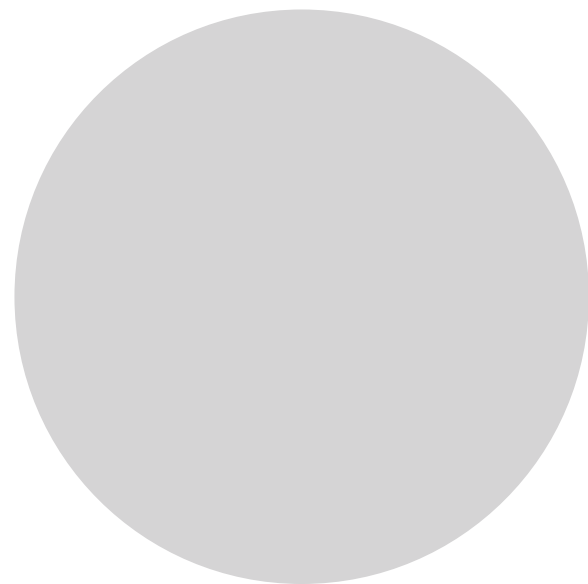




A HISTORY
OF MISUNDERSTANDING
WHEN CEOs
OF SMEs AND MIDCAPs
FACE DIGITAL



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EDITORIAL

The digital transformation a very trendy subject, but still poorly understood by CEOs in SMEs and midcaps

Bpifrance Le Lab has worked with researchers, CEOs and experts to better understand what is meant by these two terms – “digital” and “transformation” – and above all how CEOs of SMEs and midcaps are reacting to the phenomenon.

The result is an unprecedented study. It is unprecedented in terms of scale, since it involves more than 1,800 respondents, all French SME and midcap CEOs. There is no other comparable barometer in France. It is also unprecedented in terms of its approach, with questions on innovation, management and organisation rather than the technological equipment used by the company. Because a company can possess a hyper-sophisticated CRM solution only to have it snubbed by sales teams. Or oodles of data without knowing what to do with it.

The facts are there: this new revolution, currently headline news, has not in fact happened for the large majority of CEOs.

Why is this revolution so debated, and its real impacts so contested? Two elements make it different from previous industrial revolutions. First, it stems from society itself, from citizens and consumers (unlike the steam engine and the internal combustion engine). In other words, it comes from outside the company: to quote one CEO, “our customers drive Ferraris and have 4G smartphones, yet our stock is still handled using bar codes and a hand trolley.” Moreover, it is an invisible revolution. In other words there is none of the major infrastructure so characteristic of earlier industrial revolutions: how many of us have actually seen a giant Internet server?

So people find it difficult to look ahead and understand their place in this new digital context.

The aim of our study is precisely that, to provide the keys for better understanding and becoming involved in this new context, and to refine them in relation to three different profiles of managers.

Because we believe that managers play a central role in the digital transformation, even more so in an SME or midcap. Without their vision, conviction and perseverance, an enterprise can change only on a very small scale. Digital technologies are not new, but their impacts are: they have revolutionised business models, wherever the company is positioned in the value chain, whatever their sector or size.

With this study, we intend to be both bold and humble:

- bold because we wish to raise awareness, and provide CEOs with a tool that will allow them to make optimum use of this transformation. This is why we have developed a “change management” matrix;
- humble because it is the CEO who holds the keys. We need to bring all stakeholders, particularly the most advanced CEOs, on board in order to convince and help the more sceptical. In today’s networked world, transformation cannot be achieved alone.

KEY POINTS



1 DIGITAL TRANSFORMATION: STILL OVERLOOKED BY SMES AND MIDCAPS

According to our study, carried out among 1814 heads of French SMEs and midcaps, **45% of them still do not have a clear vision of their company's digital transformation.** Among those that do, **63% do not have a clear roadmap.** Without objectives and clearly defined means, the digital transformation will fail.

Poor use of data is symptomatic of this situation. It has become crucial to business. However, **61% of CEOs have adopted few or no tools for collecting and using data.** Similarly, 60% do not use data, or not enough, to improve their products and services or customer relations. They offer genuine competitive advantages, yet they are unexploited.

Implementation is not the only issue. **20% of CEOs still believe that the time for digital transformation has not yet come for their company. 47% even believe that the digital revolution will have no major impact on their activity for at least 5 years.** These figures are worrying if you bear in mind that the digital wave is affecting all sectors, even the most traditional ones.

2 MOVING AWAY FROM A TECHNOLOGICAL VISION OF DIGITAL TRANSFORMATION

Digital transformation is not merely a technological upgrade, involving the digitisation of tools and processes. It is a new way of creating value by repositioning a business model in a digital context. **It therefore calls for a global transformation of the company in question, centred around three main areas: the company's customers, organisation and partners.** Technology serves to support these efforts.

3 ADAPTING ACTIONS TO INDIVIDUAL CEO PROFILES

Our study revealed three CEO profiles among CEOs: the Sceptic (38% of respondents), the Apprentice (52%) and the Conqueror (10%). They each have their own top objectives, according to their digital maturity and needs.

Sceptics remain to be convinced of the impact of the digital revolution, since their psychological barrier is strong; 72% have not designed a digital transformation of their company (against 29% and 5% of Apprentices and Conquerors respectively). For the Apprentice, obstacles involve the cost of the transformation and the lack of available skills (mentioned by 31% and 35% of Apprentices respectively). Their efforts must therefore focus on the financial and human resources. As to the Conquerors, they come up against organisational resistance: 39% of them consider that resistance to change is the primary obstacle to digital transformation in their company. Hence the importance of associating employees to the transformation.

4 CEOs ARE IN THE FRONT LINE

Management must be fully committed. It falls to them to give substance to the digital transformation, to communicate and share their vision. To succeed, they must involve employees and managers at a very early stage, and maintain this effort throughout the project. But this is rarely the case: **operational teams are directly involved in just 25% of cases.** Just as problematic, **only 12% of companies have set up training dedicated to digital technologies.**

This mindset needs to change: **cross-functionality and initiatives must be encouraged. However, 61% of CEOs do not do this at all, or very little.** Bearing in mind that resistance to change increases as the digital transformation progresses, the human factor will often be crucial to the project's success.

Shattering preconceptions

Preconception 1

Digital transformation is complex

TRUE FALSE

Its complexity is frequently mentioned by CEOs of companies. Above all, digital transformation is considered complex whatever the CEO's level of maturity. For example, 28% of the most advanced respondents mention it as one of the main obstacles to their digital transformation. **It is therefore necessary to persevere and show resilience in the face of obstacles.**

Preconception 2

Digital transformation is a strategic priority for CEOs of SMEs and midcaps

TRUE FALSE

The digital transformation is not a strategic priority for 87% of SME and midcap CEOs. This varies depending on the digital maturity of the CEO, but even among the most advanced, only 34% of companies consider it a strategic priority. This is very little given that it is a project that demands strong leadership and important changes at every level of the company.

According to a Bpifrance Le Lab survey, carried among 1,814 CEOs of SMEs and midcaps (revenues of between €2 million and €1.5 billion) doing business in Construction, Commerce, Industry, Services, Tourism and Transport.

Preconception 3

Companies experiencing strong growth are more advanced in their digital transformation

TRUE FALSE

The greater the revenues dynamic, the greater the probability that digitisation is advanced. Another interpretation is possible: companies having advanced in their transformation generate more growth than the others. However, we cannot establish a link between the profitability of a company and its level of digitisation.

Preconception 4

Sceptics encounter more resistance to change than Conquerors

TRUE FALSE

Our survey shows that among the three maturity profiles, it is the Conquerors who encounter the greatest internal resistance (cited by 39% against 21% of Sceptics). This is explained by the sheer size of the project undertaken by Conquerors to successfully transform their company as a whole.

Preconception 5

The younger the CEO, the more “digital transformation native” they are

TRUE FALSE

Despite everything that is said about “digital natives”, for example that they are more comfortable with new technologies, age has no effective impact on digital maturity. **One of the reasons for this is that digital transformation involves much more than technology alone. It is a global transformation of the company requiring key skills that are not linked to the age of its CEO.**

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01.

**HOW DIGITAL
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**A
REVOLUTION
UNDER THE RADAR**

Challenges

raised by the digital transformation

What is digital transformation? It is an ongoing dynamic that hinges on three priority areas:

- placing customers at the heart of the business;
- increasing organisational agility;
- relying on partners to create value in a digital context.

Digital technologies are revolutionising the way we work, our convictions and traditional business models, reflected by price pressures, a transition from product to solution (*produit à l'usage*), less stable competitive advantages and an increasingly networked world. Transformation is therefore necessary to be able to adapt.

While technology is crucial to this approach, it is just a means to an end.

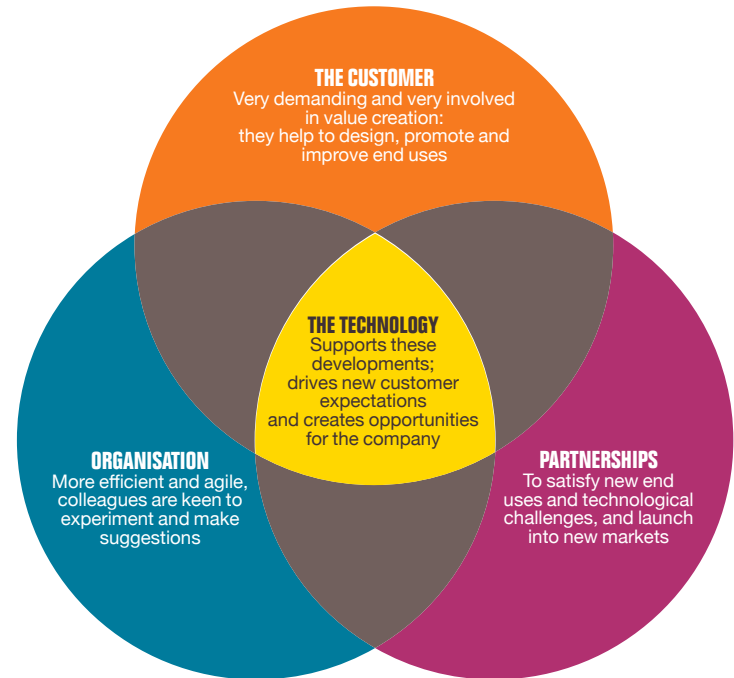
It must always satisfy a well-identified business challenge: a need for greater efficiency, a better customer experience, better stock and flow management, etc. The aim of this study is to help CEOs better understand the markers of the digital revolution and identify priority actions to succeed in this new context. Only after this can the right technologies be chosen.

Everyone will agree that the digital environment is complex. It is the first obstacle identified by the CEOs we questioned. But it is important that they come to terms with the complexity and uncertainty that surround this digital revolution.

CEOs play a fundamental role in SMEs and midcaps, as they plot and personify the company's course.

They must communicate a vision of the future company, in other words set the course for the coming three to five years with a view to improving and rethinking its performance in this new environment. It is their job to win the support of colleagues and CEOs upstream and for the duration of the project, at the risk of facing strong internal resistance.

• THREE DIGITAL TRANSFORMATION PILLARS



The digital revolution

CEO awareness is still insufficient...

Bpifrance Le Lab has carried out a large-scale survey among 1,814 SME and midcap CEOs in France. One of its key findings was that 20% of CEOs still believe the time for the digital transformation of their company has not yet come (1). In our opinion, one company in five is doomed to fail if it does nothing in the next three years.

SME and midcap CEO awareness of the need for this transformation is therefore still insufficient. **10% even believe that the digital revolution will have only a very small impact on their business over the next five years. 29% believe its impact will be moderate.**

Given the recent technological innovations, the lowering of entry barriers and the emergence of new competitors, CEOs must re-evaluate their points of reference and be constantly alert to changes in their environment.

What CEOs are saying

“

There's a saying that I like to remember: "Every morning, someone, somewhere, is working to bring me down; he doesn't know me, and he doesn't know himself." ”

Luc Doublet,
Chairman of the Supervisory Board, Doublet



(1) According to a Bpifrance Le Lab survey, carried out among 1,814 CEOs of SMEs and midcaps (revenues of €2 million to €1.5 billion) doing business in Construction, Commerce, Industry, Tourism, Services and Transport.

... despite its major impact on traditional business models

The digital revolution is still underway and has some way to go, yet it has already had a great impact. It affects all aspects of business. We have identified four important effects.

Price pressure



“There's always better and cheaper elsewhere. (1)”

It is becoming increasingly difficult to maintain prices over time for a same product or service. This downward pressure on prices is a structuring phenomenon caused by stiffer competition, globalisation, digitisation, the low-cost phenomenon and things being supplied for free, for which demand is increasing. To be competitive, companies have to propose more and stand out.

What about you



Do your economic model and margins allow you to absorb such shocks?

Do your products and services generate enough value to justify their cost?

Will your customers still be prepared to buy them in five years' time?

(1) Nicolas Colin, L'entreprise du futur : vers de nouvelles propositions de valeur, Paris Innovation Review, 19 February 2015.

From product to usage



Everything can be rented, exchanged or shared. Today's customers privilege the solution to the product. To meet their expectations, companies must understand that they can no longer simply propose products, that customers expect global solutions. As Luc Doublet said: "I don't manufacture fencing, I sell security". He has abandoned a strict product logic to satisfy a need and create a more inclusive value.

What about you



What are the needs that your products and services meet?

What other global solutions might satisfy these needs and represent competition?

Less stable competitive advantages



Given the exponential growth in technologies and the sudden arrival of newcomers, companies still need to use their competitive advantage in the market. Rather than doing all they can to protect it, **they must prepare their next move, in other words position themselves to respond rapidly and conquer new markets.** This is the case of Ullis, which ranks second worldwide in the sale of infrared detectors. While continuing its traditional business, in for example the fields of surveillance and thermography, Ullis has multiplied its partnerships and is working on conquering new markets in smart buildings and autonomous cars.

What about you



What are your main competitive advantages?

Will they still be the same tomorrow?

Or is there a risk of your core market crumbling in three to five years' time?

Network effects in an ultra-connected world



There are two consequences of living in an interconnected world: **a multiplier effect linked to the ability to unite large communities** (social media, crowdfunding, etc.) and **an amplifier effect, since each new technology interconnects with existing technologies and hence increases its potential** (smartphone apps, machine learning, Internet of Things, etc.). While this is not a new phenomenon, it is accelerating and causing major changes to business models.

What about you



Have you thought about how you might use these multiplier and amplifier effects in your business model?

Have you identified partners in order to seize such opportunities?

Changing the rules of the game

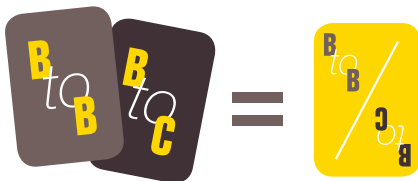
B2C/B2B: end customers always have the last word

Today's digital context has brought major changes, to the extent that it is affecting both B2C and B2B companies. The distinction is becoming less pertinent. Faced with better informed, more volatile customers with access to an ever-growing number of products and services, **companies are increasingly required to position their end customers at the heart of their strategy.** While it is true that the direct customer is the person who places an order with a subcontractor, it is always the end user who has the last word. If they no longer want a product, the person placing the order will no longer want it either.

Better understanding the expectations and needs of end customers therefore represents a challenge for the entire company, regardless of its sector or its position in the value chain. For example, a B2B company using a network of distributors or installation engineers may contact an end user directly (the consumer in this case), to analyse their experience more closely. Another example: a company producing car parts may add a data sensor to analyse how they are used by end users and adapt their design and production accordingly.

These new rules can give subcontractors a chance to reposition themselves in the value chain. To do more than simply carry out orders. They can become challengers, for example, or present ideas to direct clients based on data collected among end users.

In conclusion, the digital revolution presents some very real opportunities. Implementation is complex, however, and should not be underestimated.



First obstacle to transformation: complexity

This must be overcome to perform well

According to our survey, the sheer complexity of digital transformation is the number one obstacle to its implementation for French SMEs and midcaps.

4 main obstacles to digital transformation

- 1 Its complexity**
(cited by 34% of CEOs)
- 2 Insufficient in-house expertise**
(cited by 32% of CEOs)
- 3 Insufficient financial means**
(cited by 28% of CEOs)
- 4 Internal resistance to change**
(cited by 28% of CEOs)

Source: Bpifrance Le Lab, "Histoire d'incompréhension" survey, February-April 2017, 1,675 responses.

The notion of complexity remains strong regardless of respondent maturity. The difference lies in the fact that **the CEOs who have progressed most in terms of transforming their company have accepted the complexity of this digital economy.** They are prepared to take action despite a level of uncertainty.

Such a mindset is fundamental for a successful digital transformation, although it does not mean difficulties will not be encountered when it comes to taking action.

Difficulty getting started

True even for CEOs that have a clear idea of their transformation



Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017.

Act faster

by involving colleagues...

To create a virtuous dynamic and stem resistance to change, CEOs must plot a strategic course and involve their colleagues in the digital transformation project.

But many do not do so:

- only **25% of CEOs involve their operational teams in the transformation project**, even though they are the first concerned;
- colleagues receive insufficient support during the transformation; **only 12% of CEOs said they had set up dedicated training programmes, and just 10% take on specialised staff.**

If teams do not adhere to the project, the transformation is bound to fail. A lot of effort must go in to educating and training employees, to explain the reasons for the project and address concerns (new practices, the impact on their job, etc.). They need to be shown concrete, everyday advantages and receive support throughout the changes.

This cooperative approach should even exceed the boundaries of the company and mobilise all external stakeholders (partners, suppliers, customers, etc.).

...and by relying on partners

In an interconnected world, transformation is not possible alone. You run the risk of being either too late or too ahead of your time.

Partners, suppliers and customers can be transformation accelerators on condition that you are compatible from a technological point of view and that you digitise the supply chain to be able to work with them. The aim is not only to increase productivity and optimise existing processes, but also to rethink operational practices and the way industries cooperate, maybe even within more open ecosystems.

Expertise within the value chain can be increased as a result of the digital transformation, in one of two ways:

- **First, a leading company encourages the transformation among its partners.** Take for example the French subsidiary of the ARaymond Group (1). Already very involved in factories of the future, this Grenoble-based company wished to involve local businesses in their project. It is in the process of creating a consortium with 24 of them, selected at an open innovation event. It aims to work with them on the technologies that will underpin the factory of the future. As Frédéric Perrot, Chairman of ARaymond France, says "...we will help the smaller ones to grow and reach maturity with our bigger partners [...]. These 24 companies were attracted by the idea of being 'included in an ecosystem', and creating value."
- But digital also encourages us to rethink the power relations within traditional industries. It is no longer necessarily up to the prime contractor to establish the roadmap. The new technologies give subcontractors access to all sorts of data (manufacturing, maintenance, usage, etc.) that they can use to present ideas to customers, rather than simply carrying out orders. Relationships are increasingly collaborative rather than simply vertical.

⁽¹⁾ Main activity: fasteners and assembly systems for the automobile industry; 2016 revenues of €180 million in France, 900 employees in France.

What CEOs are saying



An aeronautical product (aircraft, engine, major equipment) is created from several thousands of components, but only a few dozen or hundred are ultra-strategic. It is these components that play a determining role in engine performance, the cost of production, maintenance, etc. For the thousands of other parts, innovations are possible based on feedback; for example, piping components have no strategic importance in terms of global product performance, but can make maintenance or assembly difficult [...]. We understand the importance of collaborating within our ecosystem, to gather data on usage and hence improve user experience [...]. Before, the prime contractor had total control over product design. Now we are moving towards a systemic approach, wherein the entire supply chain can inspire innovation and creativity, based on feedback in relation to manufacturing, end use, etc.



Nicolas Aubourg,
President of the ASTech Paris
Region Competitive Cluster



A richer business model

Data: the fuel of the 21st century

In addition to the challenge of digitising the supply chain there is the challenge of collecting, analysing and sharing data. **In today's world, data are everywhere. They are generated at every level, whether on the Internet, by machine tools or through a sale.** They can become new sources of value, on condition that they are correctly analysed and used. Raw data are worth nothing.

Companies can share and use data in one of two ways: internally, between departments; or externally, with partners. **All companies generate data. The challenge lies in generating value.**

On this point, our survey shows that French SMEs and midcaps are lagging behind: **more than 60% of them make no or little use of sales or customer relations data.** However, such data can be used in a great variety of ways and are a good source of value creation. Here are three examples:

- **to allocate resources more effectively and optimise processes** (gains in productivity, flow management, better margins, etc.);
- **to improve product and service quality, or even personalise solutions** (hyper-segmentation of ranges, customisation, etc.);
- **for predictive analyses** (in marketing, maintenance, distribution, etc.)

Basic CRM or ERP type tools are needed to make effective use of data. There are also more sophisticated tools that incorporate artificial intelligence. Hard to come by just a few years ago, such technologies are today much more affordable (sometimes even as open-source solutions). Nestor⁽¹⁾, a meal delivery start-up, is a good illustration of the benefits of collecting data in a still underdeveloped area: that of predictive analysis.

⁽¹⁾ • Main activity: meal delivery; €300,000 revenues in 2016; 30 employees.

What CEOs are saying

“

At Nestor, we are guided by our customers. We have lots of data that allow us to target their needs and anticipate requests. We can therefore accurately predict at what time and when meals will be ordered. We sometimes manage to deliver the customer in less than two minutes! This greatly reduces delivery costs. We process our data using an internal algorithm tool, which allows us to deliver 40% of our orders based on predictions. This increases courier revenue, reduces distribution costs and shortens the delivery time. Because we have just a single menu, we only have to optimise one variable. We anticipate stock in relation for example to the menu, the ingredients used and the day of the week. Predictive analysis and data recovery are crucial to us, since we work with fresh food. Everything we produce must be delivered and sold. This is equally important for the motivation of the chef and the whole team.”

Sixte de Vauplane,
Chairman and CEO, Nestor



FOCUS



Cybersecurity

Fears linked to cybersecurity do not seem to be a major barrier to the digital transformation: **only 19% of CEOs questioned mentioned it as an obstacle to digitisation.** Yet the numerous cyberattacks reported in the media show how important this is.

Taking the Cloud as an example, only 17% of companies with ten or more employees used subscription Cloud computing services in 2016⁽¹⁾. This demonstrates a lack of interest in these types of tools, and a certain reticence, motivated in particular by the uncertainty surrounding data security.

Yet the risks are largely the same whether you use the Cloud or traditional storage solutions. The latter also carry various types of risk, whether intentional (cyberattack) or otherwise (fire, flood, power outages, etc.).

Before subscribing to new proposals, two basic rules should be followed:

- **Ensure that the offer suits your needs, and find out in which countries your data will actually be stored.** An increasing number of Cloud service providers are aware of this issue and have set up data centres in France (OVH, Salesforce, IBM), or foresee doing so in 2017 (Amazon Web Services, Microsoft)
- **Increase awareness among colleagues of cybersecurity risks.** Teams must receive training on a regular basis, to remind them of best practices when consulting web sites, sharing information by e-mail and using external media such as USB sticks.

In addition to these Cloud-related challenges and to raising awareness among colleagues, cybersecurity must be addressed at the CEOial level, with for example regular audits of the IT system and data security solutions. **Cybersecurity is today of strategic importance and no company can afford to ignore it.**

⁽¹⁾ Insee Première, "Cloud computing, big data : de nouvelles opportunités pour les sociétés", March 2017.

The technology: tools to be used wisely

Technology is often considered central to the digital transformation. In this study, it is primarily addressed with regard to its ability **to serve the three priority objectives: involve customers in the creation of value; make an organisation more agile; and work within an ecosystem.** Simply digitising existing systems is not sufficient in our digital context.

Technologies exist for overcoming all types of problems, but there is no point adopting them all in one fell swoop. Investments must be made progressively, depending on the maturity of your project and your available human and financial capital. This approach will ensure your investments last longer and that tools are used to their full potential. Here are three examples that illustrate the very varied needs that new technologies can meet, and the need to set precise targets.

The digital twin

A digital twin reproduces a physical object using digital 3D modelling, data sensors and increasingly augmented or virtual reality. It can be used on a large scale to model an entire factory, monitor its operations in a virtual environment, and test certain improvements or repairs ahead of physical implementation. It is an approach that can also be used on a smaller scale, for example on prototypes or machinery to anticipate future yields under quasi-real conditions, or for carrying out predictive maintenance.

Financial and human investment: ++

Predictive lead scoring

This approach makes use of artificial intelligence to evaluate the chances of a business relationship with a prospect being successful, and consequently more effectively allocate a marketing budget. The scoring uses indicators selected by an algorithm from all of the data available in the CRM (e.g. the origin of the prospect, the company size, the prospect's budget, etc.), which is why it is important to enter quality information. It can also seek additional data, including the activity of a prospect on social media. All new data entered serve to improve the quality and precision of the algorithm.

Financial and human investment: ++

A corporate social network

The aim here is to encourage cross-functionality. A corporate social network can be used to reduce the gap between the management and employees, with the aim of building bridges within an organisation. It can also facilitate communication within project teams and allow the creation of communities of colleagues beyond the hierarchical boundaries. It is a technology that seems easy to use and quite affordable, but using it to its full potential can prove difficult, because it requires constant attention and a high level of human involvement. Everyone must play their part!

Financial and human investment: +++

+ this technology is not costly and/or adoption by colleagues presents no difficulties.

++ This technology costs more and/or its adoption requires important changes to existing processes and methods.

+++ this technology is very costly and/or requires a good deal of human investment to deliver its full potential.

FROM

SCEPTIC

TO

CONQUEROR

02.

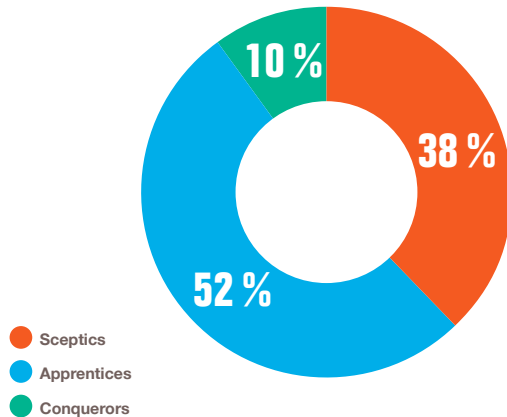
**HÖW ARE CEOs
HANDLING
THE DIGITAL
TRANSFORMATION?**

3 CEO profiles in the digital transformation

Our survey of 1,814 company CEOs allowed us to identify three CEO profiles. They correspond to different levels of maturity in terms of digital transformation.

• DISTRIBUTION OF THE 3 CEO PROFILES

AS A % OF RESPONDENTS



Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017, 1,618 responses used.

These profiles were established using 12 variables extracted from the survey. They do not all address digital technologies directly, but we believe they reveal the state of mind of the CEO and their transformation capacity in a digital context. **In particular, we evaluated the CEO's cross-functional culture, their openness to the outside world, their knowledge of data and the actions they have undertaken in relation to digitisation.**

What about you, what kind of digital CEO are you?

Answer this excerpt from the questionnaire and add up your total number of points
(numbers correspond to the points per answer)

1. Skills in project management is a priority for the development of your company?

- 1 Completely agree 2 Agree 3 Don't really agree 4 Don't agree at all

2. Have you already involved customers in the design of your products and services?

- 1 Very regularly 2 Regularly 3 Not much 4 Not at all

3. Have you introduced formal monitoring of your competitors, new products, technological innovations, etc.?

- 1 Yes, a lot 2 Yes, some 3 No, not at all

4. Have you already undertaken actions in favour of digitisation in your company (migration to the Cloud, on-line sales, ERP, etc.)?

- 1 Yes, a lot 2 Yes, some 3 Yes, a little 4 Not at all

5. Do you train your employees in digital technologies?

- 1 Very regularly 2 Regularly 3 Not much 4 Not at all

6. Do you use the data available to you to customise your products and/or services and customer relations?

- 1 Yes, a lot 2 Yes, some 3 Yes, a little 4 Not at all

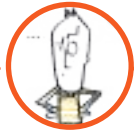
Different profiles

Different priority areas

The aim of this exercise is not to evaluate your performance as a CEO, but simply your digital maturity. The results serve to identify priority short-term objectives depending on your profile, to help you gain in maturity and move up to the next profile.

If you have between 18 and 23 points

You are a Sceptic



You have no clear vision for the digital transformation of your company, like 72% of Sceptics. You do not encourage cross-functionality and internal initiatives. You do not feel comfortable to go seize opportunities outside your traditional market. You involve your customers little or not at all in the design of your products and/or services (66% of cases).

**SCEPTICS
APPRENTICES
CONQUERORS**

If you have between 12 and 17 points

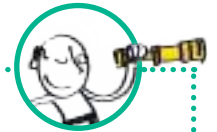
You are an Apprentice



You have a vision for your digital transformation (in 71% of cases), which you have developed and shared with your colleagues. But you do not have a clear roadmap. You have taken some initial action with the aim of better understanding your customers, encouraging cross-functionality within your organisation or making better use of the data you collect. You are encountering obstacles, particularly of a financial and human nature.

If you have between 6 and 11 points

You are a Conqueror



You have set a clear course for your digital transformation (in 95% of cases). You understand your customers well and often involve them. You also take an advanced approach to data collection and use. Cross-functionality comes naturally in your organisation. Your challenge lies in uniting all your teams around the transformation project.

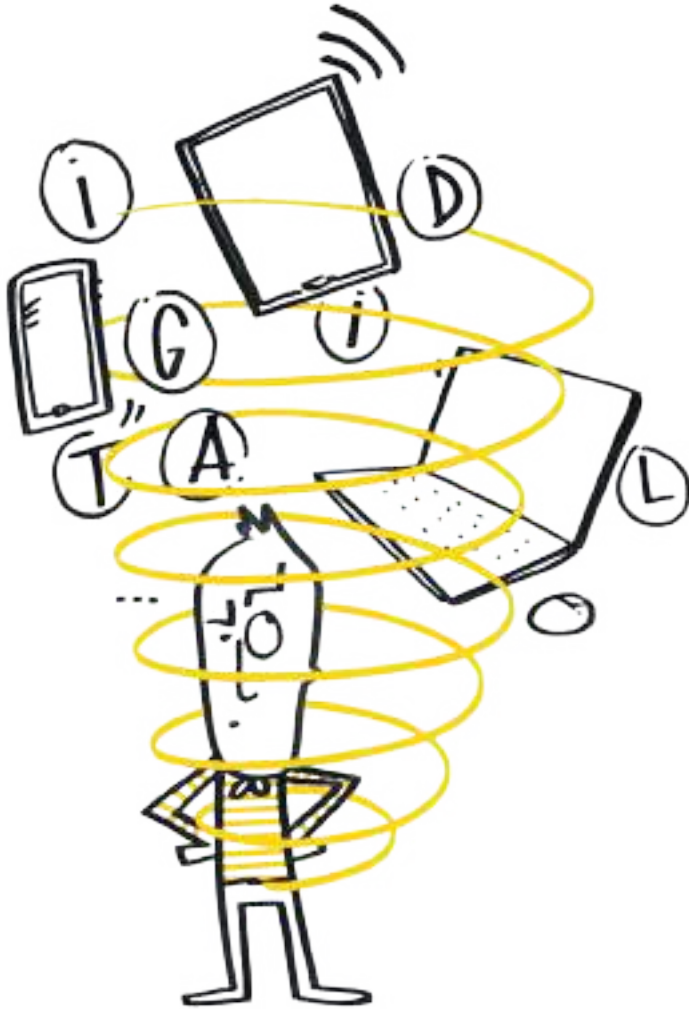
BE THE HERO OF YOUR DIGITAL TRANSFORMATION



If you are a
SCEPTIC
go to
p. 38

If you are an
APPRENTICE
go to
p. 54

If you are a
CONQUEROR
go to
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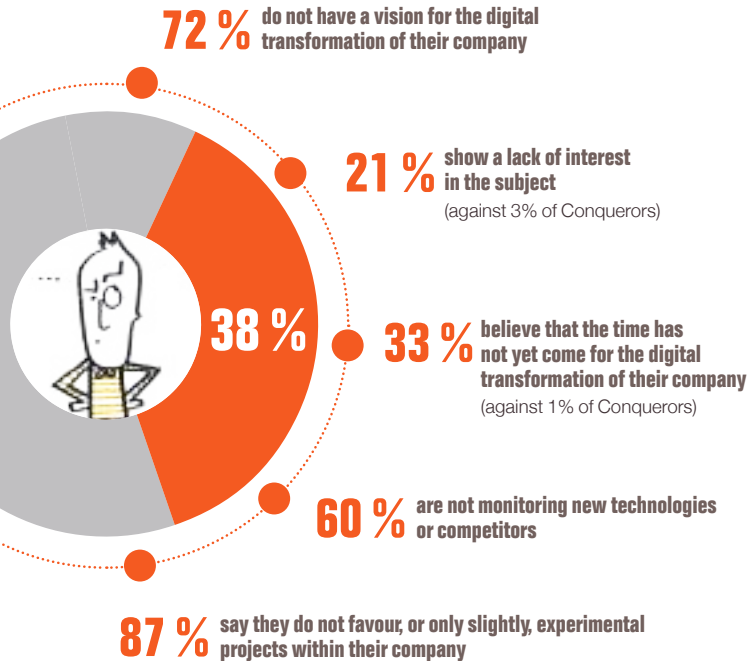
SCEPTICS

2.1

Sceptics

Take up the challenge of the digital revolution

Sceptics set up cultural and psychological barriers to their digital transformation. They need to overcome this.



Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017.

SCEPTICS

MAIN OBJECTIVES

- Make the most of the opportunities created by the digital revolution and its impact on your company by connecting with more experienced CEOs (Apprentices or Conquerors); benefit from their experience by participating in conferences, exchanges with experts, etc.
- Develop a vision for the digital transformation of your company over the next three to five years, in this new context.

HOW TO GET THERE?

- Get closer to your customers.
- Open up to your business environment.

APPRENTICES

Main objective

Understand the digital revolution to take more effective action



Price pressures



Product to usage



Less stable competitive advantage



Network effects in an ultra-connected world

**AN OCEAN
OF UNCERTAINTY**

BUT
understanding
the context will
already help you better
seize opportunities

What is the best way to create value in a context marked by uncertainty? By questioning all aspects of your business, from its culture, internal processes and organisational structure through to its business lines, managerial practices and the role of human capital. Only CEOs with a comprehensive vision for their company can begin such a vast project and win the support of their colleagues.

What CEOs are saying



The CEO plays an essential role in the transformation. If they are not fully convinced, if they do not initiate the change, if they are not present to explain it to colleagues, and to tell them that it will take time to make the organisational decisions needed for changes to be successful, it will not work. Why? Because the employees working for different departments will destroy the initiative. ”

Marie Canzano,
President,
Digital Jobs recruitment bureau



Companies have to board the train, because it all looks so different when you are standing on the platform. We tackled our market from the point of view of a car rental company, which was a mistake, but it has made us think more about our services, in particular in terms of car-pooling ”

Denis Maure,
Associate Manager,
Groupe Sepamet, Europcar Atlantique



Entering the digital age has made us more agile and more efficient, and has allowed us to better understand and analyse our customers. And our employees don't have the impression they are working in worn out company, otherwise we'd risk losing them. ”

Stéphanie Tosi,
President, Carré d'Artistes



Main objective

Setting the course for the digital transformation

Developing a vision for your digital transformation is a complex business. It involves strategic planning, which takes time and requires a methodical approach. It is an essential prerequisite for Sceptics.

What CEOs are saying

“ Before, at O2, digital transformation was pre-empted by the marketing department; but that can't work, it is not possible to progress alone. Today, digital technologies are central to our strategy, taking us in all directions, it's a corporate project [...]. We have to take the journey together, structure and organise ourselves to get there. ”

Géraldine Durand,
Marketing Manager,
Communication and Customer Relations,
O2 Care Services



Some questions you can ask yourself to begin the strategic planning of your digital transformation

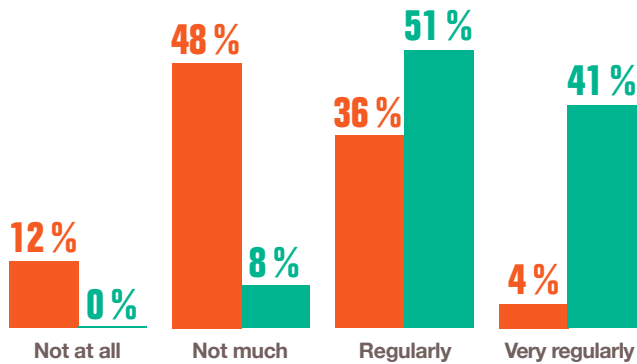


- What technological changes and uses could fundamentally affect your business over the next three to five years?
- Will the market in which you currently operate still be generating value in three to five years' time? Will your sources of revenue and customers still be the same?
- Is your company organised in such a way as to be able to react quickly to sudden changes, such as new competitors, new technologies, opportunities, etc.?
- How can you develop and share your vision for digital transformation with your colleagues?
- How can you ensure your company is able to rely on partnerships that create value in this digital context?

It is essential that CEOs plot a course for their digital transformation, to adapt their actions effectively and prioritise objectives within their company. Yet **72% of Sceptics have no vision for the digital transformation of their company.**

• **HAVE YOU DEVELOPED AND SHARED YOUR VISION WITH YOUR COLLEAGUES?**

AS A % OF RESPONDENTS



- Sceptics (162 responses)
- Conquerors (146 responses)

Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017.

Although it is up to the CEO to plot the course, it must also be shared with colleagues. Yet among Sceptics with a vision for their digital transformation, **only 40% have shared it regularly or very regularly with their colleagues**. Given the sheer scope of this project, it is essential that colleagues be fully involved.

Above all, the task of projecting a vision is not a one-off event or fixed in time. Things evolve so quickly that it is important to remain alert and anticipate changes as far as possible.

Apprentice

Develop a closer relationship with customers and be open-minded

You cannot develop a vision on your own. Two things will help you in this endeavour: develop a closer relationship with your customers and develop contacts within your business environment (partners, suppliers, competitors, etc.)

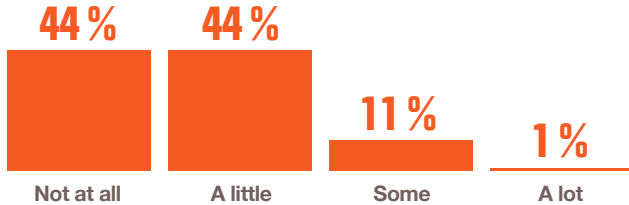
Develop closer relations with customers

Customers are changing. They have more complex expectations and stricter requirements. New needs are emerging, centred more on how a product is used than on the actual product itself. Sceptics have not yet managed to integrate these developments into their products and services. **For example, only 5% of them have significantly expanded their ranges by adding complementary services in the last three years.**

To most effectively satisfy your customers' needs, you need to get closer to them. Leveraging data can prove particularly effective in this respect. However, **88% of Sceptics say they collect little or no sales and/or customer relations data. This could be the first step towards digital transformation.**

• **HAVE YOU IMPLEMENTED TOOLS AND PROCESSES TO HELP COLLECT AND USE SALES AND/OR CUSTOMER RELATIONS DATA?**

AS A % OF SCEPTICS



Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017, 624 responses.

Be open-minded

Another key course of action for Sceptics is to be more open-minded. **Being open-minded is enriching. It is worthwhile going out of the company from time to time, exchanging with Apprentices or Conquerors, and with experts and people in other professional networks.** You may have a busy timetable, but it is important that you make time for seeking out new ideas, not only in your usual environment, but also outside of your comfort zone, to pick up original ideas and challenge your convictions.

What CEOs are saying

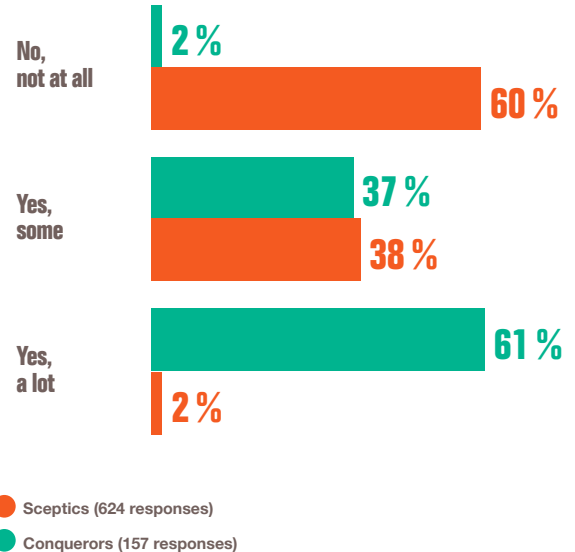
“ Openness within an ecosystem brings new ideas. Value is created by communicating with the outside world, according to your attractiveness coefficient: the more attractive you are, the more people will approach you with their proposals. ”

Luc Doublet,
Chairman of the Supervisory Board, Doublet

This open-minded approach also involves the introduction of structured technological and competitor monitoring. Our survey has shown that the CEOs who have progressed most with their digital transformation are those who are most open-minded.

• **DO YOU HAVE FORMAL PROCESSES FOR MONITORING YOUR COMPETITORS, NEW PRODUCTS, TECHNOLOGICAL INNOVATIONS, ETC.?**

AS A % OF RESPONDENTS



Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017.

SMEs can improve their business

using data



MICHEL KRATZ
CEO,
Euromac 2 Group



Making effective use of data has become crucial as a source of value added, for example to improve processes and customer relations. SMEs and midcaps can also collect and analyse data. Moreover, the tools required for using data have become much more affordable.

Michel Kratz, CEO of Euromac 2 (90 employees, revenues of €20 million), provides a very good example of a traditional SME that is open to the big data challenge. At the head of the leading European company in passive house and energy efficient construction, he explained to us how the use of data made him rethink his customer acquisition and retention strategy.

“ How did you begin using data? ”



I became aware of digital technologies and data five or six years ago. I was at a conference on “customer assets” that focused on the long-term management of customers and the use of data. **Selling can be broken down into acquiring leads, qualifying them, developing them, and**

ultimately concluding a commercial operation. At the time, we had not optimised our marketing strategy. When I took over the company in 2011, our customer acquisition processes were experiencing a form of erosion. We were spending more and more money on conventional acquisition schemes, such as trade fairs, but with ever-diminishing returns. **I wanted to reposition digital technologies within a strategic marketing and efficiency logic.**

How did you go about it?

You have to start by going out and meeting those in the know, external consultants who can help you to analyse the situation and set clear guidelines. I benchmarked several specialised agencies, and rang their customers to get feedback.

We have invested a lot in the CRM, which we have recently upgraded; we've created new fields to structure our data more effectively and hence improve our understanding of our customers. We have worked a great deal on sourcing; I am now able to say where a customer has come from (trade fair, Internet, etc.), and above all how much it cost me to acquire them. The CRM generates performance indicators, which help us make **decisions and communicate effectively.**

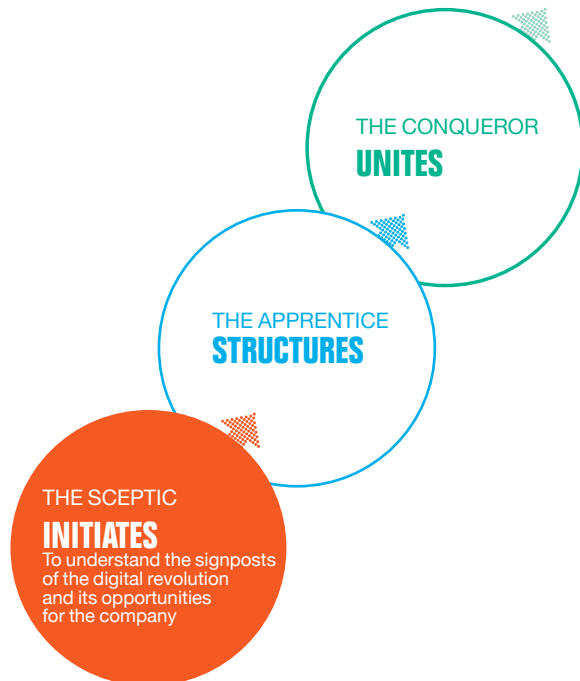
How did you win the support of your colleagues?

You can come up against some resistance internally, because you have to change people's work habits. Filling in CRM fields can seem like a waste of time to sales people, who just want to win orders. **You need to show them that it is part of a long-term dynamic, positive for the company. The better you know your customer, the more effectively you support them over the long term, the more chance you have of retaining them.** You can also offer incentives. At Euromac 2, sales staff have to enter their actions in the CRM. Each action wins them a certain number of points, and they need a minimum number of points each week. Part of their salary now depends on CRM conformity. This helps me manage our business more efficiently, because it gives me robust indicators. ”

Summary sheet

To scale up from Sceptic to Apprentice

- ✓ Sceptics have to understand that the digital revolution is not just a new fad only for start-ups and large companies. All companies, whatever their sector or size, are concerned and can benefit from the opportunities it brings.
- ✓ Sceptics have become aware of their role as leaders in the digital transformation. They must plot a strategic course for their company and begin sharing it with colleagues.
- ✓ The priority for Sceptics is not to make hefty investments, but to take initial action to trigger the transformation.





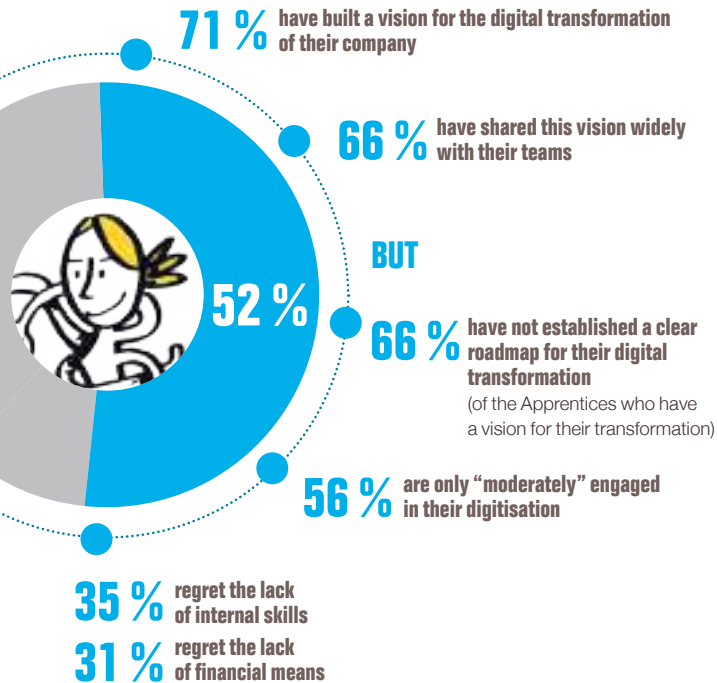
APPRENTICES

2.2

Apprentices

Step up initial actions and establish guidelines

Apprentices have already overcome the cultural and psychological barriers characteristic of Sceptics. They are aware of the need for this transformation, and have already taken initial actions. They now encounter challenging material and human difficulties.



Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017.

APPRENTICES

MAIN OBJECTIVES

- Master your customer knowledge.
- Develop partnerships that generate value.

HOW TO GET THERE?

- Overcome the lack of financial and human resources.
- Move towards a more cross-functional organisation, away from a silo mentality.

NEXT STEPS

- Enrich your products and/or services, through personalisation and by adding additional services.

CONQUERORS

FOCUS

Digital mindset a test and learn process

Apprentices live by an experimentation logic: they have not yet fully established a roadmap to guide their digital transformation, but they are testing various actions:

- **88% have taken action to digitise their company, and 32% are heavily engaged in such an approach.**
- **76% use social media (against 45% of Sceptics),** for example to promote their company's know-how, maintain and enrich their network or recruit new hires.

This experimentation dynamic allows them to make progress on their digitisation project without making heavy investments and while retaining a certain flexibility. It is in their own interest to maintain this mindset, and even develop it in certain areas. For example, almost 50% of them use little or no sales and/or customer data. All companies generate data, but are not necessarily aware of it. **Apprentices can begin experimenting with data as part of a cross-functional project,** with the aim of determining which data are best to work with, before generalising such practices.

Main objective Master your customer knowledge

Faced with a plethora of products and services, temptations abound for the customers. In this context, how can you attract and retain them? We believe that it takes more than a good price, and even a high-quality product, to attract attention today. You also need to demonstrate that you are creating value for them, that you are interested in finding a solution to their problem, and as rapidly as possible. For this, you must fully understand your customers and build close relations with them to meet their needs as effectively as possible.

What CEOs are saying

“ The aim is to identify user needs, rather than trying to imagine them. ”

Géraldine Durand,
Marketing Manager, Communication
and Customer Relations, O2 Care Services



Good customer knowledge leads to new commercial practices, beyond the actual sale.

“ Our customers confirm their orders just 48 hours before delivery. And it takes us about 12 weeks to produce parts. So we study our customers' habits [...] using forecasting algorithms. ”

Frédéric Perrot,
CEO, ARaymond France



While the Sceptic must take a first step towards the customer, the Apprentice must formalise their customer knowledge. This work can bring out new areas of value creation, which Apprentices can seize on by relying on their partners.

Main objective

Develop partnerships that generate value

Apprentices are often more open to the outside world than Sceptics: **66% involve their suppliers regularly or very regularly in product design, against 37% of Sceptics.**

Their challenge lies in taking this a step further. Not only must they be open to their ecosystem, but they have to build partnerships between equals with a view to long-term cooperation. This will help them move from a service provider dynamic to one based on long-term partnerships. It needs to be underpinned by shared convictions, whereby several companies choose to combine their know-how to improve an existing offer.

Such partnerships help companies meet needs while controlling costs, and in a shorter timeframe. They are a source of:

- ressources :

“ We have created a quality label – *Actes Numériques solutions* – with seven partner companies, combining our video, marketing, web, design, photography and press relations expertise. ”

Christophe Aubriet,
Manager and Associate President, Sup Rédac



- creativity:

“ I'm not climate-sensitive but my customers are, so I have obviously become more aware. I have partnered with a start-up specialising in climate forecasting, which helps me understand my customers' demands and as a result manage purchases and stocks more effectively. ”

Jean-Louis Louvel,
President and Founder, PGS Group



Digital technologies are giving traditional partnerships a new dimension, as they allow the sharing of proprietary data. Which makes sense if pooling data becomes a way of creating additional value.

CEOs play a key role in partnership strategies



- Switching to a partnership approach can be complex. It can generate legal and cultural difficulties.
- **CEOs are the link between the company and its environment.** It is their job to be open to the outside and build a partner network, even if it means investing time. This can happen either as a result of an opportunity (at a trade fair, seminar, etc.), or intentionally (search for a specific partner to meet a new identified need). But not enough Apprentices fully apprehend their environment: **only 16% systematically monitor their competitors and technological innovations, against 61% of Conquerors.**
- The CEO of each party is also responsible for laying the foundations for relations based on trust. Healthy relations between CEOs are the bedrock for a successful partnership and effective cooperation between teams.
- In this respect, SMEs have a certain advantage over large groups. A long-term relationship between two SMEs built on trust allows their respective managers to test new business opportunities, and to enter into a contractual partnership only if they prove successful.

Work with start-ups

This is not just a large group practice



JEAN-LOUIS LOUVEL
President and Founder,
PGS Group



We often hear about large groups partnering with start-ups. But SMEs and midcaps also have valid reasons for teaming up with them, to accelerate their transformation. **More agile than larger companies, SMEs and midcaps are better placed for working efficiently with start-ups**, which can actually suffer from the administrative burden associated with large groups.

Cultural differences are the main obstacle to effective cooperation. It is up to the CEO to establish the rules of the game and lay the foundations for a relationship of trust between their own teams and those of the start-up.

Jean-Louis Louvel is President and Founder of **PGS Group**, which specialises in selling and recycling wooden pallets (€250 million in revenues in 2016, 1300 employees). His experience is a good illustration of what a successful partnership strategy between a start-up and midcap can achieve.



“ Why work with start-ups?

What strikes me most today is the fact that things seem to be accelerating, the speed at which changes are occurring. If manufacturers miss the boat, they won't make it. And start-ups can be a great way of tackling this problem: they are more flexible and adapt more readily to our needs because they have an experimentation logic, and are not weighed down by a large structure. They also act more rapidly and are more responsive. I prefer a solution that's 70% ready today over a fully completed one in three years' time, and which is obsolete as soon as it's released. Furthermore, if you start working with them early enough, they are not that expensive. This is the message I try to get across in my ecosystem: partner with them, it works! If it isn't with you it will be with someone else, and you'll lose out!

How to work with a start-up?

It's not always easy, because you can come up against serious internal resistance, particularly from IT teams. It's a meeting of two worlds, between the older generations who have no desire to change, and extra-terrestrials in possession of much more advanced technologies. As CEO, it is my job to ensure the collaboration is well-oiled. **I'm always present at first launch meetings, yet I'm the perfect example of a manufacturer who knows nothing about IT. But I set the tone that launches the dynamic.** You also need a facilitator, someone who follows the project daily and ensures both worlds understand each other.

How do you choose the start-ups you work with?

You need to look outwards, to take part in entrepreneur networks and conferences, to avoid missing an opportunity. Along with an associate, we set up NFactory, which is an incubator and accelerator for start-ups and companies. It allows us to monitor start-ups and their development and to identify the most promising ones, those we want to support. I believe strongly in fostering relations between start-ups and the industry. For the former, it's a good way of winning contracts and therefore accelerating their development, and they help the latter meet their adaptation objectives. ”

Insufficient financial resources and skills

How to overcome these obstacles?

When beginning their digital transformation, Apprentices face concrete difficulties. They are more inclined to mention problems raised by a lack of human and financial resources. Many managers say that digital transformation represents a long and costly investment, for unclear results. They must therefore be convinced of the need for this transformation, not deviate from their course despite these difficulties. And they must also seize on existing opportunities for financing and support, even the less obvious ones.



Some alternatives to (re)consider

Finding skills

- Companies can **commission freelancers** for specific projects, using platforms to contact students or professionals (e.g. *Crème de la Crème*, Upwork). This gives them access to a pool of technical expertise without going through a lengthy recruitment process or temping agencies.
- They can also turn to **an economic interest group**: this type of structure allows them to pool the costs and skills of an employee by sharing them with other companies in the group.
- They can contact **academic chairs and France's SATT technology transfer network**, to make use of academic research and develop innovative collaborative projects.

Finding funds

- **Crowdfunding** is an alternative to traditional financing: a company can call on “the community” to finance their projects via specialised platforms (e.g. Unilend, Lendix, KissKissBankBank, KickStarter, etc.).
- Groups of companies can also answer **calls for projects issued by the French National Research Agency**, allowing project funding to be pooled.
- **Bpifrance** offers a range of products, including loans and innovation aid, to assist CEOs with their digital transformation.

De-compartmentalise your organisation

Adopt a more cross-functional organisation

Faced with the uncertainty and complexity that surrounds the digital context, companies must learn to be more agile. Hierarchical and functional organisations cannot effectively satisfy this new need. One of the challenges for Apprentices lies in instilling a cross-functional mentality within their organisation, to become more responsive. This implies doing away with the silo mentality, characteristic of traditional companies, in order to prevent projects of strategic importance from being monopolised by certain departments. Apprentices still have a long way to go in this respect: **only 51% strongly encourage cross-functional projects in their company.**

5 KEY FACTORS OF SUCCESS

Include it in the corporate strategy

Give it a clear structure: clear specifications, a clear roadmap, **a dedicated budget and daily management**

Name an experienced project manager, or at least someone with training in that field

Provide strong managerial sponsorship and genuine decision-making capacity, to minimise possible managerial resistance

Encourage participation in these projects as part of individual assessments and career advancement programmes

A new managerial culture

The aim of cross-functional projects is to encourage initiatives and empower colleagues.

This approach can seem to call into question traditional organisational boundaries, which is why you may encounter widespread internal reticence. This can also be visible at the managers' level.

What CEOs are saying

“ Within our SMEs and midcaps, one of the biggest obstacles comes from the management itself. Some managers are very old-school. And some hide away in “bunkers” and see the digital transformation as an enemy, as a threat. ”

Ludovic Desautez,
Associate Managing Editor, Télérama



The main challenge lies in sufficiently interesting managers in the project to make them ambassadors (for example by promoting the project as part of an individual assessment).

The CEO plays a crucial role; it is his job to foster a cross-functional approach, to encourage it among teams and to reassure employees as to the reasons for it, which is what Sylvie Guinard has done within her company over the past four years (see her testimony on the next page).

Support colleagues in your cross-functional approach



SYLVIE GUINARD
President,
Thimonnier



A cross-functional approach allows you to tap into the collective intelligence and encourages initiatives, by mobilising departments around a single strategic challenge. It may seem simple, yet it requires a strong cultural shift among both managers and employees.

Thimonnier is a packaging design and manufacturing company (75 employees). It is a family business that has spanned seven generations. Today it has a revenues of €15 million, 85% of which is generated abroad. Its President, **Sylvie Guinard**, understands the importance of supporting colleagues during digital transformation and of providing them with training. Although a demanding project, she believes it is a good way of creating value.



“ How did you begin your transformation?

I started making important organisational changes when I took over the company at the end of 2013. Above all, I wanted to structure our organisation around projects, to introduce a cross-functional management approach involving groups rather than hierarchies. Today, we're looking at how to structure ourselves digitally, to support these organisational changes. **Our organisation controls digital technologies, digital technologies do not run the organisation.**

How did you involve your colleagues?

In 2013, I met with the staff and said: **“We have artisanal know-how that I want to maintain. But we need to become more professional** – by capitalising on our expertise, introducing necessary processes, and increasing our skills. I don't want to be considered more intelligent than you, I expect you to make proposals, based on your knowledge of the job. **And I will help you, through training, to move away from taking orders and become actively involved.”** Training was an investment, but it's now bearing fruit: our company has grown over the last eight years. There are also non-measurable benefits, for example employee engagement and an environment that encourages initiatives.

How do you encourage collaborative work?

I've created a new cross-functional industrial performance department, addressing in particular quality, project and logistics related issues. It provides support to keep everything running smoothly. I aim to eliminate all the hierarchical blocks, which are nothing more than useless letterboxes. But it is a cultural shift that will take time. It also involves providing better support for managers working with colleagues who are freer to express their opinions. Managers play an important role and ensure employees' skills are used effectively. Appropriate digital tools are also needed to encourage collaborative work, particularly a project-oriented rather than a simply production-oriented ERP. ”

Becoming a Conqueror

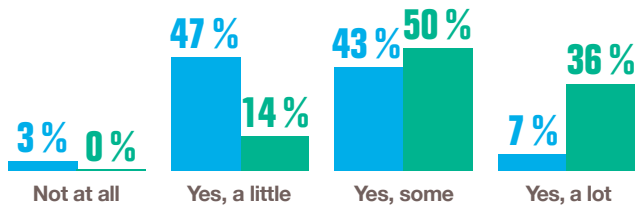
Enrich the existing offer

In addition to taking action to learn more about customers and partnerships, Apprentices must work on developing their products and/or services if they want to catch up with the Conquerors. **The real challenge lies in showing customers that you are providing a solution that meets their needs, for example by customising products or providing additional services, in order to ensure customer loyalty.**

Apprentices are still lagging behind in this respect in relation to CEOs who have made more progress with their digital transformation.

• DO YOU USE THE DATA AT YOUR DISPOSAL TO CUSTOMISE YOUR RANGE AND CUSTOMER RELATIONS?

AS A % OF RESPONDENTS



● Apprentices (837 responses)

● Conquerors (157 responses)

Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017.

Conquerors have fully understood the importance of personalisation and how data can help them in this respect: **86% use some or a lot of data to customise their offer, against 50% of Apprentices.**

• WHAT LEVERS DO YOU USE TO DEVELOP YOUR RANGE?



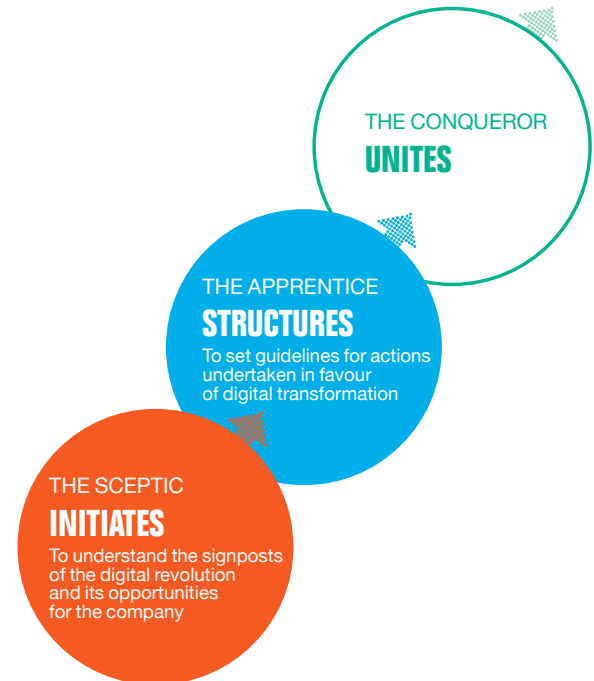
The difference is even more significant in terms of additional services: **only 26% of Apprentices have developed their range considerably in the past 3 years by adding additional services; against 80% for Conquerors.** The latter have better understood the fact that competition is now less about the product and more about its actual usage and how effectively needs are met. This is still what sets them quite clearly apart from Apprentices. As Luc Doublet, President of the Supervisory Board of Doublet, says: "The value is not in the product, but in the problem."

Digital technologies can act as facilitator for developing a offer, with solutions that are today much more accessible to smaller structures. For example, the heating and plumbing company Arti'Bain Energie (11 employees) invested €40,000 in 2014 in a virtual reality system. Before signing a cost estimate, customers can immerse themselves in a life-size virtual bathroom, the dimensions, fittings and materials of which they have chosen themselves. They can then change components directly as they see fit. As Nicolas Wacquez, the company's sales manager, said, "We use our expertise and offer advice to create the simulation. Our customers have a clearer vision of what to expect, and it's a very good sales aid. Sales have increased by 35% since introducing the system."

Summary sheet

To move from Apprentice to Conqueror

- ✓ Apprentices will by now know their customers well (thanks in particular to the use of data) and have developed their range to provide suitable solutions to their problems and win loyalty.
- ✓ Apprentices will have fostered value-creating relations with their partners, to more effectively meet new expectations, both more rapidly and while controlling costs.
- ✓ Apprentices will have learnt how to encourage a cross-functional approach within their company and shared their vision for their transformation with their colleagues.





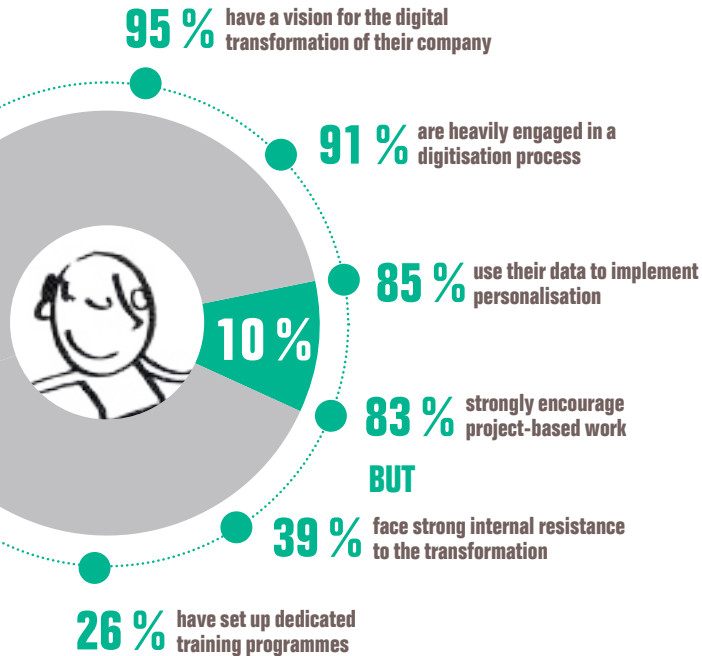
CONQUERORS

2.3

Conquerors

Unite teams around an ambitious roadmap

Conquerors have overcome the material difficulties encountered by Apprentices. Their digital transformation is already well underway. As they implement many actions, they find themselves having to cope with a lot of internal resistance. Their challenge lies in winning the support of all their colleagues, based on a clear and shared roadmap.



Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017.

CONQUERORS



MAIN OBJECTIVES

- Transform customers into a resource for the company.
- Co-create new offers with partners.

HOW TO GET THERE?

- Lead and unite colleagues around the transformation project, increase agility.

NEXT STEPS

- Work and excel within a dynamic ecosystem.



THE DIGITAL TRANSFORMATION IS AN ONGOING DYNAMIC...

Main objective

Transform customers into resources for the company

Of all the main objectives, Conquerors have made most progress in terms of transforming customers into resources. According to our survey, **92% involve their customers regularly or very regularly in the design of their products and services.** The aim now is to involve the customer in the entire value chain – not only in the design phase, but also during testing, product promotion, after-sales, etc.

You can actively involve customers in the creation of value either indirectly (identifying new needs through data analysis) or directly (incentives to suggest new ideas, role of brand ambassadors, etc.).

Customer communities are therefore a key resource for the company. However, there are two conditions for using them to their full potential:

- **Recruit and/or train suitable resources to coordinate them:** customers are not creative and involved simply because this has been asked of them; you need to create the right context to stimulate their creativity;
- **Set up a reward system for the customer,** whether monetary, commercial or symbolic – customers must have something to gain.



GUILLAUME GIBAULT
CEO,
Le Slip Français



Created in 2011, **Le Slip Français**, a French underwear manufacturer (€7.8 million in revenues, 43 employees), understood from the outset the importance of involving customers in the entire value chain, as its CEO, **Guillaume Gibault**, explains..

“ How do you involve your customers? ”



We listen closely to what they have to say, on social media and in e-mails. We try to meet their needs as effectively as possible. We send long-standing customers a questionnaire once or twice a year asking them about the products they like, what they'd like to see in our ranges, and other brands that they like. From time to time, we organise competitions around new styles, and manufacture the most popular. And we recently launched an on-line embroidery service to customise products with your own text.

How do you coordinate this community?

We have two teams dedicated to social media, communication and marketing. We aim to involve customers in brand marketing on a larger scale by having a content strategy, relating what we are doing, how we manufacture items, behind the scenes, etc. We always aim for transparency, honesty and authenticity. French manufacture is a value that attracts attention, even beyond that of our customers. But we want to take them even further. The most important thing is to continue surprising them, personalising our relationship with them even more. ”

Main objective

Co-create value with partners

Conquerors must learn to excel within a dynamic, competitive, customer-centric ecosystem.

In a traditional partnership, the aim is to pool expertise to improve existing products and/or services. Conquerors must take this even farther: their objective is to co-create a new offer with their partners

What CEOs are saying



We were both interested in the premium iced tea market. Evian brought its R&D and, of course, its natural mineral water. Kusmi Tea brought its tasting and blend expertise. [...] Why is Evian infused x Kusmi successful? We wanted it to work; we were both convinced the market was expecting such a product; we share the same philosophy and a similar vision of innovation and modernity.



Sylvain Orebi,
President of the Orientis - Kusmi Tea
& Love Organic Group



Partnering with other companies is a great option to progress more rapidly and create much more value than when going it alone. It is a long-term project. To succeed you need to adopt the practices recommended in this study, i.e. share customer data and knowledge, have an agile organisation, be able to pool tools with partners to increase speed.

Data sharing is a new source of co-production. Two partners can pool proprietary data. Likewise, they can co-create value with a minimum of data sharing. **But the more they share, the more value is created and the more effectively new needs and uses are satisfied.**

The next step for the Conqueror consists in being able to co-create not only with one or two partners, but within an ecosystem. In other words a group of partners, all working around a shared vision to find a solution to a customer's need.

Digital technologies create new opportunities in terms of ecosystems, notably using marketplaces and platforms. It is a dynamic that lends structure. We are all familiar with the ecosystems created around Apple, Tesla or Dassault Systèmes. But they also offer smaller structures an opportunity to link up with larger ecosystems to benefit from their network effects. Take the wine merchant Lavinia, for example, which partnered with Amazon to benefit from its Amazon Prime Now service, and hence deliver products in less than two hours.

Win the support of your teams for the digital transformation project



JACQUES WOLFF
President,
Sewosy



Internal resistance is the number one obstacle to digitisation reported by Conquerors. It is to be expected: the more a company moves ahead with its transformation, the more changes it makes to traditional practices, and the greater the reticence becomes.

So, if you do not have the support of your teams the project is doomed to fail. The human factor is crucial to a successful digital transformation. Conquerors still have a lot of progress to make in this respect: **only 49% involve their operational teams in the project; and only 26% have set up dedicated training** to support their colleagues during the digital transformation. This goes hand in hand with agility; the more it is promoted and valued within the organisation, the more prepared colleagues will be to commit to the transformation project.

Jacques Wolff created Sewosy in 2001, which specialises in the design and manufacture of electronic lock solutions (€8 million in revenues in 2016, 35 employees). As winner of the *Mobiliser les collaborateurs* award at the 2016 *Entreprise du Futur* congress, he explained the measures he took to unite his teams around his digital transformation project.

“ How are you managing your digital transformation project?



I'm tackling it step by step. I never take more than one step at a time. It's important not to go too quickly, and to make sure everyone is on board. I began by digitising the administrative department, because it was something colleagues were already familiar with. Then we worked on cost estimates and billing, then on design and production, and so on. I'm spreading my transformation project out over time.

How did you win your colleagues' support for the transformation project?

You have to repeat the same things, over and over again. **Take time and win support. I believe in long-term action, rather than forcing a transformation, which only breeds misunderstandings and resistance to change.** You have to commit to it, foster internal motivation. My role, as CEO, is to plot the course: I decide the objectives, timescales and the resources allocated, but then leave a lot of freedom for action within this framework. You have to empower colleagues, trust them, then they become more productive.

But what does this involve in terms of concrete action?

At each new step, I meet with my teams and present the project. Volunteers come forward to test the new solution; they receive strong support for several weeks. They then promote the new solution among their colleagues by showing them, for example, that it's more efficient. **It is no longer the hierarchy that imposes change, instead colleagues have become its main ambassadors.**

And every two to three months, once all the teams have accepted the new solution, we add a new layer. This is how we are bringing about our digital transformation, in small steps, making sure colleagues get used to the new way of working progressively, in particular through training. ”

Summary sheet

Digital transformation: an ongoing dynamic

- ✔ Conquerors will have overcome internal resistance and won the support of their teams, particularly through training and by involving them in the transformation project.
- ✔ Conquerors have understood the benefits of transforming their customer community into a resource for the company. Their challenge now lies in structuring and coordinating this community.
- ✔ Conquerors know how to capitalise on high-added-value partnerships. Their objective for the future: to use their ecosystem to respond rapidly to important changes in use and the emergence of new competitors.

THE CONQUEROR UNITES

To win their colleagues' support for the company's project

THE APPRENTICE STRUCTURES

To set guidelines for actions undertaken in favour of digital transformation

THE SCEPTIC INITIATES

To understand the signposts of the digital revolution and its opportunities for the company

Digital transformation should be seen as neither the 12 labours of Hercules (one epic combat after the next), nor a Sisyphian task (an endless punishment). But it is important to face facts: new challenges will emerge at every step of the way and there can be no definitive finish line. In reality, the digital transformation is an ongoing dynamic, a virtuous circle, which will improve the performance of the company.

What CEOs are saying

“ The digital world is not a “finished” world; the strategy can never be a short-term strategy. It is one of continuous movement, and knowing how to surf the top of the wave. ”

Ludovic Desautez,
Associate Managing Editor, Télérama



“ The world is changing extremely quickly, we have to permanently call ourselves into question. You can be good at a given moment, but tomorrow this may no longer be true. It's not possible to stay on a fixed path. ”

Sylvie Guinard,
President, Thimonnier



Digital transformation requires constant human and financial investment, strong support from management, very strong involvement of colleagues, permanent help from teams to overcome inevitable internal resistance and a great deal of determination. In return, the company will improve not only in growth and productivity, but also in terms of colleague commitment because they feel closer to the company. Customers are more loyal and more involved, partners more interested in collaboration. All in all, a winning dynamic.

03.

**THE DIGITAL
TRANSFORMATION
MATRIX**
...

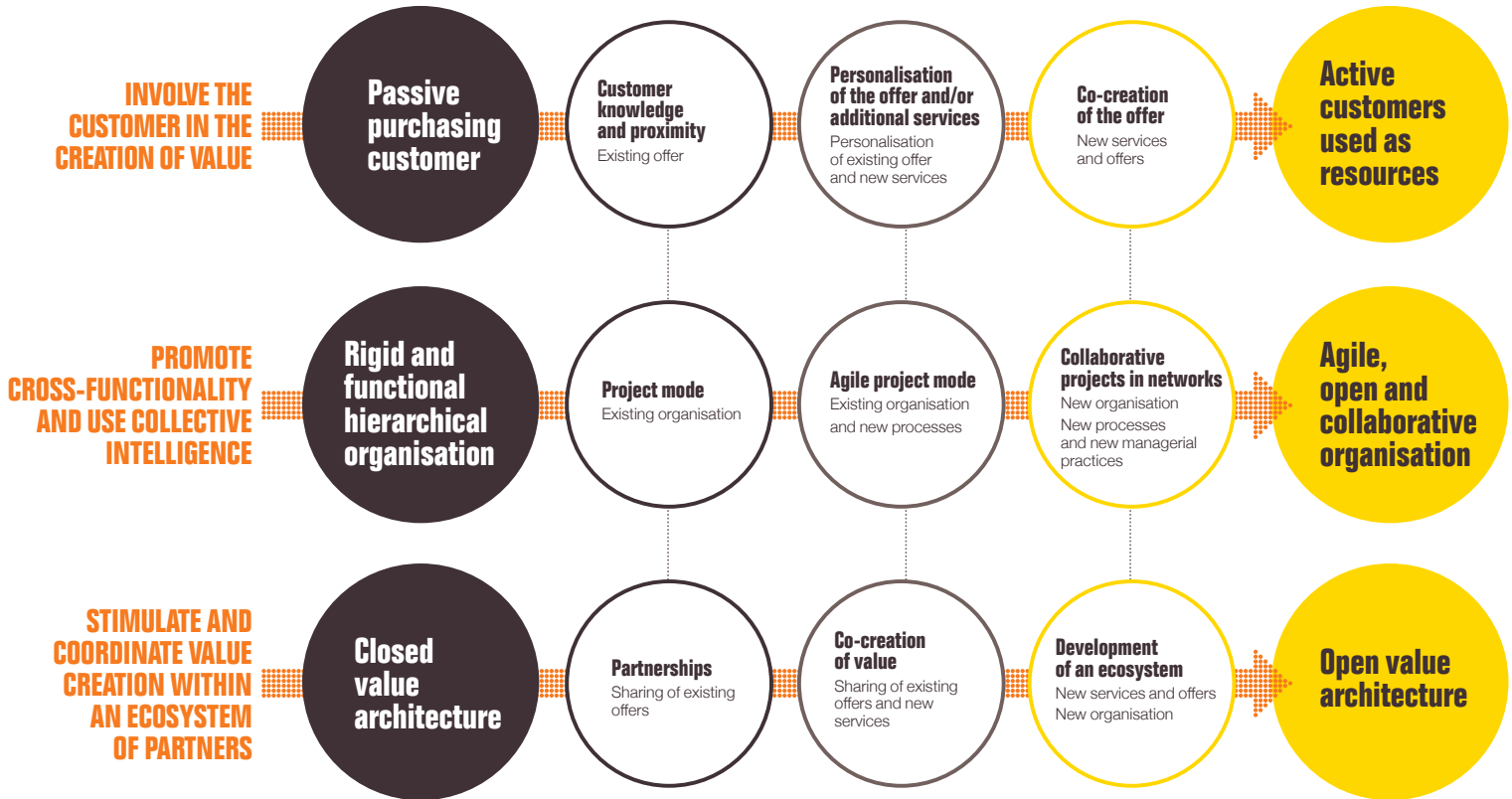
...
**A DECISION
MAKING
TOOL**

Matrix

of the digital transformation of SMEs and midcaps

TODAY

THE TARGET



Our thanks to Frank Benedic and Henri Isaac for their advice on creating the matrix.



The digital transformation matrix

A global and dynamic roadmap

To help SMEs and midcaps embrace this virtuous dynamic, we have produced a digital transformation matrix.

It is a decision-assistance tool for CEOs and their teams during the digital transformation of their company. It serves as an operational framework for discussion, to help achieve an already established vision and value.

We believe there are three priority areas around which you can structure your digital transformation: your customers, your organisation and your ecosystem. The main challenge lies in generating more value:



thanks to customers who are more committed to the brand and the creation of value for the company;



thanks to agile colleagues, who make proposals and are actively involved in the corporate project;



thanks to a dynamic ecosystem of partners, sharing a joint vision and a desire to create value together.

The matrix can be read both horizontally and vertically, there is no starting point or reading direction. Above all, it highlights the interdependence of each priority area. It can be adapted to different corporate realities, but is designed with a long-term perspective in mind: perseverance and resilience are necessary for success.

Taking a company out of the 20th century and into the 21st century

TODAY

Passive purchasing customer

Involve the customer in the creation of value

Rigid and functional hierarchical organisation

Promote cross-functionality and use collective intelligence

Closed value architecture

Stimulate and coordinate value creation within an ecosystem of partners

THE TARGET

Active customers used as resources

Agile, open and collaborative organisation

Open value architecture

The digital transformation matrix

How to use the matrix depending on your profile

The matrix answers CEOs' needs according to their profile. **A Conqueror can implement it in full. A Sceptic will above all find it useful as a basis for strategic thinking.** Here we give examples of how CEOs can use it depending on their level of digital maturity.

The matrix will help Sceptics better understand the importance of having a vision before launching their digital transformation. If you use it or rush in to employing advanced technologies without first developing a clear vision, you are bound to fail. **The matrix is intended as a tool to help implement a corporate strategy.**

Sceptics can improve their vision by developing closer relations with customers and talking with third parties (existing or potential partners). A better knowledge of customers is crucial to a digital transformation. Creating partnerships will also prove useful in terms of understanding the full scope of the digital revolution and the opportunities it represents for a company.

Apprentices can use part of the matrix to more effectively structure work already undertaken and identify next steps. They will have developed a vision and initiated a certain number of actions. However, the process as a whole may lack coherence and the matrix can be used to remedy this. Efforts taken by Apprentices are geared towards better understanding their customers, building partnerships, and making their organisation much more cross-functional.

Once these foundations have been laid, their main objective will be to propose additional services and personalise their offer.

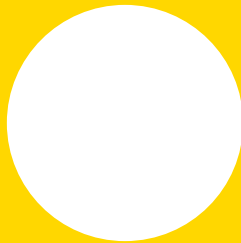
Conquerors will apply the matrix in its entirety. It can help them consolidate actions already taken and correct any errors. Although their vision is well-established and their action plan already underway, the matrix will provide new information on the most advanced steps of the digital transformation. It can also serve as an internal communication tool, to guide employees and overcome resistance.

A main objective will be to raise partnerships to a level conducive to the co-creation of value, and to increase organisational agility.

Since the matrix has no predefined reading direction, its purpose is to call a CEO's certitudes into question at every level of the digital transformation. For example, long-term collaboration within the ecosystem or the adoption of more sophisticated big data tools can help Conquerors perfect their customer knowledge, which may encourage them to envisage other sources of value creation. Digital transformation is in perpetual movement...

This study proposes an overview of the digital transformation matrix, which is a decision-assistance tool designed specifically for CEOs.

ANNEXES



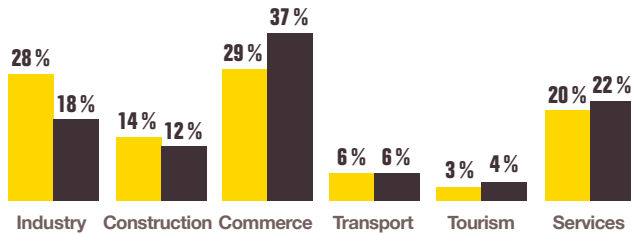
Presentation of respondents

- Reference population: 29,988 CEOs of SMEs and midcaps (revenues of between €2 million and €1.5 billion)
- Respondent sample: 1,814 responses used

The results of this study can be found at bpifrance-lelab.fr

• DISTRIBUTION OF RESPONDENTS PER SECTOR

IN %

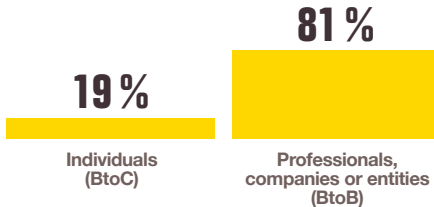


- Respondent sample
- Reference population

Source **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017, 1,814 responses used.

• DISTRIBUTION OF RESPONDENTS BY TYPE OF ACTIVITY

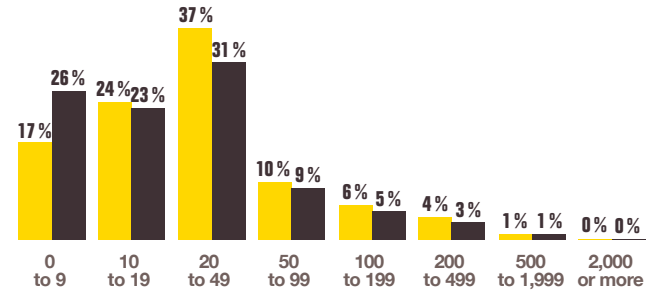
ASA %



Source **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017, 1,798 responses used.

• DISTRIBUTION OF RESPONDENTS ACCORDING TO WORKFORCE

IN %

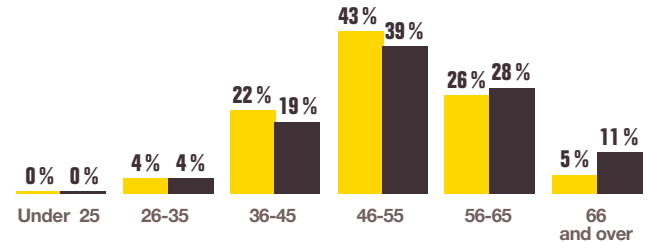


- Respondent sample (1,808 responses used)
- Reference population (29,660 responses used)

Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017; Base Risk Altarès D&B, January 2017.

• DISTRIBUTION OF RESPONDENTS BY AGE

IN %

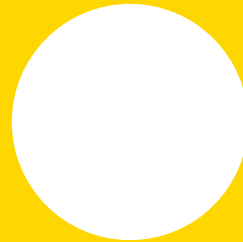


- Respondent sample (1,794 responses used)
- Reference population (25,057 responses used)

Source: **Bpifrance Le Lab**, "Histoire d'incompréhension" survey, February-April 2017; Base Risk Altarès D&B, January 2017.



**METHODO
LOGY**



Methodology



Survey among

1 814 CEOs

of French SMEs and midcaps carried out between February and April 2017



20 INTERVIEWS

with CEOs carried out between February and August 2017



1 WORKSHOP

bringing together 17 CEOs of SMES and midcaps in June 2017

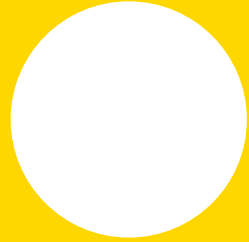
This survey carried out by **Bpifrance Le Lab** has allowed us to gather data from a sample representative of the French economy. We extracted tally results and performed cross tabulations. We were also able to identify three profiles of managerial digital maturity using a three-phase process:

- selected questions were retained according to their interest in terms of creating a digital maturity profile;
- a statistical analysis was carried out to test the pertinence of the questions retained;
- the limits of each profile were established based on an empirical analysis before being refined using statistical tests.

We rounded out this quantitative approach with 20 interviews carried out among company CEOs across the whole of France between February and August 2017. These semi-directive interviews contributed to our analysis and the study includes numerous testimonies.

This survey was monitored by a multi-disciplinary steering committee composed of 12 individuals: 2 company CEOs, 2 representatives of business federations, 2 scholars, 2 consultants and 3 representatives of various departments of **Bpifrance**. It was overseen by Pascal Lagarde, Executive Director in charge of International Affairs, Strategy, Studies and Development at **Bpifrance**. This steering committee met on four occasions between February and June 2017. It allowed the broad outline of the study to be established, the testing of certain hypotheses and subsequent improvements.

We also organised a workshop with 17 leaders of SMEs and midcaps in June 2017, to compare some of our findings, analyses and opinions, in particularly concerning the digital transformation matrix.



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Members of the steering committee

- **Philippe Ansel**, Chief economist, *Fondation Concorde*
- **Frank Benedic**, Founder, IDStrat
- **Benoît Eynard**, Professor at the *Université Technologique de Compiègne*, General Manager of the AIP-PRIMECA scientific interest group
- **Pierre-Marie Gaillot**, in charge of roll-out at the *Alliance Industrie du Futur*, Cetim
- **Alban Guyot**, General Manager, *Entreprise du Futur*
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- **Baptiste Thornary**, Evaluation and Conjecture Manager, **Bpifrance**
- **Jacques Wolff**, President and Founder, Sewosy

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About Bpifrance Le Lab

Bpifrance Le Lab is a think tank set up in March 2014 to “bridge the gap” between the world of research and the world of business.

Bpifrance Le Lab serves as intellectual agitator **Bpifrance** and business leaders, from start-up through to midcap.

Bpifrance Le Lab analyses the factors that determine growth and gives business leaders an insight into a world marked by significant economic, societal and environmental upheavals, with two main aims:

- **foster strategic thinking** among leaders and help their company's growth;
- help **improve Bpifrance's funding and support practices.**

Bpifrance Le Lab has its own governance, with a steering committee made up of prominent individuals from a variety of disciplines, chaired by Nicolas Dufourcq, Chief Executive Officer of **Bpifrance**.

Bpifrance is the French public investment bank. It is a financial institution serving the collective interest. Its purpose is to engage with market segments and support companies facing a capital crunch or lacking support from financial backers.



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