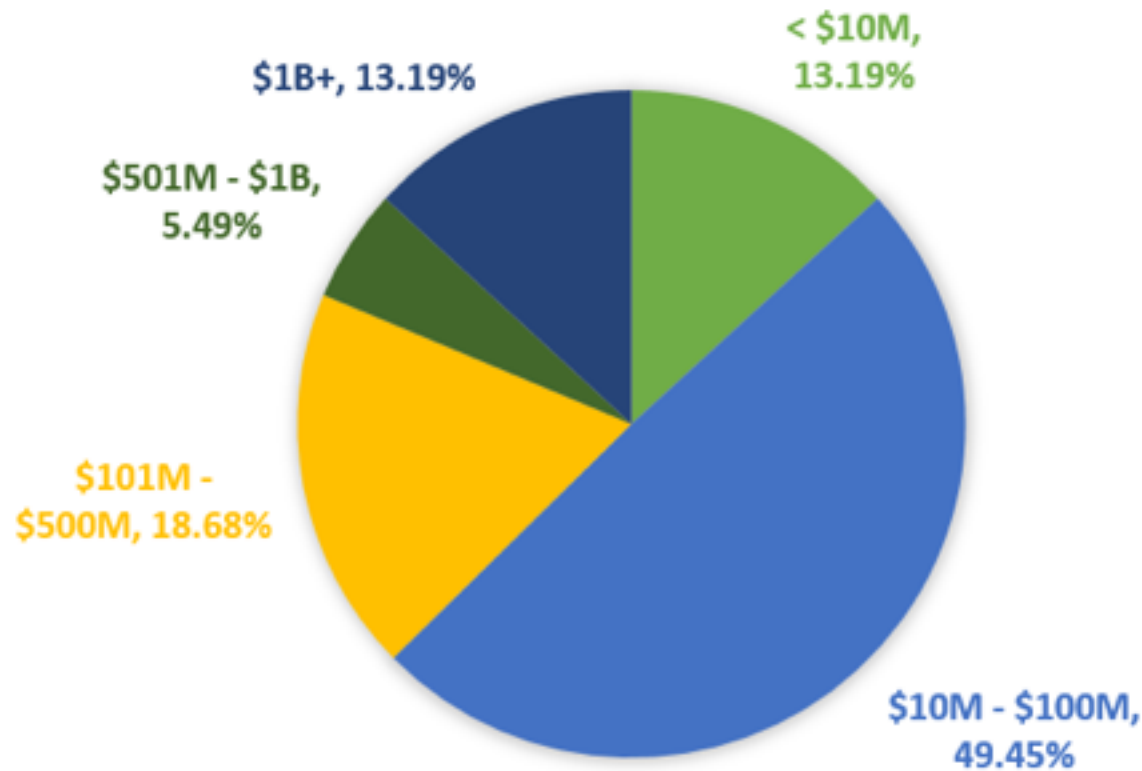
McKinsey Global Institute - December 2015



Digital Transformation Survey Results

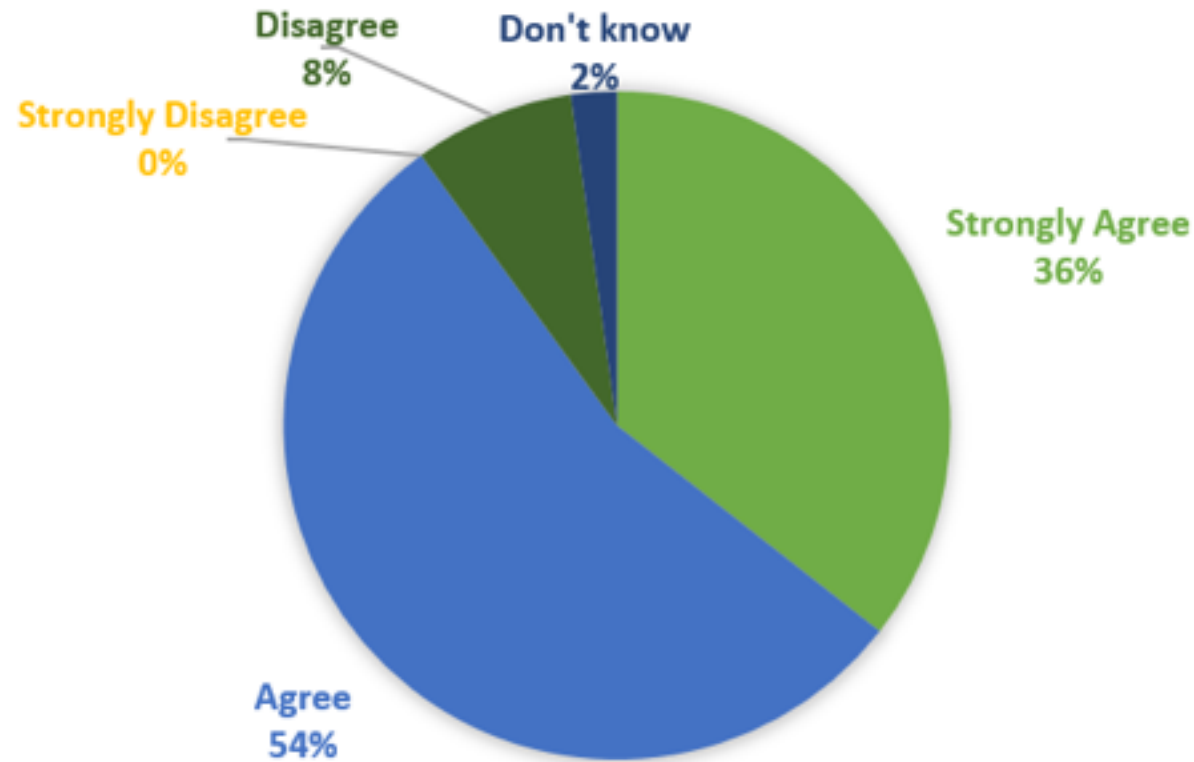
NAW Survey Statistics

Senior Executives = 90+% CEO/President = 45%
Total Responses = 98



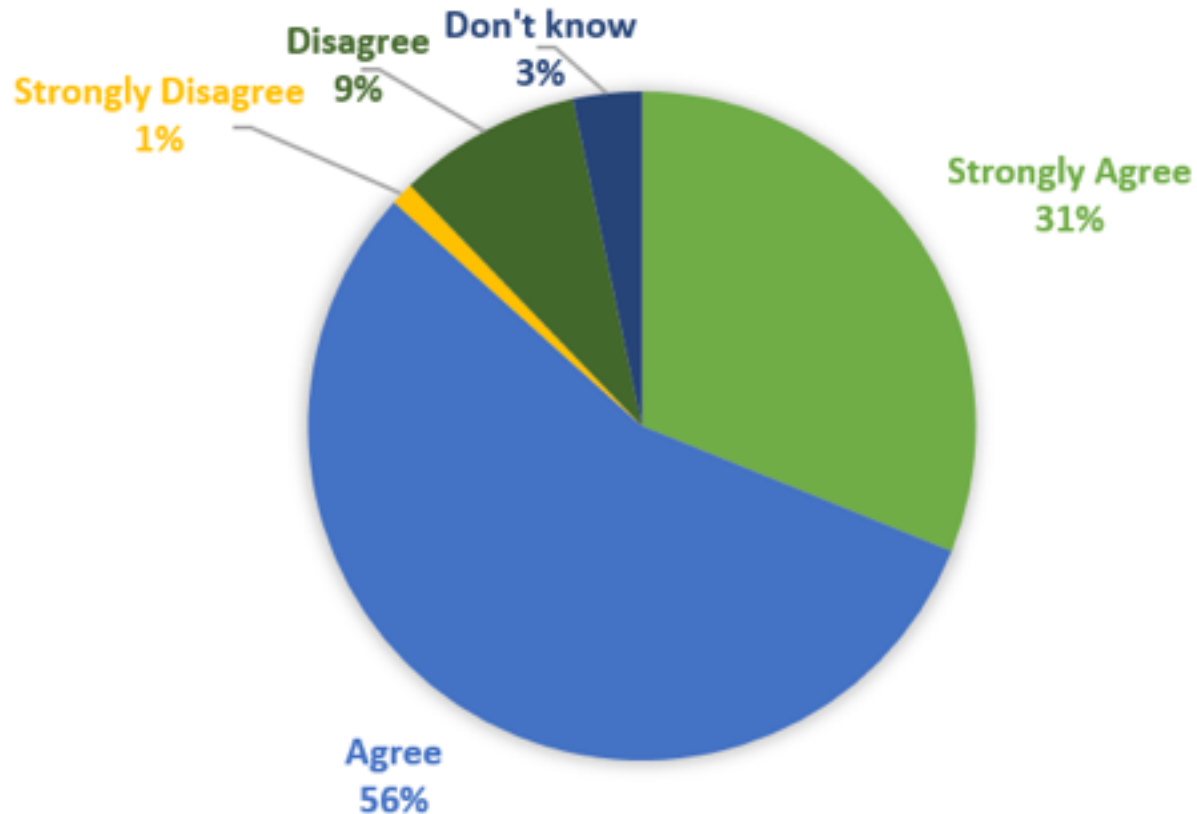
Survey Results - Digital Transformation Opportunity

Our executive team agrees digital technologies represent a significant opportunity for our company.



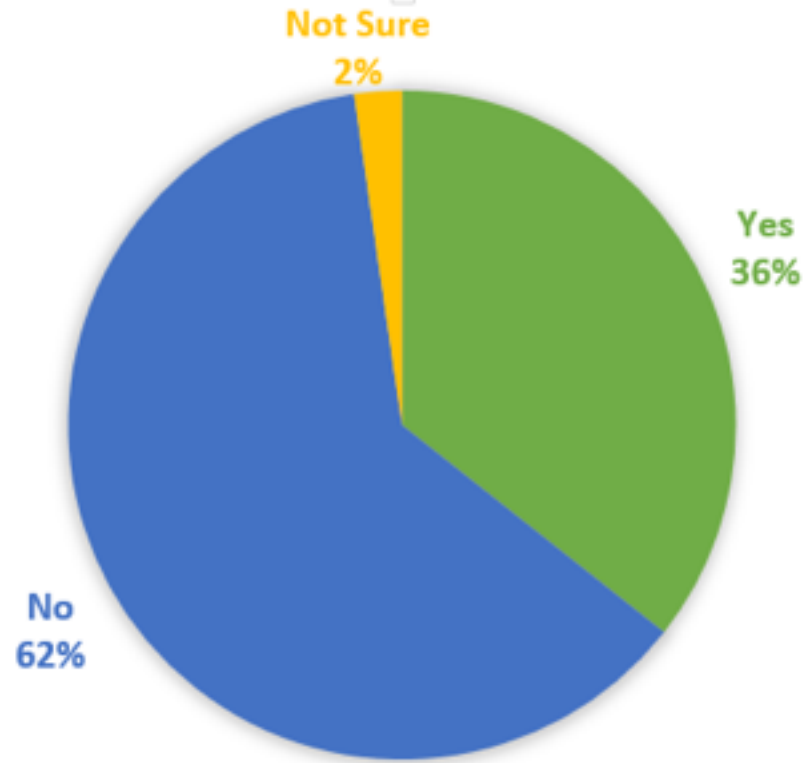
Survey Results - Transformation Potential

Our executive team agrees that successful implementation of digital technologies has the potential to fundamentally transform the way people work in our organization.



Survey Results - Vision

Our Corporate Vision statement has been updated to reflect the impact digital technologies will have on our organization.



Vision

Digital leaders have a different vision

Four critical characteristics:

- Senior execs share a common vision of **how** the business should change through digital technologies
- Senior executives have a digital transformation vision that **crosses internal units** or departments
- Senior execs have a digital transformation vision that involves **radical** changes to the way they have done business in the past
- Senior execs **and** mid managers share a **common vision** of digital transformation

<http://ebooks.capgemini-consulting.com/Digital-Vision/>

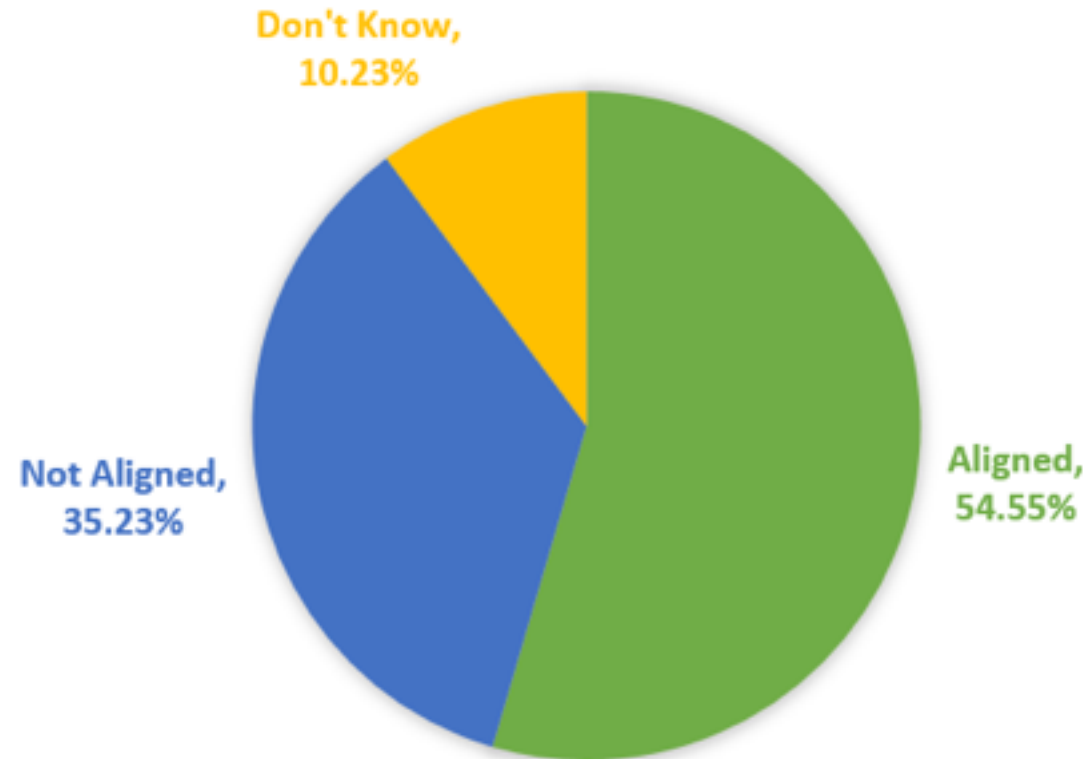
Key success factors:

1. Demand driven
2. Real time information
3. Inside out collaboration



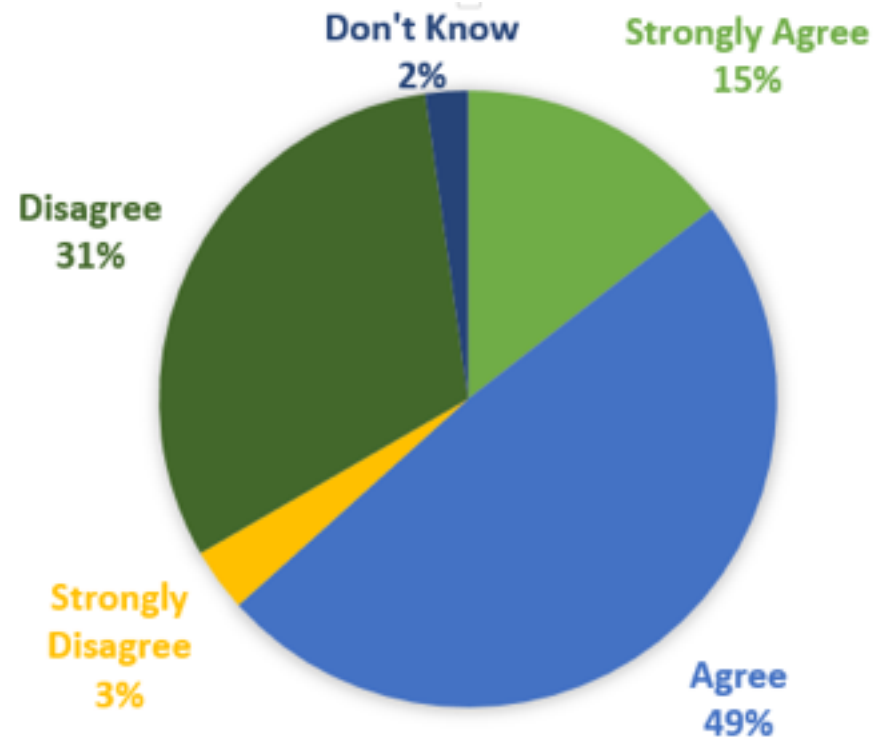
Survey Results - Alignment

- Our Executive Team is aligned on “how” and “when” digital technologies will be deployed in our organization.



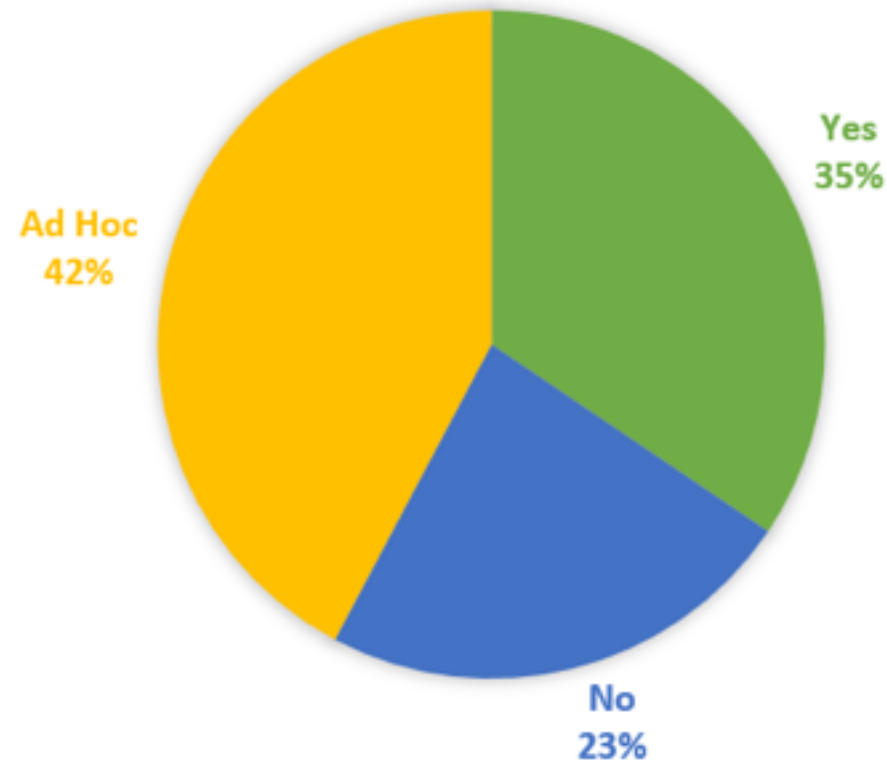
Survey Results - Strategy

Our Organization has a clear and coherent digital strategy that is led by the “C” Suite



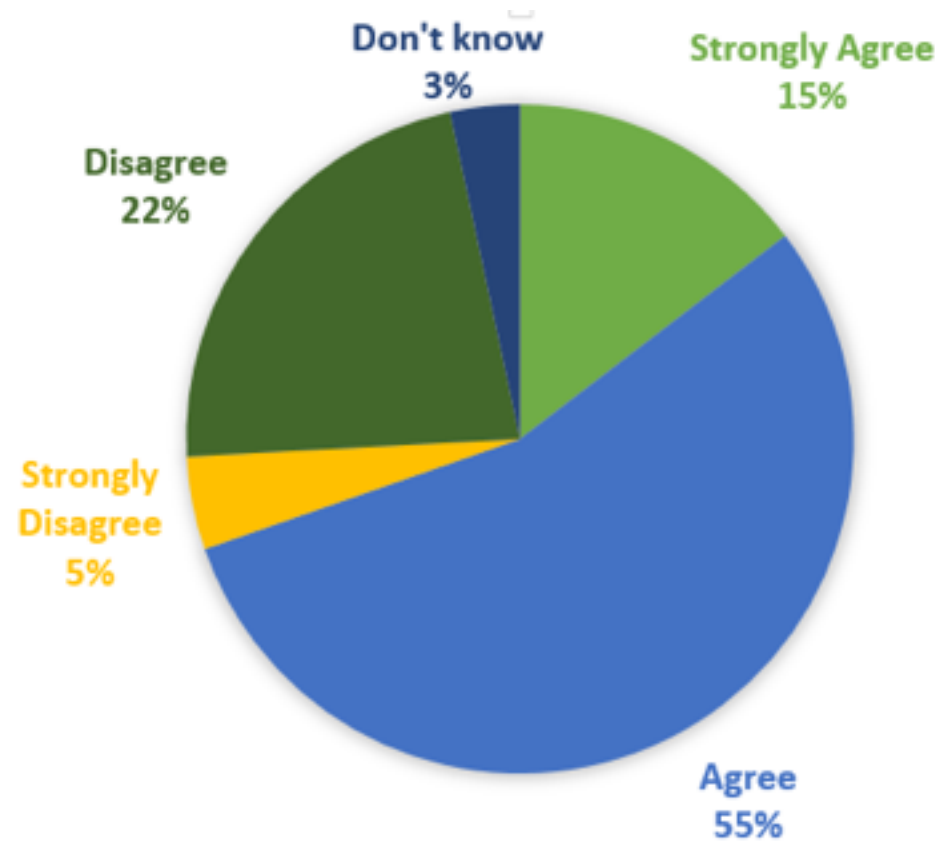
Survey Results - Strategy Execution

Our organization executes digital transformation through an agile strategic plan?



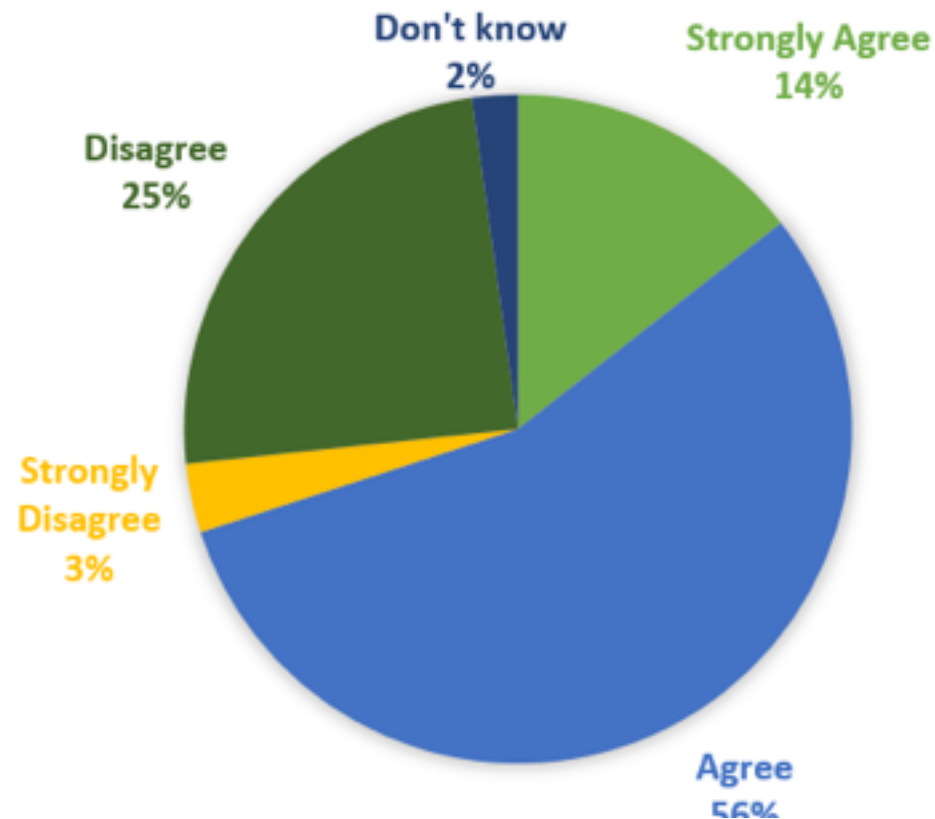
Survey Results - Skills and Experience

Our executive team has sufficient skills and experience to lead our digital strategy.



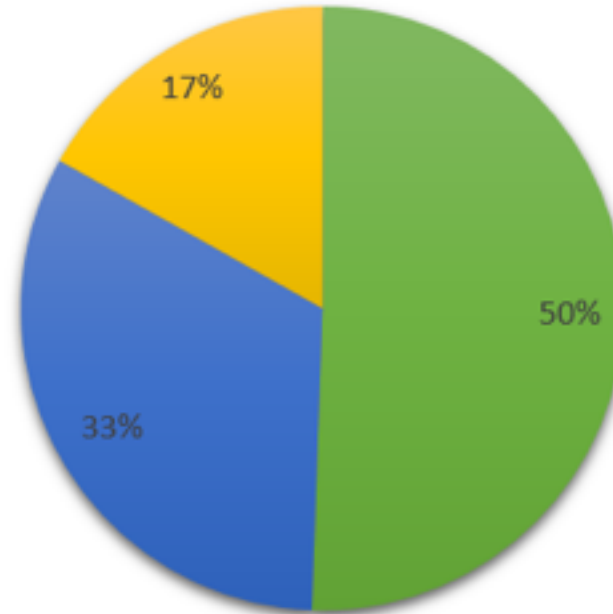
Survey Results - Education

Our executive team actively seeks out and reads current research to help guide strategy, assess alignment with trends and identify opportunities to innovate.



Survey Results - Technology Approach

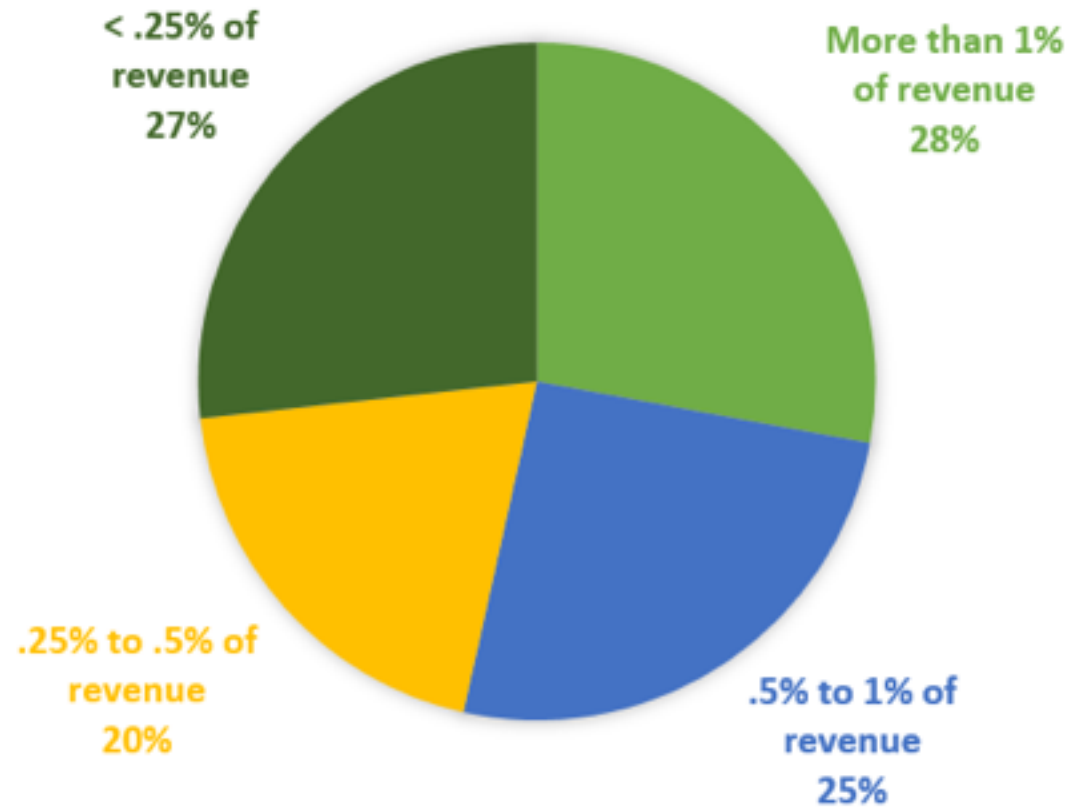
In general our organization identifies, implements, and deploys technology in one of the following ways:



- Our entire executive team is involved in digital technology decisions striving to meet emerging customer needs
- We rely solely on our technology leaders to identify, implement, and deploy technology
- We allow individual departments to identify, implement, and deploy their own technologies

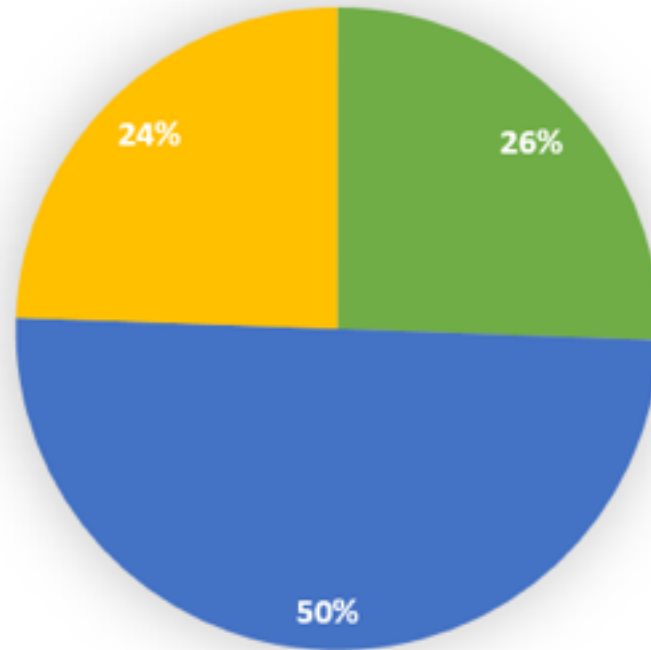
Survey Results - Investment

Our current rate of annual investment in digital technology acquisition and deployment.



Survey Results - Goals and Metrics

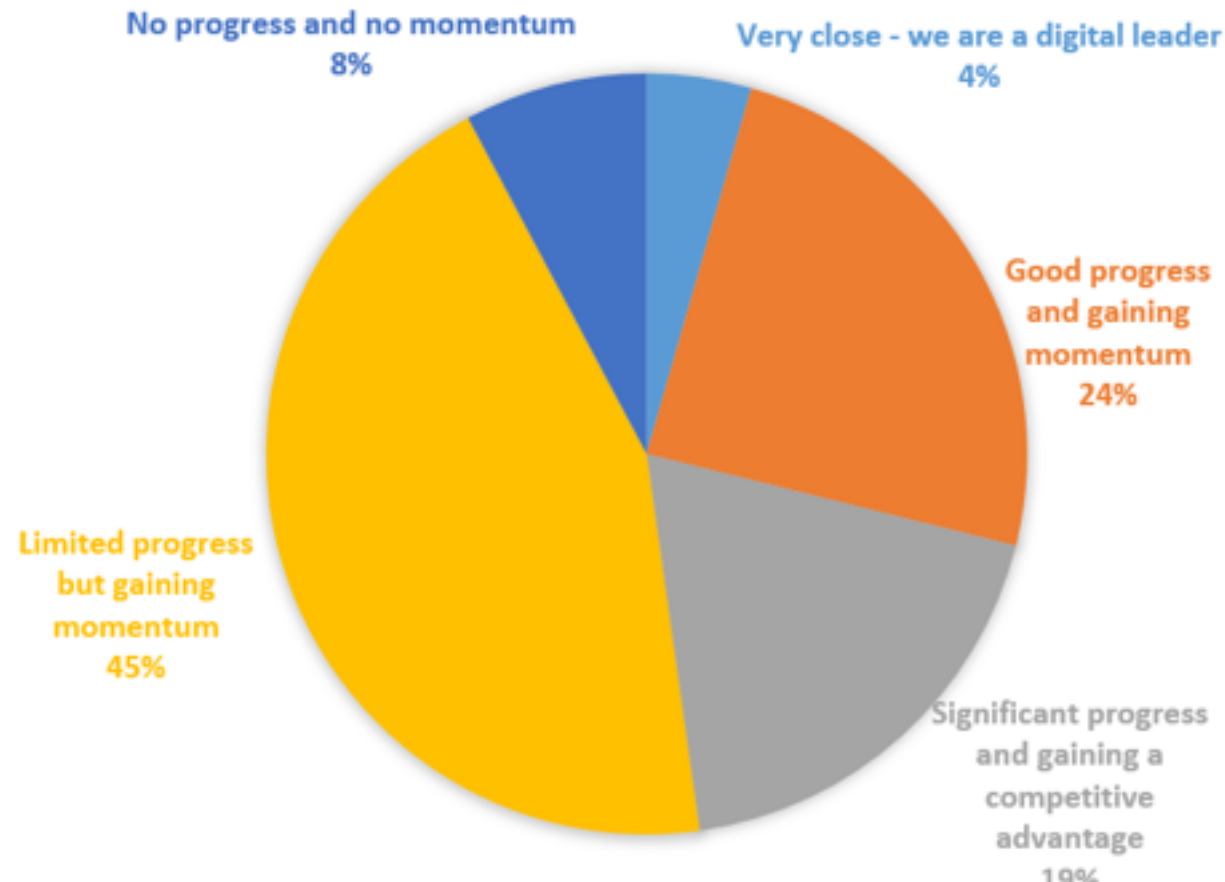
Our organization drives a return on our digital investments with specific metric driven goals



- Yes, we establish new cross functional metrics in pursuit of industry leading returns
- No, we continue to use historical departmental based goals and metrics
- We don't establish goals related to digital transformation

Survey Results - Digital Transformation Maturity

Imagine an ideal organization transformed by digital technologies. How close is your organization to that ideal?



Survey Results - Comments

“Our leadership team has weak to strong technology experience and insights. As a result, the digital visionaries cannot gain alignment and support from the executive team and the digital opportunities are lost.”

“I think our organization is stuck in the old ways of doing business with the belief that our industry is not ready for any type of transformation.”

“Biggest issue we face is misalignment of leadership on the opportunities provided through an executed digital strategy.”

“Adoption and results are uneven across the enterprise. Lots of progress and success with Salesforce.com, some success with marketing analytics, good progress with scorecard, unclear with ecommerce - spotty nature and difficulty in prioritizing and finding talent makes this hard.”

Scorecard Results

- 28 responses
 - Onboarding -there was no significant difference between self registration or formal onboarding programs for users who accessed the site more than 5 times per month.
 - 64% reported that less than 10% of their total orders were submitted through their online channel.
 - 64% reported an increase in average order value of less than 10%
 - 14% reported an increase in average order value of 50% - 60%
 - 42% report having grade “A” content on more than 70% of their SKU’s
 - 64% reported employee productivity improvements of less than 5%, 24% reported no improvement.

Scorecard Results

- **28 responses**
- **Functionality (highlights):**
 - 100% - Place orders, check real time inventory by location
 - 85% - order history for all orders both online and offline
 - 57% - list management
 - 50% - accept credit cards and purchase orders
 - 42% - create quotes but 0% - manage quote workflow
 - 35% - track shipments and provide shipping notifications
 - 21% - proof of delivery

Key Requirements for Success

- **Stated vision to drive organizational alignment**
 - *Resource allocations inside the organization can/must/will change*
- **Agile Digital Strategy**
 - *Adopt an iterative process to change the DNA of the organization towards “digital first” .*
- **Digital Acceleration Team**
 - *De-risk the initiatives across the organization and have one voice up to the CEO, across to constituents, and down throughout the entire organization.*
- **Ongoing initiative to reengineer business process vs. layering technology on top of existing processes**
 - *Proven benefits from the Digital Leaders*
- **Define and continually update the Technology Ecosystem for the Enterprise**
 - *Intentional vs. chaotic*
- **Invest continually and drive success with digital metrics**



Questions and Answers?

Thank You

Connect with the Speakers

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