

## O I in Action

#IoTinActionMS



#### **Business Transformation in Action**

**Oliver Niedung** IoT Principal

Microsoft



#### Here's what we're covering



**IoT Trends** 



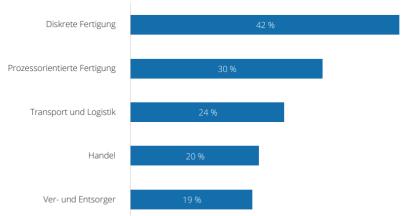




Hear from the expert

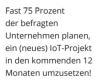
Das IoT bietet Unternehmen echten Businessnutzen, indem Daten, beispielsweise über Maschinen, Transportmittel oder Lagerbestände, erfasst und verarbeitet werden und dadurch Geschäftsprozesse verbessert und neue Geschäftsmodelle oder Produkt- und Serviceinnovationen ermöglicht werden.

Abbildung 1: Anteil der Unternehmen mit umgesetzten IoT-Projekten in der deutschen Industrie nach Branchen





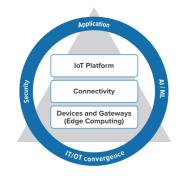






50 Prozent der befragten Unternehmen erkennen die Wichtigkeit von IoT an, wissen aber nicht, wie sie starten sollen.

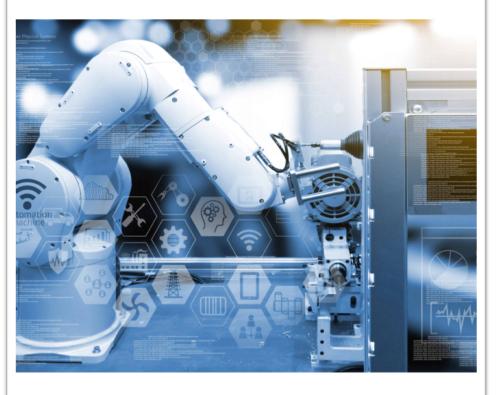
Abbildung 2: Technologiebausteine für IoT-Umsetzungen



IDC MULTI-CLIENT-PROJEKT

#### INDUSTRIAL IOT IN DEUTSCHLAND 2019

Ziele, Anforderungen und Technologien der loT-Umsetzung im industriellen Sektor





OKTOBER 2019 GESPONSERT VON MICROSOFT

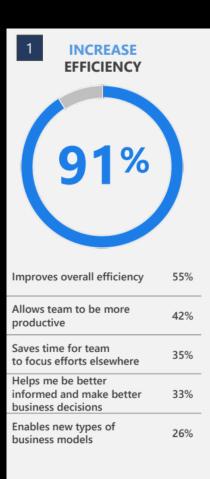


#### loT Signals

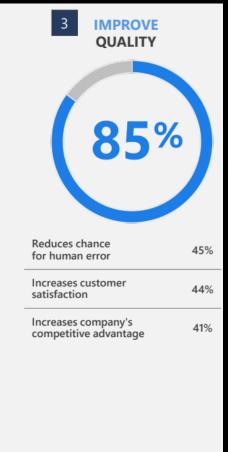
SUMMARY OF RESEARCH LEARNINGS 2019



#### **Top IoT Benefits**







#### 4 steps of Digital Transformation















#### 1. Business insights

Sensor proliferation

Data collection, transfer, storage and processing

New insights understanding product and service more deeply

#### 2. Operational efficiencies

Process engineering and product engineering improvements

Predict the future based on past data patterns

Cost reduction

Predictive maintenance

#### 3. New business models

Provision of services alongside devices and hardware

Devices/hardware/machines delivered "as a service"

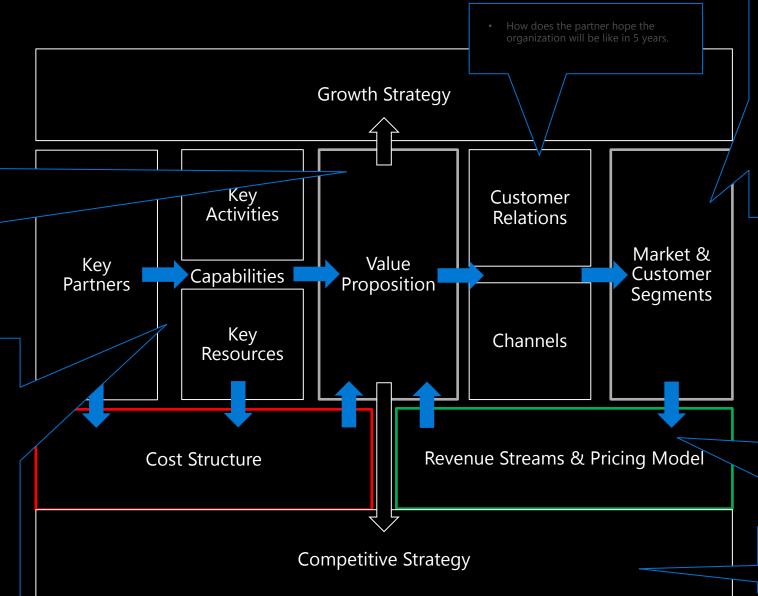
#### 4. Features and rev streams

Enablement of ancillary businesses, new businesses and transformed businesses

#### Creating a successful & co-sell ready solution

- What is the end customer problem you are trying to solve with your solution or which customer needs are you satisfying?
- What are the business outcome your customers will receive?
- What is the specific Product/Service?
- Describe how your solution work or will work and technology included?
- What are the features that match the customer needs?

- What key resources (suppliers, etc.) will you need, or who will you need to partner with or what input are you dependent on to develop and deliver the value proposition of your solution?
- What skills will you need to create the capabilities to build, sell and service this solution to meet customer demand?
- How will you ensure your teams from product build to sales are equipped with the right skills? What is your readiness plan?
- How will you incentivize your sales teams and/or channel to prioritize selling this solution?
- Is your VP of Sales and CFO aware of this new business model and are they supportive and engaged in customer feedback, pricing, costs, compensation, etc.?



- Who are the end customers you will sell to
- Do those customers fall into any of these verticals Healthcare, Manufacturing, Smari Cities, Transportation & Logistics, Retail & Consumer goods, Energy & Utilities?
- Does your value proposition match you target customer needs?
  - Who are the existing competitors and how are they likely to react to a new entrants in this space?
- Why will you win?
- What countries do you want to sell your solution into?
- Do you have direct sales capability in the markets where you want to work?
- If no direct sales, do you have a sale channel who will sell your solution?
- What is your plan to get, keep and grov customers? How will you do this?

- How will be Azure purchased and consumed by your end customers?
- What is the revenue model?
- How will you price your solution?
- For what value are customers willing to pay?
- What are the most important costs in your business model?
- Are you only working on Azure as a cloud platform?
- Who are the existing competitors and how does the partner compete?
  - What are the USP's?

#### Please welcome



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## Systematically building IoT business models and ecosystems

Dr. Tobias Adam





LARGEST GLOBAL COMPANIES IN 2018 VS 2008: SEVEN OUT OF TEN ARE NOW BASED ON PLATFORM BUSINESS MODELS

2018				
RANK	COMPANY		FOUNDED	USBn
1.	É	*	1976	890
2.	Google	*	1998	768
3.	Microsoft	*	1975	680
4.	amazon	*	1994	592
5.	f	*	2004	545
6.	Tencent 腾讯	*	1998	526
7.	BERKSHIRE HATHAWAY		1955	496
8.	EZAlibaba.com	*	1999	488
9.	Johnson Johnso	n	1886	380
10.	J.P.Morgan		1871	375

2008			
RANK	COMPANY	FOUNDED	USBn
1.	PetroChina	1999	728
2.	EXON	1870	492
3.	<b>®</b>	1892	358
4.	● 中国移动 China Mobile	1997	344
5.	ICBC (B)	1984	336
6.	GGAZPROM	1989	332
7.	Microsoft	1975	313
8.		1907	266
9.	ODEC	2000	257
10.	ST&T	1885	238

Sources: Bloomberg, Google





<sup>\*</sup> Companies based on the platform model

#### IoT in numbers

- •\$1.7 trillion the forecast net worth of global IoT market in 2019. (Statista)
- •\$151 billion the projected global market worth of IoT in 2018 by IoT Analytics. This is 37% higher than the previous year. (IoT Analytics)
- •\$170 billion to \$560 billion The projected growth of the IoT market from 2017 to 2022. (MarketsandMarkets Research)
- ·\$16.86 billion the worth of IoT management market in 2025. (Grand View Research)
- •\$15 trillion the total investment that companies would make in the IoT market by 2025. (Gigabit Magazine)
- ·\$140 billion the expected global net worth of IoT Healthcare Market By 2024. (Zion Market Research)
- ·\$4.8 billion the forecasted size of global IoT in Education Market in 2018. (MarketsandMarkets Research)

Source: <a href="https://financesonline.com/iot-statistics/">https://financesonline.com/iot-statistics/</a> (last accessed 18.09.2019)





"Digital transformation is not about technology: it is about strategy and new ways of thinking."

David L. Rogers





#### Digital Transformation

#### **Business Insights**



Sensor proliferation

Data collection, transfer, storage and processing

New insights - understanding product and service more deeply

#### Operational Efficiencies





Process engineering and product engineering improvements

Cost reduction

Time to market reduction

Predictive maintenance

#### New Business Models





Provision of services alongside devices and hardware.

Devices / hardware / machines delivered "as a service".

#### Features and Rev Streams





Enablement of ancillary businesses, new businesses and transformed businesses



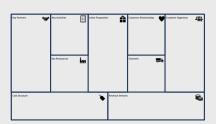


#### Digital Transformation

#### **Business Insights**



	Unte	rnehmens-Inf	rastruktur	
	Hum	an Resource	Management	
	Tech	nologie-Entw	cklung	
	Beso	haffung		Marge
interne Logistik	Produktion	externe Logistik	Marketing und Verkauf	Service



#### Operational Efficiencies



I		Unte	rnehmens-Inf	rastruktur	
ı		Human Resource Management			
Ì		Tech	nologie-Entw	cklung	
I		Besc	haffung		Marge
	interne Logistik	Produktion	externe Logistik	Marketing und Verkauf	Service



#### New Business Models



#### Features and Rev Streams









## Not every technological platform is a platform business.



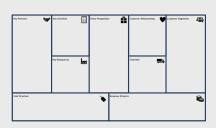


#### Digital Transformation

#### **Business Insights**



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#### Operational Efficiencies



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#### New Business Models



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#### Features and Rev Streams







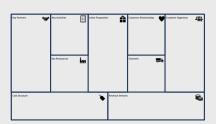


#### Digital Transformation

#### **Business Insights**



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Operational Efficiencies

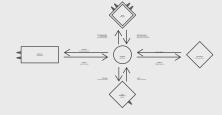


	Unte	rnehmens-Inf	rastruktur	
	Hum	an Resource	Management	
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#### New Business Models

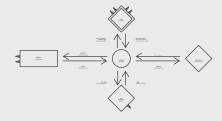




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	Other Services Platforn in Foor Commune()	Controlled and number by the platform tensors, and generated according to the platform government. Typically was take about deglad and platform and such Langibbo components, the operate the platform earlies (these samplements and effort and earlies to be consistent of the Land somegas to be consistent of the Land somegas to be consistent of the Land somegas to be consistent of the somegas to be consistent or some consistent or som	refined antiquite land drawned should be qualified to handle transactions called. When samples is was a family and relation less useful aid-transactions a thin or and said file energy but in happen associated by the energy but to happen associated.	O PEERS [parameter]  Colling below the first contacting the collection for the collection

#### Features and Rev Streams



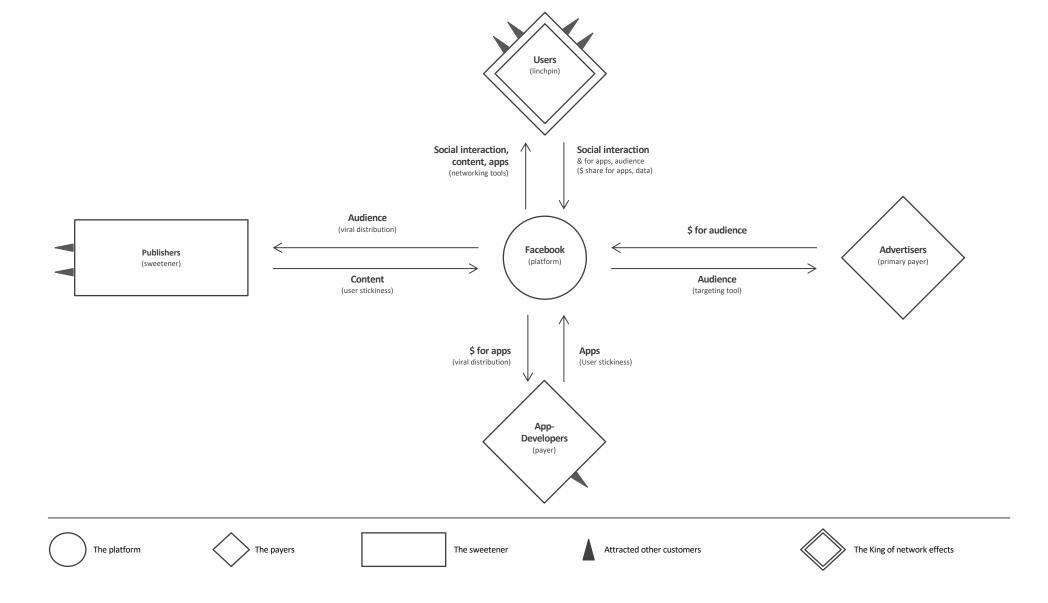


PLATFORM OWNERS	Enabling Services (Nationals Patient)	Core Value Proposition	●→ ← ◆ Transactions	PARTNERS
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	Other Services Platforn in Foor Commune()	Combidiod and owned by the plotters amount, and governed, according to the plotter or government. To food you talk about digital and physical assets. Lingston symposium, but organist the goldstyres within these samplementaries of effort and energy to be sun amouthly and in sondanation.	Indicated and supplied and drawning described and the translate translations using. When samples to was former for standard temporated sub-districtions in drawning and sold for everyphone in beginn smoothly.	O PEERS Invasional Control of the Co





#### Platform Business Model Map – Facebook



## Platform business: Generating value primarily by enabling direct interactions between different entities and/or participant groups.





#### **Platform Design Canvas**



#### **PLATFORM OWNERS**



#### **Enabling Services** (Platform to Partners)



#### Core Value **Proposition**



#### **Transactions**



#### **PARTNERS**



#### PLATFORM **STAKEHOLDERS**



#### **Empowering** Services (Platform to Peer Producers)



#### Channels & Contexts



#### **PEERS** (producers)

#### **PEERS** (consumers)



#### Other Services (Platform to Peer Consumers)



#### Infrastructures and **Core Components**

**Ancillary Value Propositions** 





#### What you need



Task and content specific tools



A structured process





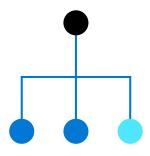
#### Recommended Toolboxes



Systematic Innovation

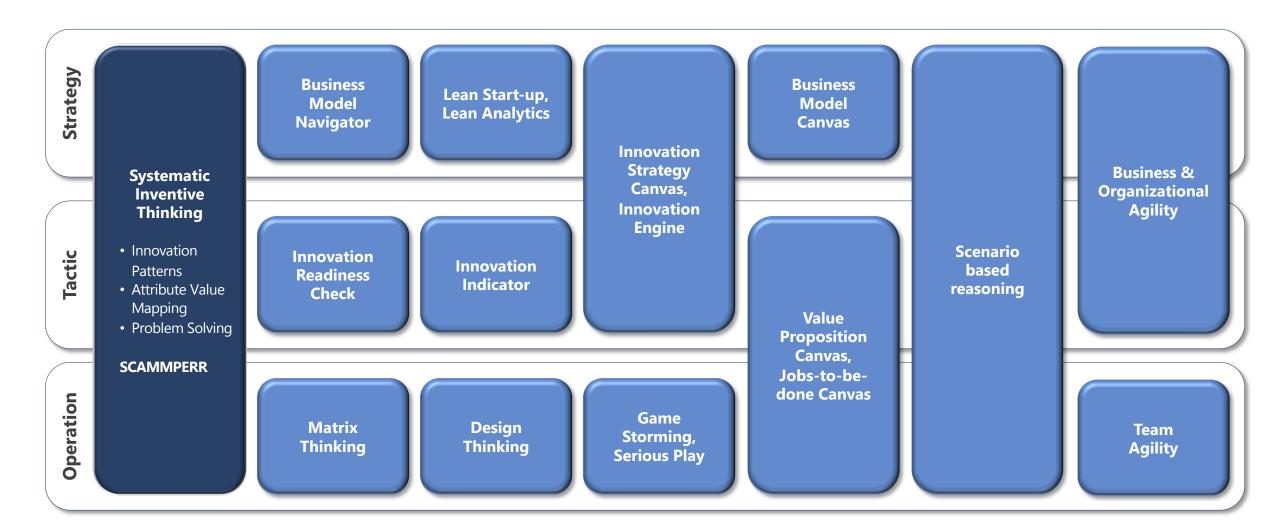


Playbook for Digital Transformation



IoT Platforms, Ecosystems and Business Models

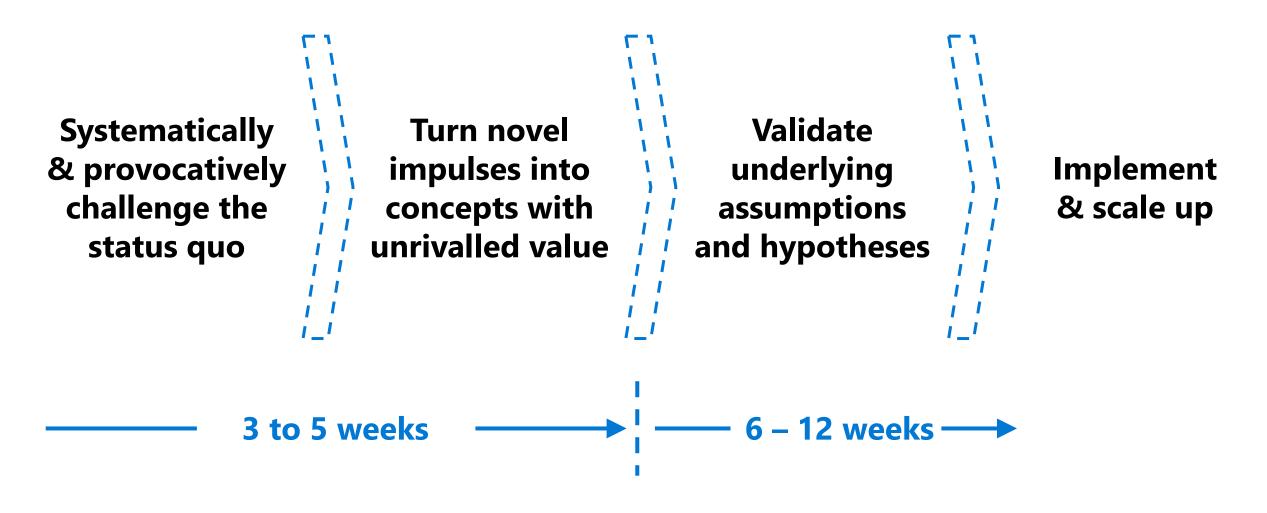
#### Magnify toolbox for systematic innovation







#### The process

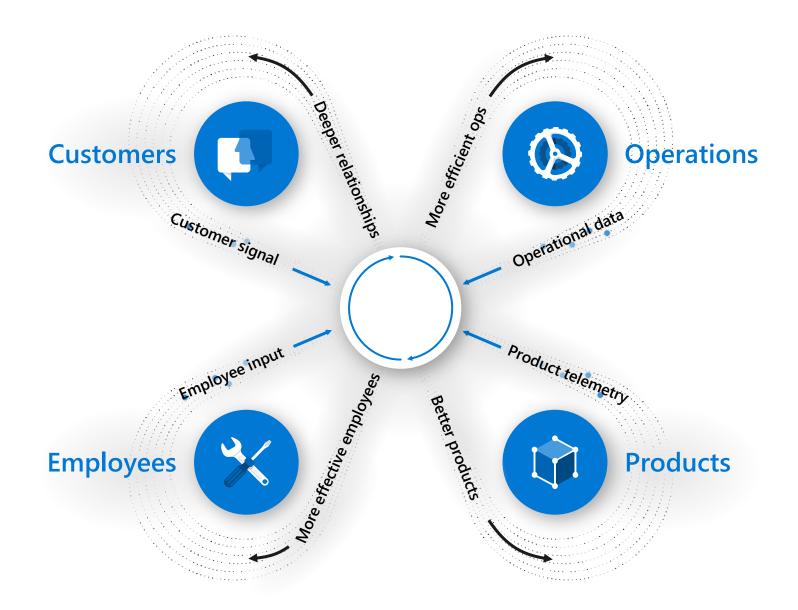






#### The Digital Feedback Loop

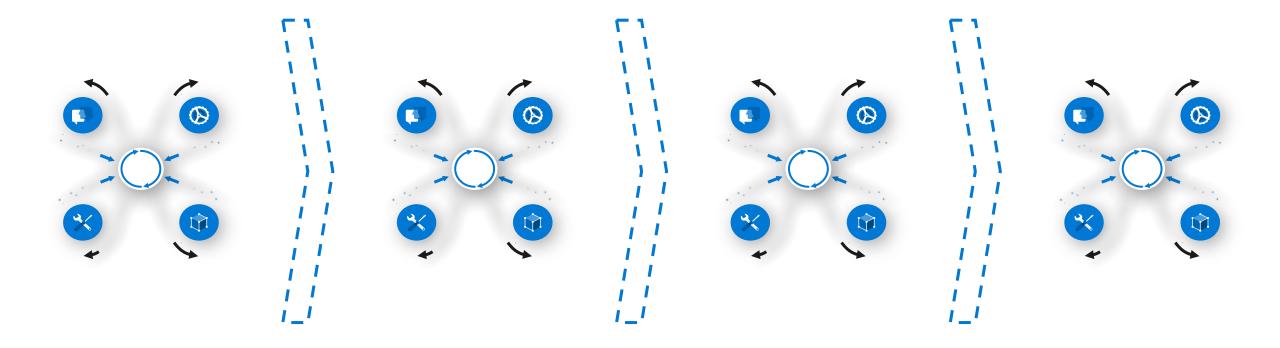
- 1 Data: Capture digital signal across business
- 2 Insight: Connect and synthesize data
- 3 Action: Improve business outcomes







#### Integrating the digital feedback loop







## Start with challenging the status quo







#### Systematic provocation - Examples

- · We don't own the busses anymore
- · We don't own cabs anymore.
- · Imagine, you let apartments or rooms you don't own.
- · Imagine, we distribute content but do not produce any content.
- · Imagine, we give our products away for free.

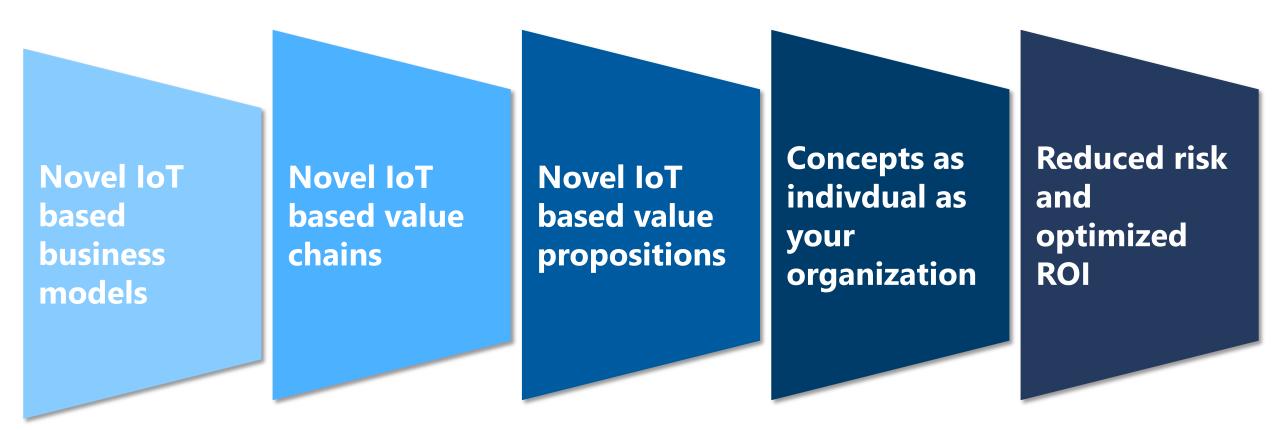
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#### **Outcomes**







# Summary

- Platform beats product
- Not every technological platform is a platform business
- Platform business models follow a different business logic
- Choose the right combination of tools for concept development
- Systematically challenge the status quo



### Discussion – State of the Union loT empowering the Digital Transformation

Dr. Tobias Adam – Magnify Innovation Oliver Niedung – Microsoft Audience



#### Thank you!