

# Digital transformations: initial discoveries

by

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## Overview

After two years of enriching sessions and meetings which were sometimes out-of-the-ordinary and often exciting, an initial assessment of subjects covered by the 'Digital transformations' seminar series highlights the issues addressed by industrial and service companies, either large or small, in light of the demands of digitisation. Without 'platformisation', companies risk their survival, so what strategies have they put in place? Which leaders have helped them? How have employees been part of these processes? Even though we are still discovering this new, changing and unpredictable sector, it already seems obvious that digitisation is more than just the simple implementation of digital tools, and is part of a radically new culture of management.

Report by Pascal Lefebvre • Translation by Rachel Marlin

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Seminar organised with help from the Directorate General for Enterprise (Ministry of the Economy) and thanks to the sponsors of the École de Paris:

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1. for the Business Life seminar
2. for the Technological Resources and Innovation seminar

The first conference in this ‘Digital transformations’ seminar series (which was launched with support from Cap Digital) took place in January 2016. Sixteen further talks were organised featuring examples from both large companies and individual start-ups. This variety, which is what makes our approach interesting, highlights several themes including a few which are unexpected.

### Business extension

The first theme is ‘business extension’. This is a key subject when companies seek to reposition themselves in the digital age. Entrepreneurs have always tried to use the trust which their clients have given them in order to offer them new products or services. As I shall demonstrate, the digital era has, with disconcerting ease, enabled a permanent extension of companies’ fields of activity. It is true that few companies remain in their original business sector because it is easy to venture into adjacent business areas. This extension represents both a growth opportunity for the companies concerned but, conversely, also a threat because their neighbours may want to venture into their areas.

One of the advantages of the digital sector is undoubtedly its ability to break down all sorts of barriers and frontiers. However, in the business world sustainable profit margins can be made behind these very barriers, and so their disappearance causes a problem. A restaurant owner who ventures into the sector of home food delivery is extending his business boundaries. Initially, the revenues he can generate are marginal, but later on they become more important. Companies which specialise in the home food delivery sector, such as Deliveroo, have been created to enable all restaurant owners to extend their activity, and in the future, there will be a gradual emergence of ‘restaurants’ which do not have seating areas.

Pernod Ricard manages a unique portfolio of seventy well-known brands of spirits. Each brand carries with it a very strong brand image with which its consumers, often enthusiastic experts, identify. Pernod Ricard is an example of this process of business extension. As far as Alexandre Ricard<sup>1</sup> is concerned, Pernod Ricard is not just a company which sells alcoholic drinks, but a ‘creator of conviviality’. Rather than conveying some ‘trendy’ new marketing position, this incorporates very distinct strategies because the company organises and manages, both directly and indirectly, pleasant events for potential consumers.

SoLocal<sup>2</sup>, formerly *Pages Jaunes* (French ‘Yellow Pages’), is another example of a company which has extended its business. The company initially sold advertising space in the well-known telephone directory, but it changed into a partner for shops of all sizes whose aim was to improve their digital visibility, and, as well as selling the usual local advertising space, also sold digital products developed by Facebook, Google and others, thereby becoming a sort of marketing agency for its clients.

Lippi<sup>3</sup> is a surprising company. Originally, this French company manufactured fencing panels and sold them via distributors. This activity, which had low added value, was on the verge of collapse when two brothers took it over, and put a comprehensive digital transformation strategy in place. The slogan ‘*l’esprit libre*’ (‘free spirit’), which has since become associated with the Lippi brand, promises its clients peace of mind due to its comprehensive fencing

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1. Alexandre Ricard and Antonia McCahon, ‘[Social media and digital transformation: the case of Pernod Ricard](#)’, ‘Digital transformations’ seminar, École de Paris du management, April 12<sup>th</sup>, 2017 (report in english).

2. Jean-Pierre Remy, ‘[De l’annuaire papier à SoLocal, l’histoire d’une refondation digitale](#)’, ‘Digital transformations’ seminar, École de Paris du management, April 11<sup>th</sup>, 2016.

3. Frédéric Lippi, ‘[Lippi : transformation digitale, saison 2?](#)’, ‘Industrial adventures’ seminar, École de Paris du management, April 18<sup>th</sup>, 2017. |

and security solutions. It also guarantees its distributors peace of mind with regard to the flawless quality service and the commitment which it provides them.

AccorHotels<sup>4</sup>, like many hotel groups, sells individual nightly rates for rooms. A year ago, the hotel group started to offer a new form of neighbourhood ‘hospitality’ whereby more and more of its hotels offer services to those living in the same location as their hotels, using a digital mobile app, AccorLocal.

Finally, Kolibree<sup>5</sup>, the ‘connected’ toothbrush which got everyone talking at the 2015 Consumer Electronics Show, has now become a well-respected and proficient company on the public dental healthcare scene, taking its place *de facto* in the field of health insurance.

There are certain digital prerequisites which are necessary in order to extend one’s business and offer more services to one’s current clients. Ordinarily this requires complete, consistent and relevant information about the client, which generally encourages the data to be centralised. The nature of the data is important as is the way in which it is manipulated. Finally, the company’s brand must be extremely visible in new digital spaces such as social networks and content sites. This huge transition is similar to that experienced by companies when television arrived, an event which marked the passage of publicity in newspapers to advertising on a television screen. Some companies successfully made the transition and prospered, whereas others ‘missed the boat’ and quickly went bankrupt.

Digital technology is not only a means of progressing more quickly and being more efficient in order to extend one’s activities, but it also enables a company to do so without investing and by remaining a simple intermediary. If I can sell new objects to my clients without taking any risks or investing, then this is a winning formula.

In the age of mass consumption, entrepreneurs were obsessed by ‘economies of scale’ (which were a source of strategic advantages) and overlooked what economists call ‘economies of scope’. The digital era, which promotes personalisation, reactivity and a huge range of choices, is making economies of scope attractive again. It is now easy to put together relevant, contiguous activities which are small and made little or no profits, and combine them cleverly to occupy otherwise unused capacities in a company. For example, a taxi driver in a remote place can occupy the time he is inactive by delivering parcels for DHL or pharmaceutical drugs for chemist shops by becoming a member of different specialised platforms. Digital technology provides solutions to put an end to unproductive time and under-utilised capacities.

At a time when governments and companies are heavily in debt, these innovations, which do not entail huge investments and therefore are less risky, are perhaps indicative of the age in which we are living and the notion itself of innovation. It is noticeable that these innovations are often service-oriented and, for the most part, local.

These business extensions logically lead us to discuss the word on everyone’s lips at the moment, ‘platformization’.

## Platformization

Platformization (with an American ‘z’) is the new catchword. Jean-Louis Beffa even encouraged us to ‘platformize or die!’. He was joined by Laura Létourneau and Clément Berthollet who even suggest ‘uberising’ the government<sup>6</sup>. In addition to the two generic and traditionally accepted strategies based on cost and differentiation, have we now discovered a third?

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4. Christophe Nowak, *‘L’hôtellerie réinventée à l’heure du digital : le monde selon Accor’*, ‘Digital transformations’ seminar, École de Paris du management, October 9<sup>th</sup>, 2017.

5. Thomas Serval, *‘Transformation digitale : quand les problématiques industrielles refont surface’*, ‘Digital transformations’ seminar, École de Paris du management, November 6<sup>th</sup>, 2017.

6. Clément Berthollet and Laura Létourneau, *‘Uberiser l’État ?’*, ‘Business life’ seminar, École de Paris du management, April 21<sup>st</sup> 2017.

A digital platform has three characteristics. Firstly, it is an electronic marketplace (which MIT researchers already told us fourty years ago was the most efficient form of organisation for a market). Secondly, it is 'SoLoMo', in other words, it is **social** (users evaluate services and thereby generate trust); **local** (thanks to the GPS); and **mobile** (because the platform can be consulted using a mobile telephone, always on). Finally, it is to a large degree decompartmentalised because wholesalers, retailers and even non-professionals are pitted against each other.

Let me cite three examples.

The first is the case of the G7 company, a symbolic example of an uberised company, which I am citing in order to illustrate how the 'platformization' of a company is an antidote to uberisation. I am not sure that by becoming platformized G7 would have avoided this misfortune of being uberised. G7 was a platform even before Uber existed. This little-known company is not in fact a taxi company, but a reservations centre which co-ordinates eight thousand independent drivers who are its members. The geographical locations of the vehicles have been known for a very long time, and consequently clients' telephone requests have been handled automatically without human intervention for a number of years because of an efficient Computer Telephony Integration system. G7 was one of the very first taxi-ordering apps available on iPhone, which is why Steve Jobs personally congratulated the company in 2008.

In operational terms, G7 was an efficient platform which dominated the market. It was also one of the most symbolic examples of an uberised company. In the case of G7, the saying 'platformize or die' does not hold true if one looks at the way in which the company reacted to the arrival of Uber. Its business strategy (which was not very digital) had consisted of trying to revise its commercial strategy which was focused on companies which had contracts with G7 rather than on individual clients. The brand was not very visible and customer service was basic and inconsistent. The company was able to turn itself around and retrieve its competitive edge by mobilising its eight thousand very independent drivers (who were extremely meticulous about their rights) and creating a business environment which was client-oriented. The company managed to convince its drivers to paint their cars with an elegant stripe in the G7 colours and gave them a price scale depending on about ten criteria (distance of ride, ride-sharing, age of client, etc.). The digital side of this 'de-uberisation' process limited itself to correcting the tactical errors of the first application (initially it was a paying app), revising it in accordance with the standards imposed *de facto* by Uber and highlighting the different uses in the form of choices. This software revision was not very difficult to implement because G7 had prior experience in this field. The case of G7 demonstrates that de-uberisation is possible, and that it does not necessarily have to take place by means of platformization.

A second example is AccorHotels, a multi-brand network of four thousand hotels throughout the world ranging from the simplest to luxury 5-star hotels. Accor has several businesses including the operation of its own hotel reservation site. Accor's reservation site had been in direct competition with other reservation platforms (such as Booking.com and TripAdvisor) and even the sites of alternative forms of accommodation (such as Airbnb) for a long time. The first step in its transformation was to simplify its own model of platform reservation. With this in mind, the reservation website changed its name to [www.AccorHotels.com](http://www.AccorHotels.com). The group also hived off its real estate assets (for 25 % of the hotels), with the intention of selling them, and focused instead on the sole business of hotel management. This strategic refocusing was only distantly linked to digital transformation. All the important American hotel operators had already hived off their real estate assets long before the arrival of digital platforms.

The second step in Accor's transformation which was more aggressive and ambitious was based on an impressive global plan of one hundred and fifteen initiatives, described in the most precise detail possible, and managed on a global scale. This plan included innovative services, totally new hospitality experiences, and opening up their hotels to inner city residents. For example, AccorHotels is trying to establish itself as the provider of neighbourhood concierge services in areas where it has hotels, and to do this it needs to rely on an in-depth knowledge of these areas. This aggressive strategy may be regarded as a form of 'de-platformization' of its activities in an attempt to differentiate itself from the domination of Booking.com and other platforms (which do not offer such services), but still uses their platform for their reservations. In any case, it is a hybrid strategy which involves both

platformization and differentiation. The former is probably easier to develop and therefore to copy, and consequently the less differentiating in the long term.

The third example is accountants<sup>7</sup>. This profession succeeded in prompting the emergence of international accounting standards in more than ten years due to an impressive attempt to normalise electronic exchanges of accounting data, having lobbied the United Nations. This then made it easier for French organisations (such as banks, the public treasury, and so on) to adopt them. French accountants created an online platform, Jedecare.com, which is used by approximately two million French companies to file their taxes online and transfer information directly or via their accountants. The only problem linked to this inspired strategic position is that it does not generate any revenues for the people who created this platform, at least not for the time being.

Moreover, if a platform is an intermediary then if everyone 'platformizes', then everyone will become a middleman. What is the point of a world full of brokers and void of manufacturers? Industrialists, who expressed their opinions in the 'Digital transformations' seminar, are very confused by this managerial order which they find difficult to understand. Even though they are aware of the advantages of the platform model, they prefer to keep it at arm's length, at least for as long as competition is not distorted, and they can organise themselves so that they are close to their clients and manage to keep their attention.

## Capturing clients' attention

Capturing clients' attention is a constant and growing preoccupation. Because digital technology makes choices and requests easier, it adds to this battle for clients' attention. In 2009, 18 % of Amazon customers had begun their search directly on the Amazon website or via Google which redirected them there immediately. By 2016, this percentage had increased to 50 % which therefore leaves very little space for others.

Luckily, business takes place more on a local scale in various, local places than on a global scale. Uber is not really global because it will never exist in towns which are not interested for financial reasons. This then opens up numerous possibilities for niche strategies. For example, G7, which historically was a Parisian company, currently exists in one hundred and twenty French towns, and is spreading into other European countries.

This fact is very interesting for traditional companies which for a long time controlled complex processes in order to exploit the various market sub-segments and local singularities. It is second nature for them to implement multiple strategies, with one leading to another. The important digital platforms, which are often based on a single profession, are champions at 'blitzscaling' (scaling up at break-neck speed thereby outmanoeuvring any competition). Will they be able to make their model more complex in order to exploit all the mysteries of market sub-segments which have a great deal of value?

## The technological dimension of platforms

Have we overlooked a technological dimension of platforms? In order to develop one's business, one must know one's clients well and therefore have recent, relevant, consistent and complete information. Yves Caseau<sup>8</sup>, who once worked for AXA, demonstrated that even though companies considered for a long time that computing and IT was not one of their skills and consequently subcontracted a large part of it out, today the situation is very different. Regardless of their core activity, every company must become competent in using their data in order to survive. The reason is simple: their capacity to market innovations rapidly has become directly dependent on their capacity to programme, either because it is integrated in these innovations or because it underlies the process of market

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7. Jean Saphores, *'Les secrets de la transformation digitale des experts-comptables'*, 'Digital transformations' seminar, École de Paris du management, March 6<sup>th</sup>, 2017.

8. Yves Caseau, *'De l'entreprise traditionnelle à l'entreprise logicielle'*, 'Digital transformations' seminar, École de Paris du management, March 10<sup>th</sup>, 2016.

launch. This capacity to work with numerous in-house and external people in order to provide a continuous flow of software code requires a common 'pool', if not a technical platform.

From another point of view, Alexandre Ricard explained that he simply had to have consolidated data in order to extend his business to his clients. This meant that he had to centralise this data as there was no other way. However, how would this be possible in Pernod Ricard, a company which had always been decentralised? The answer was to use the 'cloud' (in other words, Internet servers) as a platform to store client data, and he naturally asked the leading American company in this field, Salesforce, to work with him.

Whereas the necessity to platformize one's business may be debatable, there appears to be a broad consensus that technical platformization is, on the contrary, unavoidable. The Schmidt Groupe<sup>9</sup> guarantees its clients that they will have a unique kitchen. It positions itself less as a kitchen fitter and more as a logistician, assembling a certain number of components supplied by numerous suppliers or partners because of a sophisticated technical infrastructure which covers the company's upstream and downstream activities. Lippi, the fencing company mentioned earlier, used Google+ to ensure that all its employees were constantly interconnected. In all the cases cited, if these companies had not had a minimum volume of technical infrastructure which resembled platforms to a greater or lesser extent, then the situation would have become very difficult very quickly. In their professional experience, Pierre Pezziardi and Henri Verdier<sup>10</sup> noted how attempts by the French government to become more modernised involved the development of a technical infrastructure which was similar to a platform. In their case, they are promoting open data, API (Application Programming Interfaces) and free (or 'open source') software.

Therefore, it would seem that recourse to some form of technical platform is a necessity, but the devil is in the detail. In reality, different types of platform do not communicate well with each other, as the technological principles used may vary and may hide very different interests which are not easy to organise in a company. It is not certain that companies try hard enough to find a shared vision of these difficulties in order to overcome them.

## Increased competitive intensity

Another important topic is the position one should adopt with regards to the large, dominant platforms. I will go so far as to present three strategic positions of the companies previously mentioned. These positions correspond to the ingenious companies, the partner-oriented companies, and the client-oriented companies.

The ingenious companies, like Webedia and Ooreka, do business 'at the expense' of platforms, by producing content which places them at the top of the list of search engine results, especially using Google. Well aware of the implications of capturing the attention of many Internet users, they all sell publicity on their own pages to other companies. Therefore, their strategy is to pick up the crumbs left by the rich 'Lords of the Web' which are more than enough for them to survive, with growth rates in double figures. The only problem is that the large platforms are not easily fooled, and regularly change their algorithms (Google changes them every 18 months, as do others) so that the cards get reshuffled, and these ingenious companies are not allowed to be on Internet users' minds for long periods of time. One of our French precious unicorn, Criteo, dropped its value by 28 % in just two hours on the NASDAQ purely because Apple changed its algorithm, and this meant Criteo had to revise its business plan comprehensively. In a seminar in the 'Digital Transformations' series, Véronique Morali<sup>11</sup> explained that this sort of stress is difficult to handle in the long term, as companies do not know either the skills which will be necessary or the business models with which one will be faced in six months' time. Therefore, the solution is to have both attractive content and great agility in skills and business strategy.

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9. Anne Leitzgen, *'Automatiser en renforçant le rôle de l'homme'*, 'Industrial adventures' seminar, École de Paris du management, November 15<sup>th</sup>, 2016.

10. Pierre Pezziardi and Henri Verdier, *'Des "start-up d'État" pour transformer en souplesse l'Administration'*, 'Digital transformations' seminar, École de Paris du management, February 15<sup>th</sup>, 2016.

11. Véronique Morali, *'De Fimalac à Webedia, une plongée dans un monde hyper-mobile'*, 'Digital transformations' seminar, École de Paris du management, January 18<sup>th</sup>, 2016.

The partner-oriented companies, like SoLocal and AccorHotels, are too large to be satisfied with just the crumbs. They have decided to make agreements with companies which are bigger than they are. Occupying powerful positions in the physical world (offline), often on a local scale, they negotiate partnerships with the important platforms based on a power struggle which the platforms continue to try to undermine. As far as SoLocal is concerned, for example, the position of power established at the beginning is based on its networks of two thousand local sales representatives who are trained to convince local retailers throughout France. Google does not have this sort of a network but it is in the process of developing this activity with other partners while keeping its option with SoLocal open.

Finally, the client-oriented companies, like the Schmidt Groupe and Pernod Ricard, buy a certain number of things on the Internet (such as advertising or key word placements on search engine searches) in order to have greater digital visibility. Their greatest threat is quite simply price inflation. If the key word which has been bought proves to be a good purchase, this will put up the stakes very quickly. For example, a key word which cost 40 centimes per click two years ago is worth 4 Euros today. To cite a specific and extreme example, the key words 'SOS-plumber-Paris', is worth 40 Euros at week-ends. Clients have to question whether they want to invest in content and the presentation of attractive communities in order to become sufficiently indispensable so that the platforms continue to reference them correctly, without making them the highest bidders when key words are auctioned.

Mastering social marketing and programming have become essential for success. Therefore, having centralised one's data and got to know one's clients well, Pernod Ricard's strategy was to handle the purchase of advertising space and key words in-house, without recourse to any intermediaries such as advertising agencies.

Regardless of the position adopted, companies must all learn to 'swim with the sharks'. Platforms are always on the look-out to snatch up interesting positions. The environment is characterised by movement strategies demonstrating a company's agility, and position strategies which take the form of asymmetric co-operation carried out over time with very powerful actors. In this situation, the competitive intensity is increased and is also massive and generalised. This explains what Maurice Lévy, the head of the Publicis advertising group, meant in 2014 when he said in an interview that 'everyone (including CEOs) is starting to worry about being ubered'. Is it possible to survive for a long time with these sorts of 'predators' and without, one day, making an inadvertent error which will seal one's fate? This threat seems to have made many people want to carry out their activities themselves, which is in sharp contrast with subcontracting policies which were widely promoted between 1990 and 2000.

## Client information

When one sells to distributors, one knows nothing about the end client because one does not see them. Digital technology is an opportunity for all these industrialists to get to know their consumers by means of social networks, communities, and data about their purchases and practices, and so on. It therefore makes it possible to 'step over' distributors without making them angry, which is essential both for small companies such as Lippi as well as for groups like Pernod Ricard.

For each advertising campaign of its seventy brands, Pernod Ricard hired advertising agencies to form focus groups in order to test different scenarios and concepts, and to gather their opinions to validate the choices Pernod made. As a result of digital technology, Pernod Ricard was able to accumulate client information, and the company was convinced that it knew its clients better, and therefore removed the focus groups. This type of decision is a warning both for the retail industry and advertising agencies about the changes to come in the not-too-distant future.

The brand is an essential factor in a digital strategy. We have progressed from the advertising industry to a 'plebiscited' industry. People talk on social networks about content, communities, and even interactions with clients. Glenlivet, one of Pernod Ricard's whisky brands, made three special vintages from specific blends. The brand's community, which has several thousand followers who are informed amateurs, was invited to taste the blends at locally organised events and post their remarks on social media. Mobilising one's clients around

a brand helps to create a relationship which is stronger despite the necessity for distributors, search engines or virtual personal assistants of tomorrow like Alexa, Amazon's talking virtual assistant.

It is also clear that the creation of content has become an indispensable profession and is largely internalised in companies, a factor which weighs heavily in budgets.

## Digital culture

Everyone agrees that it is necessary to develop digital culture. Lippi began its digital transformation with a 'webschool' for all its employees. The Schmidt Groupe, in a more traditional way and with a more organised strategy, implemented a massive training and mentoring programme. At EDF, a very improbable and voluntary initiative entitled 'Learning expeditions'<sup>12</sup> was put in place. It was based on internal participatory financing before it was recognised and ring-fenced. This 'Learning expeditions' initiative is growing by itself due to word of mouth and spin-offs. One of AccorHotel's initiatives is 'Shadow Comex'. This is a shadow executive committee made up of young employees under the age of thirty-five. Far from just being a stunt, the activity of this shadow committee has radically challenged all the meetings of the group's 'real' executive committee, and helped to create a new AccorHotel concept based on surfing. As far as Kolibree and Kamet (Axa's start-up studio) are concerned, digital culture is essential. In these two companies, knowledge of digital culture is an important job-hiring criterion.

These approaches are very different. They address precise situations, demonstrating various ways of handling situations and also successes, however adverse effects, even marginal ones, exist and must be highlighted. When an enthusiastic EDF employee, having completed the 'Learning expedition' three-day training programme during which he made huge strides towards solving a specific problem, returns to his company and finds his manager asking him to keep to the usual, traditional method, this may create a difficult situation for him. The creation of the Shadow Comex has stirred up a great deal of emotion among middle-aged AccorHotels executives: they are both too old to take part in it and also too young to be able to sit on the 'real' executive committee.

## Organisation of the transformation

Digital transformation is not carried out in the same way in every company. I have characterised companies into several categories in order to understand better the levers used.

### *Self-confessed 'disruptors'*

Hugues Le Bret (co-founder of Compte-Nickel<sup>13</sup>) and Stéphane Guinet (founder and CEO of Kamet, funded by Axa) are excellent examples of self-confessed 'disruptors'. Axa asked Guinet to create radical, disruptive projects. His personal challenge was to create at least one start-up whose growth will be so rapid that a few years after its creation, it would represent one-third of Axa's enterprise value which is the amount necessary to compensate for a likely, equivalent decline in one or several of the company's other traditional activities.

### *Subversives*

The concept of a subversive manager may seem somewhat strange, but Frédéric Lippi is a perfect example, and expresses this publicly. Richard Berro is an example of an intermediary subversive manager at EDF. Pierre Pezziardi, an entrepreneur in residence at the SGMAP, is statutorily authorised to hack into the administrative system. Jean Saphores (along with other French accountants) is a unusual example of a form of institutional subversion supported by the United Nations. All these subversive people are both inside and outside the establishment, and

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12. A 'Learning expedition' is a complete experience which brings together multiple components into a coherent programme. These include a specific content, and one or several environments and interactions on the one hand, and mentoring, advice, documentary access and help with logistics on the other (source : WDHB Europe).

13. Hugues Le Bret, *'Le Compte-Nickel : un compte pour tous, sans banque'*, 'Digital transformations' seminar, École de Paris du management, May 23<sup>rd</sup>, 2016.



some of them are borderline. They do not correspond to any model, but are still respectable. Some of them have top-class degrees, other have spent their professional lives in the group that they are urging on, and others still have been guided by well-known mentors. They all consider themselves to be 'disruptors with a mission', but make sure that they are civilised about it because if they were not, they would find it impossible to operate the way they do. 'Playing with fire' is a characteristic of the digital age.

#### *Guides*

The guides are perhaps the most important, and they are also successful. Because they are in a heterogenous environment in which the most important people are those over whom they have no influence or control, they have to 'make do' with them in collaborative approaches which are based on successful local initiatives, which have been demonstrated and used elsewhere, such as in AccorHotels.

#### *Deciders*

The deciders are generally managers who focus on what is essential, which is often a very precise challenge. Philippe Carli<sup>14</sup> (Amaury Group) focussed on the 'de-specialisation' which digital technology brings in order to pool web editorials and traditional editorials and reduce the activity of the traditional proof-reader without worrying unduly about a few spelling mistakes in the articles.

In all these categories, those involved rely on themselves to move forward in a very unstable situation, between legitimacy and ambiguity or even subversion.

## Relations between start-ups and large groups

More and more large groups invest in start-ups in order to expand, make a good financial investment or change their activities. These three aims seem practically incompatible, and so choices have to be made. Kamet adopted the third strategy. Philippe Carli (Amaury Group) tried to implement the first strategy before realising that this was a fully-blown profession which he did not know, and decided instead to invest his money in a specialised fund, as do many large groups.

In the discussion of platforms and their activity, one often reaches the limits of legality. Uberisation takes place when a profession is protected and new people arrive and carry out the profession according to different rules and without the government reacting. This makes one think that sectors like banking and insurance (or even the health sector) must be protected from such misadventures, because the government and its supervisory bodies are clearly implicated in these areas and would react. The numerous administrative difficulties encountered by Compte-Nickel are nothing compared to those experienced by taxi regulators and hoteliers. This was probably one of the numerous reasons why Compte-Nickel was sold to BNP.

## Maturity

Some studies tend to show that VSEs (Very Small Enterprises) and SMEs (Small and Medium-sized Enterprises) have been very slow to adopt digital technology, a fact which Jean Saphores confirms. On the other hand, all the SMEs whose digital transformations we have studied are, on the contrary, models of successful transformation. However, the fact that they are the exceptions is the reason why we chose them in the first place, and therefore this perspective is biased.

We noticed that large companies made more progress towards digital transformation than we had imagined. The government also has shown progress in the digital field even though this ripple effect is not as visible as it is in companies.

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14. Philippe Carli, *'La transformation digitale du groupe Amaury'*, 'Digital transformations' seminar, École de Paris du management, January 19<sup>th</sup>, 2017.

Finally, the core function is marketing, and within that area, brand management is crucial. This is reflected in the initial training of CDOs (Chief Digital Officers) who, for the most part, are more likely to be marketers than technicians. There are virtually no CDOs who come from a human resources background.

The implementation of digital technology is the role of management and as such it is full of nuances and subtleties, which is why we should talk about digital transformations in the plural.

Digital technology represents a comeback for strategic management which quite simply is unexpected, because this activity was wrecked for thirty years by attempts at uniformization in the context of globalisation. A growing number of managers consider the adaptation of their companies to the digital age to be an existential issue.

## Discussion



### The relative truth of probabilities

**Question:** *Should these transformations be organised into categories? AccorHotels' transformation was not the same as Amazon's.*

**Christophe Deshayes:** I am in favour of such an approach. It would be good to highlight the diverse forms transformations can take. The case studies I have mentioned in this seminar demonstrate the different ways in which companies have carried out their transformations. One obvious conclusion is that there is enough space for everyone, and that is good news.

**Q.:** *Is the ecosystem dimension an essential one ?*

**C. D.:** All the cases we have discussed have taken this dimension into account. When G7 works with its affiliates, it is an ecosystem. When AccorHotels focusses on one hundred towns and decides to strengthen its position by trying to invite independent hotels onto its platform, this is also an ecosystem.

**Q.:** *In this technology, things which can be digitised well are those which can be expressed in a binary fashion, as 0 or 1. However, does this not exclude all the originality of individuals who, by their very nature, obstruct the uniformization which the digital culture wants?*

**C. D.:** I agree with you about the tendency for some to promote this uniformization of human relations by digital technology and artificial intelligence. I think that this is a truly delusional view, but I would like to refocus on management and companies.

It is a fact that sorting things into categories and using powerful probability models does not say a great deal about one's real human habits. However, if I know what you have consumed in the past, I am more than 80% more likely today to know what you are going to consume in the future. Being able to predict one's purchasing behaviour with such a margin of error is a strategic opportunity which no entrepreneur can resist. In conclusion, companies want to know about consumers and their consumer habits, and not about human beings in a more general sense. Digital technology is very powerful in discovering likely consumer behaviour, but not very good in understanding the behaviour and thought process of human beings outside their normal habits. I get the impression that there is something to suit every taste.

## Transformation is management

*Q.: You said that carrying out digital transformation was management. What is this management like? What devices are useful in this very uncertain world?*

**C. D.:** Lippi is a surprising example. The CEO told his sales team ‘Stop wasting time with useless site visit reports and start talking to each other about anything and everything!’ As a result, Lippi’s sales people and operators now communicate constantly using social networks. Some even post poetry which others ‘like’ repeatedly. What is the point? When a sales person meets his client, he is extremely motivated because he knows that he has the entire company behind him. If his client needs information, the sales person just needs to ask his colleagues back in the office to help out, and in the time needed to post a message on Google+, he will have an answer for his client. Lippi had not managed to finalise a contract on an initial client visit for ten years, but now it happens on a regular basis. This is management, and it is certainly not traditional, but is tailored to this extremely reactive world in which we live. Digital technology is more than just a tool, it is culture which breathes and spreads as far as the client.

*Q.: Are the managerial skills necessary in the digital world different from those which were useful in the pre-digital world, and are there any skills specific to the digital world?*

**C. D.:** This is such a broad question that my answers can only be very general. People predict that 80 % of the products which will be sold five years from now do not yet exist. Therefore, knowing what the client will want is a risky business, and corporate strategic planning regarding this is inadequate. People talk about ‘agility’ which is a very fashionable word, but it only serves to hide our inability to predict anything. When faced with new requests which one must satisfy at all costs, the only way to cope is with one’s skills, organisational agility, involvement in transversal collaborations, and also because our competitors are faced with the same contradictions. This requires a brand new management style which is totally alien to our predecessors, but which speaks to the new generations who have been brought up to deal with managing uncertainty.

Having met a number of managers and CEOs in the course of writing a book on this subject, the only thing which I know is that they are all very enthusiastic about digital transformation, regardless of whether they are old or young, and whether they are well versed in digital technology or not. It is clear that we have entered into an era where the state of play has changed fundamentally. This era is no longer suited to good managers who optimise everything, but to strategists who are able to mobilise and motivate people to take action.

■ Presentation of the speaker ■

**Christophe Deshayes:** Graduate of INSEEC, he had operational and staffing responsibilities in IT companies including Atos. Since 1996, he has been working as a corporate speaker, lecturing about digital technologies, their uses and digital transformation, and covering the topic of transformation in the workplace, the professions, work relations as well as social codes and business models. He is the joint author with Michel Berry of *Les vrais révolutionnaires du numérique* (pub. Autrement, 2010) and *Petit traité du bonheur 2.0* (pub. Armand Colin, 2013) with Jean-Baptiste Stuchlik.

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