

Be Future Ready and Thrive in a Digital Economy

September 2022

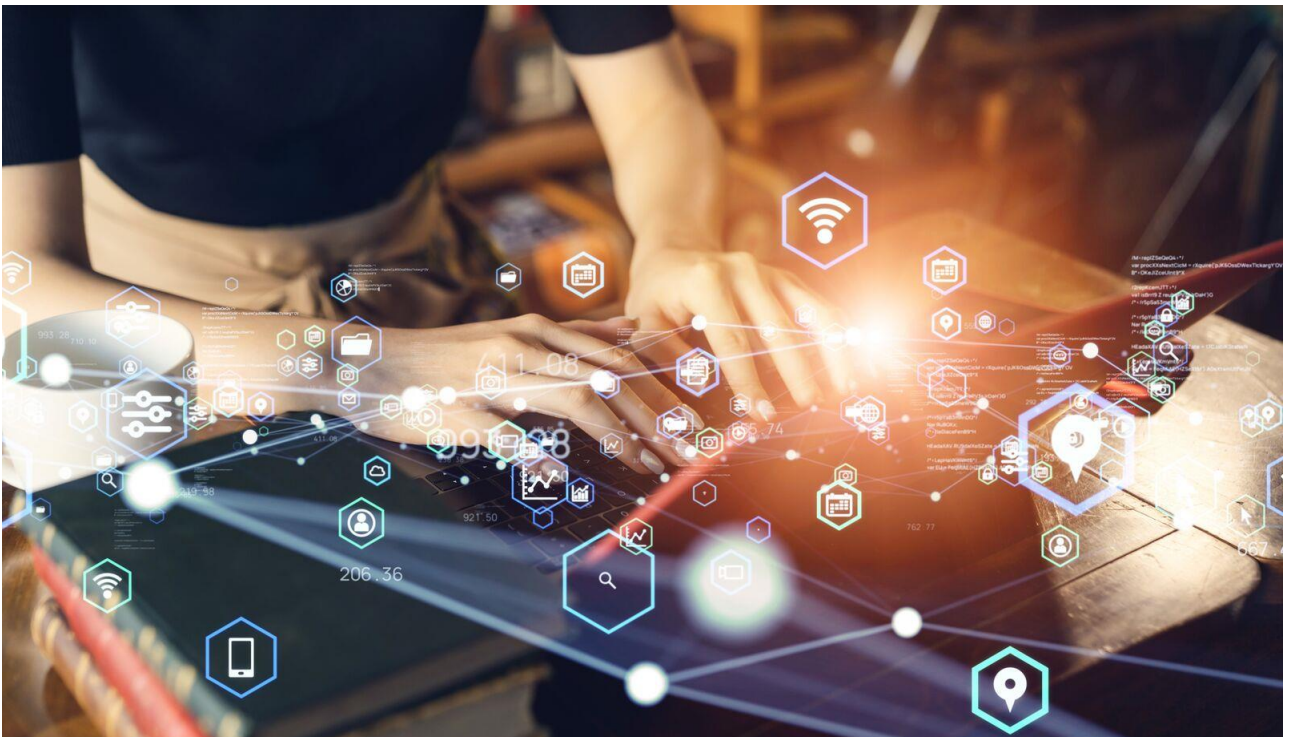
What is digital transformation? How we are changing the way, our company operates.

Digital transformation: the term has been around for many decades, shifting and altering its meaning as technology develops. What was once essentially just online communication now has multiple meanings, incorporating the Internet of Things (IoT) and Artificial Intelligence (AI). Who knows where this revolution will end?

Whether you've been in business for a week or a decade, you will have heard the term '[digital transformation](#),' but what is it?

...and more importantly, how does it apply to businesses and organizations?

Let us break down this overused buzzword. 'Digital' means different things to different people – 'going paperless,' analytics and AI, Agile teams, etc. – each is a valid interpretation of the word. A Google search for the term produces 16 billion hits, and the list keeps expanding. When we then add the word 'transformation' the complexity of understanding and different interpretations increases exponentially.



Digital transformation looks different in every organization. There is no single definition for all. However, it can be defined as a journey of change and is guided by three questions:

- Why do we need to change?
- What exactly do we need to change?
- How will we achieve change?

For SGS, 'digital transformation' is our way to build a future-ready enterprise – an organization ready to thrive in the digital economy. One that is ready to create a better, safer and more interconnected world.

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Why do we need to change?

Customers now expect more; they want perfection. If we wait, it will be too late. The rate of change in the digital economy is too rapid to allow for a reactive change. We must be forward-thinking.

Our starting point, and justification for change, must lay with the customer. We need to put the customer at the heart of this journey – our vision: *"to become the digital leader in the TIC industry through a customer-centric approach."* This is our motivation for change, and it's our aspirational goal!

What exactly do we need to change?

With our motivation established, our journey begins. Change can take many forms, but with intelligent transformation, the journey is done step-by-step and not all at once.

Looking at some of the most important categories of our organizational value chain, change can be applied and enabled by digital technology in these areas:

- **Business model** – how we create, deliver, and capture value, and how we differentiate ourselves from the competition
- **Structure** – how we are organized. What is the balance between local and global decision-making? Does this make sense for the future?
- **People** – our primary resource: the people working at SGS. How digitally savvy are the employees in different parts of the organization?
- **Processes** – how employees are doing things. To what extent can we automate and digitize processes? Are they consistent across the organization? Are they adaptable to change?
- **IT capability** – how do we collect and manage information? Is our IT infrastructure – core systems, databases, networks – able to support our digital ambitions?
- **Offerings** – our products and services. How digitally enabled are our products and services?
- **Engagement model** – how we engage with customers, suppliers, partners, etc. Are our relationships with customers strong? Are customers loyal? How many customer touchpoints do we have, i.e., mobile, face-to-face, mail, and web?

We can transform several areas in our organizational value chain, and it will be impossible to do it all at once. To achieve this, we will prioritize and adopt a prioritize-by-step approach.

Following research, assessment, and validation, three domain areas were identified as business objectives – create new products and services, improve customer experience, and automate operations. Key results were determined and established for each area, with every domain area correlating with our

focus areas in the following sequence: Data-Driven Company, Customer First and Smart Simplicity.



Data-driven Company

By 2023 we are targeting

- 20% of revenues through digital services
- 50% of SGS data is FAIR: findable, accessible, interoperable, reusable



Smart Simplicity

By 2023 we are targeting

- >30% of all services enhanced by AI
- 100% of AI services comply with ethical standards



Customer First

By 2023 we are targeting

- 100% of digital services to be inreal-time, intelligent, context based, human centered and simple to use
- >30% of the customer journeys to be digitized

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How will we achieve change?

As we have seen, it is essential to have a clear idea of where transformation/change is required and then connect it to our business goals. However, knowing what to do and how to do it are two very different concepts and therefore, the greatest challenge in our digital transformation journey remains – how will we do it?

To help us conceptualize our strategic plan, let us use the analogy of the ‘orchestra’. Before any orchestra performs a symphony, it needs to determine what music they want to create and what instruments they will use. The maestro must lead them, defining direction, speed, sound and movement.

‘Digital transformation’ requires a leadership commitment (the ‘maestro’) that sets the direction and strategy. The right capabilities (‘instruments’) must be pulled in at the right time and in the correct order (‘orchestration’). To further stretch the analogy, this will create value (the ‘music’) for our customers (the ‘audience’).

For this to happen, we need people to engage with the change and if we are honest, no one likes to go through a [change process](#). As a species, we resist change, fearing unknown outcomes. This is why ‘digital transformation’ always comes with ‘cultural change’ as we must continually challenge the status quo, experiment often, and become comfortable with failure. Winning the hearts and minds of people during this process isn’t easy.

“The key to keeping our shareholders happy begins with our people. If we can create a place of work that employees are proud of and committed to, this is felt by our customers, which in turn brings their loyalty to our business,” said Nuno Amaral, Digital Business Architect.

Becoming a future-ready enterprise requires us to start on a path towards being an ambidextrous organization¹ – able to [exploit](#) today's business while [exploring](#) tomorrow's opportunities.

Our ‘digital transformation’ strategy has two phases. Firstly, ‘Rewire for Digital Innovation’, aims to accelerate digital innovation within SGS. Secondly, maturity in digital innovation leads to ‘Digital to the Core’, which aims to establish at-scale digital solutions in all our operations.

Initiatives have already been implemented for both phases. A great example is the [SGS Global Innovation Engine](#), which sets the foundations for finding breakthroughs and new business opportunities and bringing them to market through rapid validation with the customers.

So far, we have created the Innovation and Incubation Lab (e.g. moonshot campaigns, innovation thesis, etc.), Innovation Factory (e.g. rapid experimentation, [improving/creating new business models](#), [new ways of working](#), etc.), [Online Store](#) (e.g. improve go to market, etc.), [IoTech Central](#) (e.g. new value-added services, etc.), [AI hub](#) (e.g. data-driven company, etc.), Emerging Technology Competence Center (ETCC) and Digital hub (e.g. [customer journey](#), [Agile](#), etc.). Each initiative is linked to our business objectives and key results – they are enablers of our ‘digital transformation’.

Data, technology, processes, people, and partners are the foundational layers behind these initiatives.

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The journey will be long, and it needs to be done as a collaboration between business and IT teams. The five objectives and actions of "Digital to the Core" are:



We aim to digitalize 20% of our services by 2023 and by 2025, we want to be a fully data-driven company.

Every day brings new challenges, so always treat today as if it's your first day in the office and do something that has a positive business impact. We are ready to listen to your ideas:
Enquiry.Innovation@sgs.com



Nuno Amaral
 Digital Business Architect
Enquiry.Innovation@sgs.com



Siddi Wouters
 Senior Vice President
 Digital & Innovation at SGS