



MARSH & McLENNAN
ADVANTAGE

WINNING THE DIGITAL TRANSFORMATION RACE

April 21, 2020

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Marsh & McLennan Companies

INTRODUCTIONS



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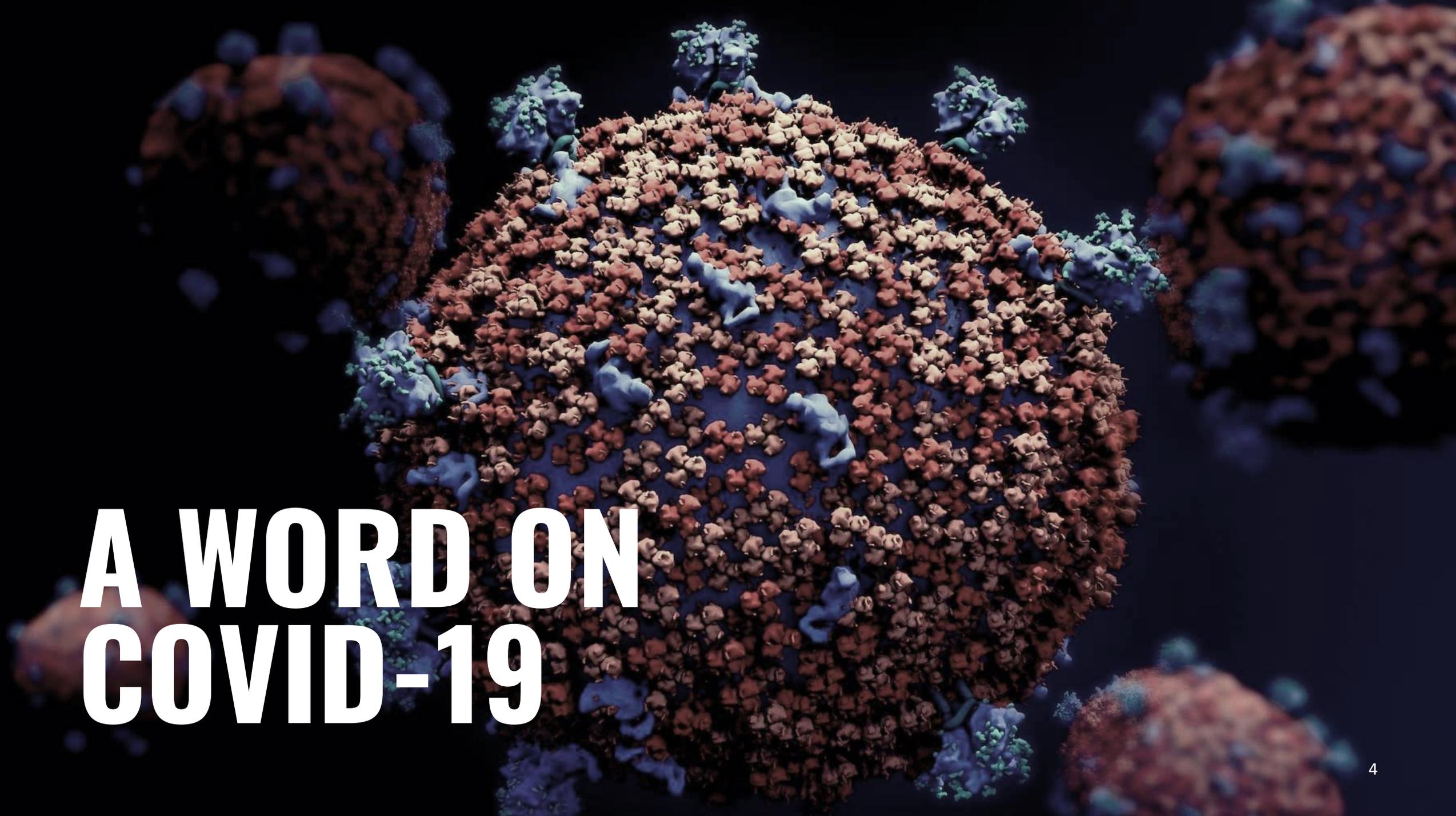
Paul Copti

Senior Vice President,
Marsh Montreal

OUR AGENDA FOR TODAY



1. Digital transformation trends
2. Lessons learned from technology companies
3. Five best practices to navigate digital transformation

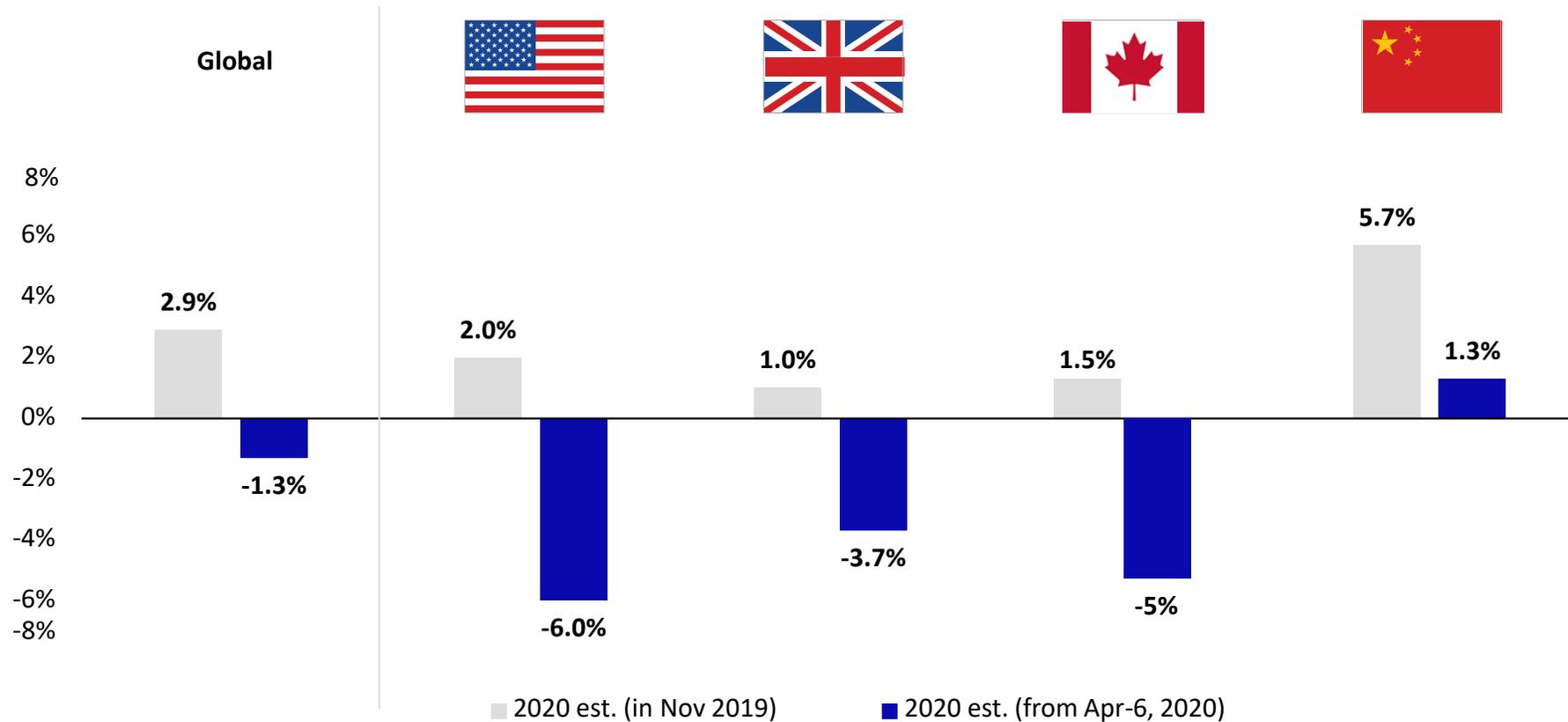


A WORD ON COVID-19

COVID-19: A SHOCK TO HUMANITY AND THE GLOBAL ECONOMY

THE ESCALATION OF COVID-19 HAS LED TO SIGNIFICANT DOWNWARD REVISIONS IN GDP FORECASTS GLOBALLY

Consensus 2020 Real GDP Growth Forecasts, Nov 2019¹ vs Apr 2020²
% growth YoY, median



1 Source: OECD.

2. Sources: Morgan Stanley (Apr 3), Conference Board of Canada (March 17), Bank of America (Apr 2), Oxford Economics (Mar 24), Bridgewater (Mar 19), UBS (Apr 2), Goldman Sachs (Mar 31), JP Morgan (Apr 3). GDP growth forecasts obtained as the median of estimates.

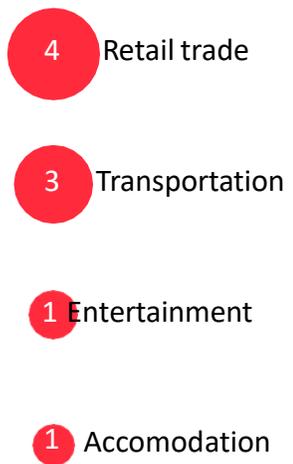
IMPACTS ARE UNEVEN ACROSS INDUSTRIES

HIGHEST IMPACTS ON INDUSTRY-LEVEL GDP ARE GENERALLY EXPECTED IN INDUSTRIES THAT ARE LINKED TO IN-PERSON CONSUMPTION

Bubble size represents contribution to U.S. GDP

Large Negative Shock

Up to -90%



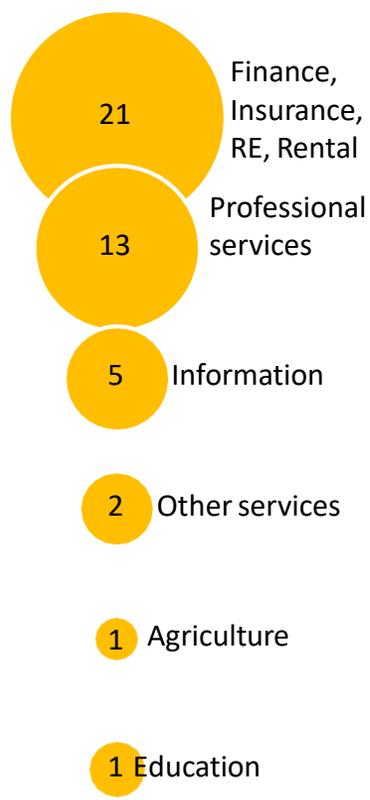
Moderate Negative Shock

Up to -50%



Modest Negative Shock

Up to -20%



Positive shock

Up to +20%



Sources: BofA Global Research, Goldman Sachs Economics Research, Oliver Wyman analysis

MOST COMPANIES WILL FALL INTO ONE OF THREE CAMPS



**PREPARE FOR
THE STORM**

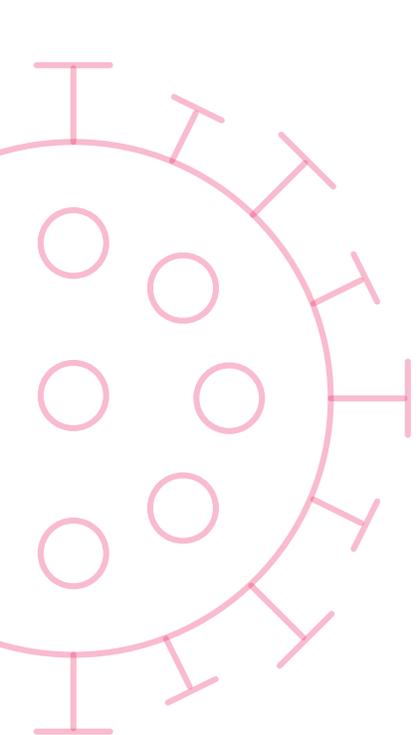
**WEATHER THE
STORM
(WE ARE HERE)**



**COMING OUT OF
THE STORM**

DIGITAL TRANSFORMATION WILL BE CRITICAL IN A POST-COVID WORLD

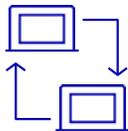
THE COVID-19 CRISIS IS ACCELERATING HOW WE RETHINK OUR BUSINESS MODEL & OPERATIONS



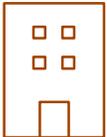
Alternate modes of working



Management need for quick decisions



Different technology utilization



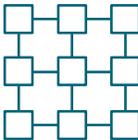
Facility access and collaboration constraints



Less familiar modes of data movement and exchange



Need to automate tasks



Rebalancing of supply chain dynamics and third party reliance



Monitoring new rogue actors



DIGITAL TRANSFORMATION TRENDS

IN THE DIGITAL ERA - ORGANIZATIONS CAN USE TECHNOLOGY SOLVE COMPLEX BUSINESS PROBLEMS

DIGITAL OBJECTIVES

DELIVER SEAMLESS CLIENT EXPERIENCES



MAKE BETTER DECISIONS FASTER



STREAMLINE WORK & IMPROVE PRODUCTIVITY



ENHANCE GLOBAL COLLABORATION



LOWER OPERATIONAL RISK



BUSINESS OUTCOMES

1 **Reimagining** solutions to existing business problems

- Fix existing customer experience expectations
- Digitize existing products and services
- Optimizing existing distribution channels
- Increase share of wallet

2 **Developing** solutions to attack entirely new business problems

- New customer expectations and behaviours
- New product offerings
- New competitors and partners
- New distribution channels

EMERGING TECHNOLOGY ENABLERS



Robotics



5G



AI



VR/AR



IoT



Blockchain



3D Printing



Drones

PRIOR TO COVID-19, TRADITIONAL FIRMS WERE ALREADY INVESTING HEAVILY TO CAPTURE VALUE IN THE DIGITAL ERA

INVESTMENTS



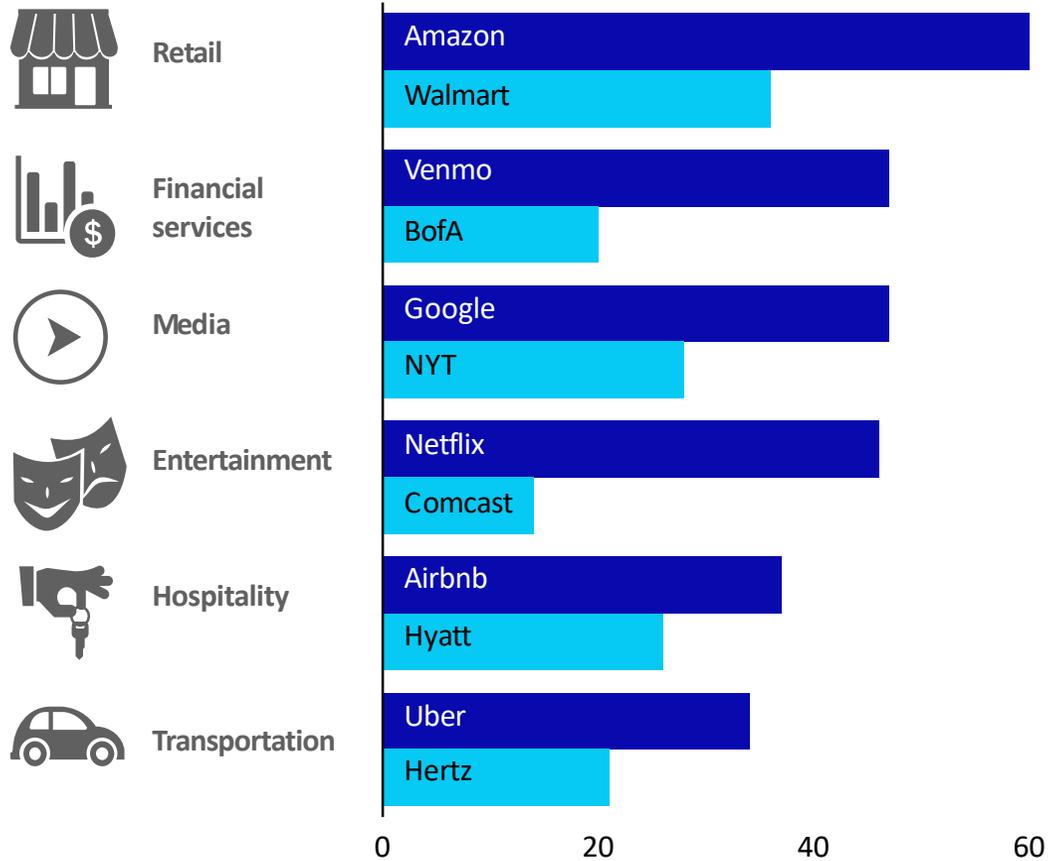
OUTCOMES



WE EXPECT THESE INVESTMENTS WILL AMPLIFY POST-COVID-19

THAT SAID, VALUE IS CURRENTLY MIGRATING UNEQUALLY TO TECH COMPANIES

Brand appeal (% love)



Sources: Visual Capitalist, Lippincott analysis

Top five publicly listed companies (as of Feb 2020)



THE TRANSFORMATION CHALLENGE

TRADITIONAL FIRMS FACE VERY DIFFERENT CIRCUMSTANCES THAN TECH COMPANIES

Traditional firms' advantages

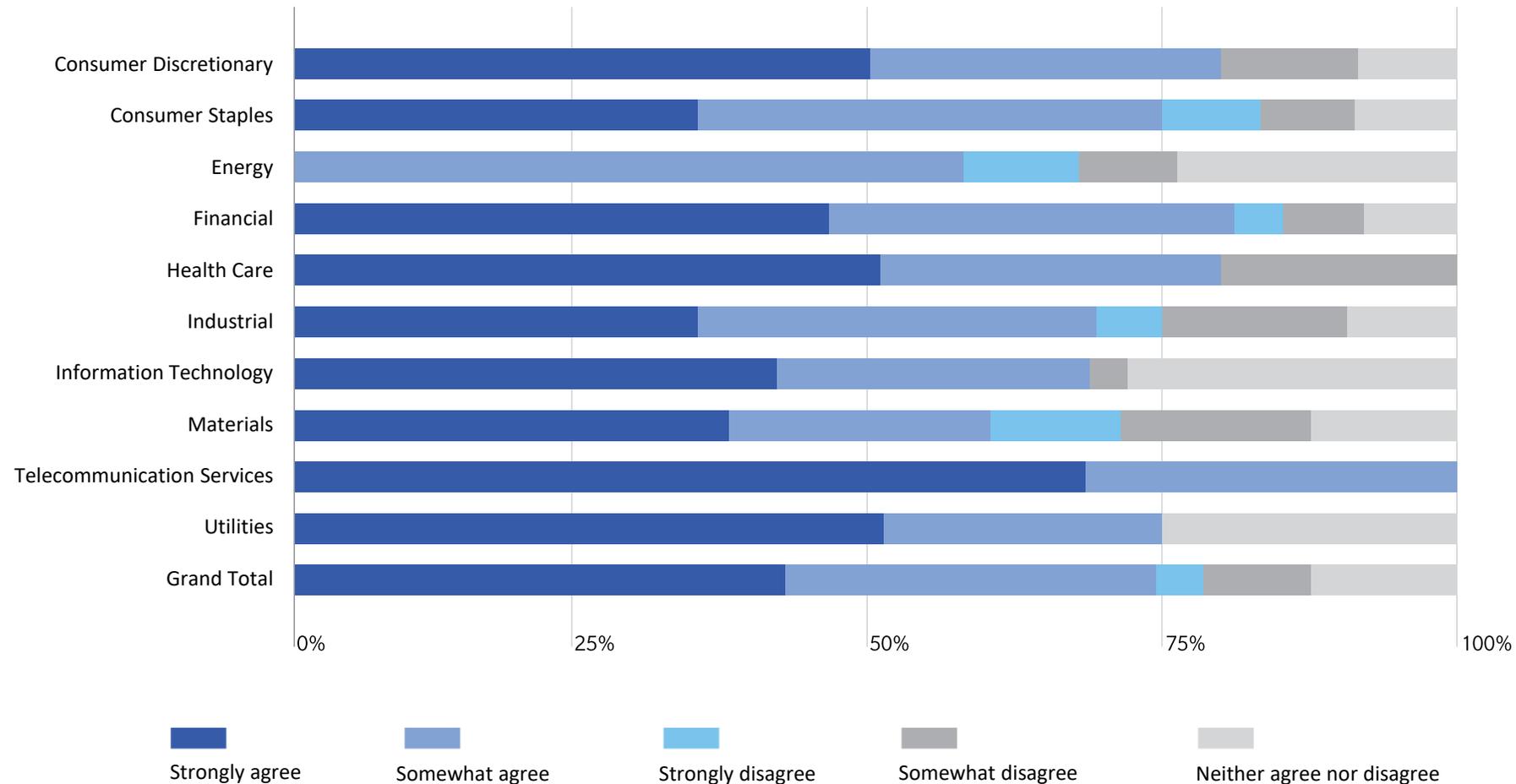
- Established brands
- Markets
- Know-how
- Customers
- Suppliers
- Organizations
- Cash flow

Traditional firms' disadvantages

- Reliance on decades-old approaches
- Deeply embedded process and capabilities
- Legacy / antiquated systems
- Deliberate execution and decision-making cultures

TRADITIONAL FIRMS ACROSS INDUSTRIES EXPECT TO BE DISRUPTED BY TECH COMPANIES AND DIGITAL-ENABLED COMPETITORS

My company is vulnerable to the impact of digital and emerging tech within the next 12 months.



Source: NACD 2019 Digital Governance Pulse Survey.
Marsh & McLennan Advantage

WHAT LESSONS CAN WE LEARN FROM TECH COMPANIES?



TECH COMPANY

COMPETITION

1

**UNDERSTAND THE
CURRENT AND FUTURE
NEEDS OF YOUR CUSTOMERS**

SIX MAJOR CUSTOMER SHIFTS THAT WILL DRIVE FUTURE BUSINESS



Life in Flow

Optionality will become the new stability in a world prioritizing access over ownership and experiences over possessions.



On-Demand Everything

Automated tasks and instant, on-demand access to everything will enable us to do less and demand even more.



Exponential Intelligence

We'll trust smart devices, systems and robots as intimate resources and friends.



Tracked and Transparent Existence

Everything will be increasingly be tracked, creating greater and greater benefits of connection, quantified performance and personalization.



Omnipotent Individual

Everything, every moment and every experience will be customized. Our lives will be designed for us and by us.



Synthetic Reality

The boundaries between what is real and what is virtual will disintegrate. As the two realms come to seem more indistinguishable, we'll no longer speak of a "digital" versus "real" identity.

2

**PRIORITIZE BUILDING
PLATFORMS OVER PRODUCTS**

*“A platform is a **business framework** that allows multiple business models to be built and supported”*



TECH COMPANIES PRIORITIZE DEVELOPING PLATFORMS OVER PRODUCTS

Product



Acts as...



Phone

Platform



Acts as...

Phone

Wallet

Camera

Music Player

Magazine

Journal

Web Browser

Keys

GPS

Exec assistant

Instructor

...

PLATFORMS CAN TAKE ON MULTIPLE ROLES

AGGREGATOR

Combine services and add value

Uber

shopify

CURATOR

Suggest relevant options based on previous user behavior

Spotify

NETFLIX

ORCHES-TRATOR

Coordinate tasks across channels / services

nest

ELEMENT AI

ADVISOR

Learn from the user and guide them

waze

Wealthsimple
Financial Services

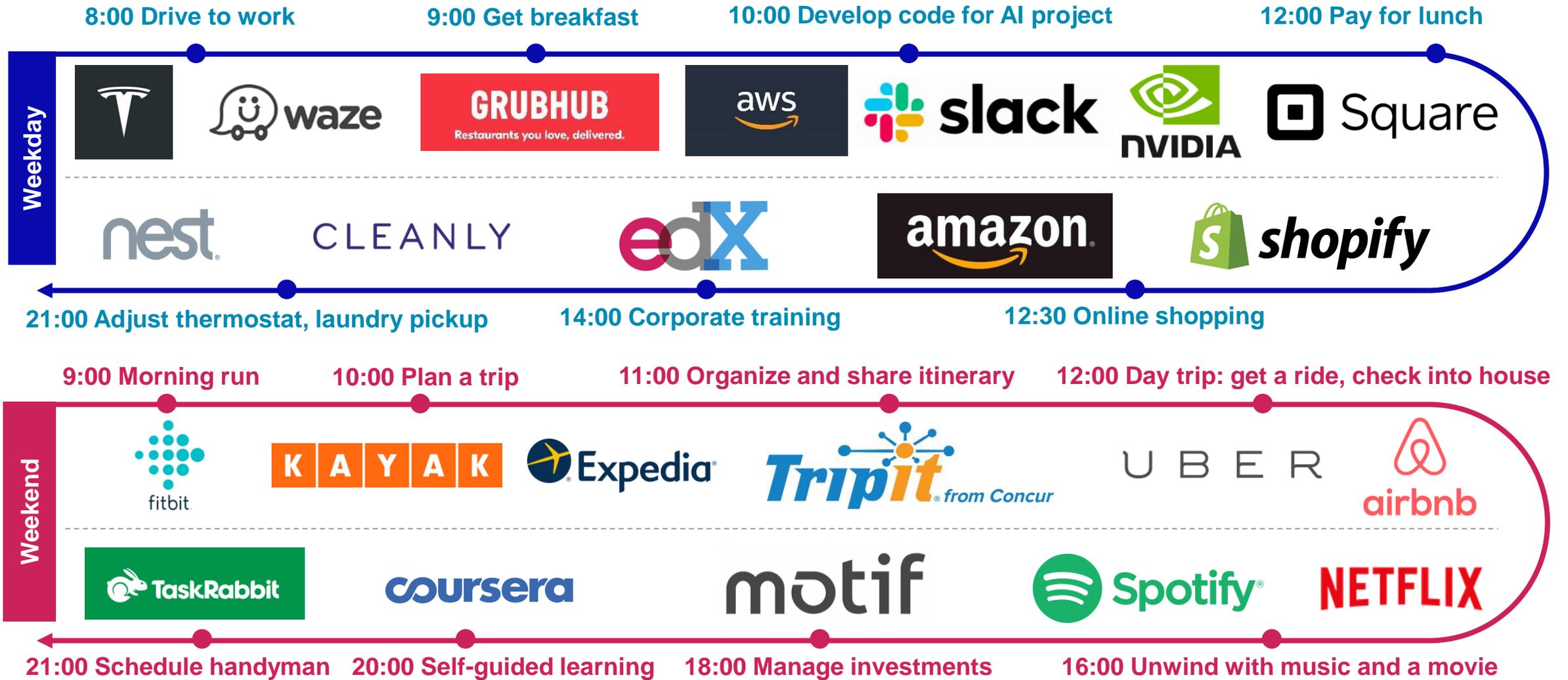
MAKER/ ENABLER

“Provide the pickaxe”

Azure

nVIDIA

ANYTHING THAT CAN BE A PLATFORM, WILL BE A PLATFORM

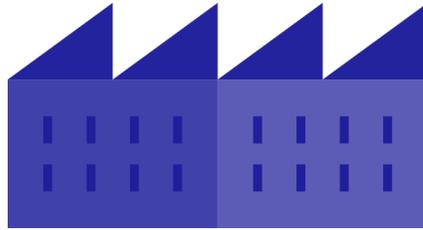


3

**EXPAND YOUR BUSINESS
VIA ECOSYSTEMS**

ECOSYSTEMS DELIVER EXPONENTIAL VALUE FOR CUSTOMERS AND COMPANIES

The old way: Integrated value chain

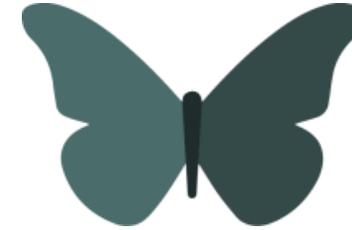


“LET’S BUILD A MOAT”

- **Products** hold higher value
- Power of suppliers and customers is considered **threatening**
- Interactions are either competition **OR** cooperation
- Customers are considered **passive** consumers
- Individual success is dependent on the **own firm**
- Focus: **Building barriers**

Source: Mercer

The new way: Modular ecosystem



“LET’S BUILD A NETWORK”

- **Networks** hold higher value
- Power of suppliers and customers is considered an **asset**
- Interactions are **complex co-opetition relationships**
- **Customers become co-creators of value** as peer producers
- Individual success is dependent on the **health of the ecosystem**
- Focus: **Adding value** to platforms

TRADITIONAL FIRMS ARE STARTING TO GENERATE VALUE FROM DIGITALLY POWERED BUSINESS ECOSYSTEMS



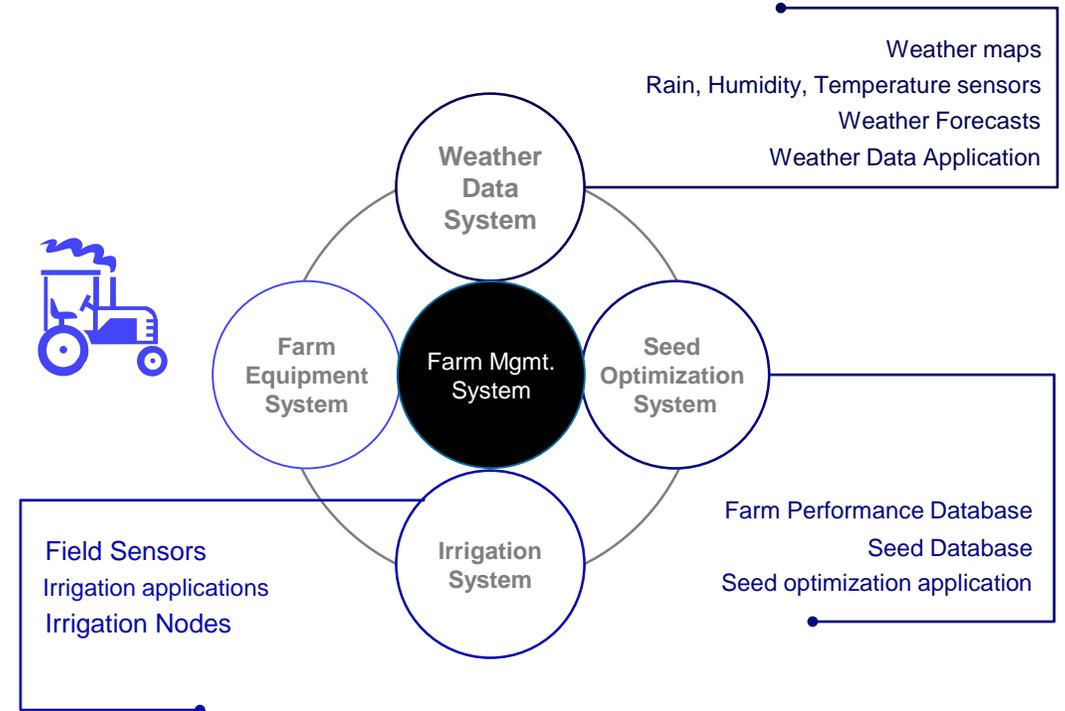
OLD CUSTOMER: I HAVE A TRACTOR PROBLEM...



THE OLD WAY: INTEGRATED VALUE CHAIN

- Single product
- Sell quality and earn margin

NEW CUSTOMER: I HAVE A FARM PRODUCTIVITY PROBLEM



THE NEW WAY: MODULAR ECOSYSTEM

- Connected modules of measureable systems
- More productive when sold to thousands of farms

THIS TREND IS EMERGING ACROSS INDUSTRIES

Illustrative Industries

 **Healthcare**



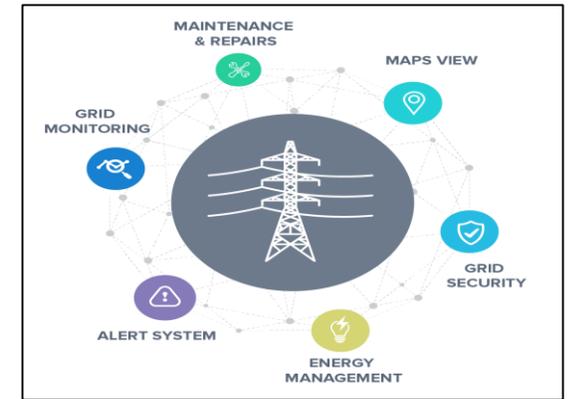
 **Automotive**



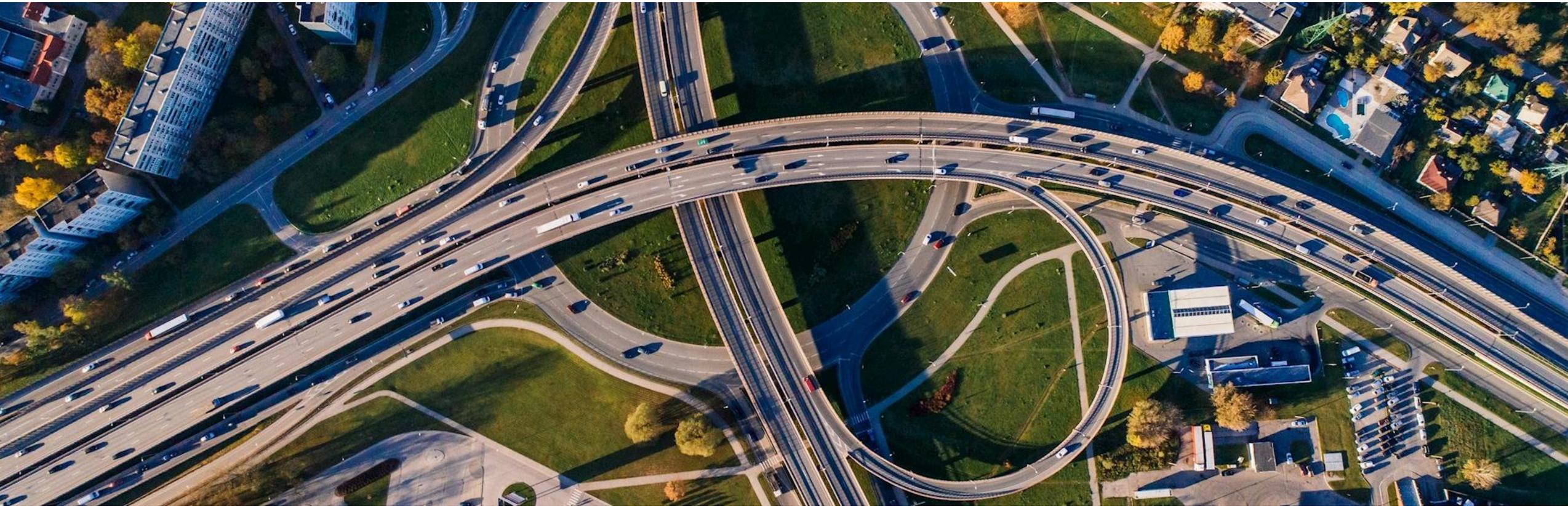
 **Retail**



 **Energy**



HOW DO COMPANIES SUCCESSFULLY NAVIGATE DIGITAL TRANSFORMATION?



DON'T PANIC. BUT DON'T WAIT.

1. Clarify your organizations digital strategy

Align your digital strategy is with the business' core intent: enhancing customer experience, making decisions, enabling collaboration, being more efficient, etc.



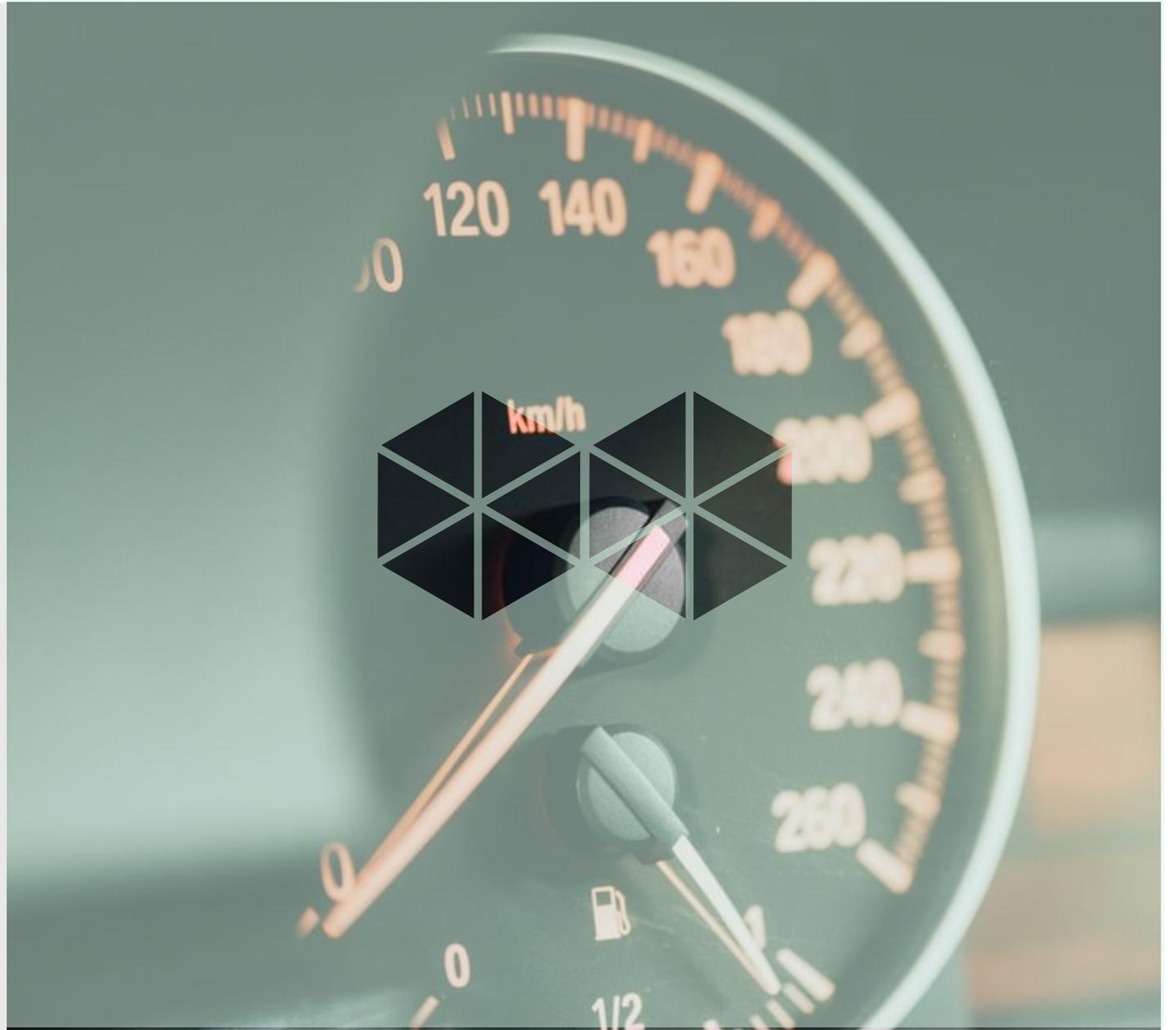
2. Invest in a pilot vs. going “all-in”

Small successes up front are more valuable than a major change. Manage your risk and resources through a focused effort with a small team.



3. Move at multiple speeds to deliver digital initiatives

Use a “bimodal” strategy to innovate quickly while maintaining your current business model.



4. Evaluate how your workforce will be transformed

There is no digital strategy without a workforce strategy. Identify the skills and labor pools that your organization will need to operate in the digital era.



5. Determine where it makes sense to partner

Getting it done right takes the right skillsets and experience. Know when to go at it alone, and when to call for help.



ACCESS OUR LATEST COVID-19 INSIGHTS ONLINE

[Marsh & McLennan \(MMC\) dedicated COVID-19](#) is our global hub updated daily as the situation evolves. Visit the site to view content across the following themes:

- Business Continuity
- Risk & Insurance
- Industry Impacts
- Public Sector Resilience
- Workforce Resilience
- Healthcare Response
- Market Implications
- Long-term Perspectives



HUB

Coronavirus

PARTICIPATE NOW

Webcast: Sustainable Labor Cost Management in COVID-19, April 21 @ 2PM CET	Webcast: Cyber Risks For Oil & Gas Companies Amidst COVID-19, April 21 @ 11AM ET	Webcast: Managing Cyber Risk During the Pandemic, April 22 @ 11AM ET
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LET'S CONTINUE THE CONVERSATION



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