



Shortening the Digital Journey

Maximizing the Benefits of Digitalization in Shorter PE Timeframes

December 6, 2021 | Fred Hencke

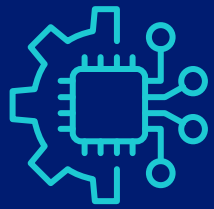
Agenda

Why Consider Digital Transformation?

Digital Transformation (Dx) Approaches

Winning the War for Digital Skills

Creative Thinking



Why Consider Digital Transformation?

Financial Metrics That Matter

Justifiable Investment

ROI

As a result of digital transformation, companies on average expect to see a ROI of **17%** and **11%** increase in productivity

Profitability

Digitally mature companies are **26%** more profitable than their competitors

Revenue

The top **20%** of companies in terms of digital customer experience enjoyed a **35%** average year-over-year increase in revenue compared to 8% for the rest

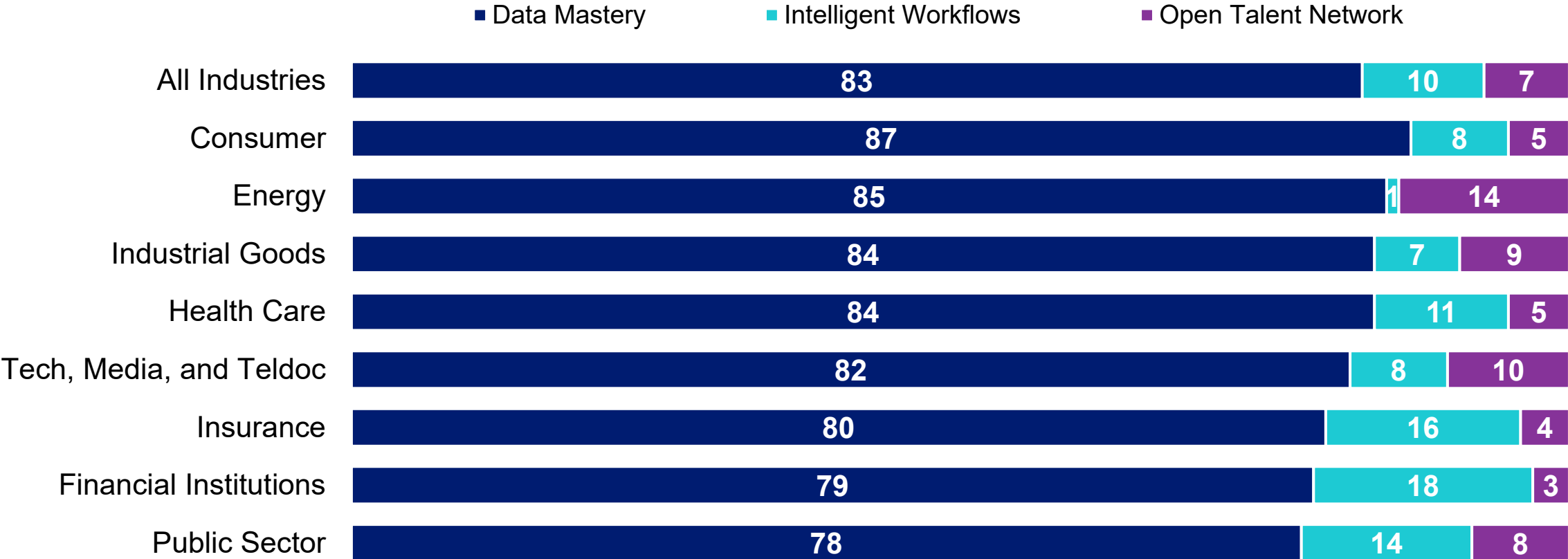
Profit Growth

Profit growth rate for digitally centric companies is **3.6%** more than that of those companies behind the curve

Global spending on the necessary technologies and services for digital transformation will reach **\$2.3 trillion by 2023**

Urgent Button Pressed for Digital Transformation

COVID-19 Has Created a Sense of Urgency for Most Industries



Sources: BCG Global Digital Transformation Survey 2020 (April–June, 2020) N=825

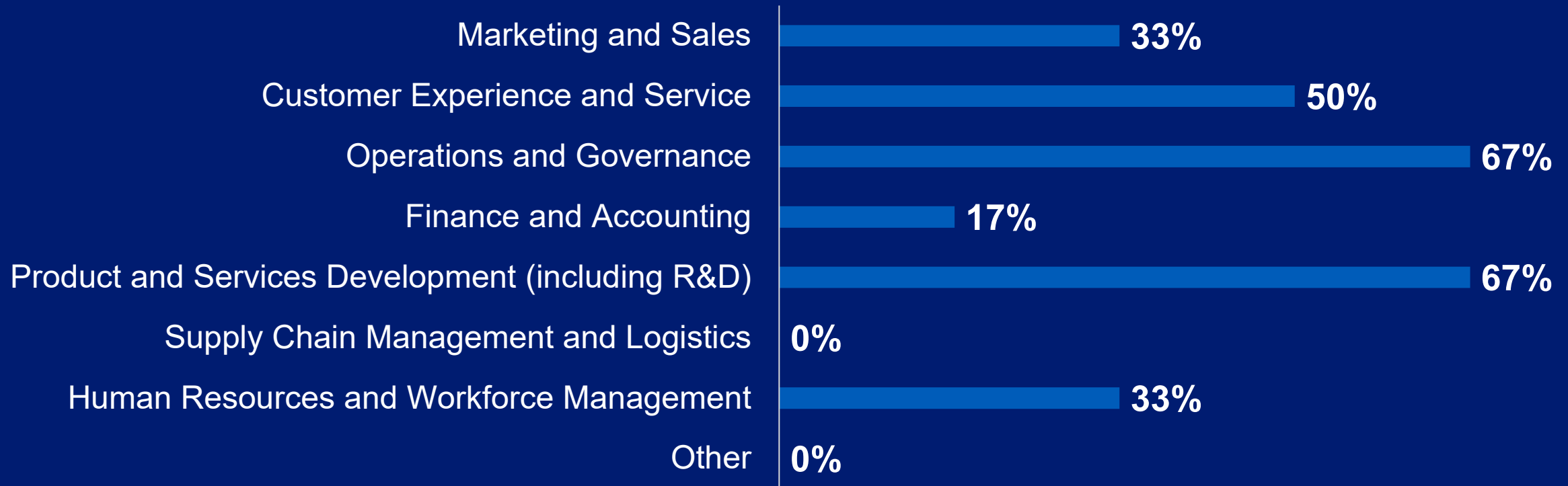
Poll (Show of Hands)

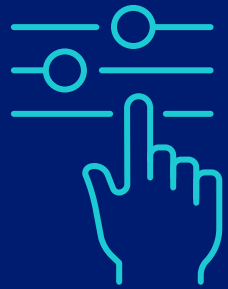
Which of these functional areas are you prioritizing to make more digital investment?

- a) Marketing and Sales
- b) Customer Experience and Service
- c) Operations and Governance
- d) Finance and Accounting
- e) Product and Services Development (including R&D)
- f) Supply Chain Management and Logistics
- g) Human Resources and Workforce Management
- h) Other

CEO Survey

Which of these functional areas are you prioritizing to make more digital investment? *(Select top three)*





Digital Transformation (Dx) Approaches

What Is Your Orientation?

Customer Support

Relationships
Experience
Value



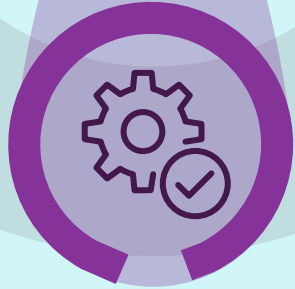
TTM (Time to Market)

Innovation
Speed
Partners



OPEX (Operational Excellence)

Cost
Quality
Compliance



Digital Transformation

Four Primary Areas of Focus and Value

Customer Experience

- Greater customer (consumer) appeal and engagement
- Personalized experiences to meet evolving customer expectations
- Expanded and new sources of revenue
- Increased customer loyalty
- Integrated customer support



Employee & Partner Experience

- High-performing workforce with more time for innovation and creativity
- More attractive organization in labor market
- Better aligned and equipped customer service teams
- Efficient, effective, outcomes-oriented supply chain
- Better cybersecurity and improved awareness
- Enabled remote and hybrid work



Business Processes & Systems

- Targeted automation investments where ROI is achievable
- Increased visibility and insights enabled by integrated data
- Smarter and faster decision making powered by analytics
- Better regulatory management and data protection
- Improved cost management and scalability

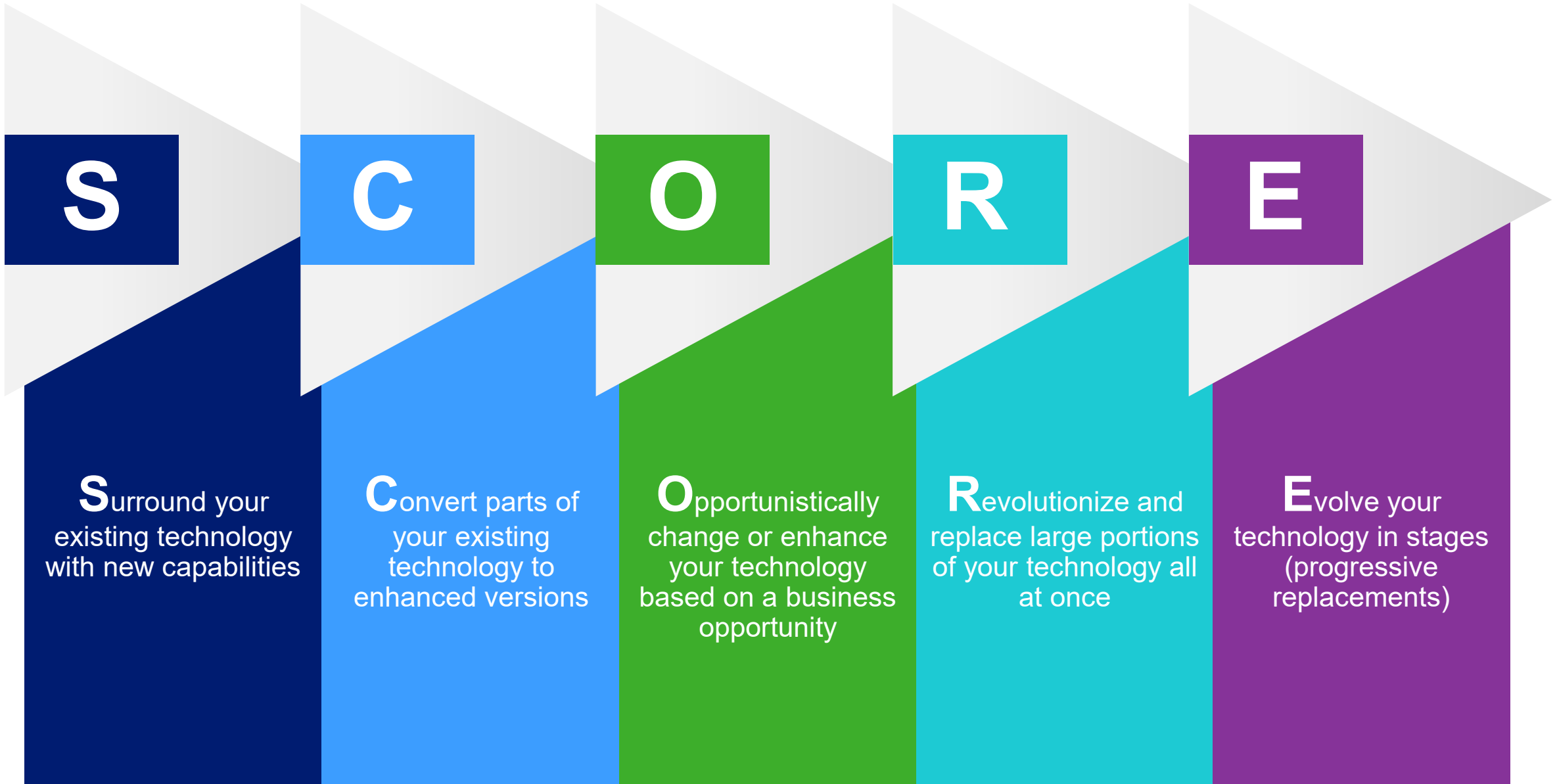


Products & Services

- Expanded market reach and brand awareness
- Data-driven customer targeting and trend analysis
- Differentiation and competitive advantage
- Reduced costs and improved throughput
- Optimized supply chain and inventory



What Approach Will Work Best?



Considerations

Pros +

Cons X



Surround

- ✓ Achieve common look and feel to user interfaces
- ✓ Provides gateway to all systems

- ✗ May not completely address functionality and workflow gaps
- ✗ Another technology added to the stack (has to be managed)



Convert

- ✓ Minimizes business disruption
- ✓ Lessens end user change management

- ✗ May not be best of breed solutions
- ✗ Potential data migration challenges



Opportunistic

- ✓ Business driven change (more likely to gain buy in)
- ✓ More defensible business case

- ✗ May require you to move more quickly than normal
- ✗ May not be long term solution



Revolutionize

- ✓ Fastest overall migration to digital maturity
- ✓ Potential to leapfrog competition

- ✗ Potential to be highly disruptive to the business
- ✗ Potential for change fatigue



Evolve

- ✓ More paced approach to digital maturity and skill development
- ✓ Opportunity to apply lessons learned on subsequent phases

- ✗ Overall, can be more costly (start and stop)
- ✗ Difficult to maintain continuity of implementation team

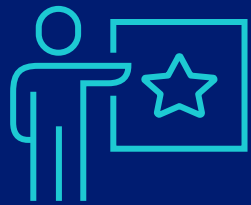
Poll (Show of Hands)

Which approach are you currently taking?

- a) (S)urround
- b) (C)onvert
- c) (O)ppportunistic
- d) (R)evolutionize
- e) (E)volve
- f) Combination of above
- g) Still evaluating

Open Discussion





Winning the War for Digital Skills

Digital Skills Are In Demand



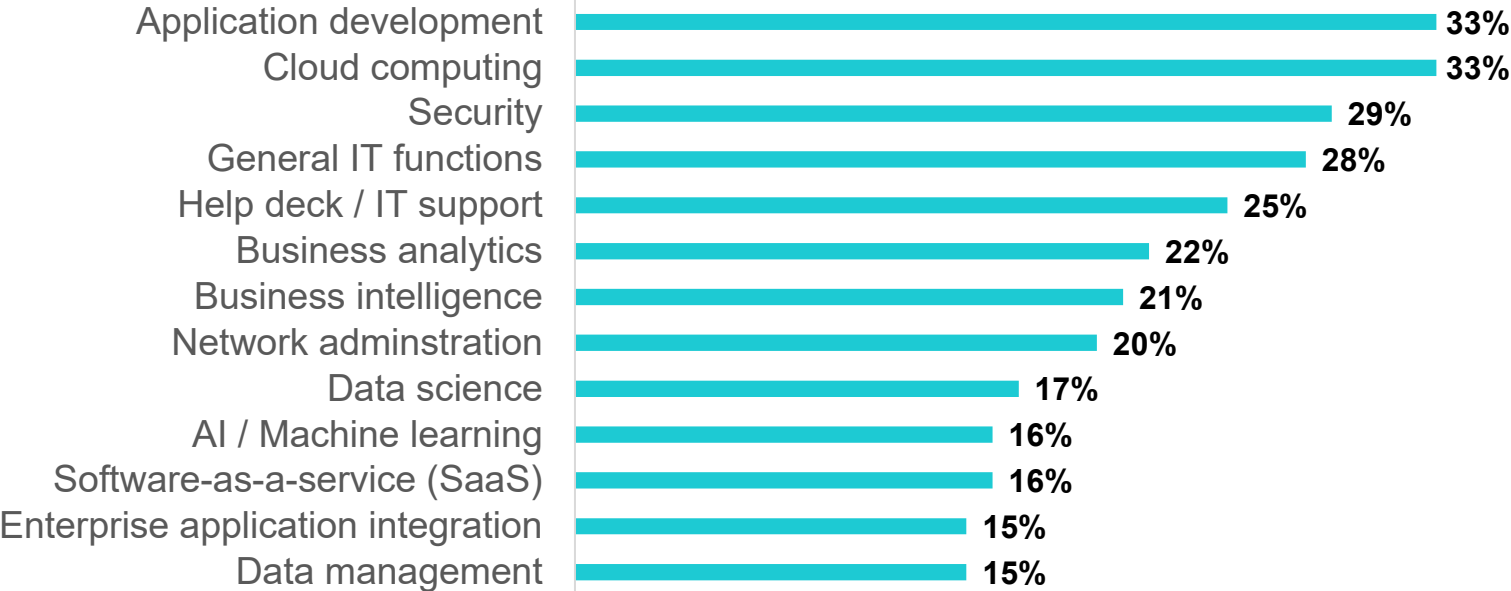
Role	U.S. Employment (in thousands)	
	2020	2030
Information security analysts	141.2	↑ 33% 188.3
Data scientists and mathematical science occupations, all other	63.2	↑ 31% 83.0
Computer numerically controlled tool programmers	27.1	↑ 27% 34.5
Software developers and software quality assurance analysts and testers	1,847.9	↑ 22% 2,257.4

150 million technology-related jobs are expected to be added globally over the next 5 years

Source: LinkedIn, Bureau of Labor Statistics

Specific Digital Skills In Demand

Top Digital Skills Managers Look To Hire in the Next 12 Months



Employers are less fixated on job titles and more concerned with digital skills

Because the pace of digital change is so rapid, there is a critical need to upskill on a regular basis to stay ahead of the new technologies, strategies, and developments

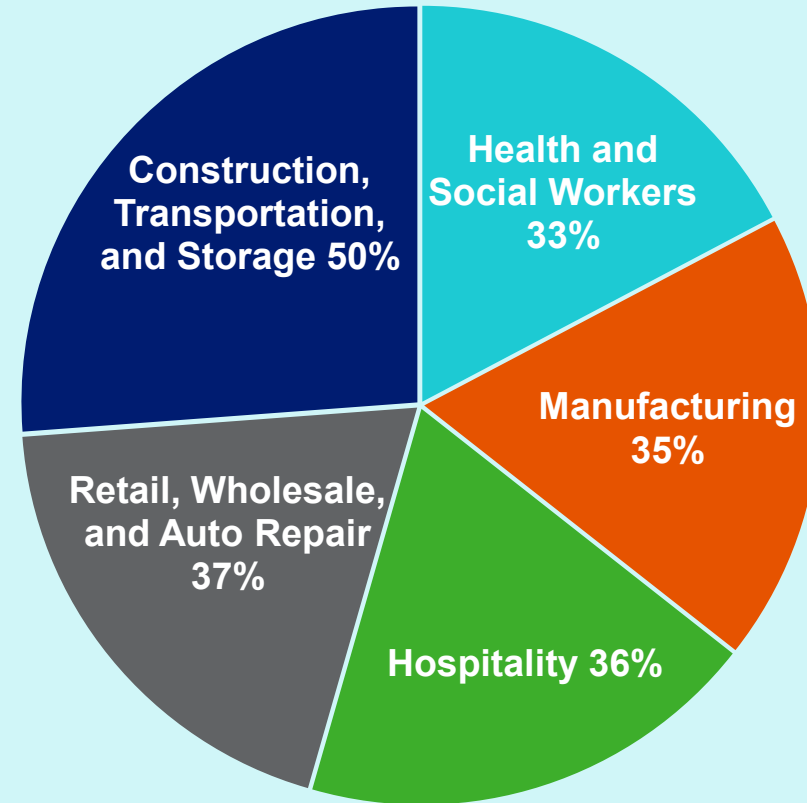
Source: Insider Pro 503 respondents with management titles

Digital Literacy Gap (Operations)

Approximately **1 in 3** American workers has limited or no digital capability

20% of supervisors have no digital capabilities and **33%** have limited digital capabilities

% Of Workers With Limited or No Digital Capabilities



No digital capabilities: unable to complete four of six basic computer tasks, such as a mouse; having no prior computer use; or being unwilling to take a computer-based assessment

Limited digital capabilities: an ability to complete simple tasks with a generic interface and a few uncomplicated steps, such as sorting emails into different folders

Attract and Retain Digital Skills

Develop and Market the Following...

- Well defined digital transformation vision and strategies
- Rewards and recognition for innovation, with a team-oriented, fail-fast culture
- State-of-the-art tools and methods (e.g., AI, RPA, analytics, crowdsourcing, agile)
- Hybrid, remote, and flexible work options
- Digital employee experience (e.g., on-boarding)
- Training programs to upskill current employees, including micro-learning experiences



55%

of digitally skilled employees say they are willing to switch jobs if they feel their digital skills are stagnating

Open Discussion





Creative Thinking

Creative Thinking Is Intentional

Analytical Thinking

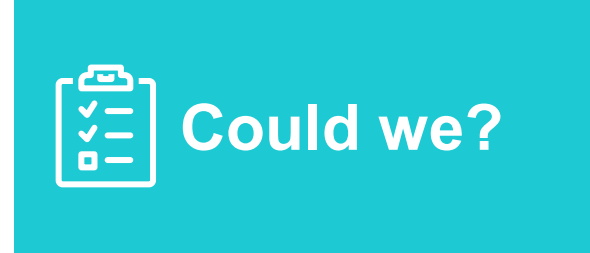
“We can’t and here’s why...What are the risks?...Why this may not work?...The challenges we must overcome for this to work”

Practical Thinking

“This could work under the right circumstances...What capabilities do we have to get started (internal and potential partners)...What key assumptions will we need to be clear on”

Creative Thinking

“What if....? Why not...? What is the big idea and or opportunity....?”



“Creativity is not the finding of a thing, but the making something out of it after it is found”. – James Russell Lowell

Thank You

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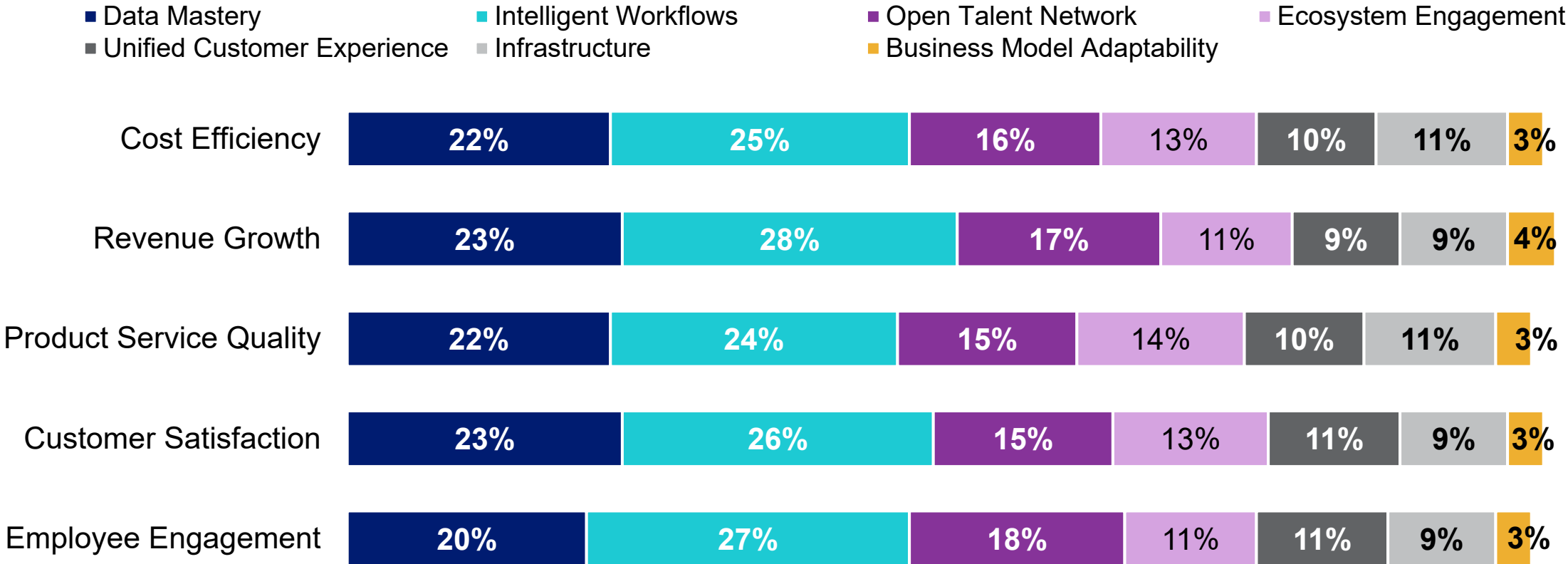
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Appendix

Business Operations Metrics That Matter

Share of Total Impact

Relative Importance of Individual Pivots in Driving Business Outcomes*



*Percentages might not add up to 100 due to rounding

Source: Deloitte

Attract and Retain Digital Skills

Success Stories

Technology Company

Uses 2-3 anchor hires (leaders in a particular industry who help attract other exceptional talent either through their personal networks and industry reputation)

Built up their design team from nearly zero to over 30 top people in less than 12 months

Tripled the overall pace of hiring

Consumer Goods Company

Scores candidates by having them play 12 neuroscience-based video games

Benefits seen from this selection process include: application to job ratio doubled, more diverse candidate pool to date, time spent on application decreased by 75%, and the offer acceptance rate increased by 16%

Traditional Professional Service Firm

Uses a bottom-up strategy by asking all employees, regardless of level, to come up with new ideas for digitalization

Uncovered hidden digital talent, greenlighted a few promising projects, and increased collaboration across functions

Segal Family of Services



Our teams help a wide range of industries. No matter who you are, we can assist you with:

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HR and Benefits Technology
Insurance
Mergers and Acquisitions
Organizational Effectiveness
Retirement Benefits

Benefits Communication
Communication Strategy
Personalized Benefit Statements
Surveys and Focus Groups
Website and Portal Design

Advisory Investment Solutions
Corporate Governance and Proxy Voting
Defined Contribution Consulting
Discretionary Consulting



Not any solution — your solution. Personalized advice and help.

History: 80 Years of Innovation

Martin E. Segal founded the firm in New York		Designed Relative Value Schedules Our study of surgical benefit claims in California		Health and Financial Wellbeing Benefits <ul style="list-style-type: none"> • HMO development • Preferred Provider Organizations (PPOs) • Creative use of pension surplus to finance business transactions 		Life Cycle Benefits Segal designed with various alternatives, to address a client's interest in providing "work-family" benefits to employees		Segal Pulse: Web-based version of the forecast modeling tool SHAPE (Segal's Health Analysis of Plan Experience): Health cost data mining technology Ref360: Web-based tool allowing sports leagues to track, monitor and assess officials' performance	
1930s	1940s	1950s	1960s	1970s	1980s	1990s	2000s	2010s	2020s
Competitive bidding The actual bidding of medical insurance contracts was introduced by Segal		Sabbaticals Segal was one of the first companies design a sabbatical program		Actuarial Asset Valuation: An actuarial valuation method The Life Cycle Pension Plan: New type of final average salary DB plan Securing non-qualified benefits: Risk insurance method to securing non-qualified benefits MediMACS: Physician reimbursement system		Work/Life Calculator Created Return on Investment (ROI) Calculator to provide clients with reliable data demonstrating the quantitative value of non-traditional benefits		Created Analytical Tools <ul style="list-style-type: none"> • COVID-19 Medical Plan and STD Cost Impact models • M&A Readiness self-assessments • Workforce Planning model • Employee segmentation tools Onboarding solution	

Segal's Innovation Lab enhances and supports our culture of innovation. Through in-depth expertise, research, collaboration, and the use of content curation and AI tools, the Lab develops client-centered solutions.