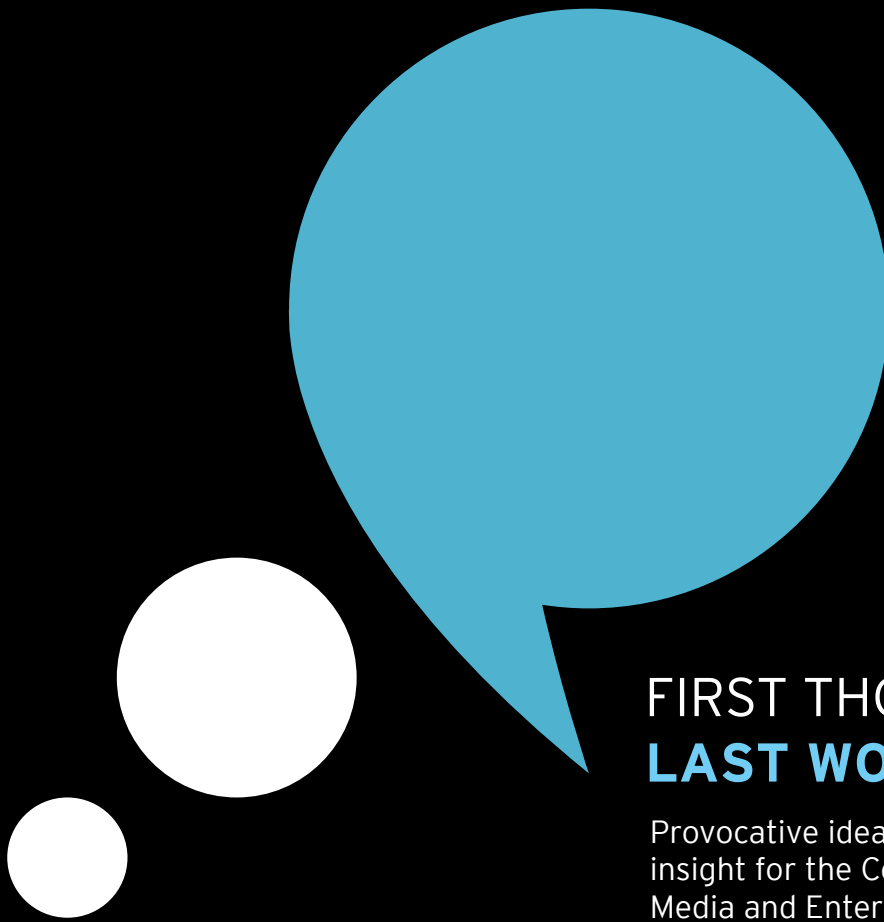


Summarised findings from the
roundtable discussion

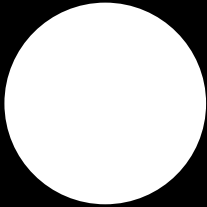
Leading the digital mindset

Wednesday, 23rd October 2013
W London, Leicester Square



FIRST THOUGHT,
LAST WORD

Provocative ideas and practical
insight for the Communications,
Media and Entertainment industries.



First Thought, Last Word is a series of events targeted at the communications, media and entertainment industries.

Hosted by Cognizant, these events serve a two-fold purpose: to share ideas and thought-leadership, and to gather practical insights from the front lines.



THE FIRST THOUGHT

How do you build a truly digital business? It is a question that organisations have been asking themselves for a number of years, and finding the answer to it is becoming increasingly imperative.

Communications, media and entertainment organisations face similar challenges and can really benefit from cross-sector learning, which is why we invited Brendan O'Rourke, CIO of Telefónica UK, to share insights at our most recent First Thought, Last Word event. What follows is a summary of the evening's discussion.

LEADING THE DIGITAL MINDSET



WHAT DO WE MEAN BY A 'DIGITAL BUSINESS'?

There are two dimensions to a digitally mature business. The first is having an intensely digital product and service offering, and the second is using digital technology to change how your business operates on a daily basis.

The first is something that many organisations, especially those in communications industries, already excel at. Telefónica UK for example, used digital to change the way it handles customer service. The business has spent the last three years investing in online service technology, to the point that its customers now much prefer online help to picking up the phone to seek assistance. The resulting rapid decline in inbound calls has allowed the business to outsource its call-centre voice services. It is a change in business model and a step in the right direction on the journey to becoming a truly digital business.

It is the second dimension that poses more of a challenge. It requires a fundamental change in an organisation's mindset and its day-to-day operations - for example, using data-driven approaches to problem solving, maintaining social connections and recruiting digital-savvy employees. It is about taking a different approach to how decisions are made, and moving from command and control to collaboration. It is about using technology to improve and streamline every process, so that everyone can feel the change.

TRANSFORMING BUSINESS OPERATIONS

For Telefónica UK, that journey saw the firm include an IT collaboration strategy involving Yammer, a global social collaboration tool. The team believed this would encourage wider conversations and collaboration, but were astounded at just how much more of an effect it had on the business as a whole. For example, 1,500 of its top employees from around the world were invited to an online debate through Yammer about business strategy 30 days ahead of an annual meeting in Madrid. Everyone was already engaged by the time they attended the meeting, and the resulting strategy was much more robust.

Taking its lead from the pharmaceutical industry, Telefónica now uses customer insights to ensure that new products and services are relevant to as many markets as possible. Standardising product development and integration centrally at Telefónica Digital, and leaving billing and service-wrap decisions to local teams (rather than individual versions of a product being developed in each region and having to be integrated afterwards), has reduced costs as well as time to market.



CHANGING THE MARKET

The real challenge requires much more than changing the way business is run. It is about using digital technology to disrupt the market, so that businesses can compete successfully against new entrants who have already disrupted it. The CIO and senior technologists should work closely with the business to overcome the challenge, bringing a wealth of technological and market knowledge to bear to find new ways of differentiating the business.

In a digital world, what you are selling is not necessarily something produced by your business. Digital businesses need to build partnership ecosystems, and become much better at integrating third-party products and services - both technically and commercially.

CONVINCING THE SCEPTICS

The benefits of becoming a digitally mature organisation should be made clear to stakeholders from all areas of the business. The consumerisation of IT is already going some way towards this, with mobile phones and apps increasingly being used to enable people to perform tasks at the times and in the places that suit them best - making for much more productive employees. And by patiently looking out for small tasks and processes that could be improved through the use of digital technology, the business can begin to show people how specific changes will make their working lives easier (for example, by using apps to break up complicated processes into more manageable tasks).

Over the last few years, business models have been turned upside down by digital technology. Take book sales for example: during the so-called 'internet bubble', Borders Group and Barnes & Noble were collectively worth eight times as much as Amazon, with 50 times the revenue and 100 times the customer base. In 2005, Amazon shot past them and by 2010 was worth 100 times more than Borders Group and Barnes & Noble combined.

The difference? Amazon nourished its business model with digital customer data while Borders and Barnes & Noble stood still. The book business had flipped.

Source: Code Rules: A playbook for managing at the crossroads



THE LAST WORD

As we heard from Telefónica, developing a clear vision and strategy is vital. But in order to share value and improve, businesses must make the most of digital innovation, employing people with the right skills to exploit the mass of customer information made available by technology to gain a true understanding of the customer experience across digital platforms. Digital innovation can help simplify internal processes too, as silos can be broken down by putting an understanding of the customer at the centre of the business.




Netflix uses a special algorithm to provide site visitors with recommendations based on their history. The more its customers use the service, the more Netflix discovers about their wants and desires.

An actively customer-centric (rather than product-centric) business model is a key characteristic of an organisation competing successfully in the digital world. It is about using digital to build long-lasting relationships by gaining intimate customer knowledge.

The communications, media and entertainment industries are leading the change in this digital world, but whilst there are many examples of initiatives that are making money, there are many that aren't - these should be killed off as soon as possible (fail fast, fail quick). Many organisations seem to be employing a hybrid business model, with a mix of new digital solutions and legacy systems. These organisations will only ever see real benefits when they commit to a wholly digital approach.

At Cognizant, we believe that 'digital transformation' should actually be seen as 'business transformation'. After all, who ever heard of analogue transformation?



ABOUT COGNIZANT

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 166,400 employees as of September 30, 2013, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world.

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