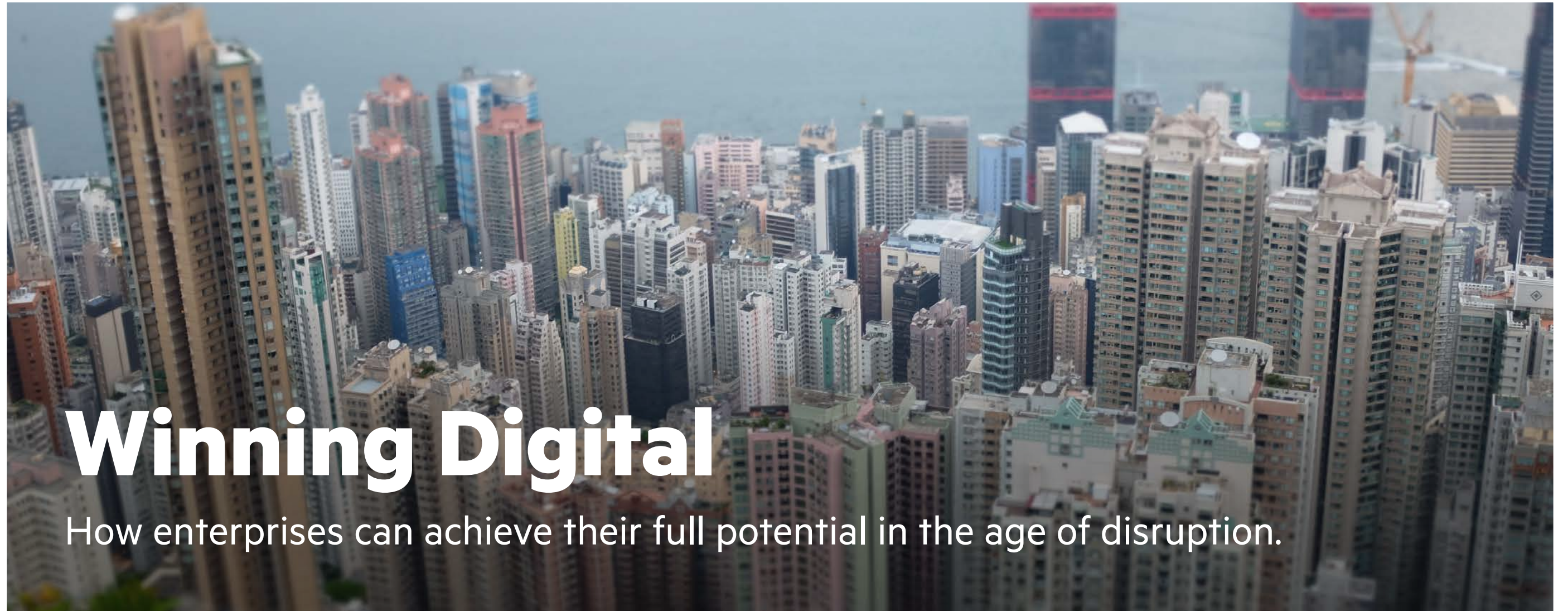


Hewlett Packard
Enterprise



Winning Digital

How enterprises can achieve their full potential in the age of disruption.

Paleontologists know that following a mass-extinction event, the smaller are better equipped to adapt and survive.



There's even a name for it:



There's even a name for it:

The Lilliput Effect.

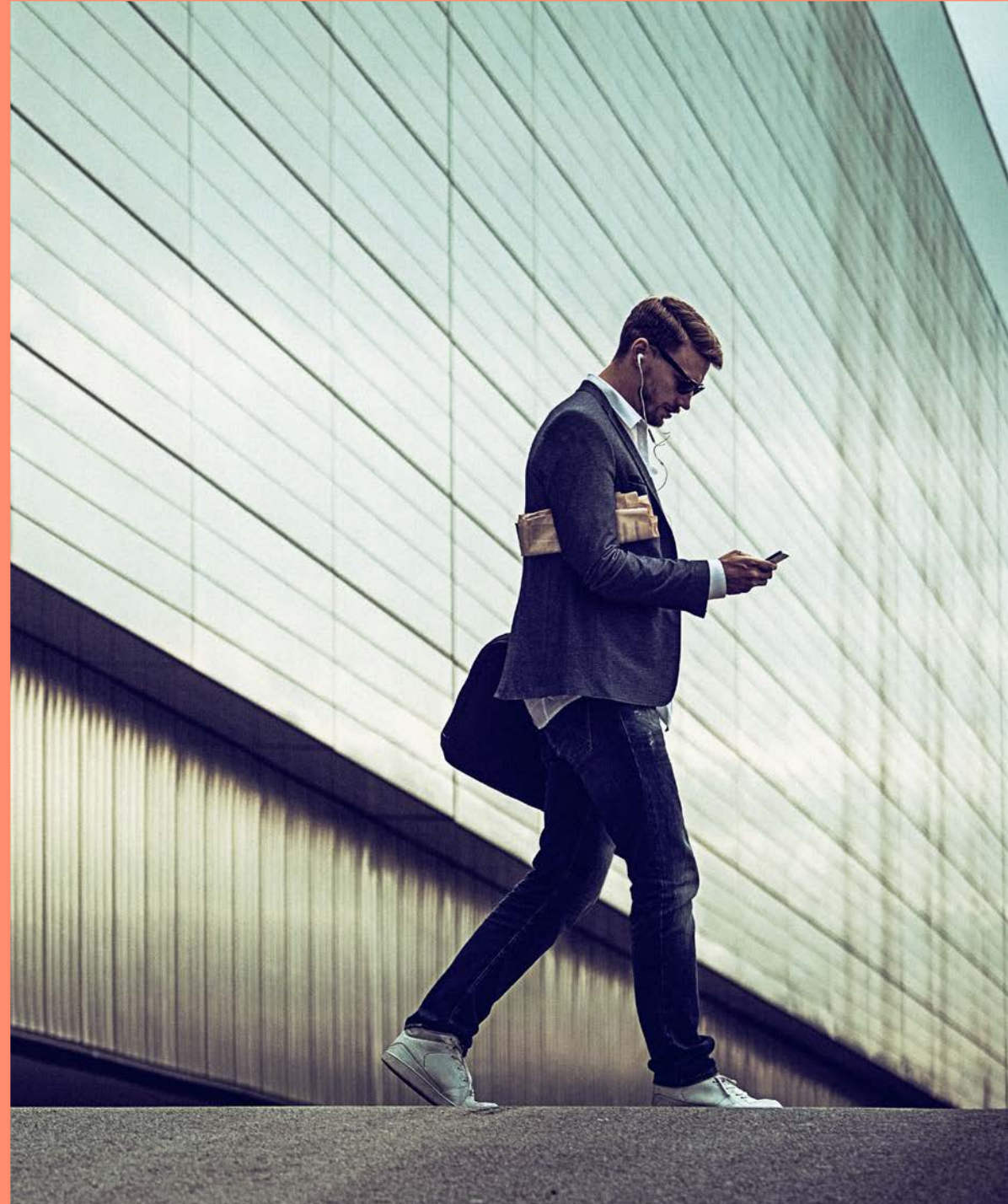


A drone with glowing green and red lights is flying in the center of the frame against a dark, cloudy sky at dusk. Below the drone is a large body of water, and in the far distance, a city skyline is visible. The overall scene is dark and atmospheric.

It's an apt analogy for enterprises in the transformation age.

Today's smaller, emerging companies are born digital.

They can change — and change fast — to answer consumer demand or a competitive offering.



So how can the enterprise win at digital?

What must we do to adapt and thrive?

**We believe the answer lies
in digital transformation.**

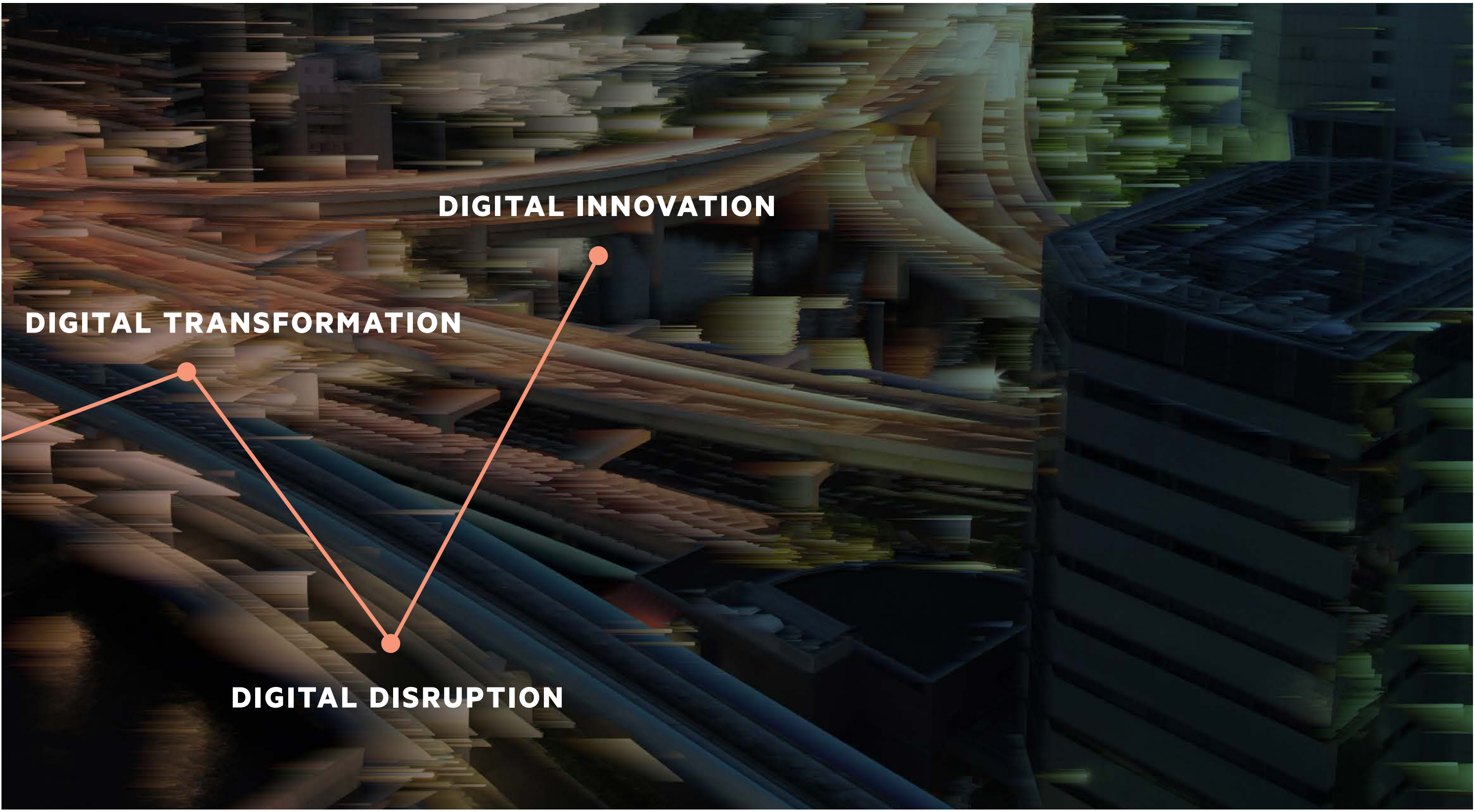


DIGITAL TRANSFORMATION



DIGITAL TRANSFORMATION

DIGITAL DISRUPTION

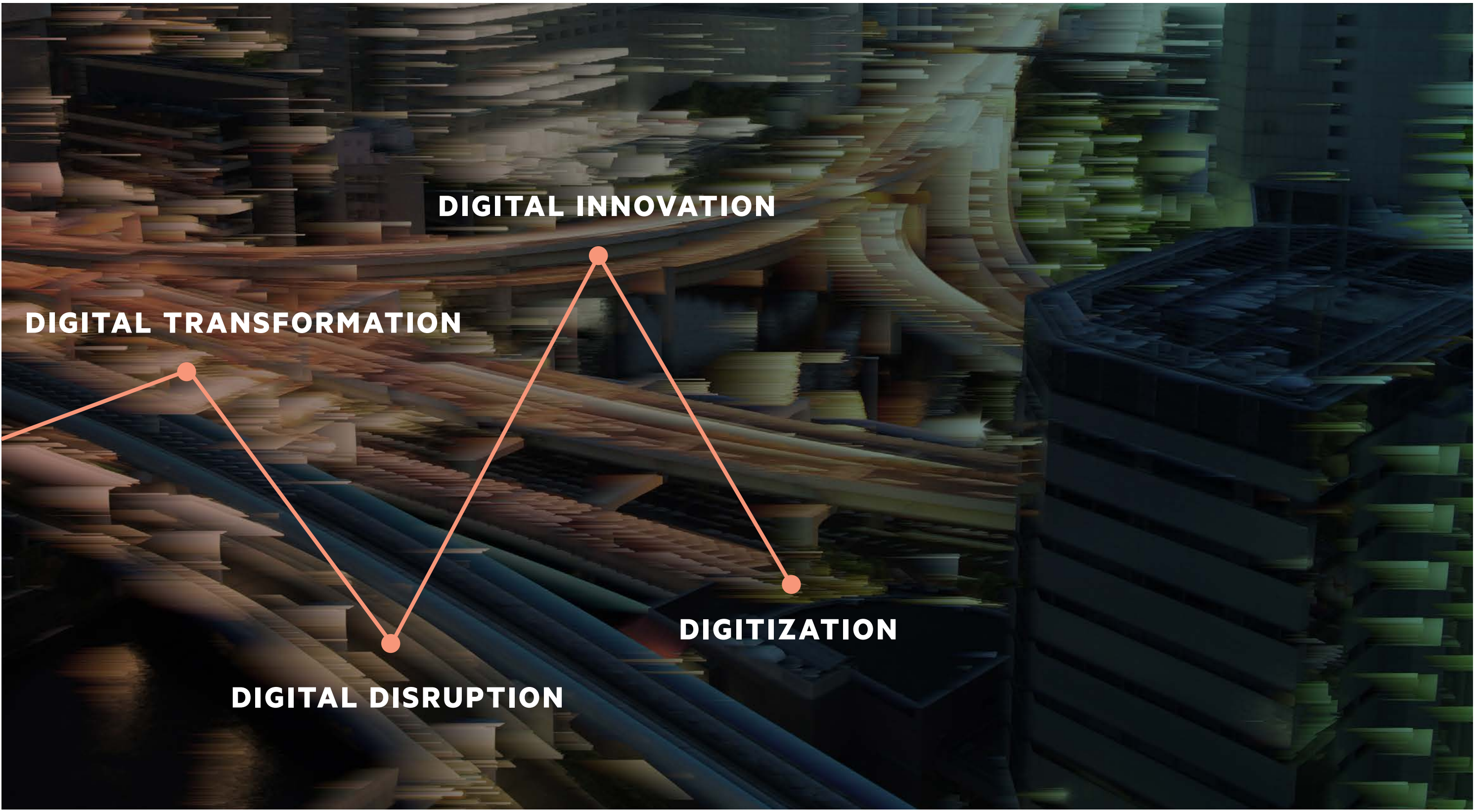


DIGITAL INNOVATION

DIGITAL TRANSFORMATION

DIGITAL DISRUPTION



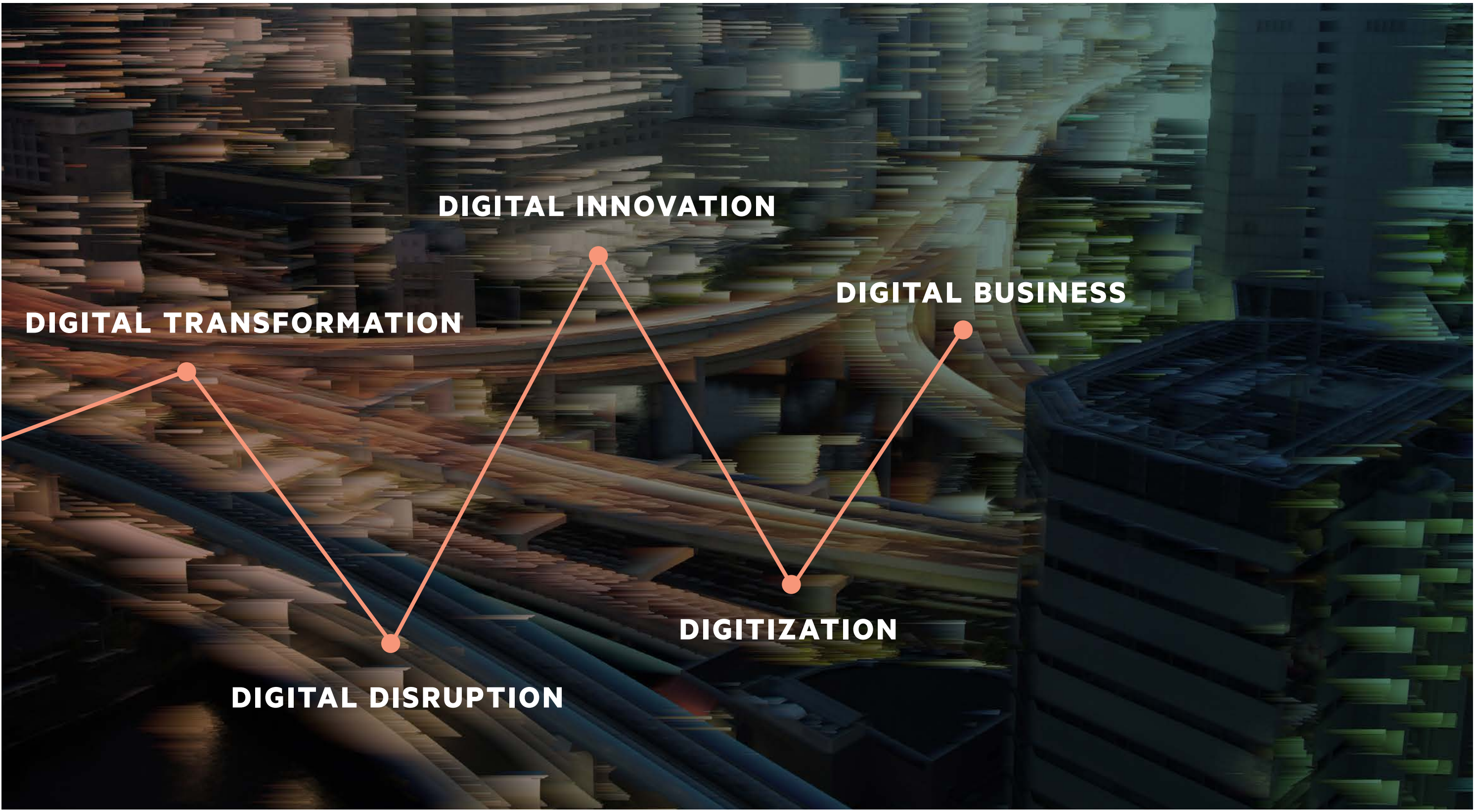


DIGITAL INNOVATION

DIGITAL TRANSFORMATION

DIGITIZATION

DIGITAL DISRUPTION



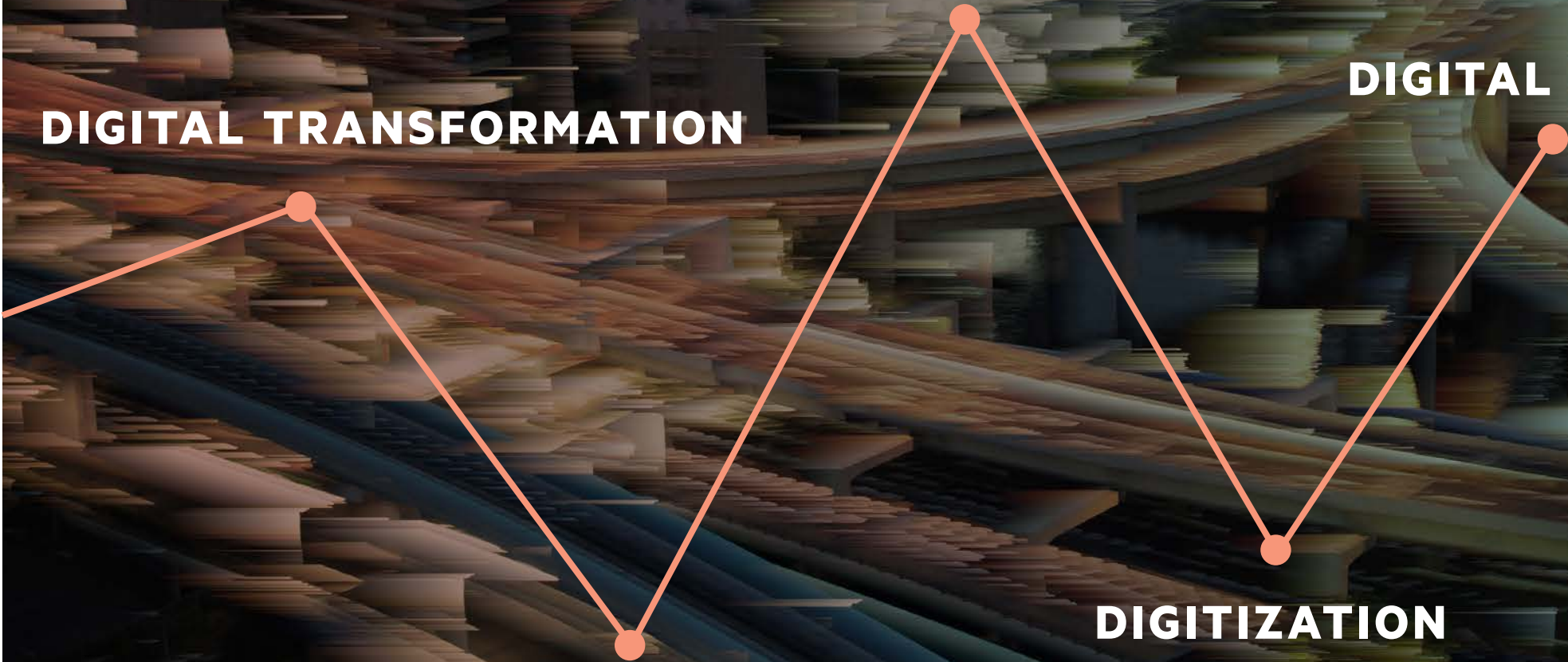
DIGITAL INNOVATION

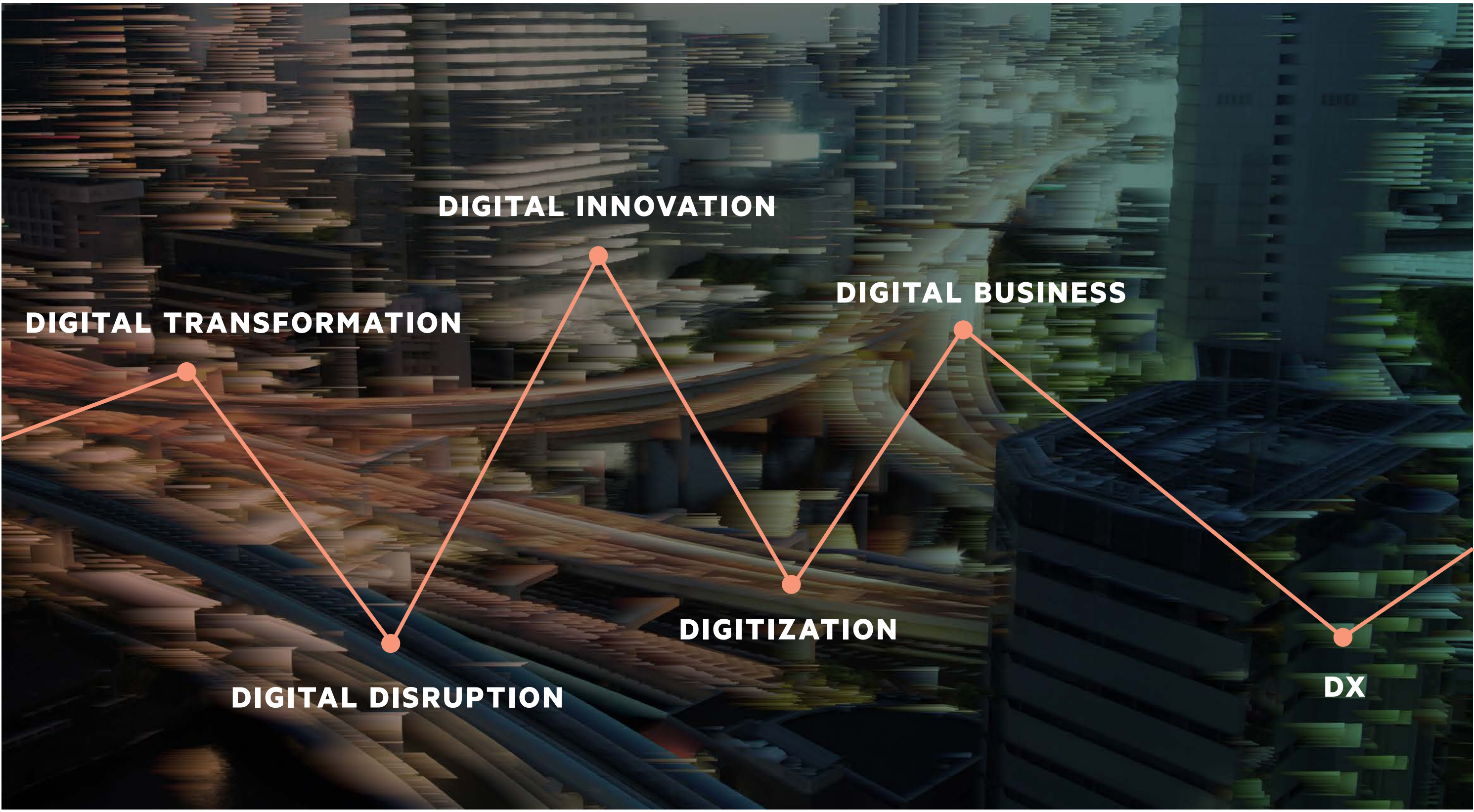
DIGITAL BUSINESS

DIGITAL TRANSFORMATION

DIGITIZATION

DIGITAL DISRUPTION





DIGITAL TRANSFORMATION

DIGITAL INNOVATION

DIGITAL BUSINESS

DIGITIZATION

DIGITAL DISRUPTION

DX



DIGITAL

We prefer digital transformation; but each term speaks to the use of digital technology to create a better customer experience, improve products and services, and increase the effectiveness of business operations.

**What does digital
transformation look like?**



It's

not one thing.



It's

autonomous tractors
precision applying
fertilizer and water using
4K images from a drone.



It's

augmented reality

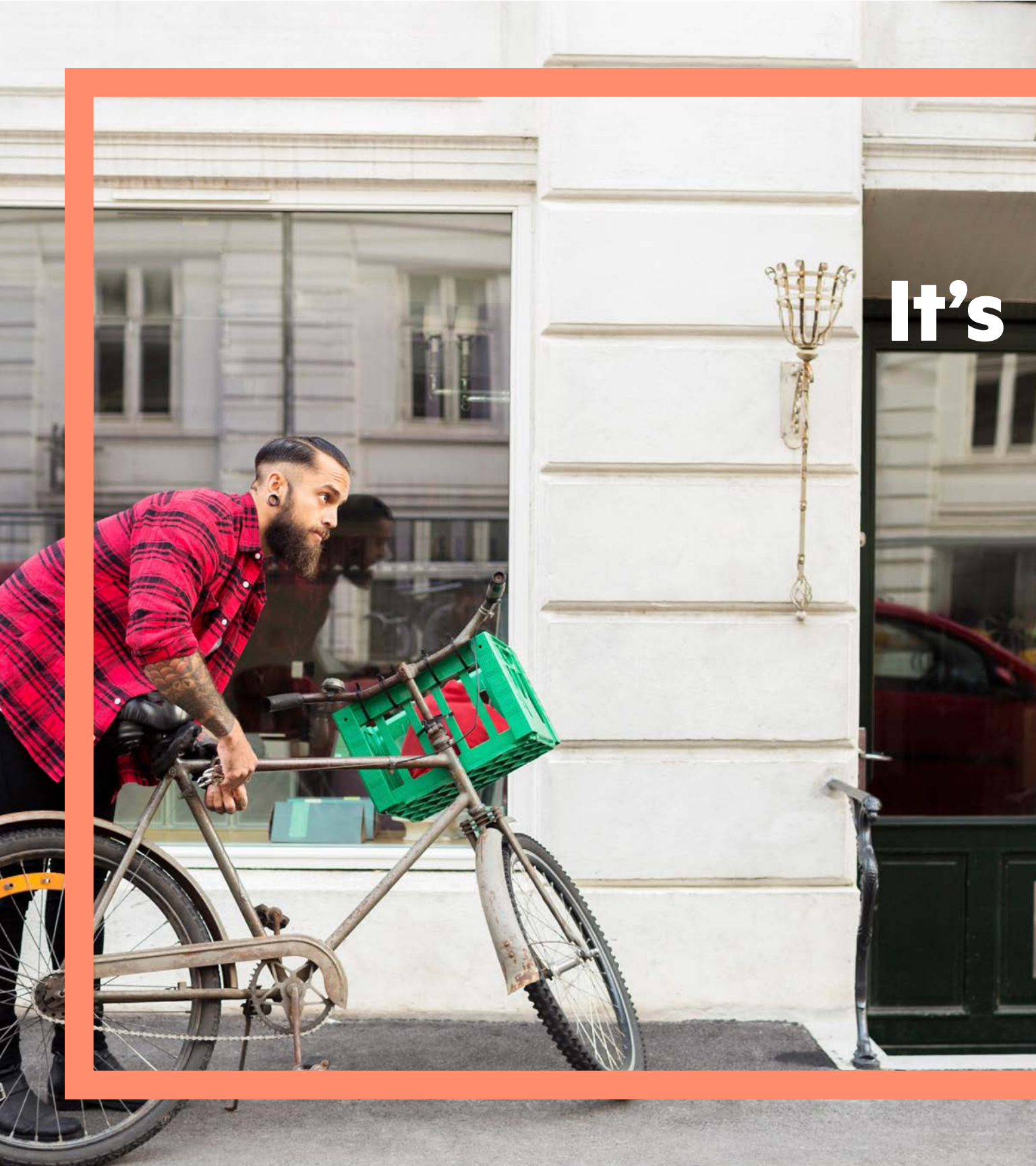
glasses that show an aircraft maintenance engineer the manual for the engine she is repairing.



It's

an oil pump on a rig

avoiding an outage
by self-diagnosing
at the edge.



It's

an omni-channel shopping app that senses a customer coming into the store to pick up goods ordered on the Web.



It's

a smart drill identifying the material it's drilling and automatically configuring itself to optimize performance.



The possibilities are greater than any other point in human history.

How do enterprises embrace the potential?

An aerial, top-down view of a large, diverse crowd of people gathered on a cobblestone plaza. The people are dressed in winter clothing, including coats, jackets, and hats. They are engaged in various activities, some standing in small groups, others walking, and some looking towards the camera. The plaza is paved with grey cobblestones, and the overall scene conveys a sense of a busy public space.

It starts with a shift in strategy.

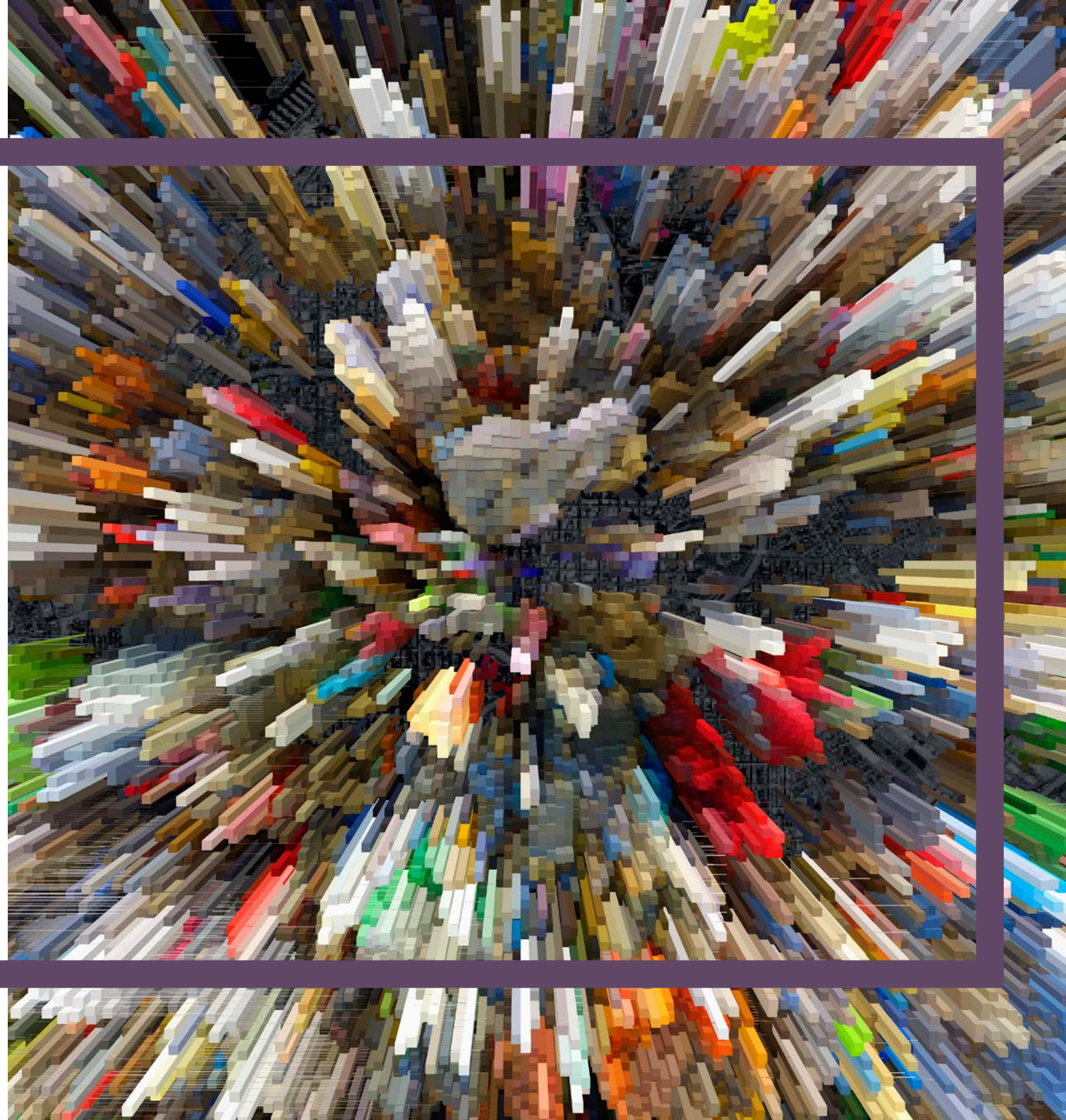


67%

67% of the global 200 enterprises will have digital transformation at the center of their corporate strategy by 2018.

Uber, Netflix, Amazon, PayPal.

Digital is in their DNA.
But what about the rest of us?



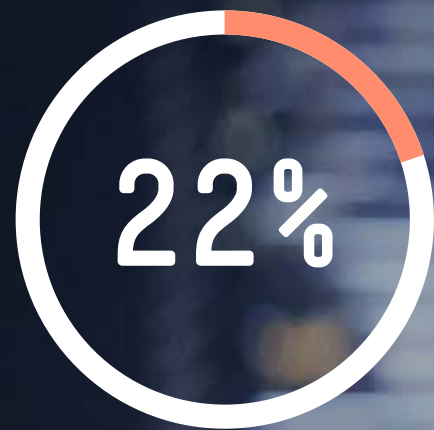


It's not just “new” companies.

Mercedes-Benz, American Airlines,
General Electric, JPMorgan Chase,
Boeing, the Walt Disney Company,
NASCAR — all have made digital
transformation a central part of
their business strategy.

They're in good company.

Advanced digital transformation initiatives

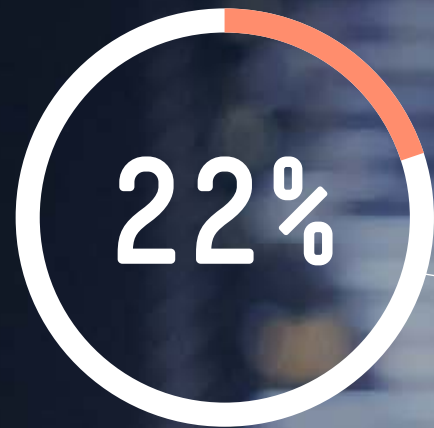


Today: Less than a quarter of enterprises



They're in good company.

Advanced digital transformation initiatives



Today: Less than a quarter of enterprises



2020: Almost half of enterprises

What about your industry?

No industry is immune.

All industries will be changed or already have been changed by digital transformation.

The good news? No industry has been or will be completely upended. And many are finding new opportunities.

For proof, let's take a look at three stages of disruption caused by digital transformation.



Already disrupted.

Newspapers

Magazines

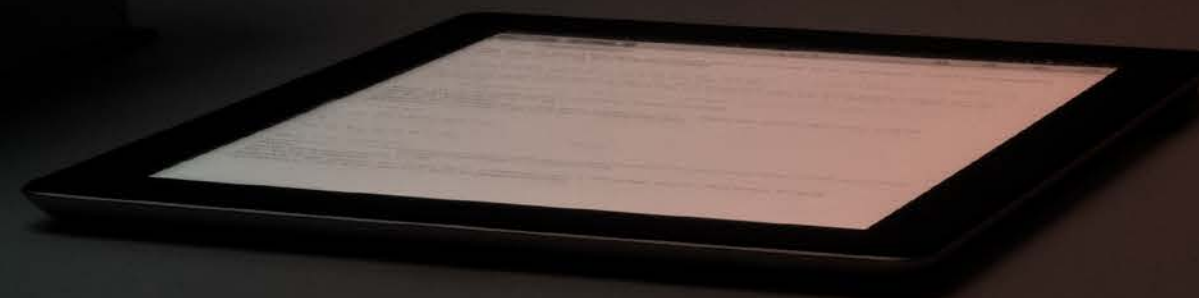
Books

Music

Video

Retail

Travel



A stack of several newspapers is visible in the background, slightly out of focus. In the foreground, a tablet device lies flat on a dark surface, displaying a document or article. The entire scene is set against a dark, moody background.

What has it meant for the newspaper industry?

Many long-standing daily newspapers have died, but the industry hasn't. It has, however, changed and will continue to change.

A stack of several books is positioned on the left side of the frame, with a tablet device lying flat on the surface in the foreground. The background is dark and moody, with a soft light source creating highlights on the edges of the books and the tablet. The entire scene is framed by a thick orange border.

“We will stop printing *The New York Times* sometime in the future, date TBD.”

ARTHUR SULZBERGER JR.

CHAIRMAN AND PUBLISHER OF *THE NEW YORK TIMES*

A stack of several books is positioned on the left side of the frame, with a tablet device lying flat on the surface in the foreground on the right. The background is a dark, solid color. The text is overlaid on this background within a white-bordered box.

Journalism schools now include coursework in coding, infographic creation and new media innovation.

Print is still taught, but it's not the primary focus.

Currently being disrupted.

**Financial
Services**

Telecommunications

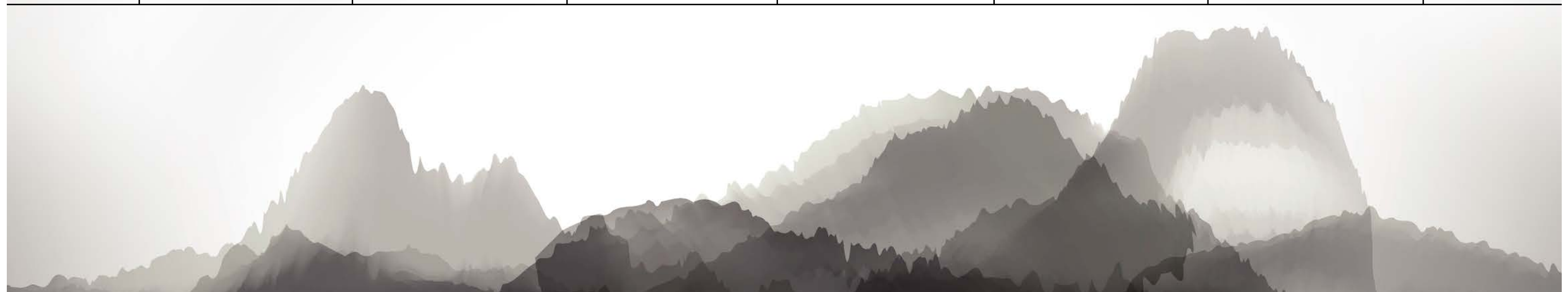
Government

Transportation

Agriculture

Healthcare

**Buildings
Management**



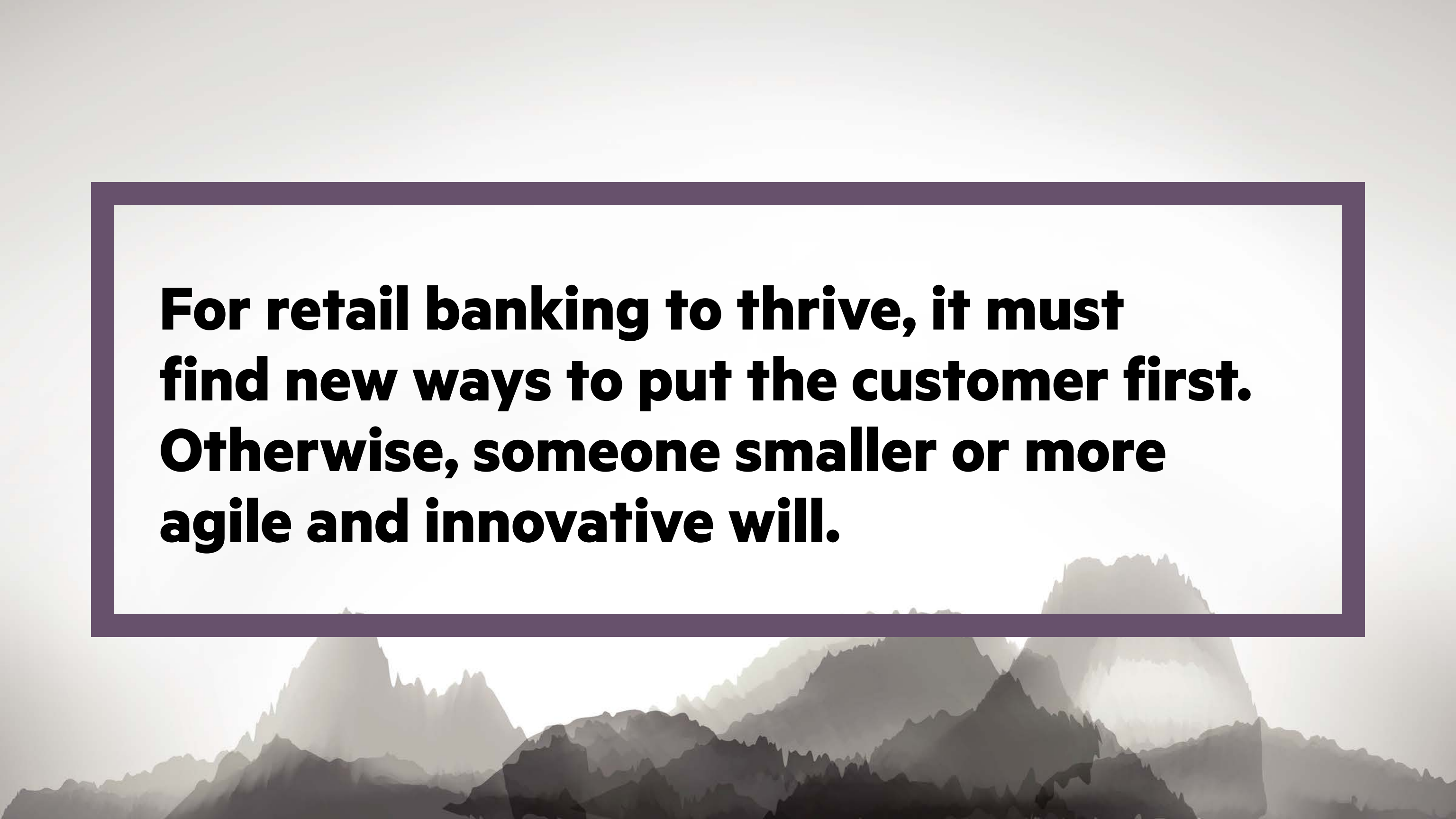


**What does this mean
for retail banking today?**



At last count, there were more than 2,000 FinTech start-ups, all looking for a piece of the market.

P2P (peer-to-peer) lending. Micro-loans. Mobile-only banks. FinTech start-ups are automating key processes, removing the “face” of banking and giving consumers the choice and speed they demand.



For retail banking to thrive, it must find new ways to put the customer first. Otherwise, someone smaller or more agile and innovative will.

“We spent more than \$9 billion last year on technology. Importantly, 30 percent of this total amount was spent on new investments for the future.”

JAMIE DIMON, JPMORGAN CHASE CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Source: 2015 letter to shareholders.

Next or beginning to be disrupted.

Manufacturing

Insurance

Utilities

Legal Profession

Education

Energy





If we look at manufacturing, change won't just come from IT technology, but rather an emerging technology.

A close-up photograph of a 3D printer's nozzle printing a grey, ribbed cylindrical object. The nozzle is positioned at the top center, and the object is being built layer by layer. The background is dark and out of focus, showing the internal structure of the printer.

3D printing.

In the near future, manufacturers will see 3D printing not as a technology solution, but as a business solution.

Not just plastics. Metals will be 3D printed too.

A close-up, slightly blurred photograph of a 3D printed part, possibly a gear or a mechanical component, mounted on a manufacturing machine. The part is light-colored and has a complex, curved shape. The background shows the dark, metallic structure of the machine with some horizontal lines. The entire image is framed by a thick, light blue border.

What does this mean for manufacturing?

3D printing won't be reserved for prototyping. It will create the end product.

And with this shift? A new way to satisfy customers.



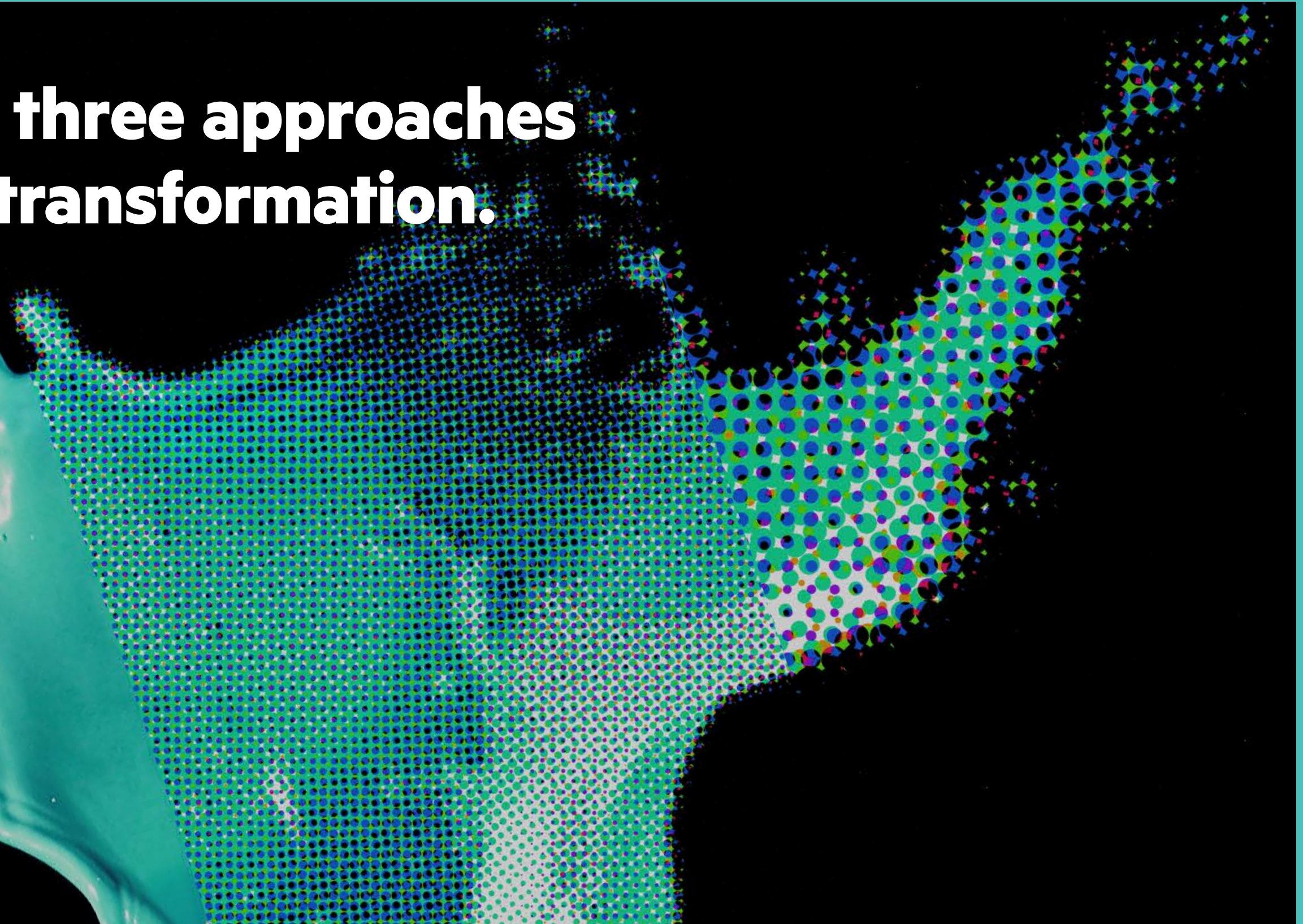
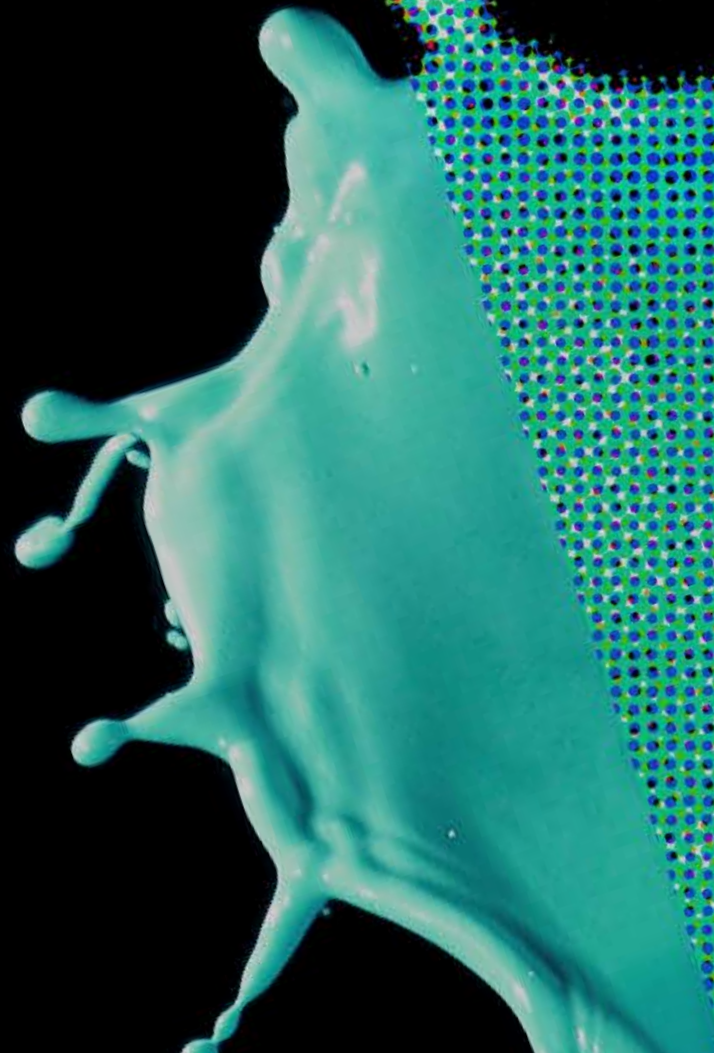
For some companies, the change is already here.

Last year, GE Aviation's first 3D-printed engine part went airborne in a Boeing 777. By 2020, the company anticipates it will have manufactured 100,000 additive — or 3D-printed — parts.

We've talked a lot about what digital transformation is and where it's occurring.

Let's take a minute to categorize and visualize it.

**There are three approaches
to digital transformation.**



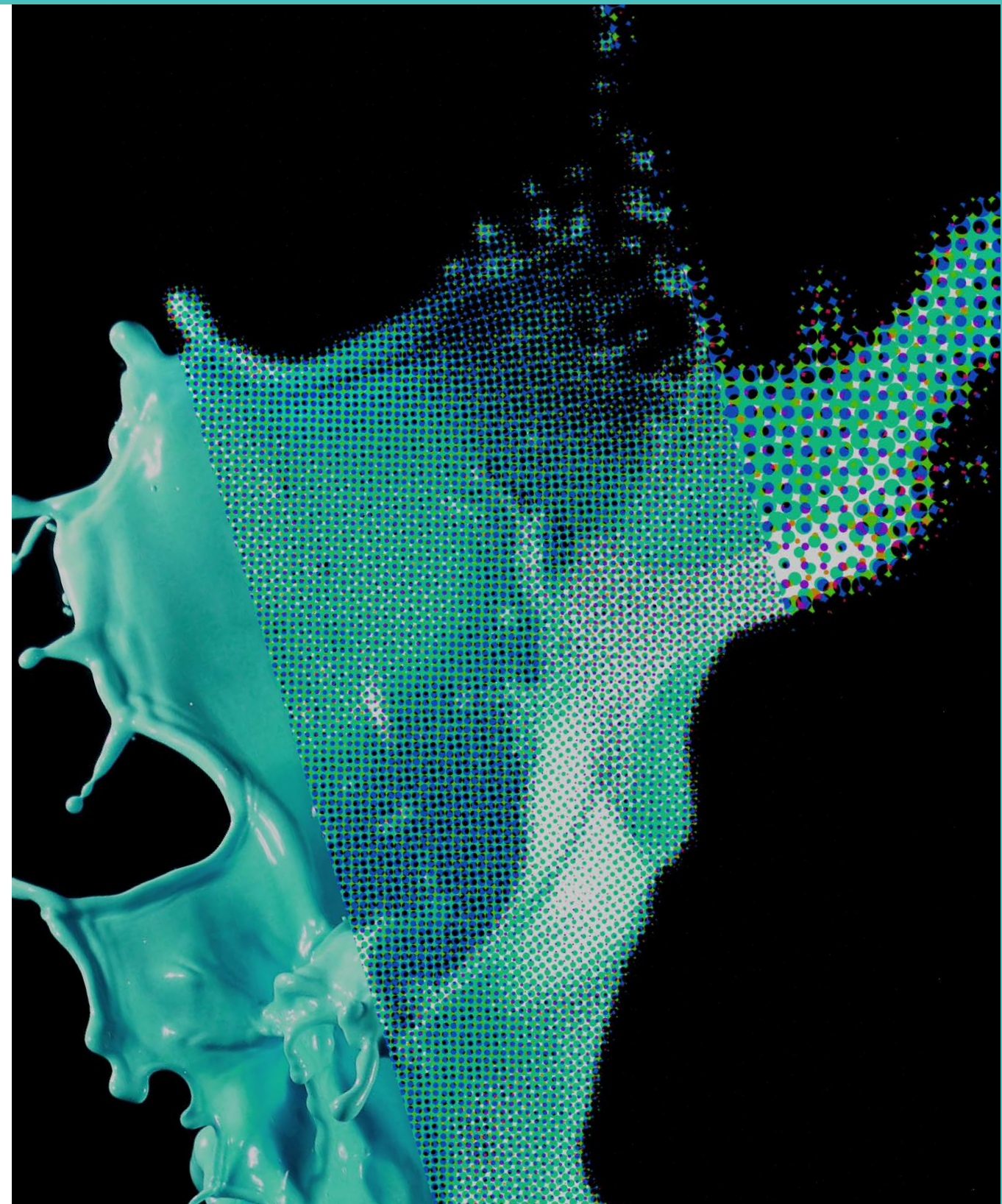
01

IT transformation.

Technology that transforms internally; the enterprise is made more efficient and effective.

Includes Software as a Service (SaaS) and virtualization.

Consumer may ultimately benefit but is not aware of the transformation.



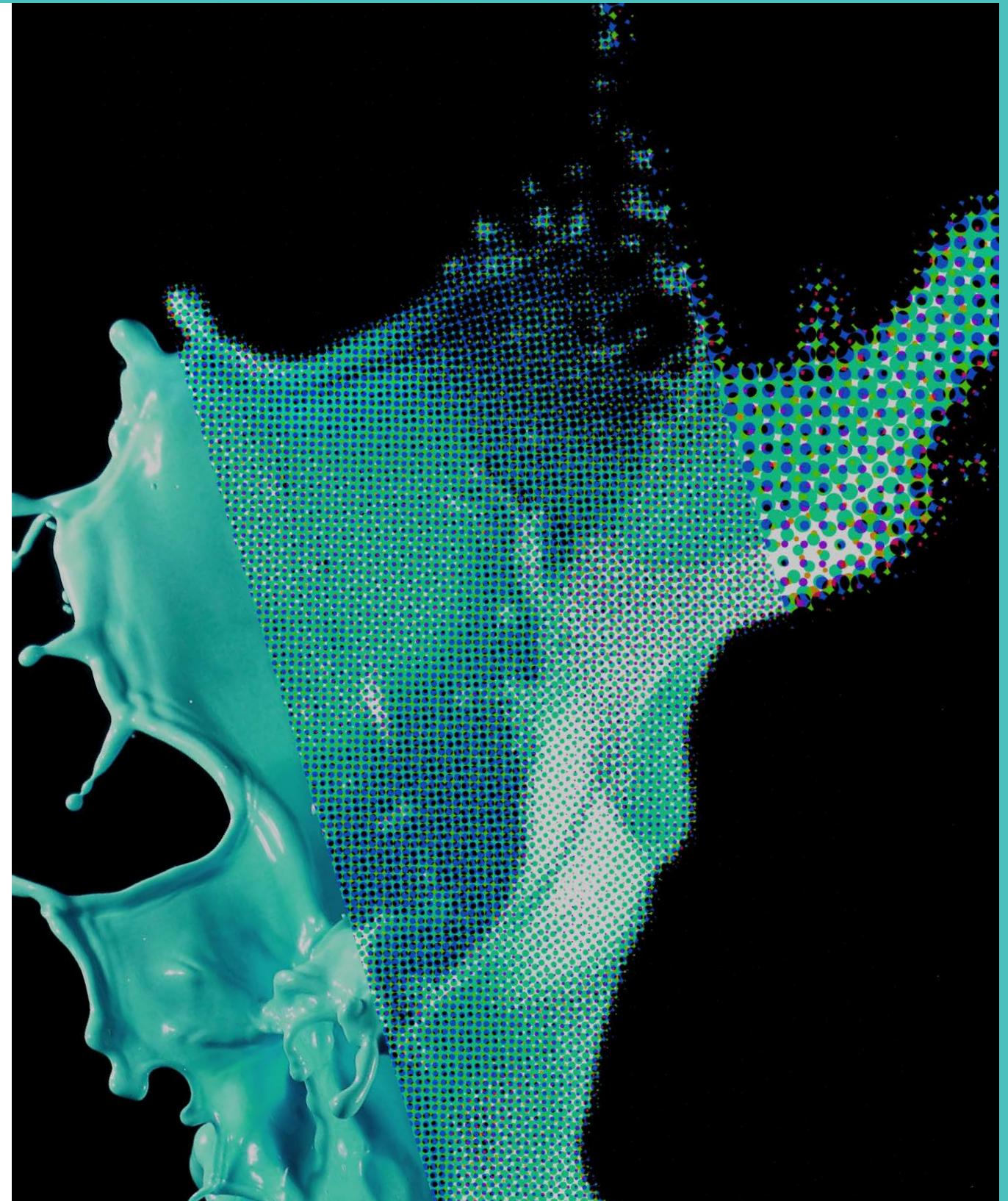
02

Business operations transformation.

The business model remains the same, but the customer experience, products/services and core operations are transformed.

Think 9-to-5 branch banking transformed to mobile banking.

There's still a place for the branch, just not for routine tasks like check depositing.



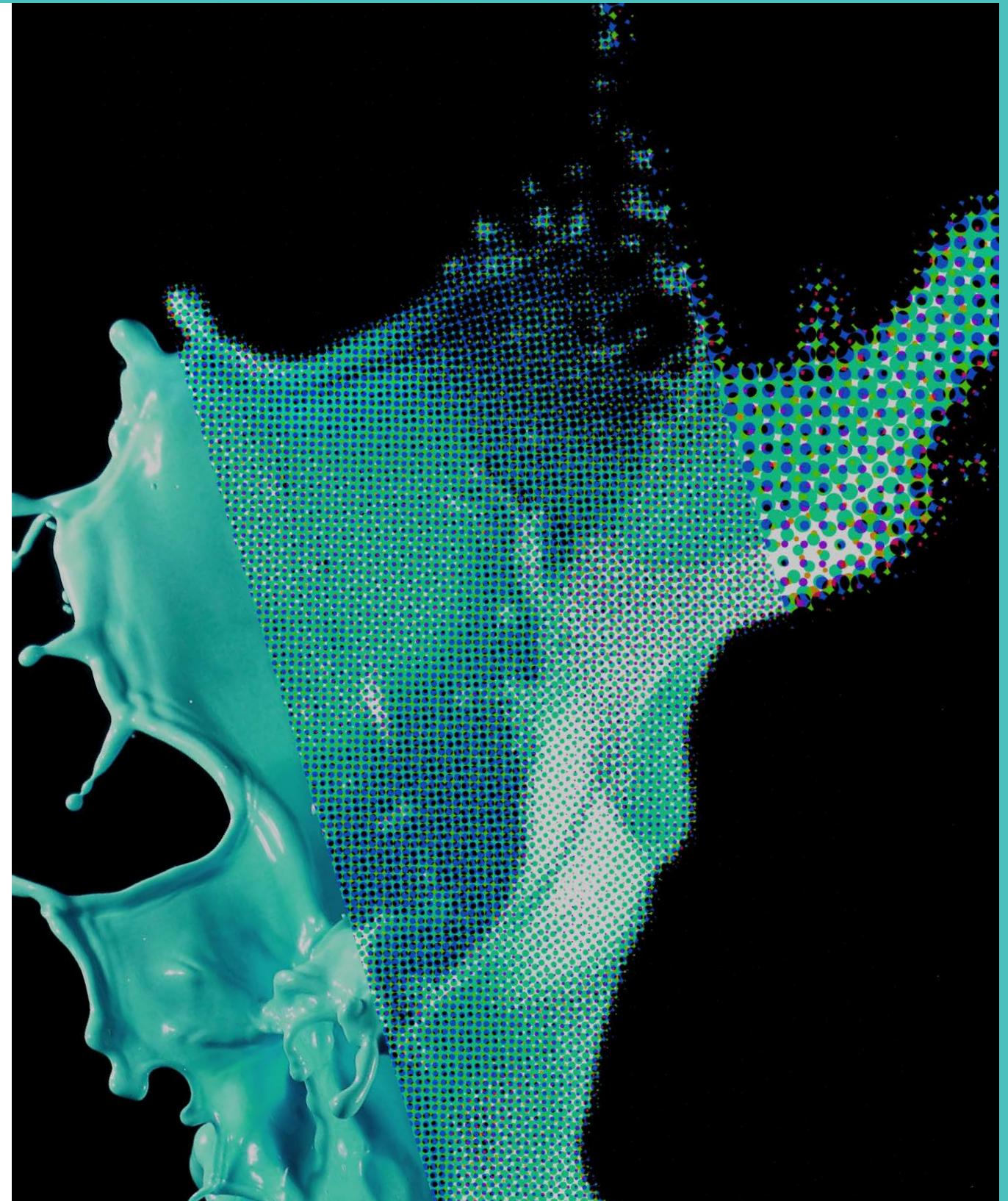
03

Business model transformation.

Typically involves changing part of the supply chain.

Think Uber becoming a new supplier in the taxi business.

Rarest and least predictable; causes the most disruption.



A cityscape at sunset with a large white triangle overlaying the scene. The text "Digital transformation." is positioned in the upper left corner of the image.

**Digital
transformation.**

**Here's digital
transformation,
visualized.**

Digital transformation.

IT

Source: Geoffrey Moore, author of "Zone to Win" and "Dealing with Darwin."

Digital transformation.

**Business
Operations**

IT

Digital transformation.

Business Model

Business Operations

IT



Hewlett Packard
Enterprise

Most enterprises should focus their energies and budget on the sweet spot — business operations transformation.

If digital transformation is inevitable, what steps should we be taking?

Four key takeaways for enterprises.

KEY TAKEAWAY

01

Recognize that disruption does not have to be a mass-extinction event for those that react.

The reality is that we are already living with digital transformation.
The upside?



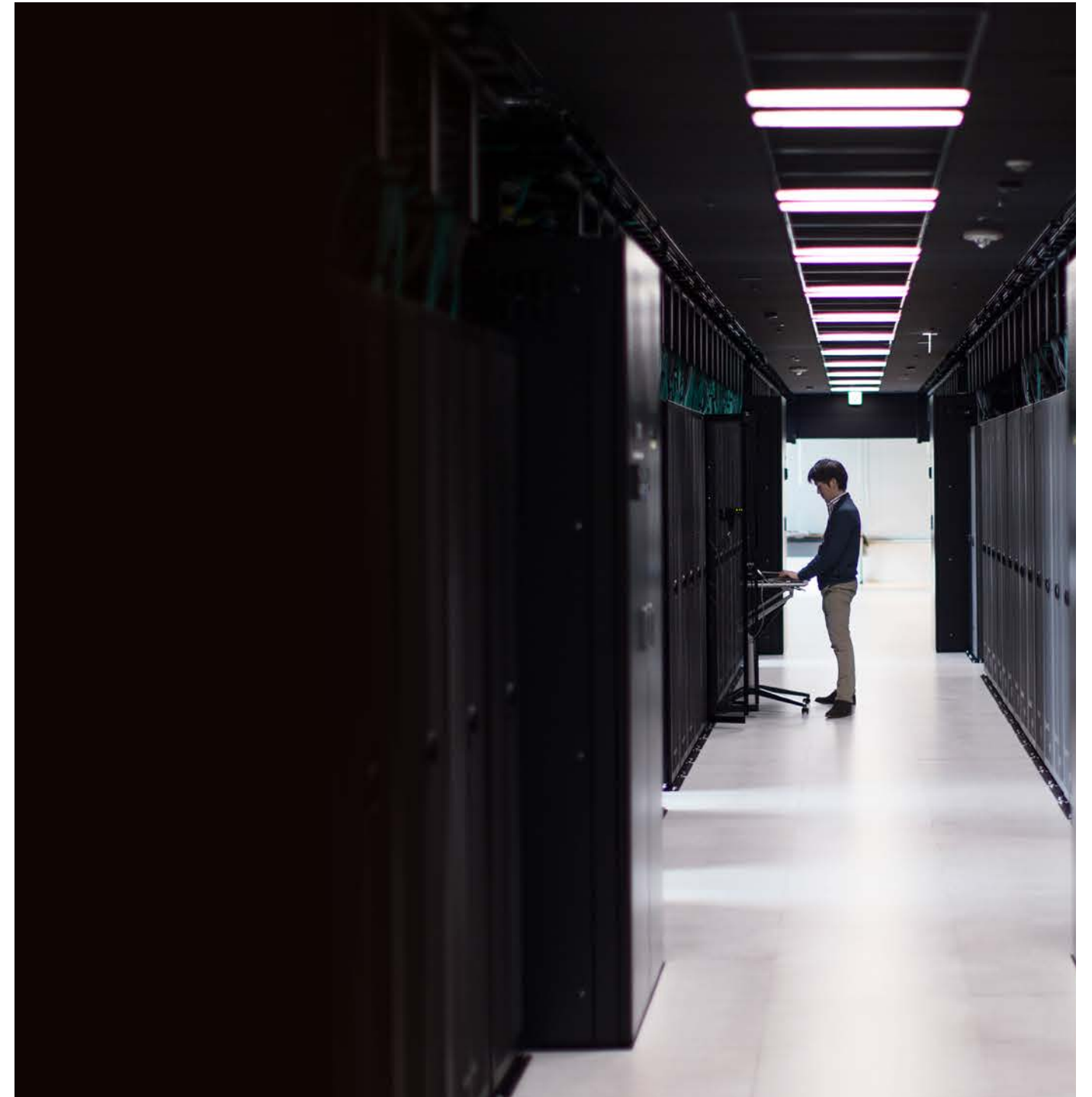
Early adopters with a focused digital transformation strategy are seeing the impact.

9% higher revenue creation

26% greater impact on profitability

12% more market valuation

Source: MIT Sloan and Capgemini.



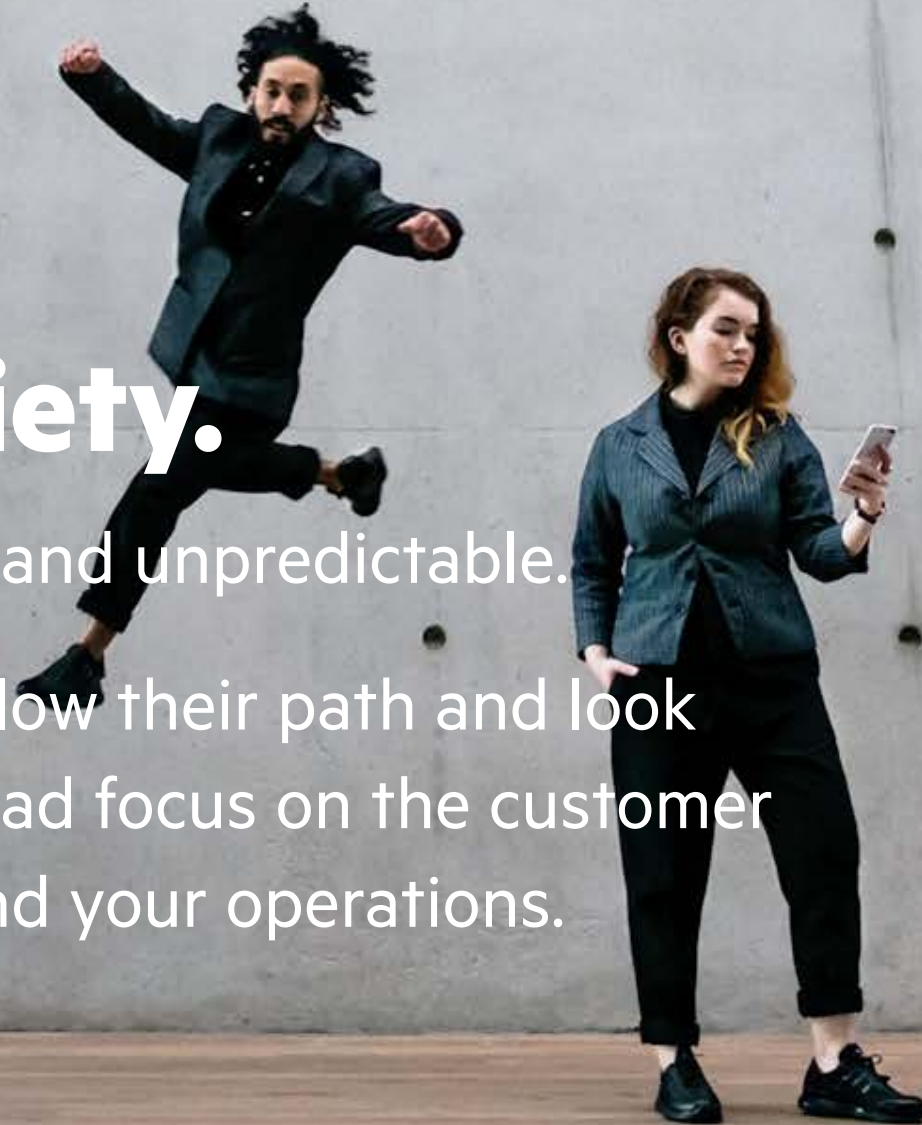
KEY TAKEAWAY

02

Rationalize the anxiety.

Your risk of being “Uberized” is small and unpredictable.

Your best response is not to try to follow their path and look to disrupt a business model, but instead focus on the customer experience, your products/services and your operations.



**“You have what
every disruptor
wants — customers.”**

RANDY PENNINGTON, AUTHOR
AND CONSULTANT

**Use them to
your advantage.**



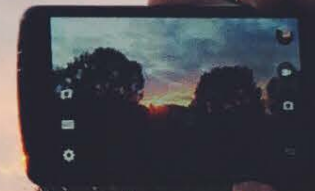
KEY TAKEAWAY

03

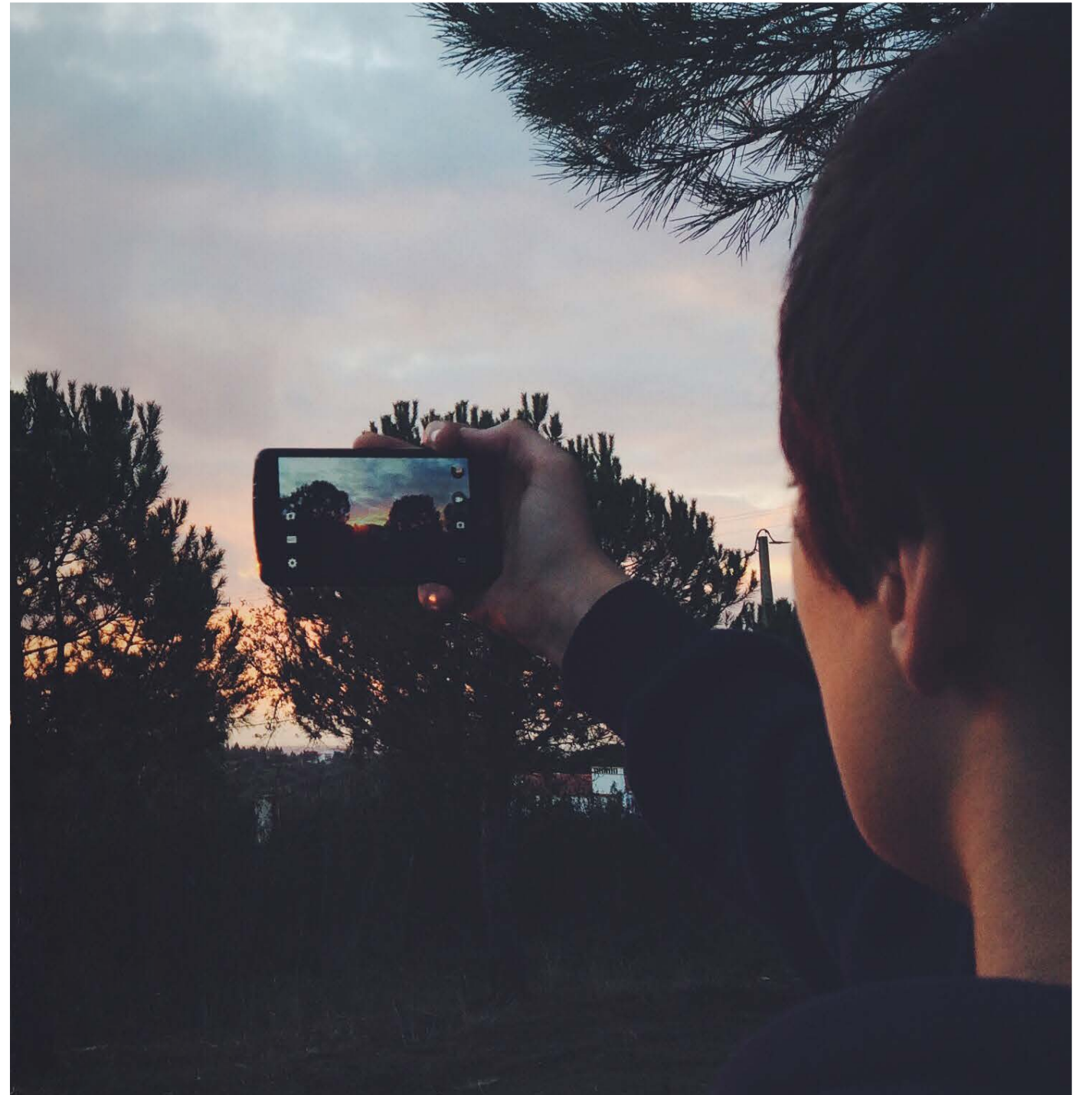
Start to rethink what you do.

Remember the examples of the newspaper and retail banking industries?

Leaders in both industries continue to adapt and change and find new ways to compete.



The New York Times
is still in the
newspaper business,
but is redefining
it with videos,
infographics and rich
digital-only content.



KEY TAKEAWAY

04

Don't wait too long.

Today's consumers aren't just loyal to brands based on quality and so-called soft features.

They're basing loyalty increasingly on the experience.

The longer you wait to remove friction, the greater chance you have of losing the customer.



GM + Lyft

Toyota + Uber

VW + Gett

Automotive OEMs aren't waiting to see what will happen at the intersection of the sharing economy and autonomous cars.

They're partnering with the digitally born to ensure they're part of the change.



**Join us in the digital transformation
discussion.**

insights.hpe.com