

TRANSFORMING AND DIGITIZING

Connecting Expertise
and Innovation Across
a Diverse Latin America

Mario A. Angelastro

With the Sponsorship and Collaboration of Accenture

• *“You may think this book is of narrow scope, Business Transformation in Latin America. However, this is really a deep reflection, with plenty of experience, about leading change and managing organizations towards a digital world, in diverse, complex and dynamic environments”*

Professor Alfredo Enrione

Director at ESE Business School –
Universidad de los Andes – Chile

• *“A firm has the strategic imperative to renovate and respond to the challenges and opportunities it faces, particularly in today's environment, characterized by an impressive advance of the "digital world". We know we have to change, but it is not easy for us to engage in a successful transformation of businesses. Hence the value of the methodology that Mario Angelastro offers us in this book, which is a distillation of his many years of experience as a consultant at Accenture, and of his reflection and study of the themes of transformation and digitization.”*

Professor Nicolás Majluf

Industrial and Systems Engineering Department –
Pontificia Universidad Católica de Chile

**"You must be the change
you wish to see in the world"**

Mahatma Gandhi



For companies and organizations across the diverse Latin America, Digital Business is rapidly becoming a “land of opportunities” that materializes through Business Transformations.

“Transforming and Digitizing – Connecting Expertise and Innovation Across a Diverse Latin America” is a book that has been developed by Mario Angelastro, our colleague at Accenture Latin America for almost 35 years till January 2016, and a Team of Accenture’s Regional and Global Experts, to help Readers get integrated answers to the following questions:

- Which are the **Key Factors that make Great Business Transformations possible**? Which are the company’s or organization’s core capabilities required to support these key factors?
- **Connecting Expertise and Innovation** – Which are Digital Business’ key concepts and characteristics? Why and how are Great Business Transformations’ key factors almost fully applicable to Digital Business-based Business Transformations?
- **Across a Diverse Latin America** – Which are the country characteristics that determine the “natural” conditions for effective Business Transformations across a diverse Latin America? Why and how do Great Business Transformations’ key factors facilitate a positive management of these country characteristics?
- **Case to Action** – How to assess and project a company or organization in terms of its maturity to pursue Great Business Transformations, including those Digital Business-based, across a diverse Latin America? And how to identify and design these Great Business Transformations?



This book will help us find in Great Business Transformation expertise, new ways to take advantage of the extraordinary innovation phenomenon of Digital Business and the diversity of Latin America.

Andrés I. González

Accenture
Capability Network LATAM Lead

Sergio G. Kaufman

Accenture
Hispanic South America President

BUSINESS TRANSFORMATION

**“Whenever
you find
yourself on
the side of
the majority,
it is time
to pause
and reflect”**

Mark Twain

Business Transformation is about achieving advantage through the occurring or induced shifts in the business, in order to materialize dimensional value growth for stakeholders.

CASES OF GREAT BUSINESS TRANSFORMATIONS

The following types of case and relevant cases, plus other relevant cases where Accenture participated, have been utilized in the book to characterize Great Business Transformations: (a) **New Business Strategies and Architectures Implementation:** Clínica Universidad de los Andes; (b) **Supply Chain Transformations:** YPF; (c) **Digital Business Transformations:** SAB Miller Latin America and Brazilian Financial Industry (for Open Innovation); (d) **Global or Regional Integrations:** Techint (Tenaris) and Unilever Latin America; (e) **Geographic Expansions and Post Merger Integrations:** Santander Uruguay.

KEY FACTORS FOR GREAT BUSINESS TRANSFORMATIONS

The approach and methods that supported the completion of the relevant cases included in the book, and other cases where Accenture participated, have in general followed key zbest practices applicable to business transformation programs.

Nevertheless, there were other key factors, generally common across the relevant cases included in the book and other cases in which Accenture participated, that were leveraged to make them “Great Business Transformations”.

These key factors, generally common to Great Business Transformations, can be categorized in 3 groups in relation to the Business Transformations:

GROUP A. Those that profile the Identity of the Great Business Transformations:

1. Massive Importance: The Business Transformations had a major impact on the

organization, rather than just serving as a positive business case. For example, at Santander Uruguay (Geographic Expansion - Post-Merger Integration) the impact was high because on the one side, the integrated new bank immediately became the largest private bank in the market, with approximately 20 percent of market share, and on the other side the program involved all organizations, processes, and information of both Santander Uruguay and ABN Amro Uruguay, and encompassed the structures related to clients, employees, finance & administration, and operations & technology.

2. “The Strategy” Alignment: The Business Transformations were fully aligned with the business strategy, which was up-to-date, shared with and committed to by the company’s key decision makers and program stakeholders. To illustrate this, at Unilever Latin America, the Harmonia Program (Regional Integration) was perfectly aligned with the global One Unilever Program.

3. Right Moment: The Business Transformations were executed when their results could maximize their value for stakeholders. At the same time, the organization’s development could be managed in an adequately safe environment with risks anticipated and mitigated through innovative approaches. For instance, at SABMiller Latin America, the Flash Project (Digital Transformation: Implementation of Latin America’s Analytics Solution and Capabilities) took place almost immediately after the company was finalizing its implementation of transactional and operational systems, leveraging the analytics knowledge and expertise of global SABMiller and consulting firms. Thus, it seized the opportunity to better support local or regional business/commercial decisions with better and much faster information and benchmarking, with the additional value of establishing the baseline for advanced analytics well ahead of its competitors.

GROUP B. Those that define the Structure of the Great Business Transformations:

4. Enthusiastic Driver: The Business Transformations had sponsors or leaders, who may or may not have been the actual “intellectual owners” of the initiative, but were nevertheless fully devoted to the program and were responsible for its successful development. For example, at the Universidad de los Andes in the Clinic Project (New Business Strategies and Architecture Implementation), after the Senior Counsel and the Dean defined and approved the 2006

Institutional Strategic Planning process confirming that it needed to establish its own clinic Clínica Universidad de los Andes (CUAndes) to become more relevant in the education, research, and practice of medicine, the two successive CEOs of CUAndes led the implementation of the complex program with great enthusiasm and full commitment despite a turbulent economic period.

5. “Prima Donna” Program: The Business Transformation program became the most and, at times, the only relevant program in the corresponding area of the company, thus being top priority for investments, resources, management attention, etc. It also benefitted from an exceptionally robust program management, change management, and risk management. To illustrate this, at YPF Argentina, because the future of the company would be driven by its shale business and therefore dependent on an efficient and effective shale supply chain, the PILA Program (Supply Chain Transformation), which included initiatives in Integrated Planning, Logistics Model, and Transportation Visibility for the shale business, became the only relevant program in these areas.

6. Full Stakeholders: The Business Transformations included in their scope all the relevant stakeholders necessary to assure the execution of the program and the realization and sustainability of its outcomes and benefits. For instance, at Unilever Latin America, the Harmonia Program (Regional Integration) included program, change, and risk management workstreams that involved not only resources from the in-scope functions but also individual people, impacted clients, vendors, partners (such as financial services and technology providers), government (through tax authorities), unions, and local communities (if impacted by Unilever’s new business strategy and model).

GROUP C. Those that characterize the Features of the Great Business Transformations:

7. Design for Sustainability: The Business Transformations encompassed business and operating models and program roadmaps, not only to be implemented but also to be sustainable and capable of supporting continuous improvement. For example, at SABMiller Latin America, the Flash Project (Implementation of Latin America’s Analytics Solution and Capabilities) considered that “Business intelligence is more than a system, it’s a capability”. Given this, to ensure sustainability, the company established a Latin America Business Intelligence Center of Excellence (CoE) that will be supported by the Global IS Business Intelligence Delivery Center.

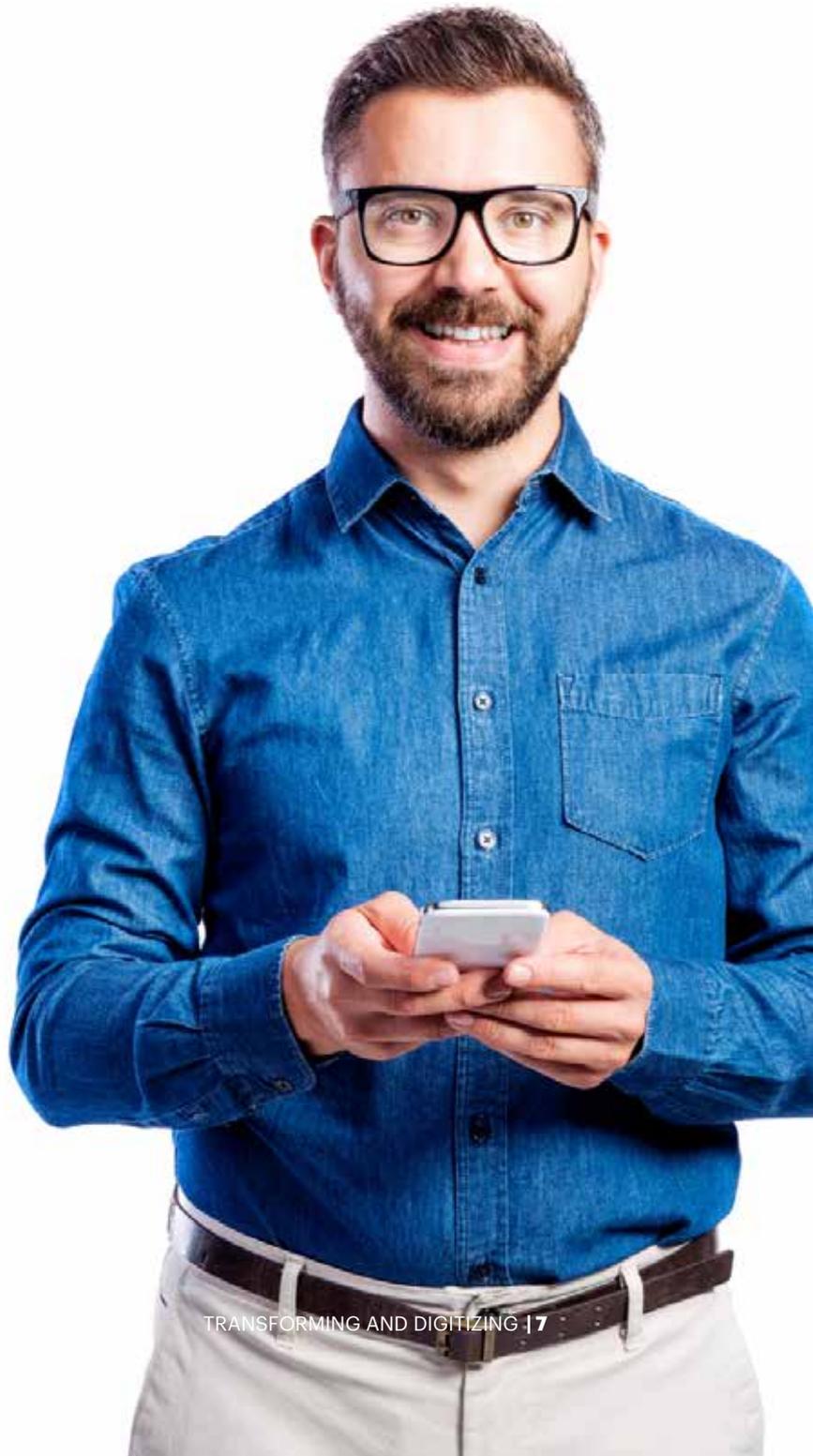
8. Technology Step Change: The Business Transformations included a technology component that allowed a technology step change. In today's world the digital technologies that enable Digital Business are a relevant, innovative, and evolving source for technology step change. To illustrate this, at Techint – Tenaris, for the SAP Global Program (Global Integration), the company decided to implement the most recent (still beta version) of the SAP platform, and by taking this step, the company made an important technological evolution and avoided having to upgrade its solution over the coming years. In addition, after the implementation and through operations, the company systematically took advantage of the new digital technologies and has continued to update its processes and business by applying those technologies through continuous improvement.

9. Segmentation Everywhere: The Business Transformations applied segmentation (of clients, vendors, products and services, regions, buyer values, etc.) as much as possible to focus differentiation where relevant and to fully apply standards where feasible.

For instance, the PILA Program (Supply Chain Transformation) at YPF required a thorough segmentation to allow the weighting, analysis, and standardization of 24 different types of oil wells.

10. Career Lifter: The Business Transformations were a platform for the program team members to learn about and become visible in key areas of the business, including business design and business transformation, thus giving them an important opportunity to accelerate their careers. For example, at Universidad de los Andes, the Clinic Project (New Business Strategies and Architectures Implementation) allowed most of its participants to get a holistic view of the Clinic in terms of strategy, organization, processes, technology, information, etc. Thus, it was an important career opportunity for the whole project team, including the legacy UAndes people who participated and the new CUAndes recruits who were integrated early in the program.

For content about Business Transformation and its Key Factors, please refer to Section 1 of the book.



DIGITAL BUSINESS

**“The best
way to predict
the future is
to create it”**

Peter Drucker

DIGITAL STRATEGIES

Today business leaders are uncertain as to whether they have the right digital strategy. They recognize that digital technologies create new threats and opportunities. In one of the latest Accenture Strategy research among 700 business leaders in the European Union, the United States, China, and Japan, the majority of those interviewed identified large digital players or startups as the greatest competitive threat to profitable growth.

Finding the right competitive response is complex. Digital technologies change everything—from customer expectations to distribution channels and production methods. The scale of change creates a sense of urgency. Investors readily recognize potential, assigning multibillion-dollar valuations to digital pure plays that are little more than a strategy and a few initial customers and capabilities.

Business leaders have aspirations for their organization to become a “digital leader” in their particular industry. And while only 19 percent believe they are already a digital business, 59 percent plan to become digital over the next three years.

These aspirations are not necessarily being translated into actions. The majority of business leaders (55 percent) say they do not yet have an enterprise-level digital strategy to support their corporate strategy— and a high proportion of those that do have a strategy are uncertain that they have the right one. Clearly, historical approaches to digitizing strategies are missing the mark.

The book describes the key concepts and characteristics of Digital Business, globally and for Latin America.

For content about Digital Business, please refer to Section 2 of the book.

BROADLY, DIGITAL DESCRIBES THE DEEP TECHNOLOGY-DRIVEN TRANSFORMATION THAT IS CHANGING OUR WORLD AT SPEED



People's habits, behaviors and expectations are changing through new devices, platforms and apps



Value is shifted within and across industries, transforming the competitive context



14% of global economic activity happens online.



4 of the 5 top global brands are digital at the core (Apple, Google, IBM & Microsoft).



Every minute, 1/3 of world population interact through the internet (2.4 billion people!).



Every minute, +190k mobile apps are downloaded worldwide.



+50 BILLION CONNECTED DEVICES ARE EXPECTED BY 2020



SOON, THERE WILL BE AN APP FOR EVERYTHING...



... AND PLATFORMS FOR EVERYTHING



DATA WILL BE KING OF THIS BRAVE NEW WORLD



DIGITAL BUSINESS CONNECTION WITH BUSINESS TRANSFORMATION

“Luck is a matter of preparation meeting opportunity”

Oprah Winfrey

The book presents the similarities between Traditional and Digital Business Transformations.

1. Massive Importance: Digital is the deep technology-driven transformation that is changing our world at speed, e.g., people’s habits, behaviors, and expectations are changing through new devices, platforms, and apps; value is shifted within and across industries. Becoming a Digital Business is more than just digitizing marketing or operations, and it will be essential for survival. Thus, a Digital Transformation can and will be of Massive Relevance for a company undergoing that transformation.

2. "The Strategy" Alignment: It is time to stop assuming that digital is an adjunct to current

strategies and plans. Competing in a world shaped by digital technologies requires a fundamentally different approach to how strategies are developed and executed. Today, business leaders recognize that digital technologies create new threats and opportunities. Thus, a Digital Transformation must be aligned with a strategy that is really “the Strategy”, and it must be up-to-date and committed to by the company’s key decision makers and program stakeholders, and include an enterprise-level digital strategy to support the corporate strategy.

3. Right Moment: The scale of digital change creates a sense of urgency. Investors readily recognize the potential, assigning multibillion-dollar valuations to digital pure plays that are little more than a strategy and a few initial customers and capabilities. Business leaders have aspirations for their companies to be a “digital leader” in their particular industry. And while just 19 percent believe that they are already a digital business, 59 percent plan to become one over the next three years. Thus, a Digital Transformation requires the Right Moment, and it seems that for Business Leaders the right moment is now!

For content about Digital Business Connection with Business Transformation through the other Key Factors, please refer to Section 3 of the book.

BUSINESS TRANSFORMATION ACROSS LATIN AMERICA

**“The real
voyage of
discovery
consists not
in seeking
new lands but
seeking with
new eyes”**

Marcel Proust

The diversity of countries in Latin America across multiple characteristics, such as investment, market, labor, technology and logistics, specific limitations, suggests that these countries have different “natural” conditions to embrace Business Transformation. Initially, some countries may be well-positioned for profound Transformational Changes while others might be oriented more toward Continuous Improvements.

The book identifies those country characteristics for Argentina, Brazil, Chile, Colombia, México and Perú and makes a comparison of each country characteristics set with the combined country characteristic set of three other countries that, according to the World Bank 2015 Ease of Doing Business Index, they are the best positioned countries in their respective regions: New Zealand in Asia Pacific (positioned second worldwide), Denmark in Europe (positioned third worldwide), and the United States in the Americas (positioned seventh worldwide). Singapore (positioned first worldwide) has been excluded from the analysis, given that country’s unique geographical, political, and economic characteristics

But the book also presents how to positively manage these particularities, regardless of the countries where the Business Transformation occurs, by using the Key Factors that allow the pursuit of “Great Business Transformations”.

For content about Business Transformations Across Latin América and the utilization of the Key Factors to manage the challenging characteristics per country, please refer to Section 4 of the book.

A CASE FOR ACTION

“You can do anything, but not everything”

David Allen

MATURITY QUESTIONNAIRE

The maturity questionnaire, based on the different approaches described and recommended throughout the book, helps Readers find the most practical actions for their companies or organizations to augment their Business Transformation maturity.

- How is the company or organization **identifying and designing the required Business Transformations, including those related to Digital Business?**
- How is the company or organization **taking into account, based on Business Transformation definitions, the characteristics of Latin American countries and how is it dealing with those characteristics?**
- How is the company or organization **executing the defined Business Transformations, including those actions related to Digital Business?**

BUSINESS TRANSFORMATION IDENTIFICATION AND DESIGN

To complete the case for action, the book helps the Readers to approach the identification of valuable, innovative, and relevant opportunities for Business Transformation at companies and organizations, and to approach the design of valuable and competitive top-down solutions for these opportunities. The Business Transformation opportunities identification exercise described in the book assumes the availability and usage as a key input of a valid strategic intent, including some adequate digital strategy or at least digital principles.

1. What to Transform and Why (the Right Opportunity).

2. Conceptually, How to Transform (the Right Top-Down Solution).

For content about A Case for Action, please refer to Section 5 of the book.

The book Appendix 1 describes the (concepts) approach and method best practices for business transformations.

Mario Alberto Angelastro has been the main author of the book and he has been supported by Team of Accenture's Regional and Global Experts.

He has career degrees from Instituto Tecnológico de Buenos Aires as Industrial Engineer and as Electrical Engineer. He has a certificate in Company Direction by the Institute of Directors of the United Kingdom.

He worked at Accenture for almost 35 years, 23 of them as Managing Director (equivalent to Partner), being for many years the Lead Managing Director of the Management Consulting service line and the Products industry operating group, both for Hispanic South America, and also the Sales Lead Managing Director of the Products industry operating group for Latin America.

He is the President of Aportes de Gestión para el Tercer Sector of Chile, a non-profit organization that helps NGOs improve their organizations' management through the voluntary work of Senior Professionals in the Private Sector.

He is a Visiting Professor at the Pontificia Universidad Católica de Chile for the Competitive Strategy Chair of the Industrial Engineer Magister.

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