Catalyst 2018
Digital Organization & Culture Transformation
Agenda

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03  T-Systems Digital Division Success Story
04  Digital Transformation Framework
05  TM Forum Digital Maturity Model In Action
06  The Key Drivers of Success
ICT companies aspiring to lead must transform their strategy, operating models and culture.
Survival requires achieving digital excellence and competitive advantage

Fixing the Basics
- Customer Orientation
- Cost Base and Automation
- Capabilities
- Service Portfolio / FMC+

Leveraging Opportunities
- IoT
- Digital Portfolio
- Partnering
- Cloudification

Addressing the Future
- 5G
- EDGE Computing
- SDN / NFV
- Smart Cities

Digital Challenge
Catalyst Set-up

T-Systems’ Digital Division is transforming its digital services for scalability and customer accessibility

The Champion’s Challenge

Market
- NGN
- Fiber
- VoLTE
- Cloud
- Multimedia
- IMS
- VolP
- Virtualization
- 5G
- FTTx
- All-IP
- Data Center
- Small Cells
- NOC
- Ethernet
- Densification
- OTT
- Technology
- OSS
- Network

T-Systems

Standardized & Scalable Products

Digital Division

Transformation

Approach

Phase 1:
From Chaos to a digital Operating Model

Separate Divisions

Phase 2:
From a digital OM towards an agile IoT factory

Target Operating Model 2.0

Internet of Things
T-Systems Digital Division Success Story

From collecting digital ideas to a digital target operating model to an innovative IoT organization

Separate Divisions
- Cross Industries
- Connected Mobility
- Digital Design & Development

Target Operating Model 2.0
- IoT
- Markets
- Products & Services
- Digital Design & Delivery

Internet of Things
- IoT
- Sales
- Verticals
- Product & Portfolio Management
- Global Delivery & Operations
- IoT Market Dev. & Business Steering

Fragmentation
- Phase 1
- Product-focused Reorganization
- Phase 2

Focus on IoT as "lighthouse project" for sustainable success
Digital Transformation Framework

Combining proven best practice and data-led, technology enabled digital organization & culture transformation

- **Strategy Layer**
  - Market Environment
  - Business Models
  - Products / Services
  - Customer Journeys

- **Data Layer**

- **Operating Model Layer**
  - Organization
  - Processes
  - Governance & Roles
  - Capabilities

- **Cultural Layer**
  - Diversity of Individual Contribution
  - Collective Impact
  - Transformational Mindset

Digital Maturity Assessment

Digital Maturity Assessment
Combining proven best practice and data-led, technology enabled digital organization & culture transformation

Digital Transformation Framework

Strategy Layer
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Data Layer

Cultural Layer
- Diversity of Individual Contribution
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Digital Maturity Assessment
- Digital Maturity Model (DMM)
The strategic layer is backed by detailed data-driven analysis of organizational impact.
Processes

New capability for designing new digital processes and quantifying their organizational impact
Governance and Roles

Governance mechanisms, roles and responsibilities can be aligned in an efficient yet agile manner.
Capabilities

Addressing capabilities is essential for success. Letting go of the old is as important as embracing the new.
Digital Transformation Framework

Combining proven best practice and data-led, technology enabled digital organization & culture transformation
Data presents a compelling picture of what organizations need to do to create a culture of transformation.

<table>
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<tr>
<th>Cultural Layer</th>
<th>Transformational Culture</th>
<th>Current Culture</th>
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<tr>
<td></td>
<td>DIVERSITY OF INDIVIDUAL CONTRIBUTION</td>
<td>Game-Changing Cultures</td>
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<td>COLLECTIVE IMPACT</td>
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<td>Polishing Cultures</td>
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**Outcomes**
- **DIVERSITY OF INDIVIDUAL CONTRIBUTION**
  - All contributions being equally valued to impact transformational change

**Transformational Mindset**
- **FUNDAMENTAL BELIEF THAT EVERYONE’S CONTRIBUTION IS NEEDED**
  - Everyone’s contribution is needed for success
  - Aligned decisions and actions through complementary relationships
Digital maturity increased significantly across both phases

- **Phase 1**: Product-focused Reorganization
  - **Initial Assessment**
  - **Culture, People & Org**
  - **Fragmentation**
  - Major digital maturity improvements

- **Phase 2**: Focus on IoT as “lighthouse project” for sustainable success
  - **Customer**
  - **Strategy**
  - **Culture, People & Org**

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**TM Forum Digital Maturity Model In Action**

- **Separate Divisions**
- **Target Operating Model 2.0**
- **Internet of Things**

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**Key Areas**

- **Technology Strategy**
- **Brand governance**
- **Customer Culture**
- **IoT**
- **Agile governance**

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**Detecon Consulting**

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Business outcomes

Significant business benefits through culture improvements and data driven organizational change

“People recognised this made a real difference, it changed the way they worked”

**Product innovation**
Streamlined product / services portfolio and built scalable digital offerings

**IoT hub**
Transformed Digital Division into Deutsche Telekom’s spearhead for innovative IoT products and services

**Efficient use of scarce resources**
Innovative approach on critical capabilities and ways of working (building on DMM) increased resource efficiency by more than 50%

**Effectiveness via better team work**
Structure, agile methods and capability blending helped change the culture. Collaboration, effectiveness & efficiency = new customer-driven flexibility & agility

“Demanding exercise ... realised changes made sense ... approach made it straight forward”
# The Key Drivers of Success

## Strategy & Operating Model
- Understand drivers
- Set direction
- Rethink business and operating models
- Initiate the right actions
- Steer digital change over the long term

## Data
- Visualization
- Modeling
- Objective decisions
- Transition management
- Easy to use

## Culture
- Leadership alignment to change culture
- Business functions aligned to outcomes
- Common language of impact
- Mobilize the right people, right impact, right time
- Focus collective energy, everyone empowered
