

Digital Quotient @ Scale in Central Europe

Discussion document

May 2022



McKinsey Digital Quotient

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New opportunities offered by **digitization**



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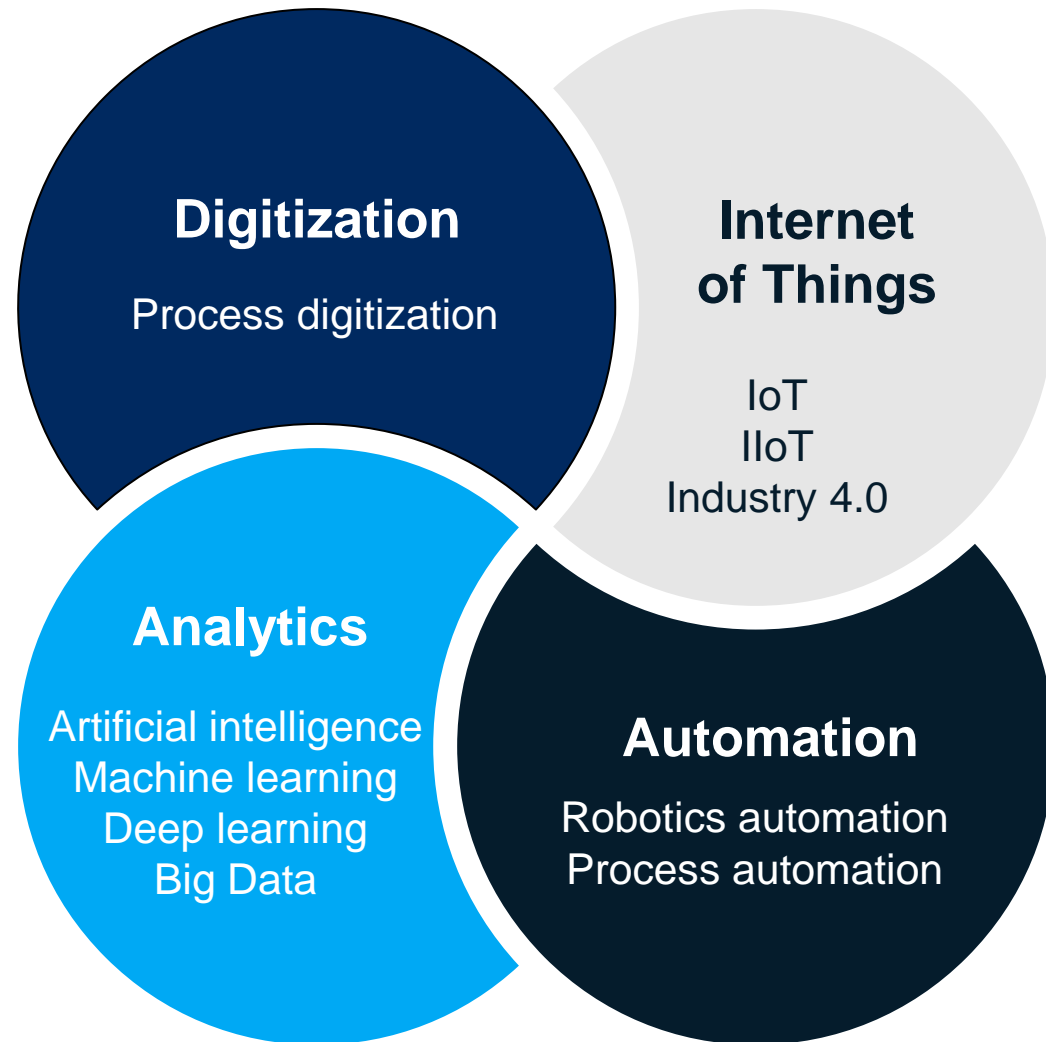
Proposed approach to conduct the digital maturity diagnostic



Appendix

Sample output examples
Frequently asked questions

As technologies with the potential to create value evolve, businesses need to reap the benefits of emerging opportunities



Key digital technologies offer groundbreaking application areas as they transform companies by **driving** internal **efficiency** and **effectiveness**, and **new growth**

Against this background, **organizations** need to **fundamentally rethink** their organizational **set-up** and **embed digital** capabilities in their **DNA** in order to **remain competitive** and **reap the benefits of emerging opportunities**

While digital is a critical priority for almost all companies, few have translated digital aspirations to action

Digital is a critical, top-of-mind issue for companies...

93% believe that digital is critical to achieving their strategic goals¹

... but not all have managed to capture the value at stake

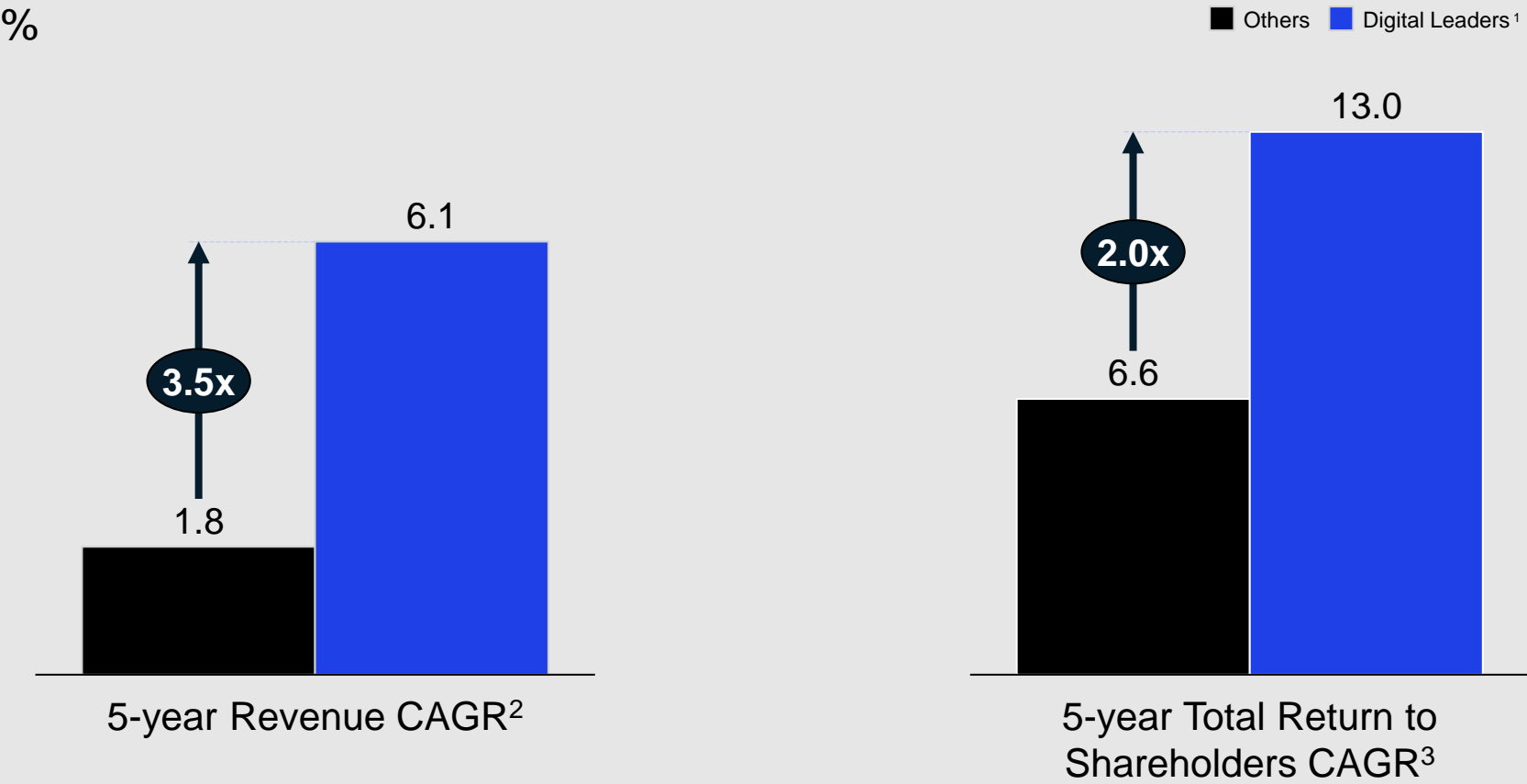
Only **15%** have embedded digital technologies in more than half of all their businesses²

¹ McKinsey's Digital Quotient, April 2019

² Bughin, Jacques and Tanguy Caitlin. "3 Digital strategies for companies that have fallen behind." Harvard Business Review, 2019. Web. 19 February 2019

Extensive research shows digital leaders exhibit stronger financial performance than the rest

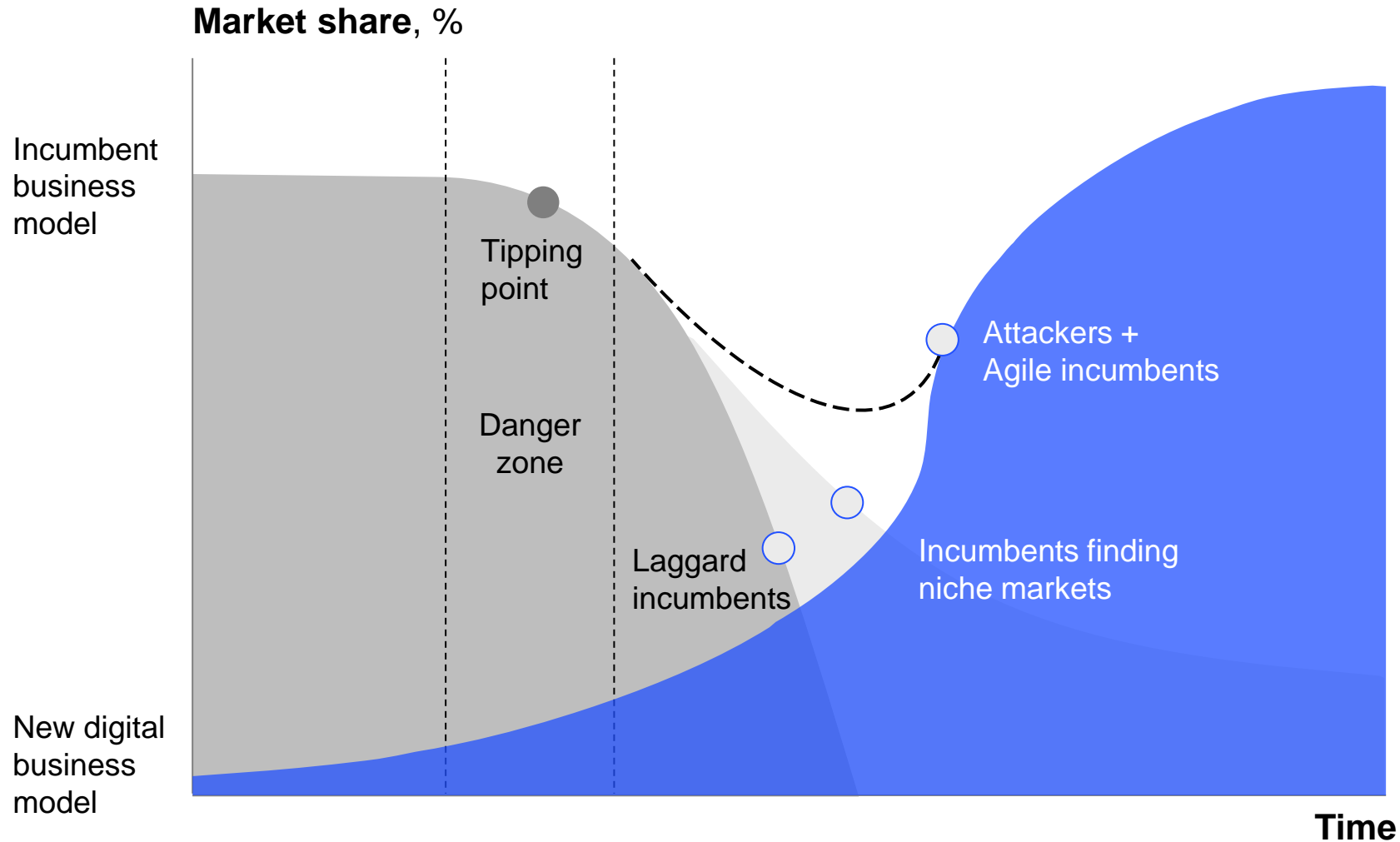
Digital maturity correlation to financial metrics



1. Digital Leaders are defined as the top quintile of companies who have taken the DQ assessment
2. Includes revenue through fiscal year 2019; for reference, during this time period, S&P 500 index 5-year Revenue CAGR was 4.1%
3. Includes TRS through fiscal year 2019, for reference, during this time period, S&P 500 index 5-year TRS CAGR was 11.7%

...while digital laggards might start losing market share over time

Illustrative

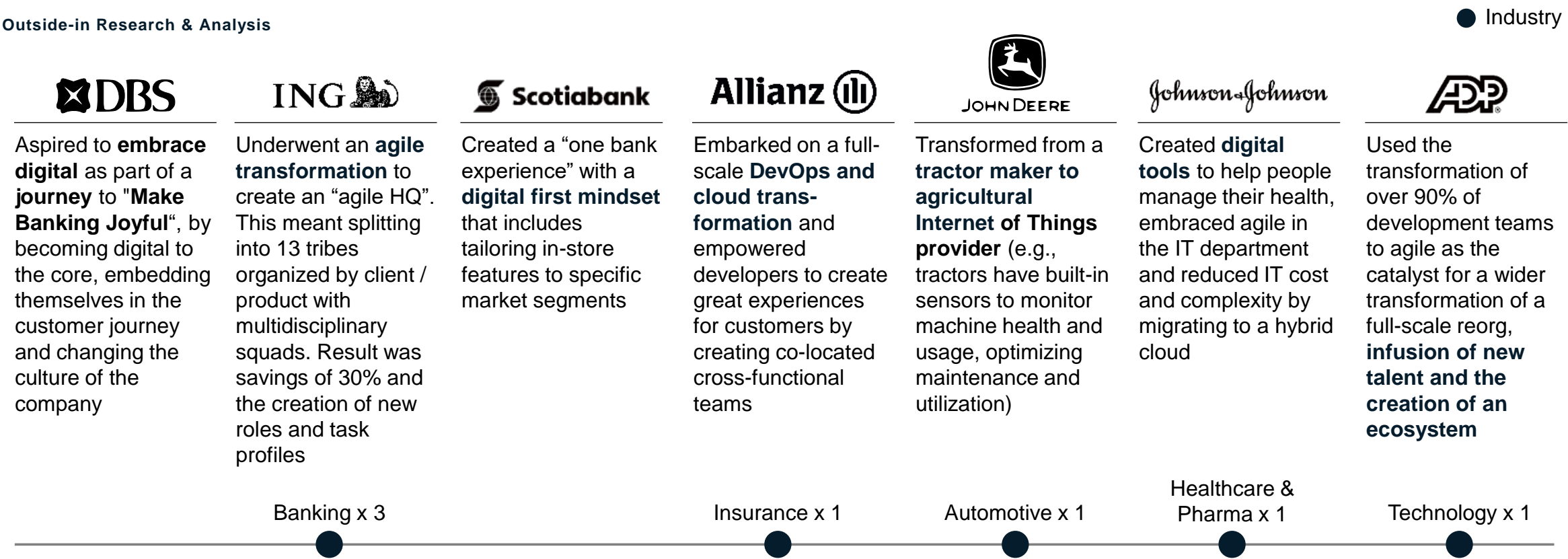


As more **agile incumbent** companies are **embracing digitization** and are **growing 3-5 x faster** than laggards, **digital transformation** is no longer an **option**, but an **imperative**

Now is the **time to decide** upon the future, as **laggard incumbents risk** losing market share due to:

- **Reduced ability to innovate**
- **Slow time-to-market**
- **Lag in reaction to customer feedback**

Incumbent organizations across all industries have begun to adapt, raising their digital maturity



At DBS, we act less like a bank and more like a tech company

DBS Bank CEO Piyush Gupta

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McKinsey has set itself the goal to contribute to the digital transformation journeys of companies across Central Europe



We are conducting a digital maturity diagnostic **free of charge** for the **leading Central European companies** to generate unique insights on their current digital performance and help these organizations unlock additional value through digital transformations



Provide a high-level view of digital opportunities through an individual diagnostic assessing key digital areas, benchmarks to comparable peers and 1:1 conversations



Discuss latest insights on digital transformation within CEE with sharing of results and best-practices, starting with a top-executive roundtable to compare results and discuss the state of different industries

Our proprietary Digital Quotient (DQ) diagnostic is an objective measure of digital maturity that correlates with financial performance



Used by **750+ companies** and 20,000+ individual executives globally across **18 sectors**



Measures digital maturity across **key management practices** that **correlate** with **financial performance**



Identify digital maturity **strengths and gaps** vs. peers to potentially **prioritize digital efforts** on the **near term**



Incorporates McKinsey's proprietary use-case library of **1,000+ high value use cases** across domains



Provides a structured **fact base** and **benchmarks** to **sector peers** and **best-in-class digital leaders**



Diagnostic codifies best practice by experts across industries in partnership with leading digital natives, **aligned to McKinsey's latest research** and **publications**

The DQ is crafted by top experts codifying best practices and measures digital maturity along 32 topics essential to capturing value



McKinsey Digital Quotient

Strategy			
Bold, Long-Term Vision	Linked to Business Strategy	Executive Alignment & Commitment	Customer-Centric Strategy
Prioritized and Reimagined Domains	Ecosystem, Platform and Partnerships	Digital Economics	
Organization & Talent	Agile Delivery & Culture	Capabilities	
		Technology	Data
Leadership	Delivery Methodology	IT Strategy and Architecture	Data Vision and Strategy
Talent Strategy	Speed and Agility	Data Platform	Data Architecture and Ecosystem
Structure and Roles	Internal Collaboration	Continuous Delivery / MLOps	Data Governance
Talent Skills	Customer Experience and Design	Infrastructure / Cloud	Data Availability
Governance	Digital Trust (Risk, Ethics, Legal)	Security	Analytics Methods, Models & Tools
		Automation / Next-Gen Operations	
Adoption & Scaling			
Scaling Approach	Business Integration	Change Management	Impact Measurement

We will deliver a DQ diagnostic report to enable you to understand your current maturity and how to capture more value from digital

How will the diagnostic help you?



Get an independent perspective and create transparency on the current state of your digital capabilities



Provide additional input to update and refine your digital strategy and roadmap to concentrate your resources where needed the most



Identify your competitive strengths and weaknesses in digital capabilities versus your industry and region peers

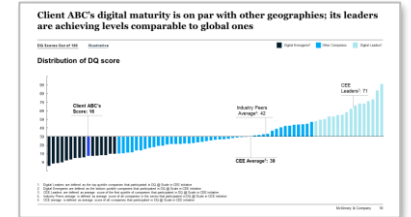


Participate in conversations on digital topics with other leading European organizations and gain insights from exchanging with peers

Diagnostic deliverables

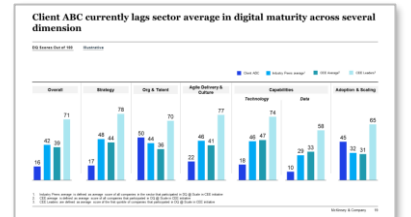
Digital maturity score

- Composite scoring of your digital capabilities against best-practice. In addition, understand where you rank versus peers



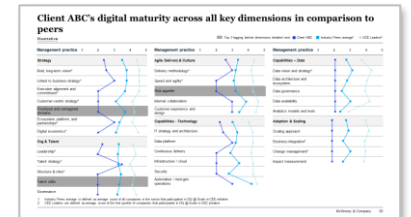
Capability benchmark to peers

- Analysis of key capabilities against digital leaders and emergent organizations to identify areas of improvement



Detailed survey results

- Detailed breakdown of survey results including scoring per diagnostic topic and dimension



Together, we will also **discuss key themes & observations** as well as **actionable steps** that can **digitally enhance your organization** in **1:1 conversations**

The DQ diagnostic will be conducted free of charge and at minimum effort for the participants within your organization

What the survey entails

The survey consists of **~50 questions** taking **~30 minutes** for a respondent to **fill-out**

Who should fill it out

Ideally, at least **5~8 senior execs** (CxO and Board-1 level, both business and technical roles) with **knowledge of digital** across the organization



Immediate next steps to get started

- **Identify survey participants** and onboard them onto the survey as well as the desired timeline for completion
- **Share survey link with participants** and follow-up with them if necessary



The DQ diagnostic is run across three phases

1



Phase 1 – Preparation:

Identification of survey participants, onboarding and clarification of any questions

2



Phase 2 – Survey:

Survey fill-in by 5~8 respondents

3



Step 3 – Results:

Analysis & generation of individualized report once all peer group participants complete the survey.

Later, CxO roundtable to discuss findings and best practices

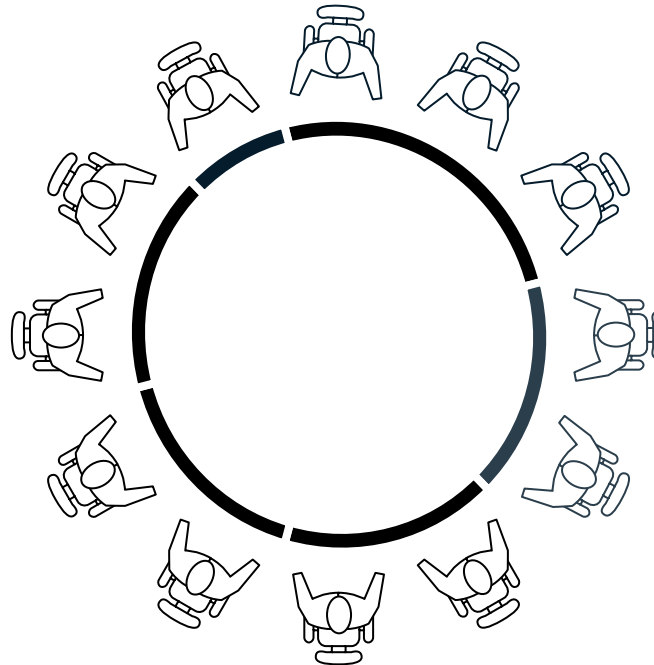
In the CxO roundtable, industry leaders will exchange views on the latest digital insights

Invitation to CxO roundtable

By participating in the survey, you will also get an **invitation** to our **planned CxO roundtable**

This will consist of a series of **discussions** on the **survey-generated insights**, with a **focus** on **core topics** in the **digital space**

It will be a great **opportunity** to gain **valuable insights** into key **industry trends** and **network** with other **industry leaders**



Proposed topic agenda

- **Discuss overall DQ results** with **other** participant **organizations**
- **Explore** digital transformation **case studies**
- **Participate** in **peer-like conversations** and McKinsey **experts-led talks** on **how to drive digital transformations** (e.g., agile adoption, cloud integration)
- **Q&A** and **panel discussion** with **keynote speakers**

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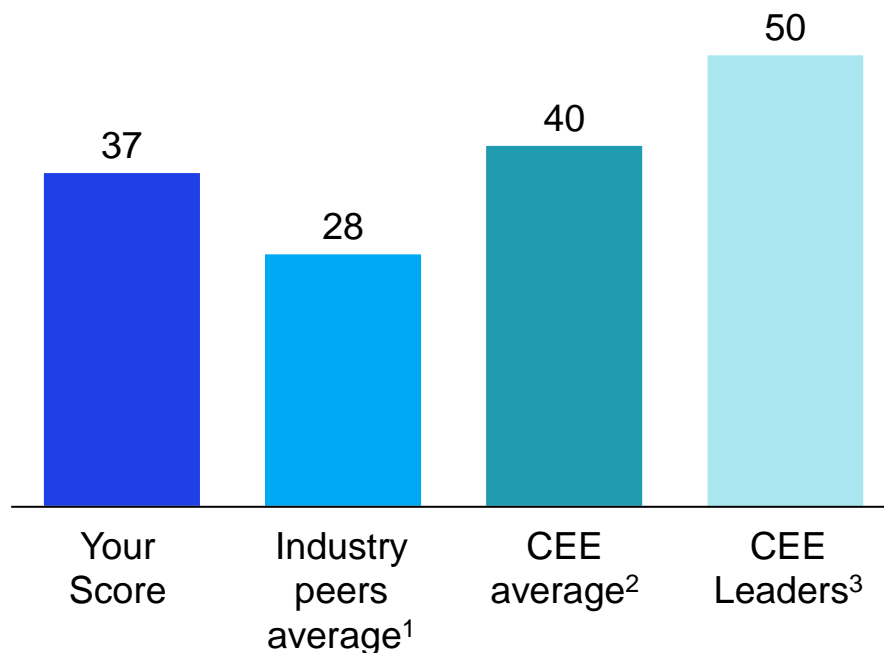
Sample output examples
Frequently asked questions

How to interpret your DQ score

Overall scores

0 – 100 Scale

Example: Peer and Leader Comparison



Your score

Assess your company baseline digital maturity vs. best practice, calculated as an average of the answers of survey participants from your company

Industry peers average

Understand your performance relative to peers within your immediate industry

Industry peers average

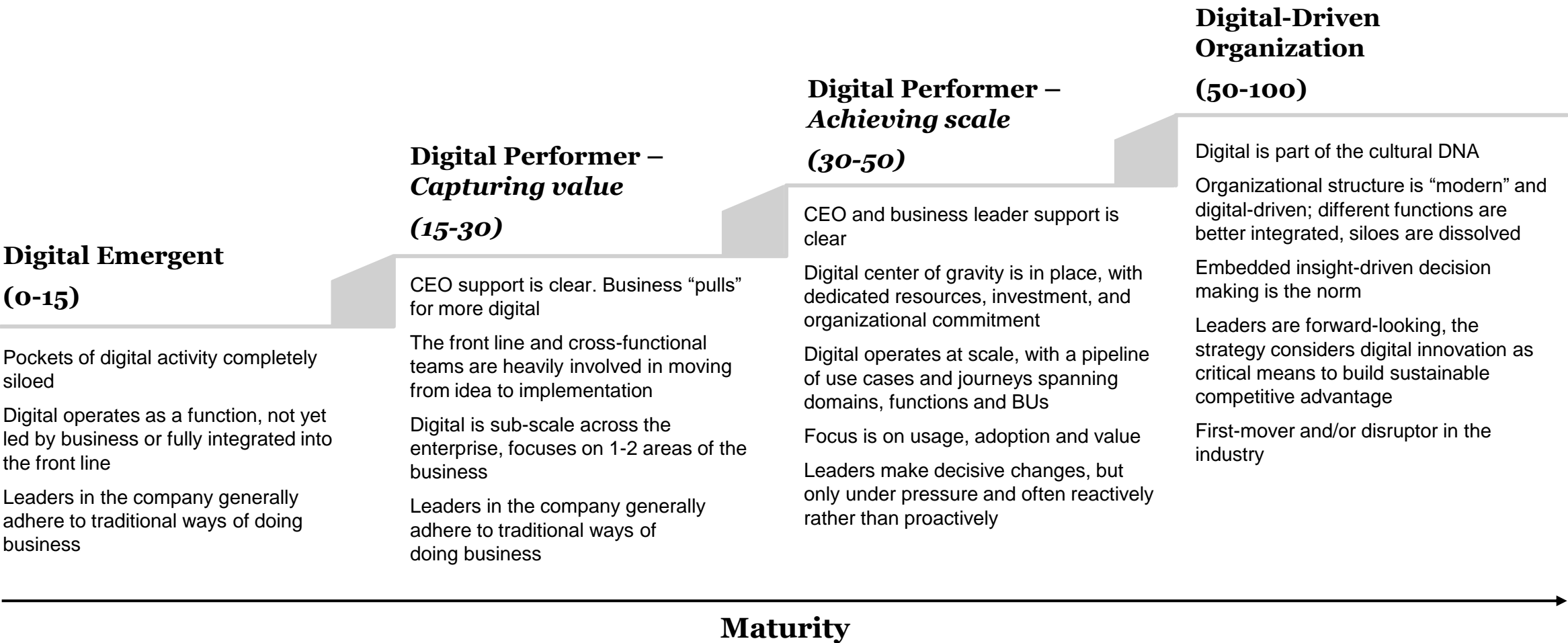
Understand your performance relative to average of CEE companies participating in the DQ

Leaders

As digital blurs the lines between industries and raises customer expectations, see how you stack up against leading companies across industries

1. Industry Peers average is defined as average score of all companies in the sector that participated in DQ @ Scale in CEE initiative
2. CEE average is defined as average score of all companies that participated in DQ @ Scale in CEE initiative
3. CEE Leaders are defined as average score of the first quintile of companies that participated in DQ @ Scale in CEE initiative

The DQ score is indicative of your digital maturity

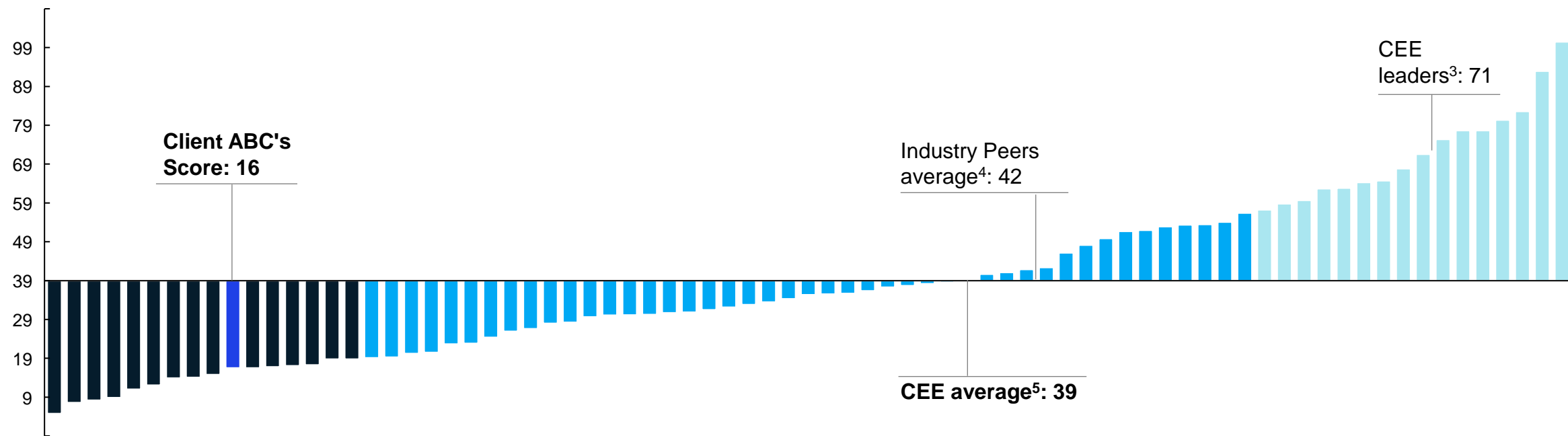


Client ABC's DQ score is behind industry peers average and CEE average

DQ Scores Out of 100 Illustrative

■ Digital Emergents² ■ Other Companies ■ Digital Leaders¹

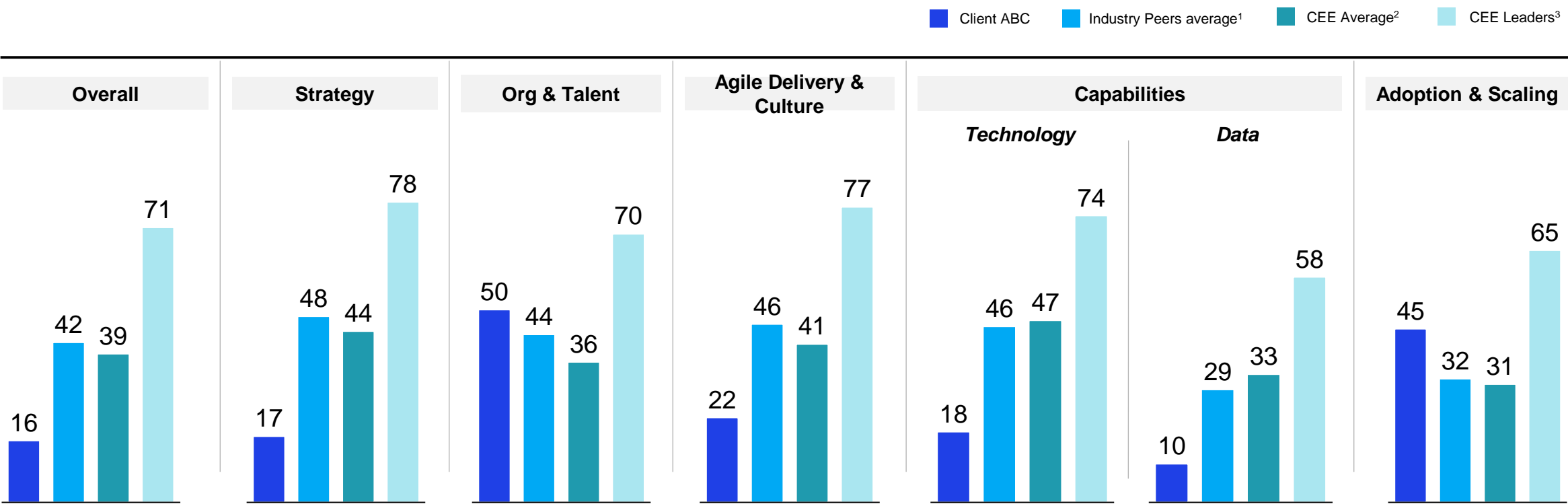
Distribution of DQ score



1. Digital Leaders are defined as the top quintile companies that participated in DQ @ Scale in CEE initiative
2. Digital Emergents are defined as the bottom quintile companies that participated in DQ @ Scale in CEE initiative
3. CEE Leaders are defined as average score of the first quintile of companies that participated in DQ @ Scale in CEE initiative
4. Industry Peers average is defined as average score of all companies in the sector that participated in DQ @ Scale in CEE initiative
5. CEE average is defined as average score of all companies that participated in DQ @ Scale in CEE initiative

Client ABC is behind sector average in digital maturity across several dimension

DQ Scores Out of 100 Illustrative



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Client ABC's digital maturity across all key dimensions in comparison to peers

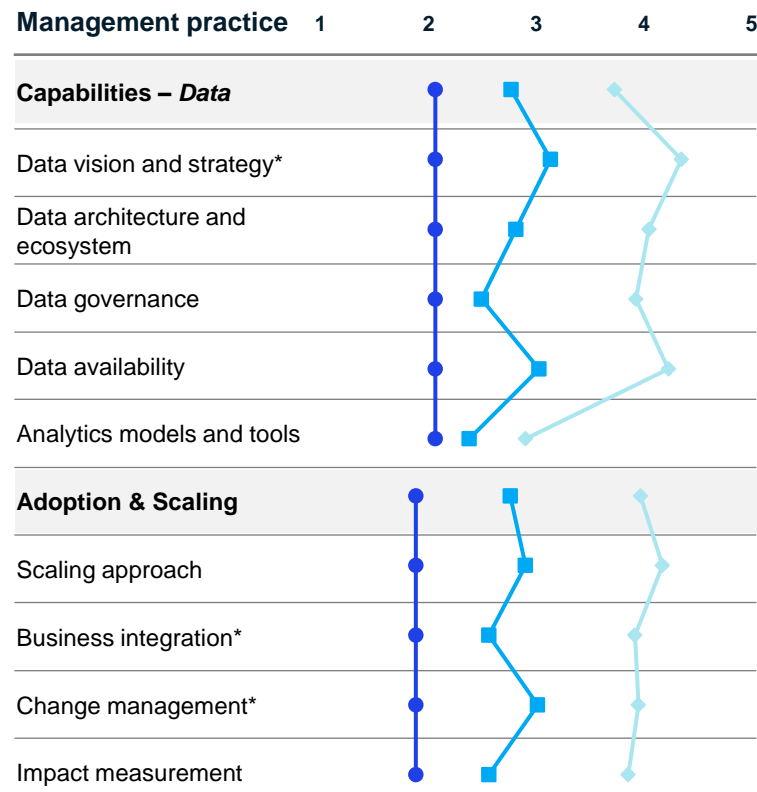
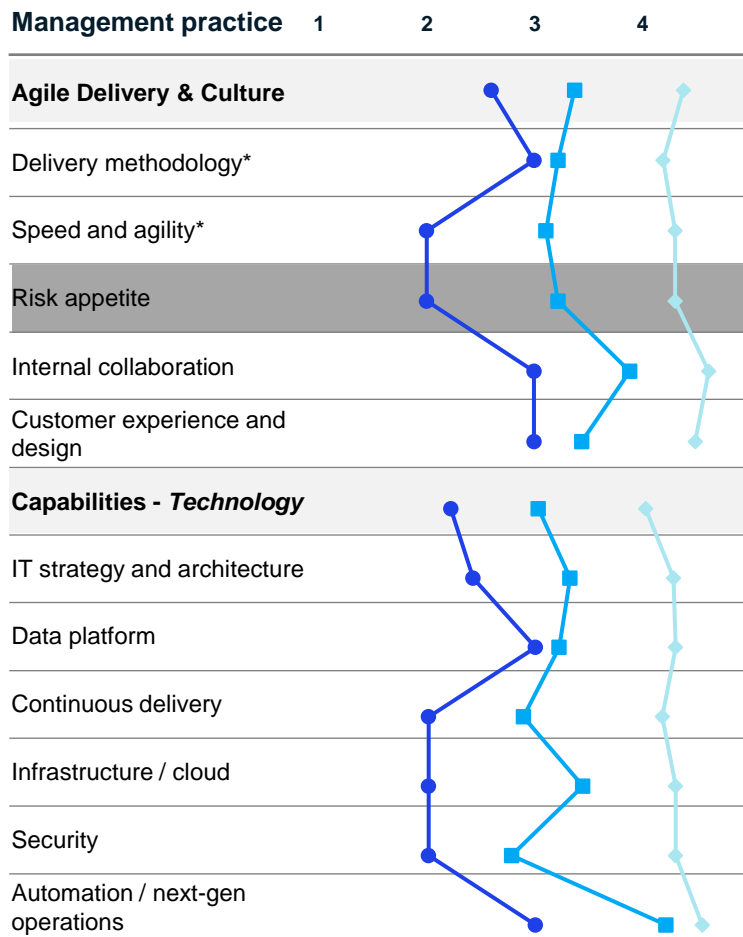
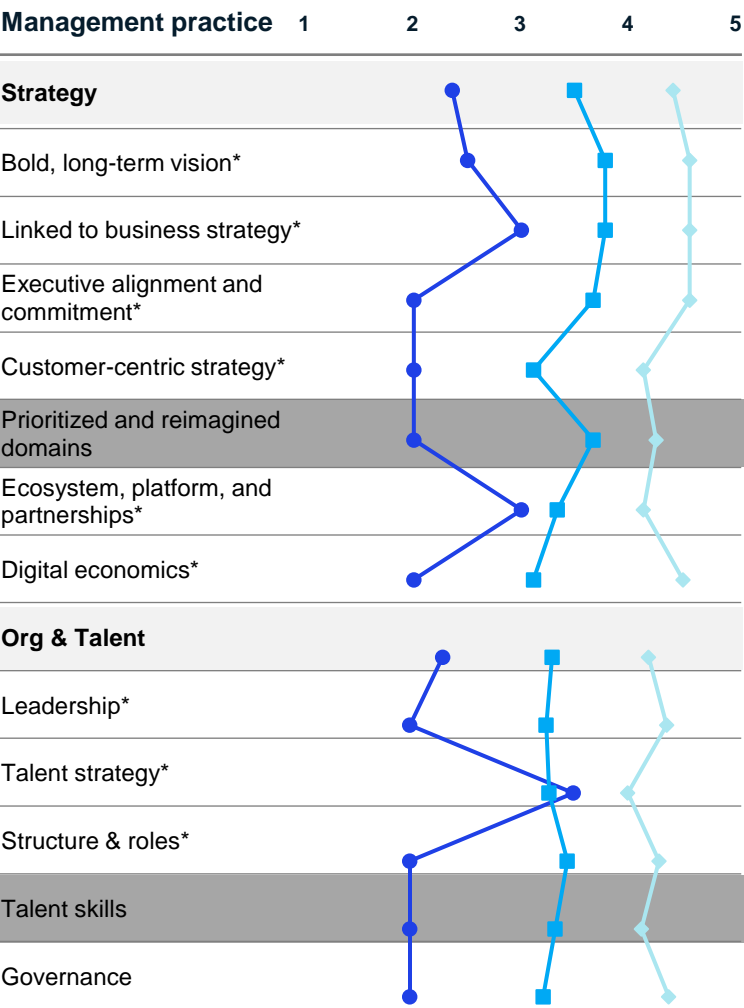
Illustrative

Top 3 lagging behind dimensions detailed next

Client ABC

Industry Peers average¹

CEE Leaders²

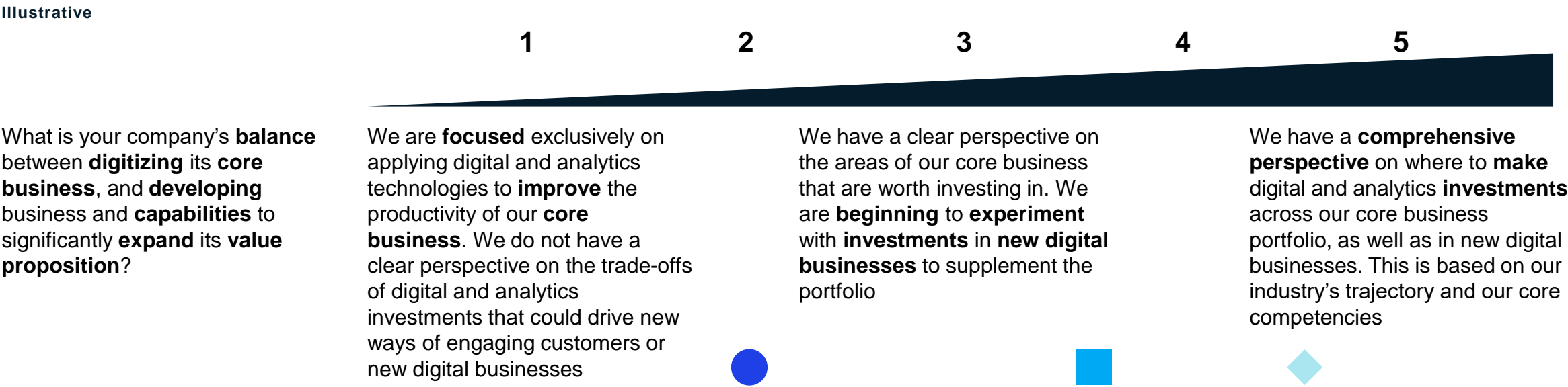


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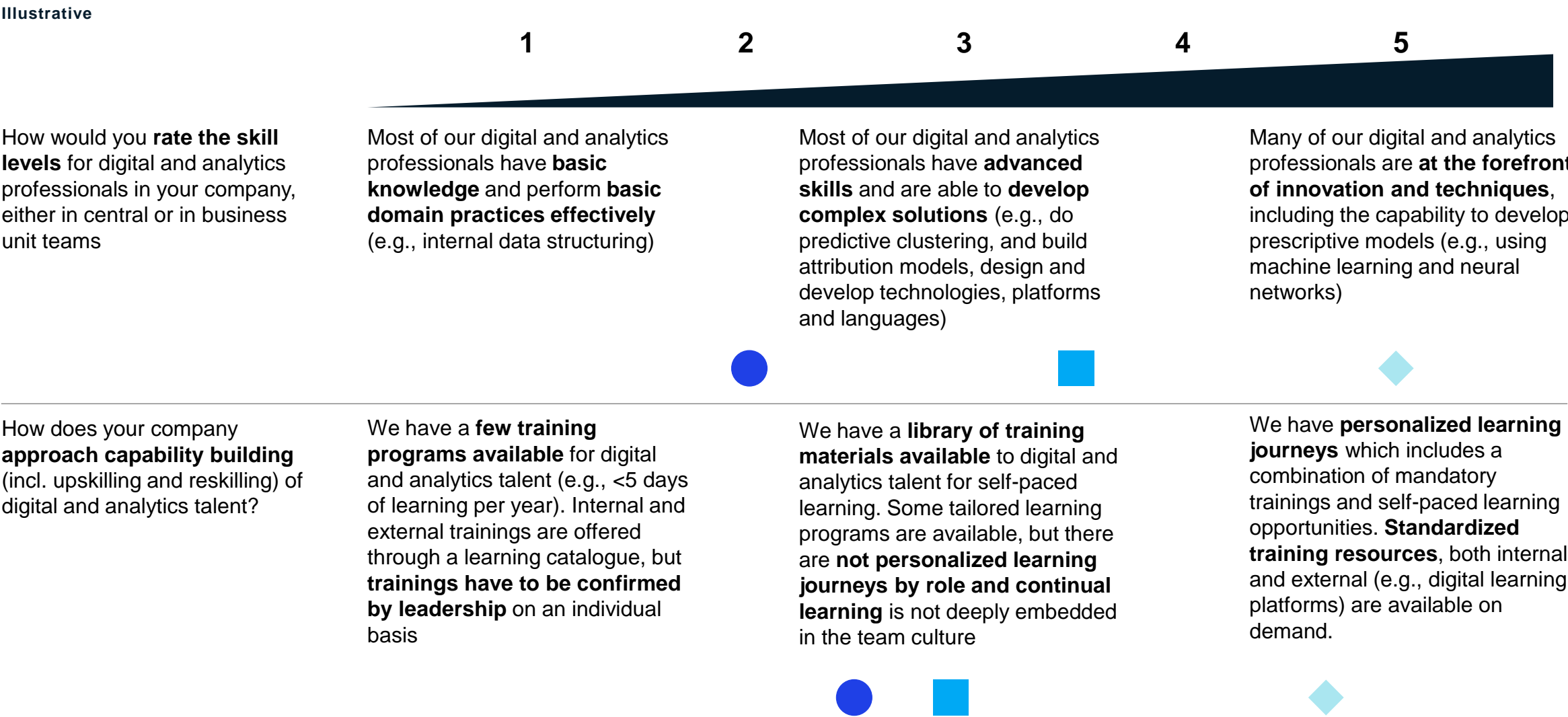
Example deep-dive page – Strategy: Prioritized and reimagined domains

● Client ABC ■ Industry Peers average¹ ◆ CEE Leaders²



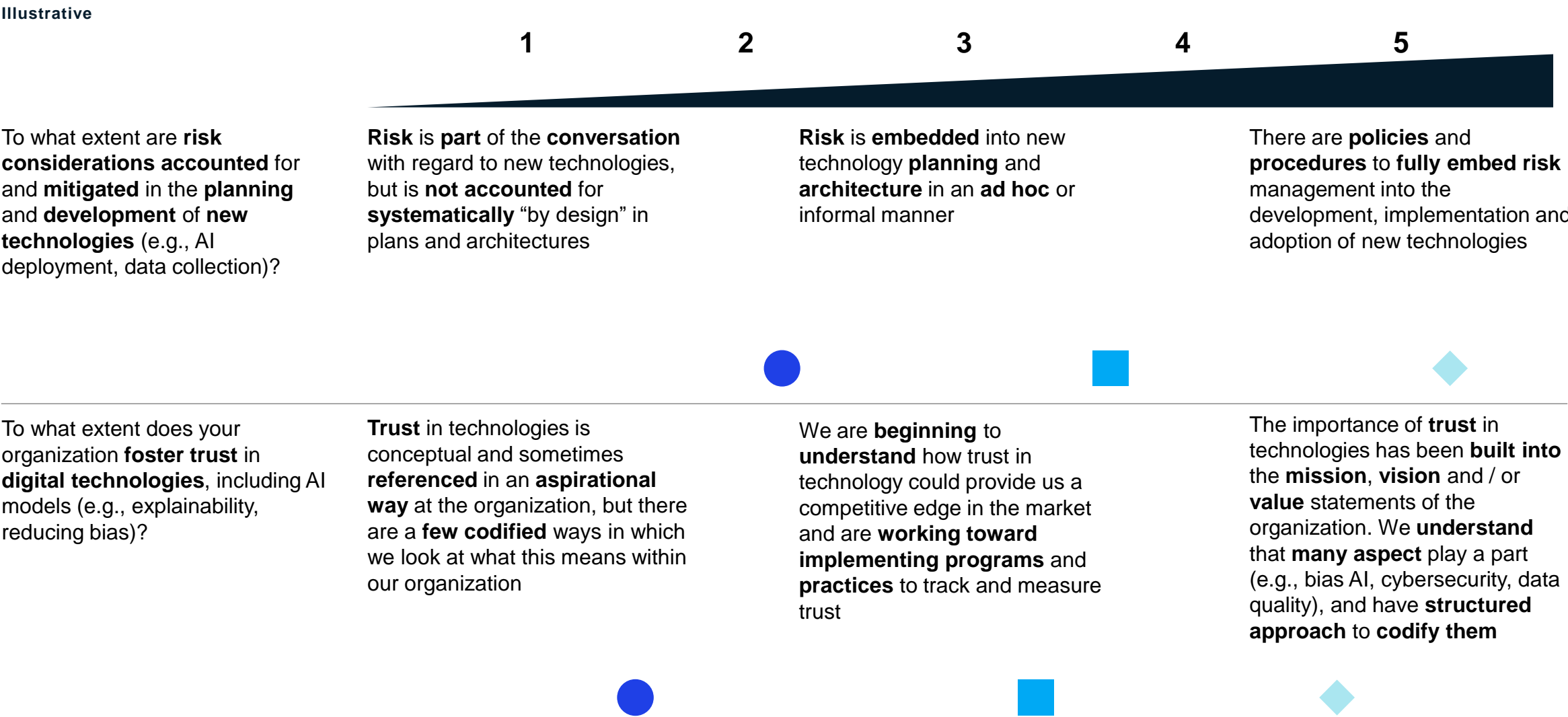
Example deep-dive page – Org & Talent: Talent skills

● Client ABC ■ Industry Peers average¹ ◆ CEE Leaders²






Example deep-dive page – Agile Delivery & Culture: Risk appetite

● Client ABC ■ Industry Peers average¹ ◆ CEE Leaders²



Frequently asked questions (FAQ)

Dimension	Question	Answer
Legal considerations 	What are the agreements that need to be signed?	<ul style="list-style-type: none"> At the beginning of the survey there are a set of Terms and Conditions (e.g., data privacy, usage of proprietary McKinsey assets) for you to read and agree. No other agreements are necessary
	How is my personal data going to be used?	<ul style="list-style-type: none"> We will use personal data such as name/email address to be able to corelate responses with your company profile and reach back to you. Your personal information will not be used in any other way or be made publicly available
	Who will have access to my responses / diagnostic results of my company?	<ul style="list-style-type: none"> All responses you provide will be treated as confidential. Company-level results will only be shared with the point of contact from your organization and will not be shared by default with the Group entity (if existing). When included in peer groups, results will be aggregated with at least 5 other companies and none of the organizations will be named
Survey questions 	Are all questions mandatory?	<ul style="list-style-type: none"> All questions require a response. Nevertheless, you have the option to choose “Don’t Know” or “N/A” if the question does not apply to you or you lack the necessary information to answer it
	What if my answer differs from the options provided in the questionnaire?	<ul style="list-style-type: none"> Our recommendation is to select “N/A” and mention the answer that is applicable to you in the comments box at the bottom of each survey section
Survey results 	How is my organization’s score calculated and how should I interpret it?	<ul style="list-style-type: none"> All responses are averaged out to deliver a composite score from 0 to 100 that gives an indication of digital maturity when compared to best-practice and other peers
	How is the peer group defined i.e., the group with whom my results are compared to?	<ul style="list-style-type: none"> The peer group is comprised of industry and region-like organizations who participated in the DQ @ Scale in CEE (or Europe when sample size is too small)
	What sits behind the various answer options and the best practices suggested implicitly?	<ul style="list-style-type: none"> The diagnostic codifies best practice by McKinsey experts across industries based on client experience
	With whom can I share my results?	<ul style="list-style-type: none"> You can share results within your organization. Nevertheless, no part of the individual report may be externally communicated, circulated, quoted or reproduced without prior approval from McKinsey & Co.