Success Factors for Digital Transformation

Brigette McInnis-Day
COO, HR Strategy & Digital Transformation Officer
Forces Shaping the Future

- Big Data
- Technology
- Socially Connected World
- Demographic Shifts
- Complexity
- Rapidly Shifting Markets
“With technologies like Machine Learning and IoT, we are turning systems of records into systems of intelligence. Every company will become a software company.”

Bill McDermott | CEO of SAP
Digital Value Creation

Technology Adoption | Business Capabilities | Digital DNA

- **66%** Want to **Reduce Costs** through DX
- **50%** Want to improve **Customer Experience** through DX
- **41%** Want to improve **business decision making** through DX
- **36%** Want to **Drive Innovation** through DX
- **32%** Want to **Increase Revenue** through DX
- **29%** Want to **Improve Agility** through DX
- **17%** Want to **Transform the Business** through DX

Source: Enterprise Digital Readiness Assessment; N = 439, DX = Digital Transformation. Participants were asked to pick top 2 objectives for Digital Transformation.
Why HR is Best Suited to Lead?

Heads of HR are Leading Enterprise Transformation

71%

Of CHROs spend more time on business issues beyond HR

89%

Organizations are focusing on DX as part of their strategy

6%

Of organizations are aggressive & disruptive in use of digital technologies

Top Objectives of CHROs’

- Business Model Transformation: 73%
- Continuous Improvement: 64%
- Customer Centricity: 50%
- Innovation: 50%
- Scale (Mergers and Acquisitions): 42%

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Where to start your Digital Transformation?

People at the Heart

Strategy
Readiness

Execution
Sustainability
# Digital Readiness

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>~90%</td>
<td>HR to be a core part of the top level executive leadership team but only 33% are able to do so</td>
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<tr>
<td>~70%</td>
<td>Defined strategy to help the organization to adapt to the digitalization of work but &lt;20% are able to achieve this</td>
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<td>85%</td>
<td>Dedicated budget to support digital transformation initiatives for HR as important but only 38% are able to achieve this</td>
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<td>70%</td>
<td>Important to align business KPIs and HR KPIs but only 14% are able to accomplish this</td>
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<tr>
<td>72%</td>
<td>Important for HR to work with business leaders during the business planning process but only 43% are able to do so</td>
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**Top Focus Areas:**
- Diverse and Inclusive Workforce
- Improving Agility and Innovation
- Improving Customer Service

**Most Impacted by New Technologies:**
- Talent Management
- Core HR and Shared Services

Source: The Future of HR - Understanding Your HR Digital Maturity Survey, N = 26

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Three dimensions of SAP’s digital transformation

Culture

Business

Technology
SAP HR Digital Transformation

DECENTRALIZED

GLOBALIZED
2004

Three-Pillar-Model

HR BP
HR GSD
HR CoE

Globalization of HR along three pillars of responsibility (Business Partnering, Transactional Servicing, Design)

THE CLOUD
2012 - now

Enhanced Three-Pillar-Model

HR BP
HR GSD
HR CoE

Transformation to become more scalable, cloud enabled and customer focused

INTELLIGENT HR

Experience-Focused-Model

HR BP
HR GSD
HR Practices

Holistic end-to-end setup for a superior HR customer experience provided by One HR
Digital Boardroom
Real-time business intelligence for CHRO

Full transparency:
- Get complete picture of Company and HR situation in real-time
- Visualize in-context insights to maximize impact on audience
- Align executive decisions on one source of truth across business areas

Instant data-driven insights:
- Respond to ad-hoc questions to better understand the business
- Analyze root causes to identify business and HR challenges and opportunities in real-time
- Simulate impact of potential talent decisions to the employee base
33% are women
49% are millennials
62% are working parents
430 social sabbaticals
339,000 hrs of community service
140 different abled colleagues
1.1 Million elective learning courses
90 nationalities working in HQ

Bring Everything You Are
Become Everything You Want

281 Awards in 2017

Overall Rating
98% CEO Approval Rating
93% Recommend a friend
Are you ready for Digital?
Thank you

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