



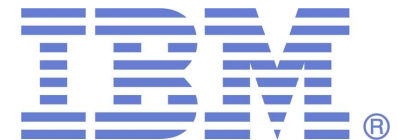
***La Empresa del Futuro.***  
***The Global CEO Study 2008.***

**José Díaz Gómez**  
GTS México Director

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Mayo de 2008

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# We spoke to 1,130 CEOs and conducted in-depth analysis to determine the characteristics of the Enterprise of the Future



## How are organizations addressing:

- New and changing customers – changes at the end of the value chain
- Global integration – changes within the value chain
- Business model innovation – their response to these changes

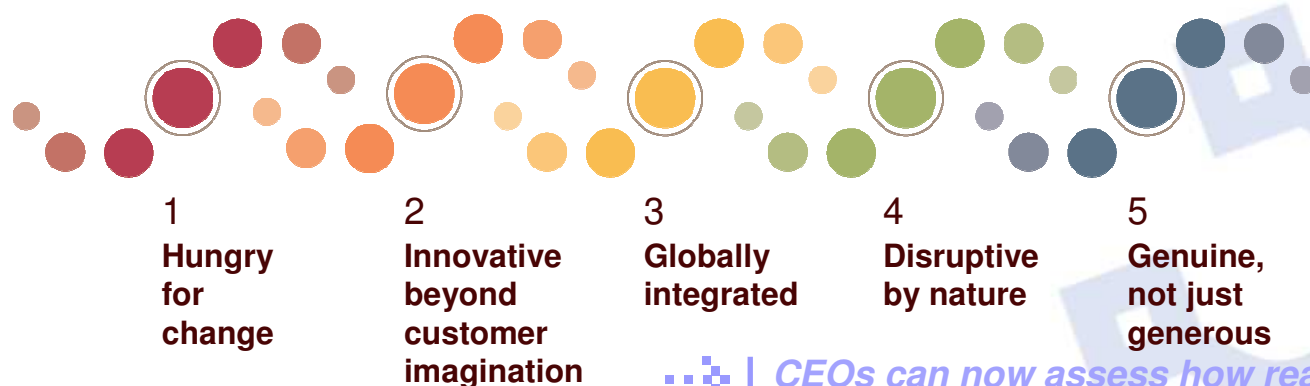
Scope	Approach	Analysis
<ul style="list-style-type: none"> <li>■ Focus on company and public sector leaders                             <ul style="list-style-type: none"> <li>□ CEOs and leaders from the private (78%) and public (22%) sectors</li> <li>□ Representative sample across 40 nations and 32 industries</li> <li>□ Organization size                                     <ul style="list-style-type: none"> <li>■ Companies of over \$500Mn (established economies) and \$250Mn (emerging economies*) in annual revenue</li> <li>■ Public sector organizations with over 1,000 employees</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Interviews with 1,130 CEOs worldwide                             <ul style="list-style-type: none"> <li>□ Vast majority one-hour interviews of CEOs using a structured questionnaire</li> <li>□ Survey of 50 CEOs in India and China, in partnership with the Economist Intelligence Unit</li> <li>□ 33% Asia, 36% EMEA and 31% Americas</li> <li>□ 80% Established, 20% Emerging Economies</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Quantitative and qualitative analysis                             <ul style="list-style-type: none"> <li>□ Analysis of respondents' current behaviour, investment patterns and future intent</li> <li>□ Analysis of choices being made by financial outperformers</li> <li>□ Multivariate analysis to identify clusters of responses to multivariable questions</li> <li>□ Selective case studies of individual companies that excel in specific area</li> </ul> </li> </ul>

# The collective wisdom of these CEOs has led us to the five core traits of the Enterprise of the Future

## Findings from 1,130 interviews

- Organizations are bombarded by change, and many are struggling to keep up
- CEOs view increasingly demanding customers not as a threat, but as an opportunity to differentiate
- Nearly all CEOs are adapting their business models—two-thirds are implementing extensive innovations
- CEOs are moving aggressively toward global business designs, deeply changing capabilities and partnering more extensively
- Financial outperformers are making bolder plays

## Core Traits of the Enterprise of the Future



CEOs can now assess how ready they are for becoming the Enterprise of the Future.



The Enterprise of the Future is ...

Hungry for  
Change



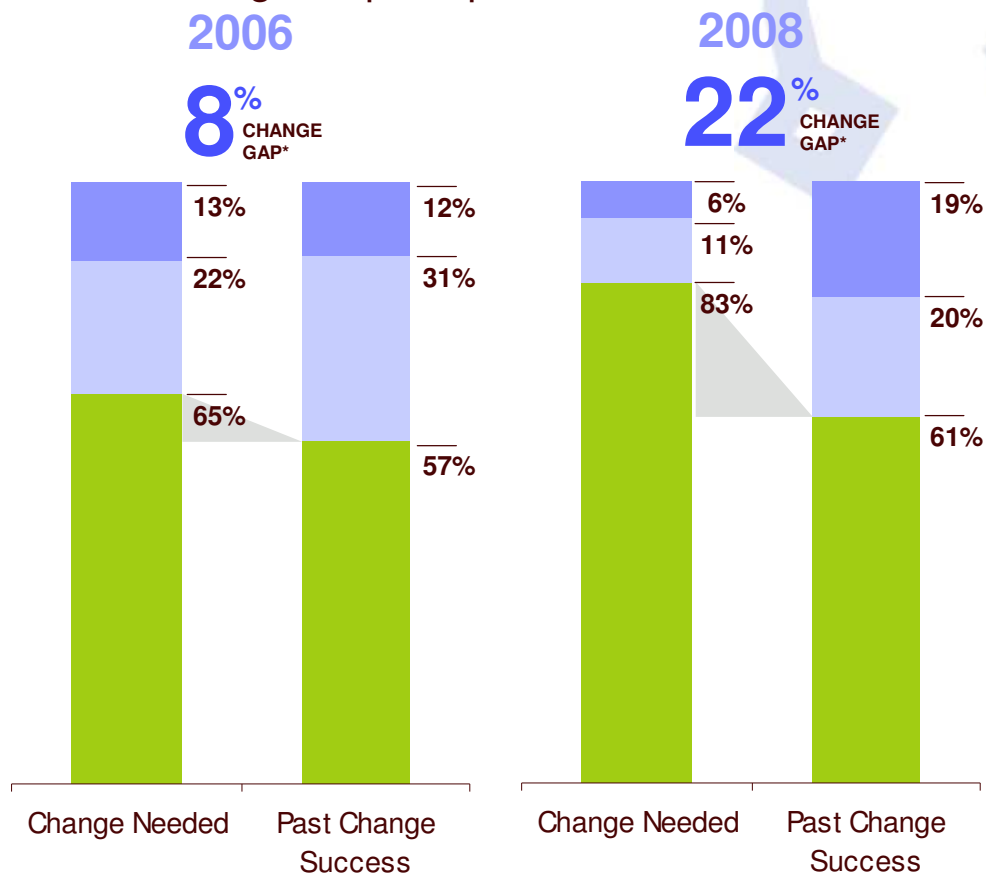
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# Although CEOs are more confident about managing change, the gap between their capability and the challenge ahead is growing

The Change Gap\* Triples



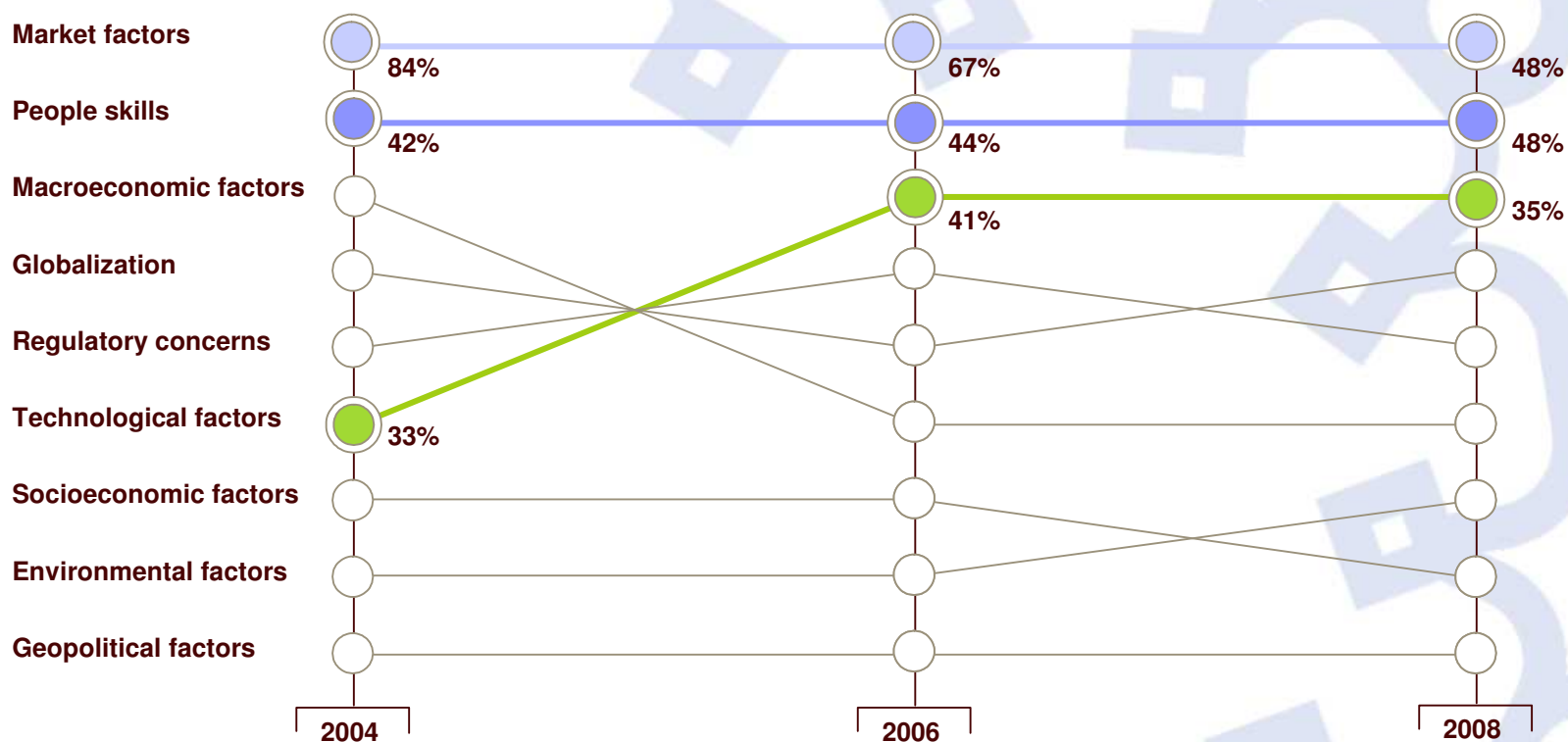
*"We have seen more change in the last ten years than in the previous 90."*  
Ad J. Scheepbouwer, CEO, KPN Telecom

Source: IBM Global CEO Study 2008; n (2006) = 709, n (2008) = 1104

\* Difference or 'gap' between expected level of change needed and past success in managing change

## In addition, CEOs can no longer focus on a narrow set of challenges and intend to manage a broader agenda and greater uncertainty

### External Forces Impacting the Organization



Source: IBM Global CEO Study 2008; n (2004) = 403, n (2006) = 760, n (2008) = 1130

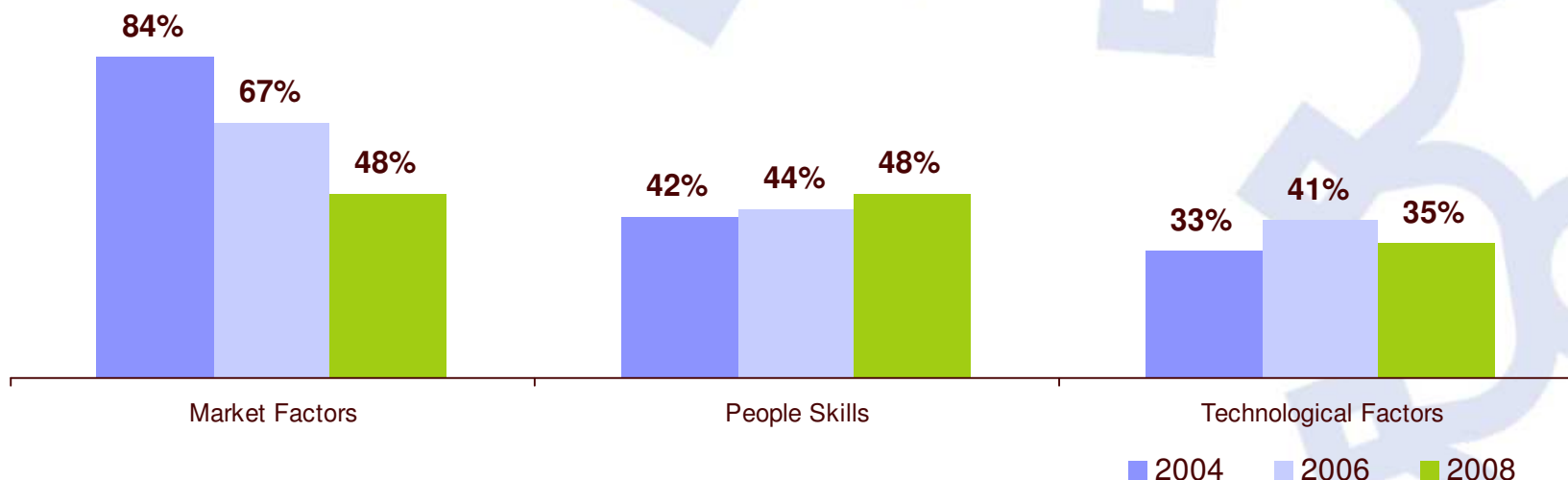
# CEOs told us these three external forces will cause the most change for their organizations over the next three years

## Top 3 External Factors

Market Factors are still important but less dominant

People Skills are as important as market factors

Technological Factors are steady at third position



*“Our inability to find talent has been an inhibitor to growth globally.”*

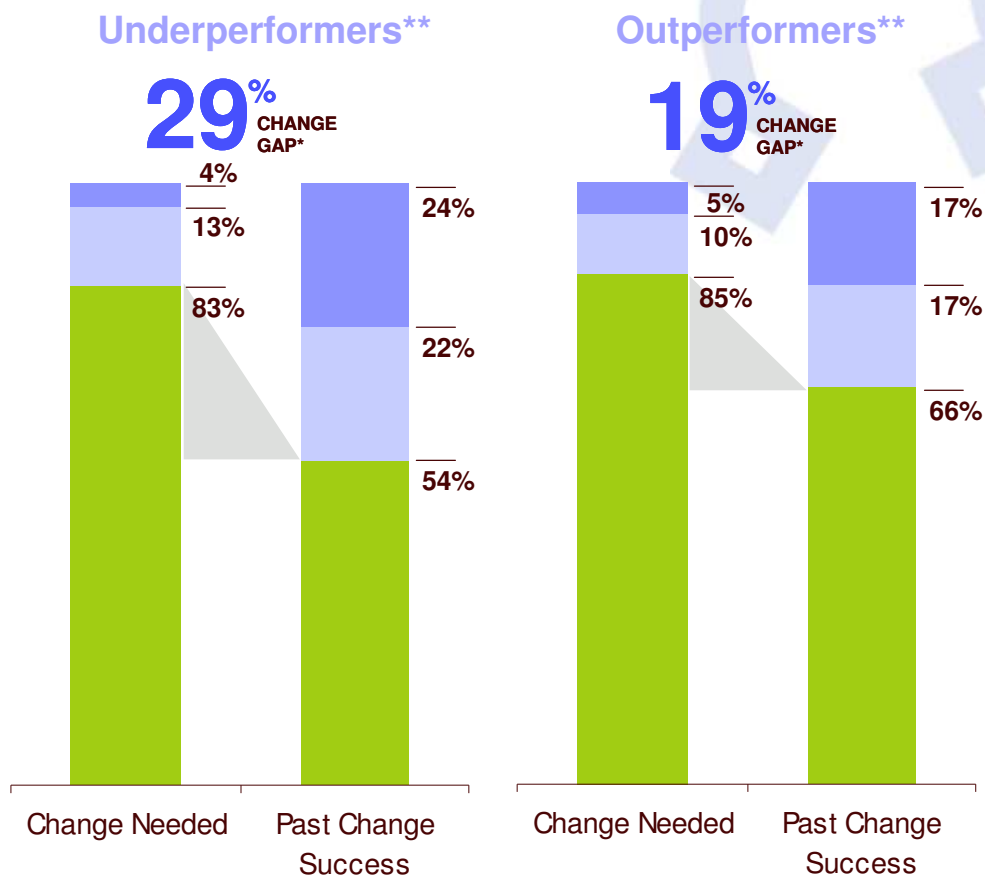
*Lorman Correa, Presidente, Inelectra S.A.*

*“External factors affect me and my competitors equally. The differentiator is talent management.”*

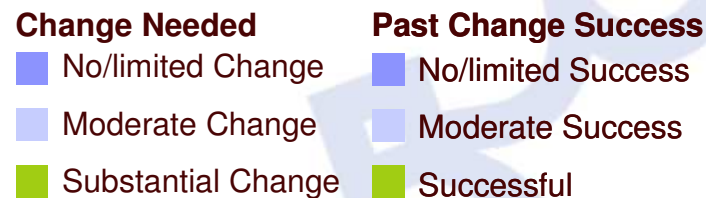
*Hector Ruiz, Chairman & CEO, AMD*

Source: IBM Global CEO Study 2008; n (2004) = 403, n (2006) = 760, n (2008) = 1130

# Companies that delivered higher revenue growth managed change more successfully



CEOs of organizations with outperforming revenue growth are more confident about their ability to implement change



\* Difference or 'gap' between expected level of change needed and past success in managing change  
 Source: IBM Global CEO Study 2008; n (underperformers) = 173, n (outperformers) = 164

\*\* Performance based on industry comparisons within survey sample of revenue CAGR 2003 to 2006



# Are you ready?



Does your organization have a healthy appetite for change?

Have you seeded your organization with visionary challengers and provided them with the freedom to effect meaningful change?

Do you manage change as a structured program and measure change management effectiveness?

Do you have robust processes in place to incubate new product, service and business model concepts — and redirect investment when required?

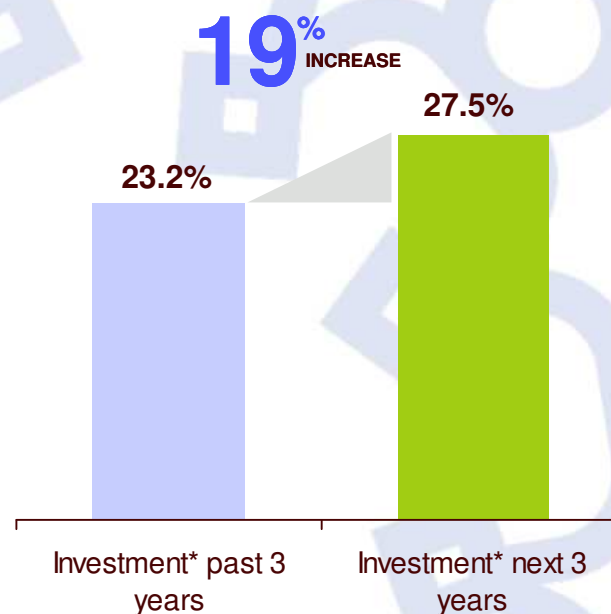
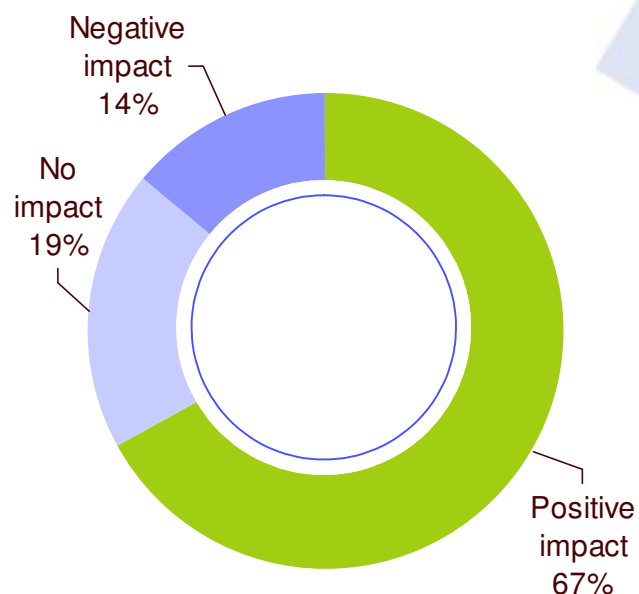


The Enterprise of the Future is ...

Innovative Beyond  
Customer  
Imagination

## Two-thirds of CEOs see opportunity in rising customer purchasing power and plan to increase their investment in this trend

Rise of purchasing power in rapidly developing economies and prosperity in Western economies



*“Simply put, we want significant share in markets growing faster than others, which for us is more than 25 percent.”*  
*Ron Logue, Chairman and CEO, State Street*

Source: IBM Global CEO Study 2008, n = 609; \* Total investments: all asset investments + all investments in R&D, marketing and sales

## Purchasing power-focused CEOs are interested in new business relationships and use them to capitalize on new markets

Focus areas to benefit from rising customer purchasing power

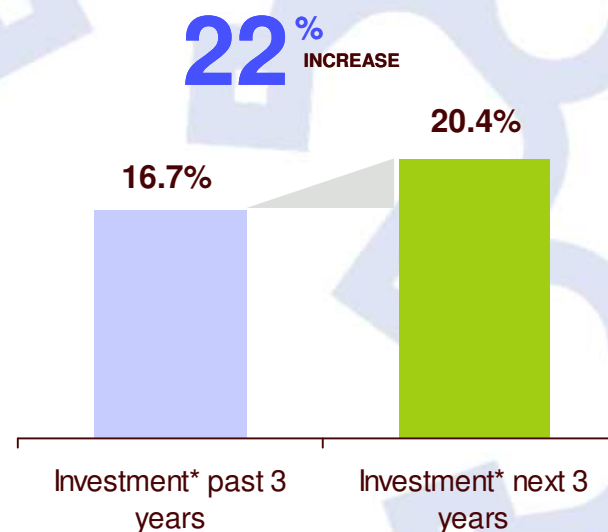
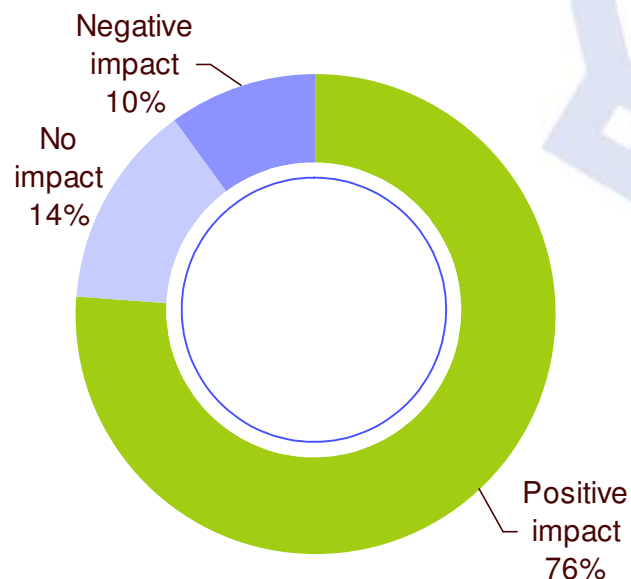


*“There are no homogenous consumers anymore. We have to find ways to address different segments with individual sales channels and product offerings without increasing complexity and its related costs.”*

*Dr. Torsten Oletzky, CEO, ERGO Versicherungsgruppe AG*

## CEOs see even more potential with informed and collaborative customers and are rapidly increasing their investment there

Rise of the informed and collaborative customer



*“The rise of the informed and knowing consumer will continue to have an impact regarding our go-to-market priorities. We must know how to leverage new media. We’ve been surprised by the impact that just a few consumers can have with their blog entries.”*

*Rob Hurlbut, CEO, Attune Foods*

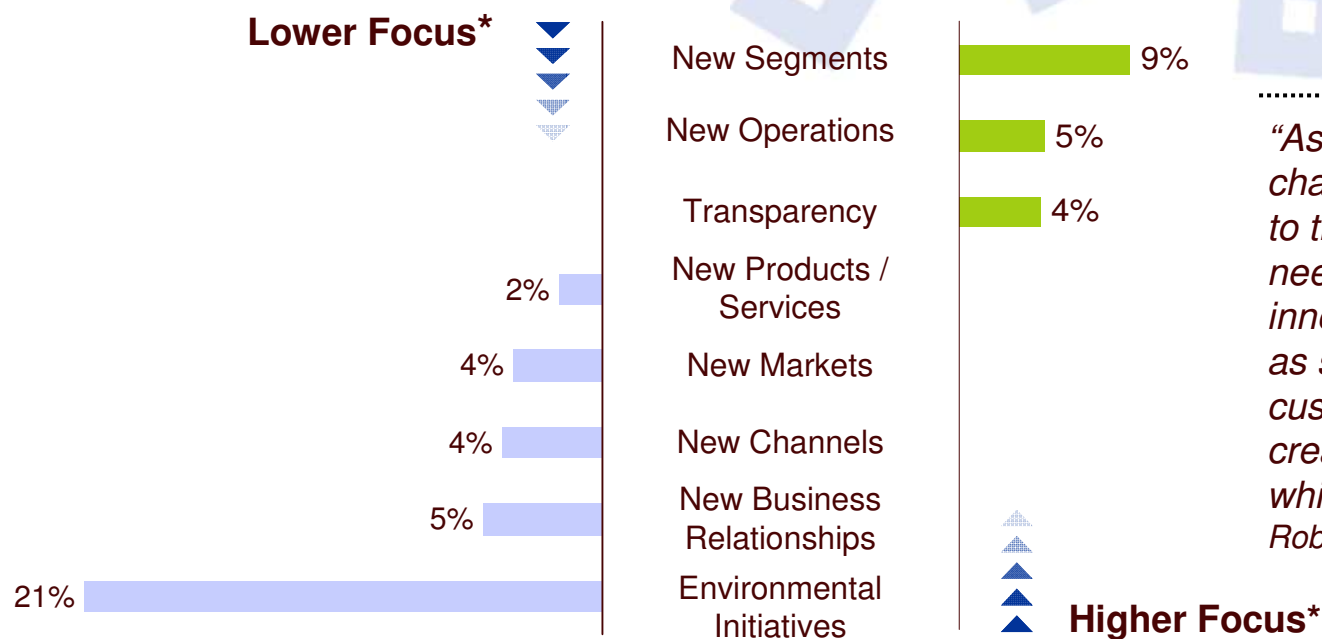
*“We must redefine our value proposition to customers. Information and advisory content are becoming even more valuable than traditional drivers.”*

*H. Edward Hanway, Chairman & CEO, CIGNA Corp.*

Source: IBM Global CEO Study 2008, n = 609; \* Total investments: all asset investments + all investments in R&D, marketing and sales

## CEOs serving these customers use new operational capabilities to identify more nuanced segments and to provide transparency

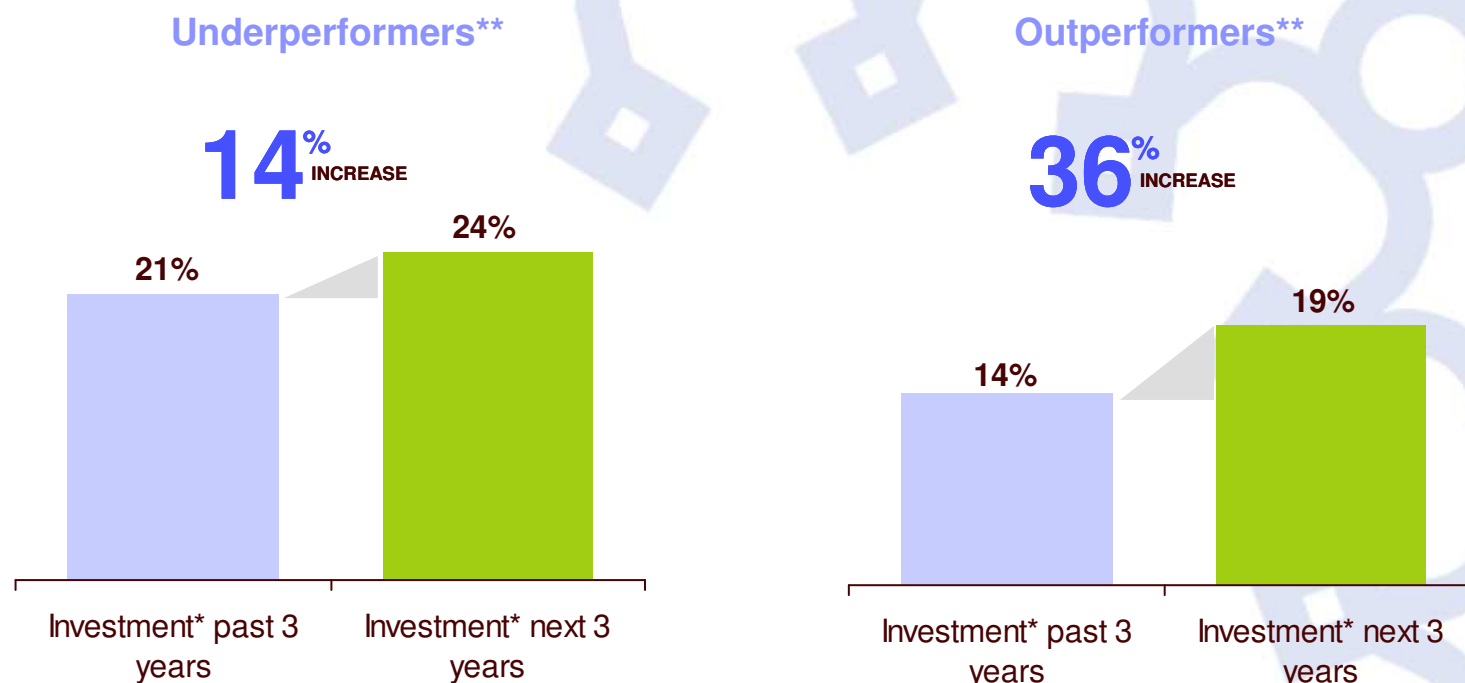
Focus areas to benefit from the rise of the informed and collaborative customer



*“As our customers continue to change their focus in response to the evolving marketplace, we need to position ourselves as an innovator. We need to be seen as someone with whom our customers can collaborate in creating new experiences from which consumers can benefit.”*  
*Rob Hurlbut, CEO, Attune Foods*

## Outperformers plan to increase their investment in informed and collaborative customers by 36% over the next 3 years

Investment in the rise of the informed and collaborative customer



*“In the future, we will be talking more and more about the ‘prosumer’— a consumer/producer who is even more extensively integrated into the value chain. As a consequence, production processes will be customized more precisely and individually.”*  
 Hartmut Jenner, CEO, Alfred Kärcher GmbH

Source: IBM Global CEO Study 2008; n = 167; \* Total investments: all asset investments + all investments in R&D, marketing and sales

\*\* Performance based on industry comparisons within survey sample of net profit margin CAGR 2003 to 2006

# Are you ready?



Which of your offerings are breaking new ground, opening entirely new segments or markets?

What can you learn from them?

Are you systematically evaluating potential geographic markets?

How do you achieve the efficiencies of global brands, products and services while remaining locally relevant?

When customer preferences shift, are you the first to understand and act on this or do your competitors react more quickly?

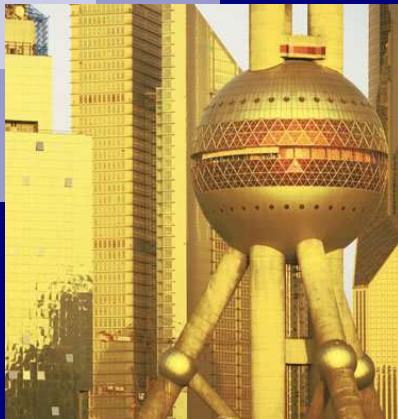
Are you effectively integrating disparate data and systems to gain new customer insights?



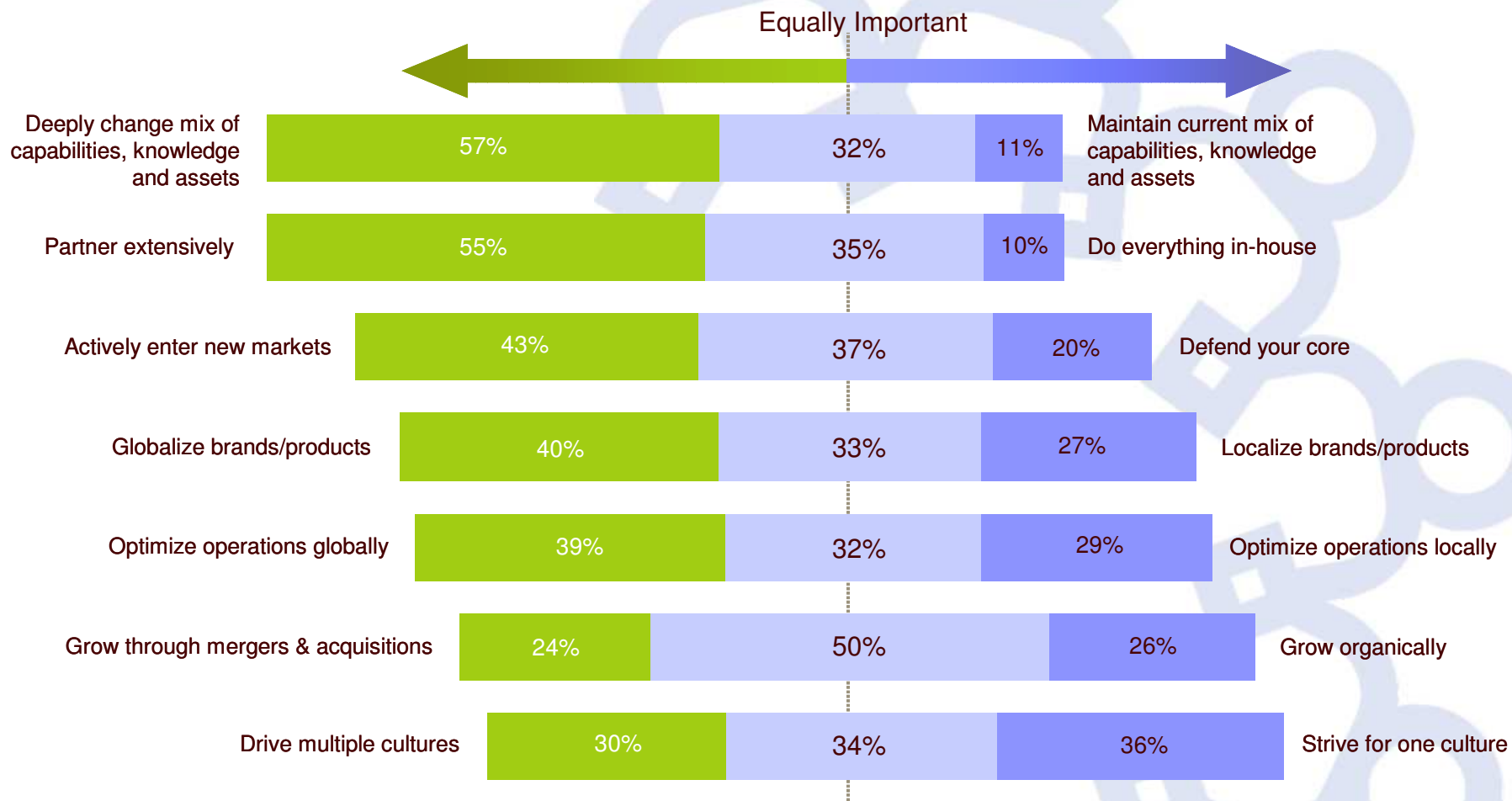


The Enterprise of the Future is ...

Globally Integrated

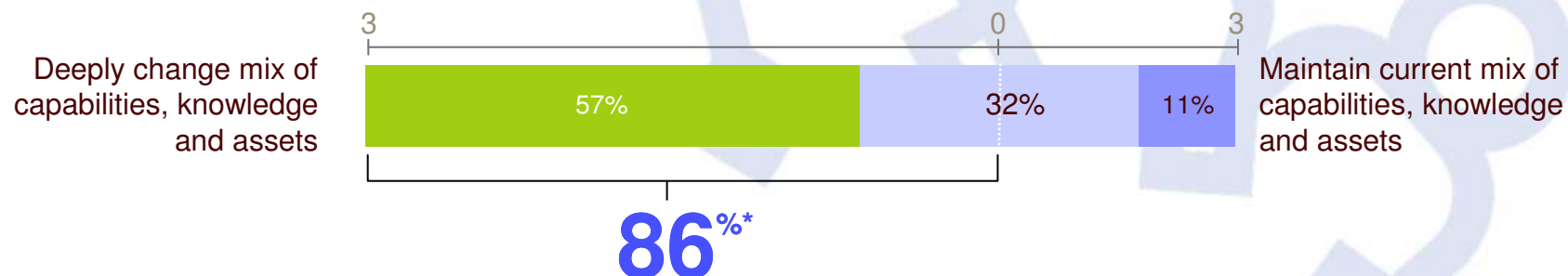


# CEOs are planning radical changes in business design to capitalize on global integration



Source: IBM Global CEO Study 2008; private sector responses

## CEOs plan deep changes in their capability, knowledge and asset mix



*“The success of global integration depends on how well we can utilize locally available assets in the markets we are in. It also depends on whether we can elevate our sensitivity to these matters and build a sense of urgency.”*

*Toru Uchiike, Chairman & CEO, Toshiba America Inc.*

*“We need to change our DNA. We are recruiting senior managers from diverse backgrounds and organizations to get the best people skills.”*

*Managing Director, Retailer, India*

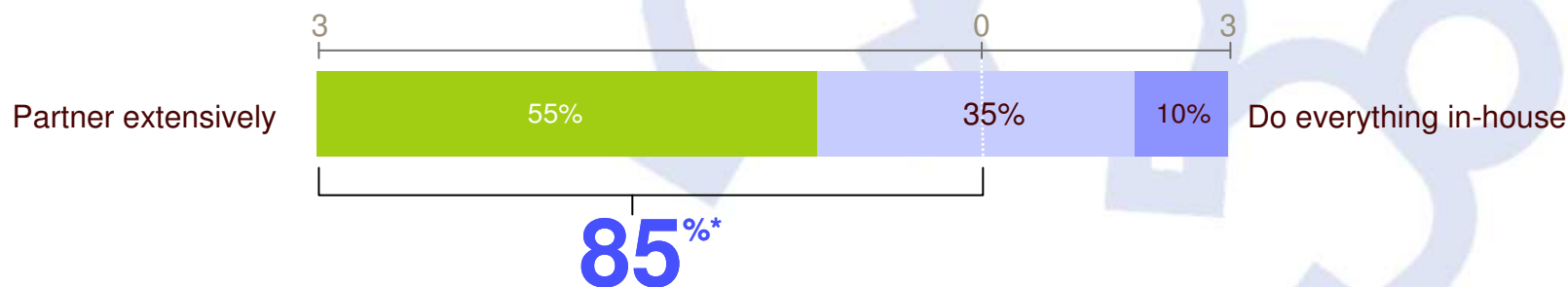
*“We are constantly bringing in new skills and capabilities needed to seize market opportunities.”*

*CEO, Chemicals and Petroleum Company, Asia*

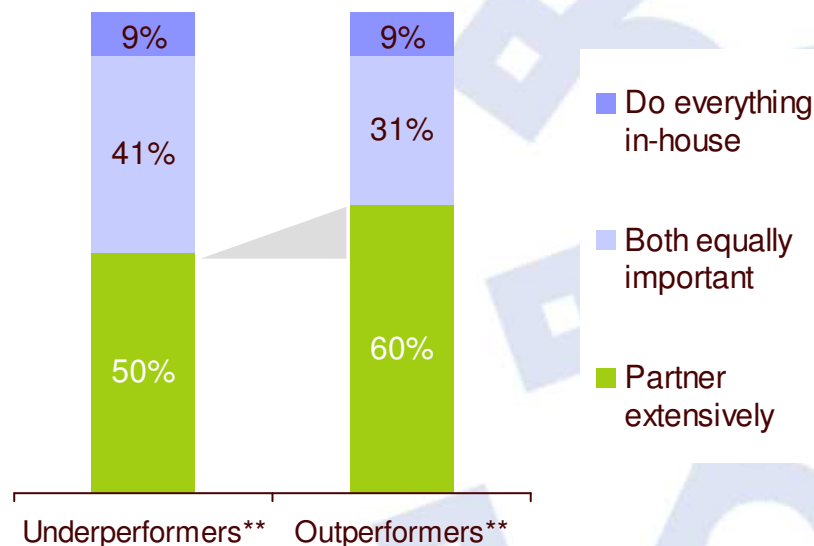
Source: IBM Global CEO Study 2008, n = 860

\* total % of CEOs who answered between left hand side 3 to 0 (0 = both sides equally important)

## CEOs plan to partner pervasively – especially outperformers



.....  
*“A few years ago, we were a national company; now we’re a global company. Our integrated supply chain must adapt to meet demand in 50 countries. We’re going to have to bring people in from the outside.”*  
 Jim Guyette, President and CEO, Rolls-Royce North America

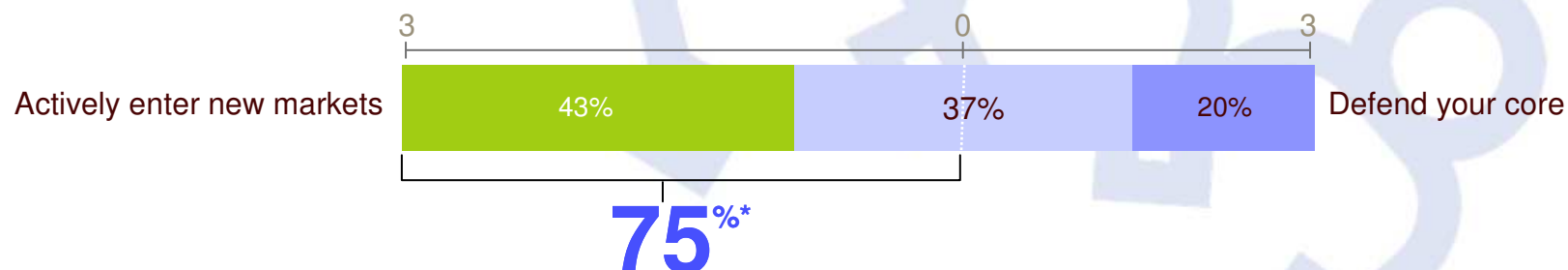


\*\* Performance based on industry comparisons within survey sample of net profit margin CAGR 2003 to 2006

\* total % of CEOs who answered between left hand side 3 to 0 (0 = both sides equally important)

Source: IBM Global CEO Study 2008, n = 880

## Global integration is enabling CEOs to enter new markets



*“Opportunity in today's business environment is in the Emerging Markets, and the limit is not capital but human resources.”*

*John Watkins, Vice President, Cummins Inc.;  
Chairman and CEO, CCI*

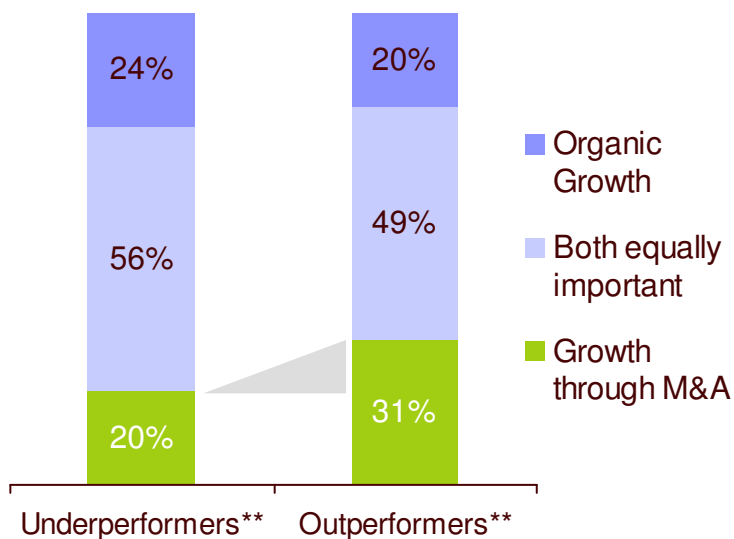
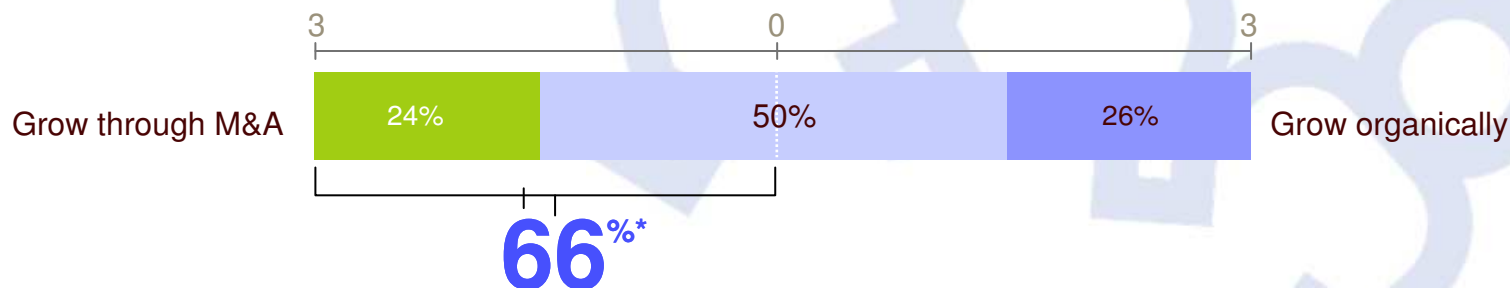
*“One of the greatest challenges our sector will face is the emergence of hungry, credible innovative competition from China.”*

*Simon Beresford-Wylie, CEO, Nokia Siemens Networks*

*“Our parent MNC used our China division to grow, but now we're growing outside our own market, and the result has been Rockwell entering new markets (namely Africa) on the backs of Chinese companies that buy Rockwell products in China and use them in foreign markets.”*

*Bruce Quinn, Vice President and Chief Representative China, Rockwell Automation*

## CEOs use M&A to globally integrate, particularly outperformers



.....  
*"We are very open to M&A (and have been very active historically). Our preferred targets are in adjacent products and brands - and like everyone else we want them in the BRIC countries."*  
 Hong Kong

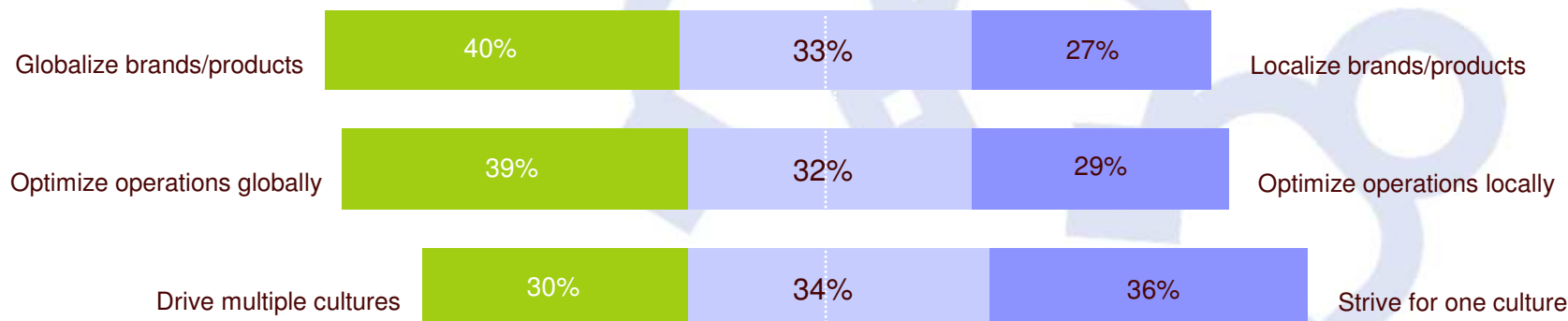
*"We need to grow faster. Organically we can't grow fast enough. Speed to market, liquid pool of assets is critical."*  
 US

\*\* Performance based on industry comparisons within survey sample of net profit margin CAGR 2003 to 2006

\* total % of CEOs who answered between left hand side 3 to 0 (0 = both sides equally important)

Source: IBM Global CEO Study 2008, n = 844

## Need for carefully calibrated business design



*“Products have to be local with a global brand. I see us as a globally integrated organization with a local presence and localized products.”*

*Georg Bauer, CEO, BMW Financial Services*

*“We must move to global coordination, but with local sensitivity. Even the back office requires balance.”*

*Martin Sorrell, CEO, WPP*

*“We are striving for a one-bank culture, but we do not necessarily want to be a one culture bank as we consider diversity to be a key competitive advantage in a globalizing world.”*

*Dr. Axel Wieandt, Head of Corporate Development / Corporate Investments, Deutsche Bank AG*

Source: IBM Global CEO Study 2008; n = 747

# Are you ready?



Are you effectively integrating differentiating capabilities, knowledge and assets from around the world into networked centers of excellence?

Does your organization have a globally integrated business design (even if it does not have a global footprint)?

Do you have a detailed plan for global partnering and M&A?

Are you developing leaders that think and act globally?

Do you nurture and support social connections to improve integration and innovation?





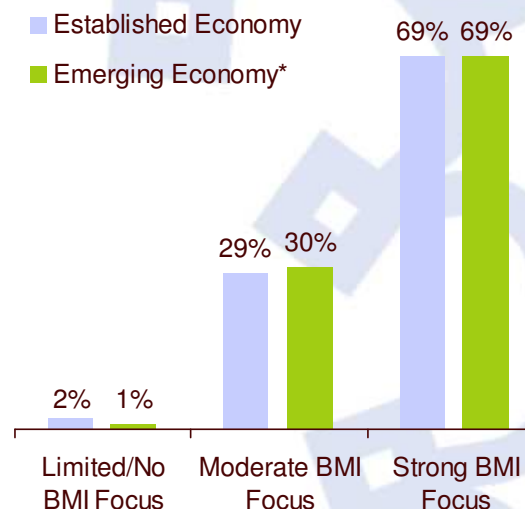
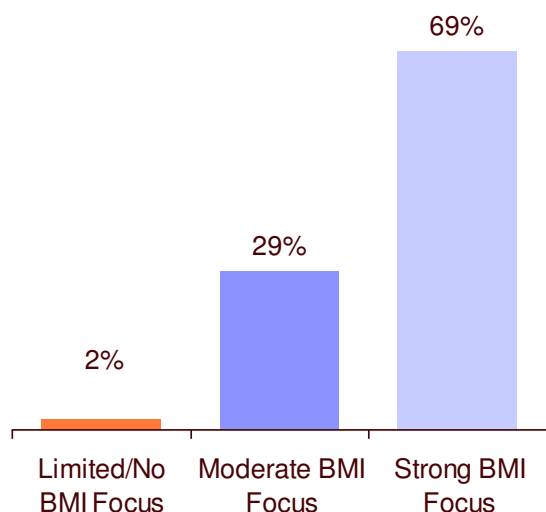
The Enterprise of the Future is ...



Disruptive by  
Nature

# Across the globe, a full two-thirds of all CEOs plan to be engaged in some form of business model innovation over the next 3 years

## Business Model Innovation Focus



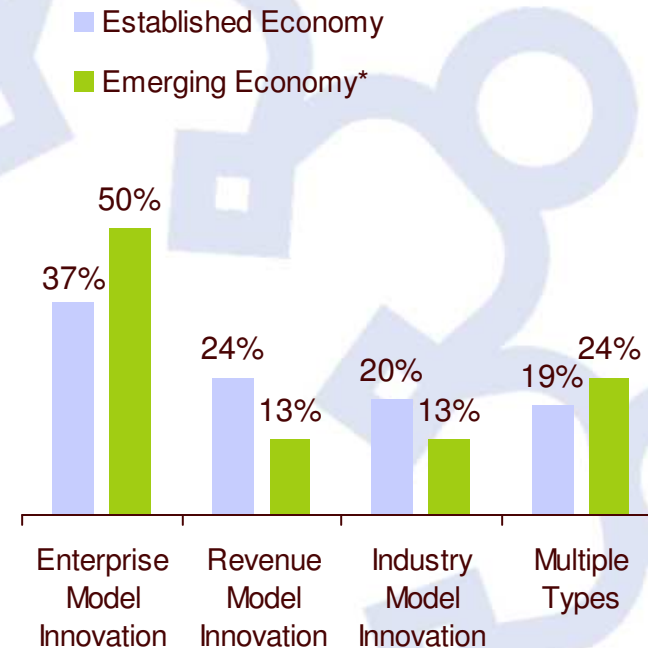
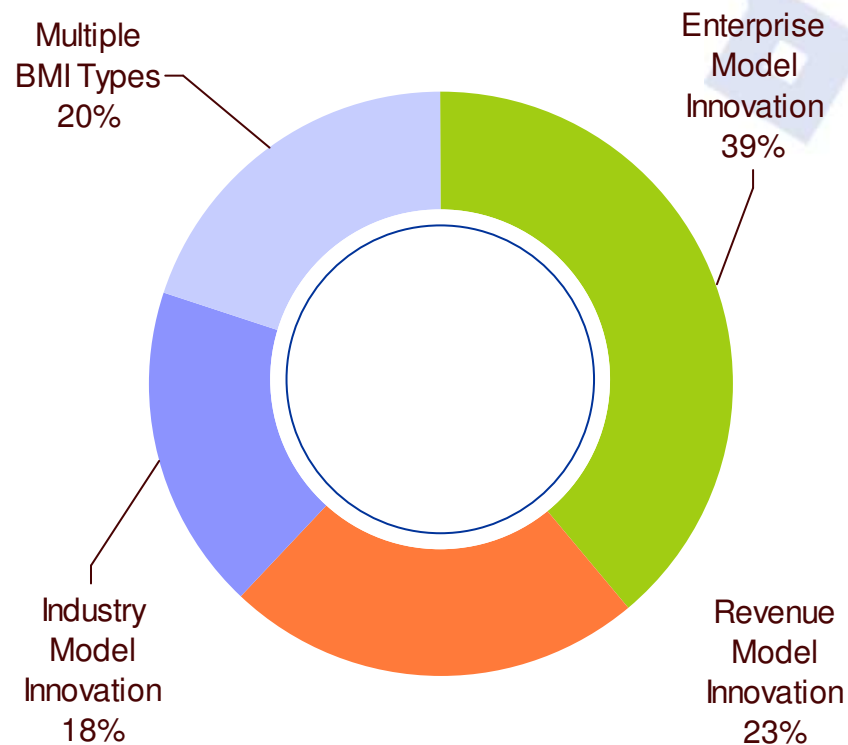
*“When the business model is innovative, operations and the product will follow automatically.”*  
 Ronald de Jong, CEO Philips CL, Germany

*“All types of business model innovation are equally important; it's a matter of priorities.”*  
 Stephane Bancel, CEO of Biomerieux

Source: IBM Global CEO Study 2008; n = 1106 \* See appendix for list of emerging economy countries

# Of CEOs strongly focused on BMI, Enterprise Model Innovation is most common

## Business Model Innovation Preferences



*“We have become much smarter in how we do our pricing. Our pricing model is now based on customer segmentation and value created for those customers.”*  
**Steffen Schiottz-Christensen, Managing Director, Maersk Logistics North Asia**

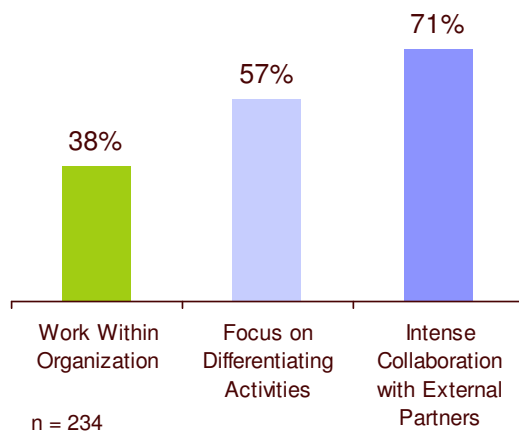
Source: IBM Global CEO Study 2008; n = 757; Strong focus on BMI type includes 6 to 7 scores on a 1 to 7 scale (69% of total population)

\* See appendix for list of emerging economy countries

# Within the various business models, CEOs plan to implement distinct initiatives

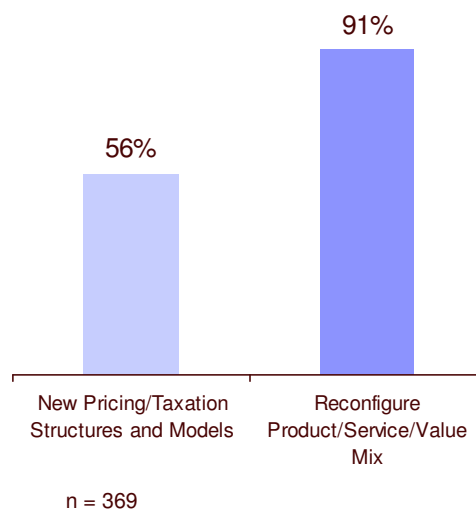
## Enterprise Model Innovation Focus

*Collaboration is instrumental to drive Enterprise Model Innovation*



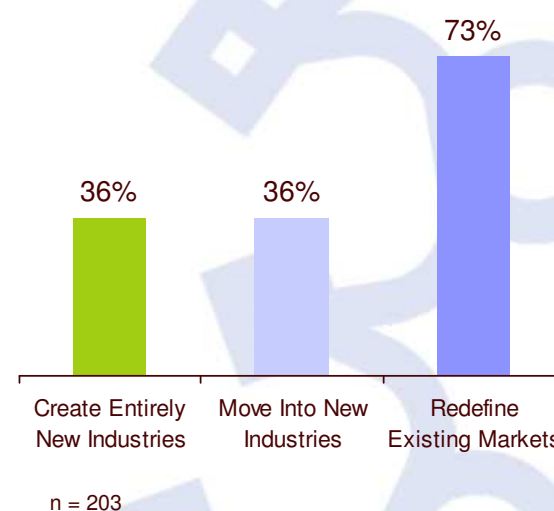
## Revenue Model Innovation Focus

*Revenue Model innovators shift the value mix*



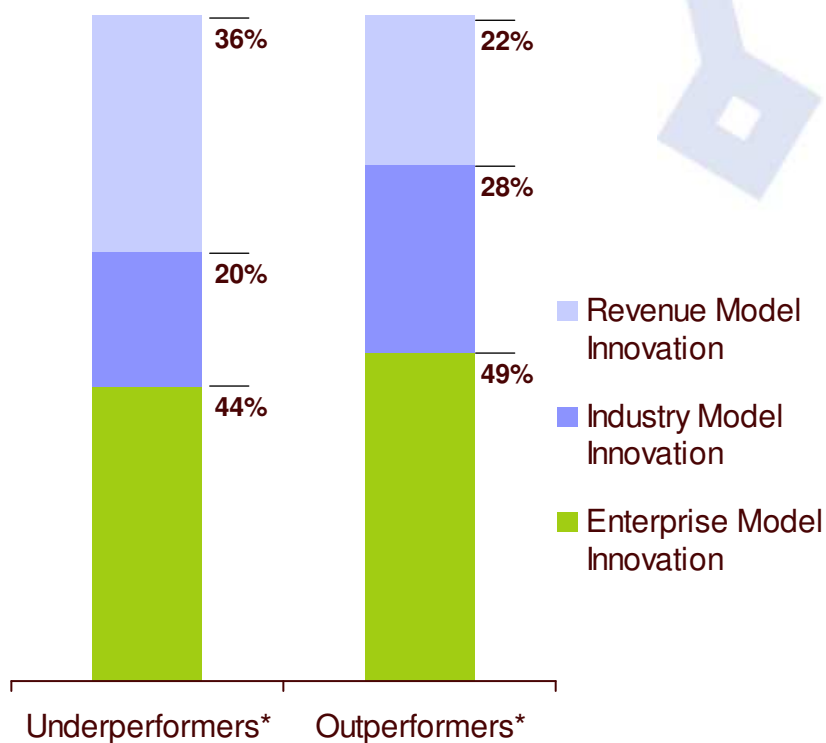
## Industry Model Innovation Focus

*Industry Model Innovation remains rare*



Source: IBM Global CEO Study 2008

## Outperformers focus on innovating their enterprise and industry models, underperformers on innovating their revenue model




*“For us, enterprise model innovation is primarily about having the right business model to enter other markets and secure new capabilities.”*

*Andrew Brandler, CEO, CLP Holdings Limited*

Source: IBM Global CEO Study 2008; \* Performance based on industry comparisons within survey sample of absolute profit margin (average of 2003 and 2006)  
 n (underperformers) =120, n (outperformers) =109

# Are you ready?



Is a disruptive business model about to transform your industry? Is it more likely to come from you or your competitors?

Do you spend time thinking about where the next disruption will come from?

Are you watching other industries for concepts and business models that could transform your market?

Are you able to create space for entrepreneurs and innovative business models while continuing to drive performance today?



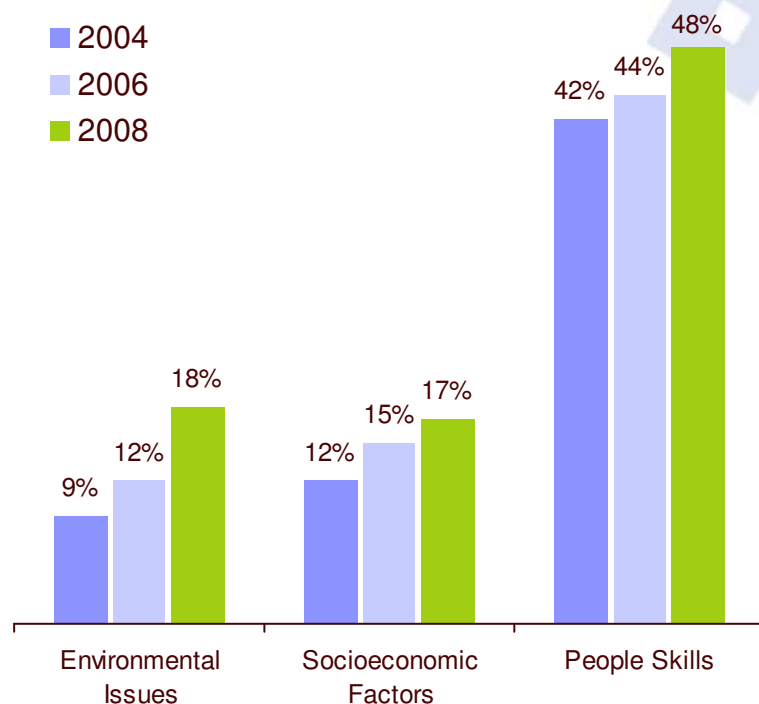
The Enterprise of the Future is ...



Genuine, not Just  
Generous

## The only three external forces consistently rising on CEOs' agendas are all linked to Corporate Social Responsibility

### External Forces Impacting the Organization



*“Our strong commitment to corporate sustainability will be a clear differentiator for us with all stakeholders.”*

*Tom Johnstone, CEO, SKF*

*“Our company is investing extensively in corporate social responsibility. We need to be a reference in this domain. As the leader of the luxury industry, we have to stay ahead.”*

*Yves Carcelle, Chairman and CEO, Louis Vuitton*

*“I see corporate responsibility going through three phases. People start to consider issues like the environment because they are compelled to do so. Then they realize that it actually makes business sense. Eventually they move beyond compulsion and selfish motives to become passionate because it is the right thing to do.”*

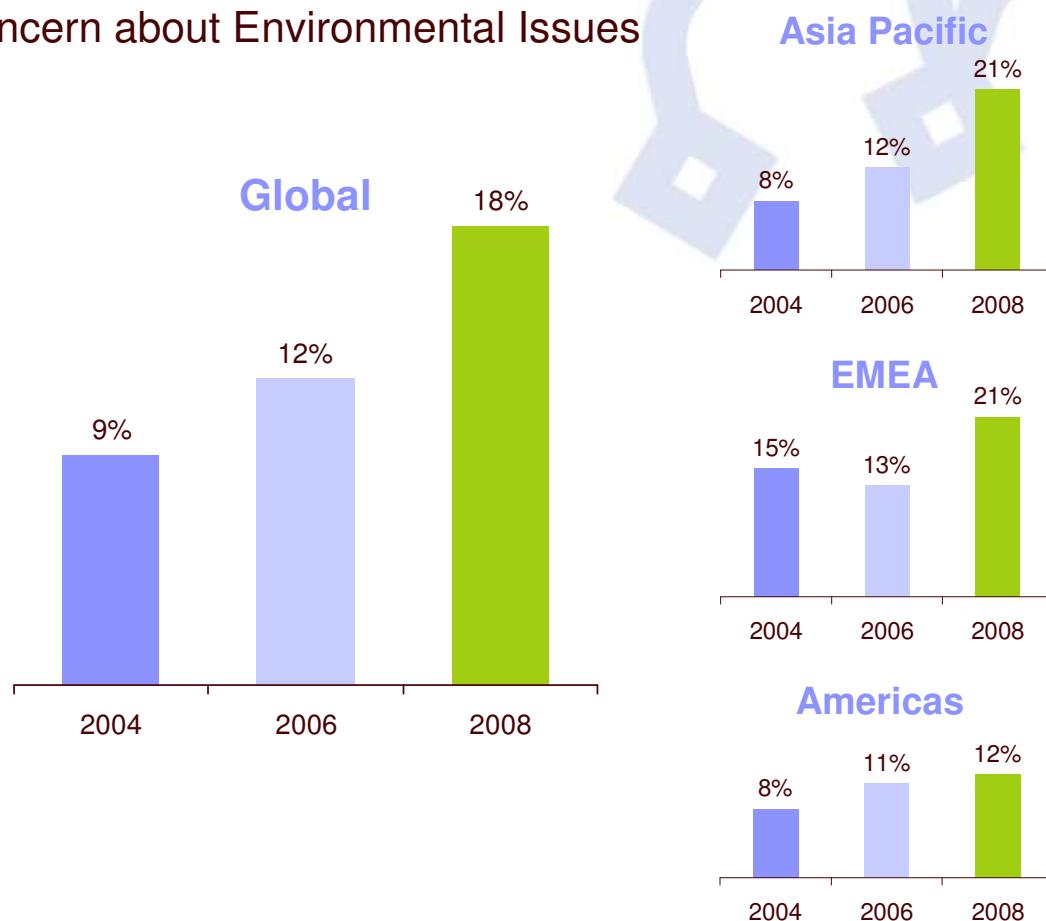
*Vinod Mittal, Managing Director, ISPAT Industries*

Source: IBM Global CEO Study 2008; n (2004) = 403, n (2006) = 760, n (2008) = 1130



## CEO-focus on environmental issues has doubled globally with strong difference between Geos

Concern about Environmental Issues



*“As the world becomes more “green”, we can replace a plastic-based music distribution system with a waste-free music distribution system.”*

*Chris Gorog, CEO, Napster*

*“We must double our investment in environmental areas.”*

*CEO, Industrial Products Company, Sweden*

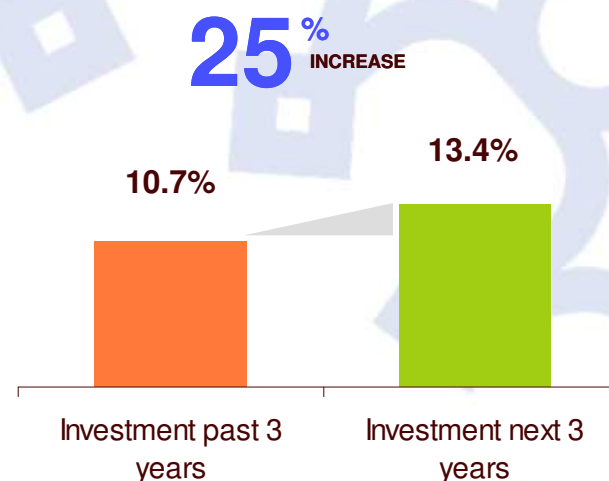
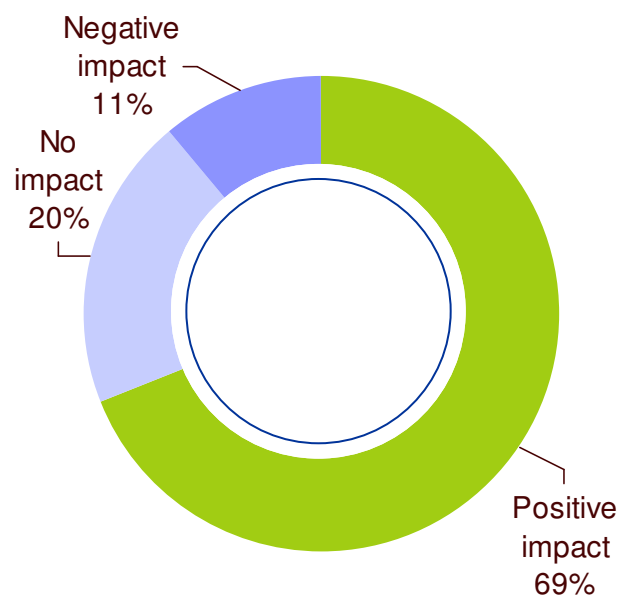
*“Environmental issues are driving entry into new market segments as avenues of growth.”*

*President and CEO, Automotive Company, Australia*

Source: IBM Global CEO Study 2008; n (2004) = 403, n (2006) = 760, n (2008) = 1130

## Majority of CEOs see CSR as an opportunity, not a threat, and plan to significantly invest in CSR to integrate with society

Increasing customer expectations of corporate social responsibility



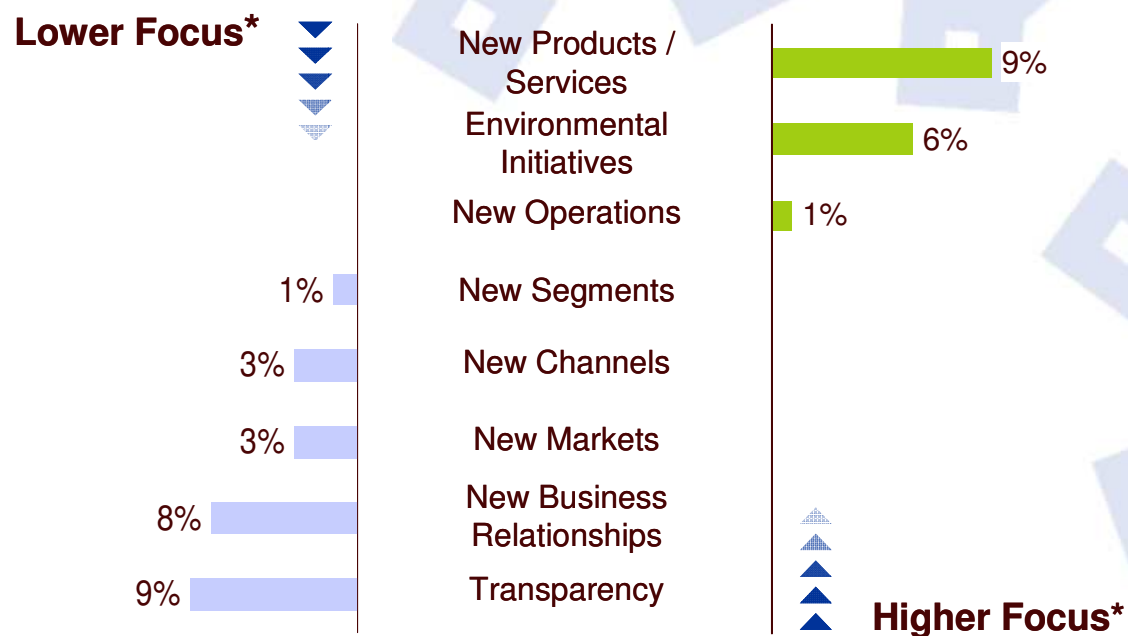
*“The consumer’s concept of quality will no longer be measured by only the physical attributes of a product — it will extend to the process of how the product is made, including product safety, environmental compliance and social responsibility compliance.”*

*Victor Fung, Chairman, Li & Fung*

Source: IBM Global CEO Study 2008, n = 609; \* Total investments: all asset investments + all investments in R&D, marketing and sales

## New products and services are top of mind for CSR-focused CEOs

Focus areas to benefit from increasing customer expectations of corporate social responsibility



Source: IBM Global CEO Study 2008, n = 180; \* Difference between the response of CSR-focused CEOs and the entire sample

# Are you ready?



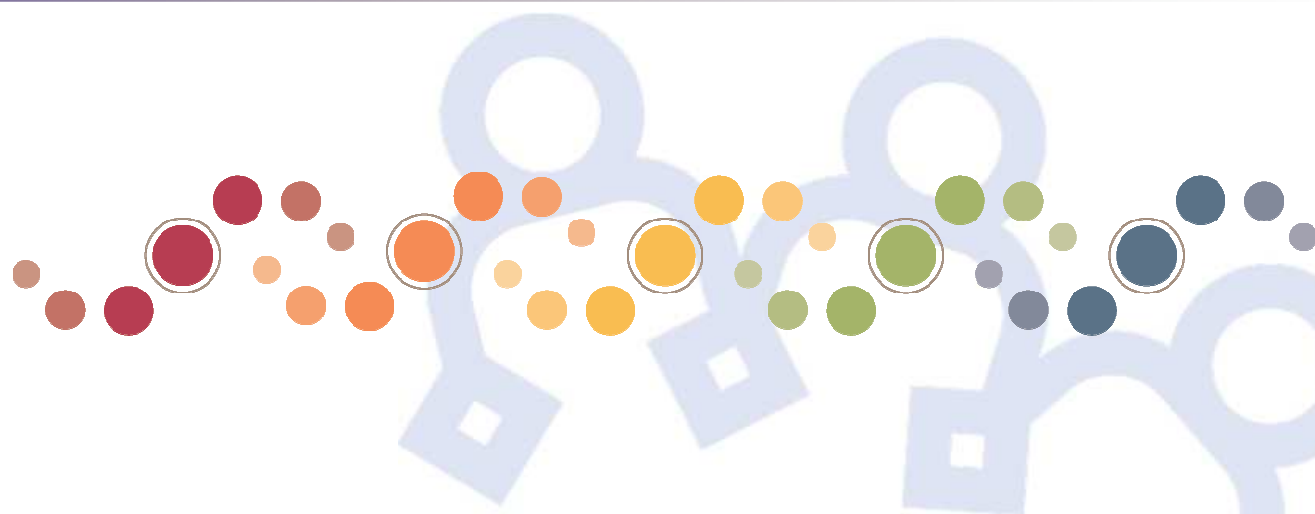
Do you understand your customers' CSR expectations? How are you involving them in solutions?

Do you know which NGOs your customers listen to and are you collaborating with those groups?

Have you gained insights from current green initiatives that can be applied to your broader corporate social responsibility strategy?

Are you offering employees the opportunity to personally make a difference?

How do you ensure that actions taken throughout the enterprise — and the extended value chain — are consistent with your CSR values and stated policies?



The Enterprise of the Future

# Positioning for Your Future

# Are you building your Enterprise of the Future?

Building the Enterprise of the Future						
	<b>HUNGRY FOR CHANGE</b>	Ad hoc and reactive change	Project driven change	Change portfolio and program	Anticipating and proactive change	Change becomes the strategy
	<b>INNOVATIVE BEYOND CUSTOMER IMAGINATION</b>	Customer intelligence	Customer information transparency	Two-way customer interaction	Customer collaborative development	Expanding customer aspirations
	<b>GLOBALLY INTEGRATED</b>	Exploring global opportunities	Driving specific global initiatives	Building global capabilities systematically	Global centers of excellence	Global enterprise innovation
	<b>DISRUPTIVE BY NATURE</b>	Exploring Business Model Innovation opportunities	Experimenting with BMI	Implementing BMI initiatives	Multiple BMI strategies	Radical and pervasive BMI
	<b>GENUINE, NOT JUST GENEROUS</b>	Regulatory compliance	Strategic philanthropy	Values based self-regulation	Efficiency through CSR	CSR as growth platform

# IBM is well positioned to help Your Company build capabilities across all dimensions of the Enterprise of the Future

	<i>GBS Solutions</i>	<i>GTS Solutions</i>	<i>STG Solutions</i>	<i>SWG Solutions</i>
<b>ENTERPRISE OF THE FUTURE</b>	← IBM Industry Solutions →			
<b>HUNGRY FOR CHANGE</b>	Better Change	Flexible, adaptable IT Infrastructure Managing Risk through Change	Web 2.0	Enterprise Agility
<b>INNOVATIVE BEYOND CUSTOMER IMAGINATION</b>	Customer Focused Strategy	Turning customer information into insight Touching Customer in new ways	Information Infrastructure	Information Agenda and Effective Collaboration
<b>GLOBALLY INTEGRATED</b>	Globally Integrated Operations Mergers & Acquisitions	Globally integrated ops	New Enterprise Data Center	Global Enterprise Innovation
<b>DISRUPTIVE BY NATURE</b>	Business Model Innovation Application Transformation	Business Process Modeling Smart SOA	Extreme Virtualization	Business Process Transformation
<b>GENUINE, NOT JUST GENEROUS</b>	CSR & Green Agenda Carbon Management	Green Data Center	Green (Energy Efficient Tech & Services)	Green Software Solutions

**For more information please contact your IBM representative or visit:**

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