



Why Your Organization Should Create a Digital Innovation Graph

An IDC eBook

Technology's effect on business at a macroeconomic scale signals a new digital economy. The continuing emergence and evolution of this digital marketplace means that enterprises will be measured by their ability to hit and exceed a whole new set of demanding performance benchmarks, and enterprises must become digital natives in the way its executives and employees think and work in order to be successful.



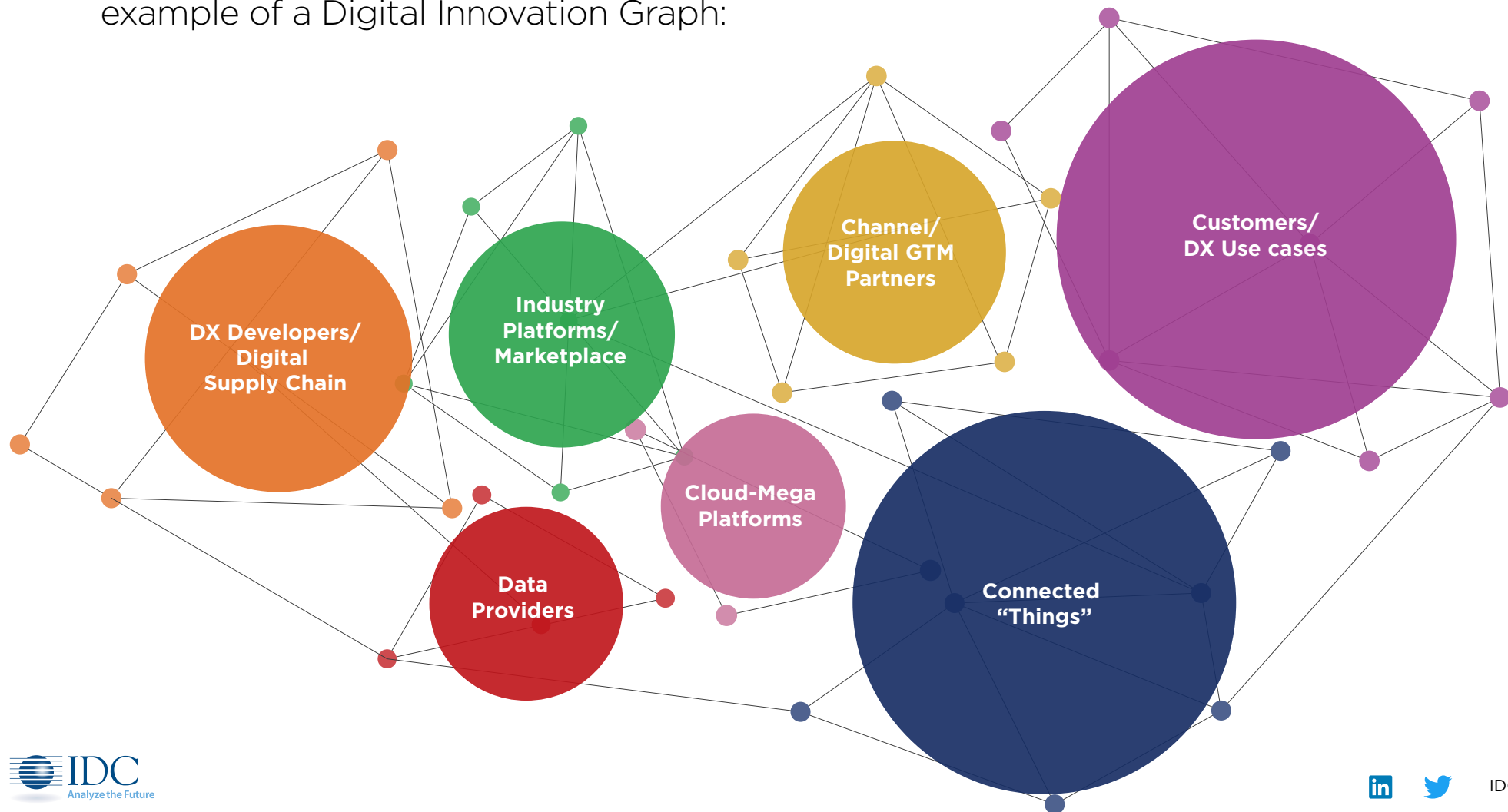
In 2019, enterprises will spend
2.1 TRILLION
on technology and related services to implement and manage Digital Transformation (DX) initiatives.

To better prioritize DX initiatives, enterprises need to ask themselves this important question: **what are our customers trying to build or accomplish that we have the expertise and ability to help?** Look outside in, and make the entire DX mission customer-centric, and your company will be able to plot which internal DX initiatives should take priority.

Keep track of where your organization is – and where it should go – with DX to answer that customer-centric question by building a Digital Innovation Graph. This organization-specific tool will become a blueprint that helps define how your enterprise should grow to become a digital native that best serves your target market.

Establishing a Digital Innovation Graph

Your organization's Digital Innovation Graph is a diagram representing a system of connections of connections or interrelations among two or more aspects of DX, which are represented by several distinctive dots or lines. Below is an example of a Digital Innovation Graph:



Seven sections to consider including in your organization's Digital Innovation Graph:

1 Customers/DX Use Cases

If your enterprise's DX initiative is truly customer-centric, then the first place to start is in the specific customer needs and/or use cases that your business serves. By understanding what it is your customers need from you, your business leaders can then begin to strategize on how to leverage 3rd Platform technologies internally to create the experiences or empower the decision-making needed to better serve customers.

2 Cloud Mega-Platforms

Even if your organization is already taking advantage of cloud-based platforms, the technologies themselves are set to rapidly evolve and change the way your business interacts with them. The cloud will go "2.0", becoming much more distributed, secure, intelligent, and industry specialized. Investing in a mega-platform, where data is increasingly processed at the edge of the cloud and information is available and useful in a shorter amount of time, can help drive DX initiatives across the enterprise.



By 2020 over 67% of enterprise IT infrastructure and software spending will be for cloud-based offerings.

3 Connected “Things”

Internet-enabled objects are certainly becoming more popular on the retail market, but their ability to assist business operations and deliver enhanced experiences to stakeholders makes them extremely valuable to enterprises as DX drivers. IoT spending will reach \$1.3 trillion in just three years, with 30 billion connected IoT endpoints existing by 2020. Evaluating where in your processes intelligent, connected things can drive transformation is essential to better serving your customers as well as your employees.

4 DX Developers/Digital Supply Chain

3rd Platform technologies assist in accelerating and sustaining DX initiatives, so it's critical for organizations to foster relationships with the developer communities that produce, distribute, and service these technologies. It may also make sense to create an internal developer community as well. In a race for talent, organizations should identify which external developer communities they want to dip into – and which they should build within their own company.

5 Data Providers

Data is digital currency; as true as that statement is today, it will ring even more true as data becomes even more easily and quickly collected, analyzed, and distributed. By 2018, enterprises with DX strategies will expand external data sources by at least 3- to 5-fold. Organizations that wish to capitalize on the transformative powers of data will have to assess these external data providers, and decide on a strategy that utilizes the right data, from the right data partner.



**By the end of 2017,
over 70% of the
Global 500**

**will have dedicated DX/Innovation
teams. That number will expand
by 2-3 times by 2020.**

6 Industry Platforms/Marketplaces

An industry platform is a cloud-based platform through which multiple companies in an industry collaborate in some fashion towards a larger goal, such as improving industry insight and/or capability. As cloud 2.0 becomes more secure and industry-specified, the number of industry platforms will grow. Enterprises will need to evaluate to what degree they participate in these marketplaces, and how to mitigate the drawbacks of such an environment.

7 Channel/Digital Go-to-Market Partners

The digital economy isn't just changing the internal ways enterprises run; it's also introducing and elevating new players. Channel or GTM partners will become a much larger portion of the DX landscape; by 2020, over 70% of cloud services providers' revenues will be mediated by channel partners and/or brokers. Learning who these players are and how they interact with each other will be critical for organizations investing in DX and 3rd Platform technologies.

By 2018, the number of industry collaborative clouds will triple to more than 450.

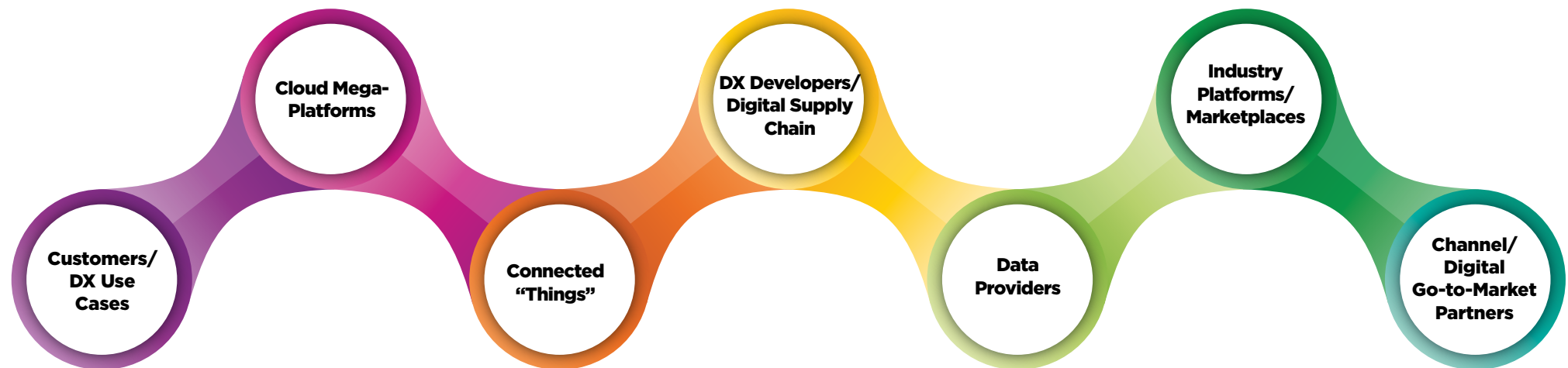


Putting Your Graph Together

No two organizations' Digital Innovation Graphs will look identical, but each organization should ask themselves the following question when building theirs: is our enterprise using each of these seven elements of enterprise DX?

If the answer is yes, organizations should use their graph to determine where and how to innovate in order to better serve target markets. The graph can also show whether an organization is spread too thin, and trying to serve too many disparate audiences. To succeed in the digital economy, an enterprise must be a digital native with a laser-focus on what its mission is – and what it is not. The Digital Innovation Graph can reveal whether a company's DX strategy is supporting its core mission and values.

If your organization is not using all seven elements of the Digital Innovation Graph, what are some high-impact ways to begin folding these requirements into your organization? Establish your industry's most important DX use cases, and focus there to deliver better experiences to your customers.



The Bottom Line

The digital economy means that enterprises must become digital natives in order to survive. To truly thrive, organizations must develop agile IT infrastructures to enable digital business transformation that empowers them to better serve their target customers.

Creating a Digital Innovation Graph for your business is an exercise that will help identify how close to digital native status your organization is - and where it needs to improve.



Learn more about IDC's 3rd Platform research and thought leadership at : www.idc.com/3rdplatform

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