



## ON DIGITAL TRANSFORMATION IN WARSAW

This year's Digital Champions Forum, organised by RETHINK in collaboration with a select group of partners, has unambiguously demonstrated how much the issues that make up the digital transformation of organisations have caught the attention of decision makers and professionals. The conference, based on an original and proven format, attracted nearly 400 participants this year. In this year's edition, the Digital Champions' community was made up of several dozen speakers, noted managers, entrepreneurs, experts, scientists and journalists. They shared their experiences in debates, expert interviews, workshops and lectures.



### Digital Transformation Journey

RETHINK together with the Forum Program Board, once again presided over by Professor Piotr Płoszajski, presented a content framework reflective of today's most current and intriguing digital transformation trends to the participants of Digital Champions 2016.



The opening presentation ("Welcome to the world of Legonomy") outlined a map of issues - such as hypercompetitiveness, business convergence, economy of experience, infostructure, digital capital, and innovation - creating a strategic context for digital transformation. These issues appeared in subsequent talks

throughout the conference, taken up by panellists and workshop leaders, combining them to create a journey through the world of digital transformation.

## Artificial intelligence in business applications

A recurring theme that appeared several times throughout the conference was one of Artificial Intelligence (AI). There is no doubt that a dynamic commercialisation of this vast and varied scientific discipline is taking place. This creates an increasing amount of interest, questions and emotions, and the Digital Champions forum was the first business conference in Poland that highlighted and promoted the subject, usually presented only in scientific circles, in a "public-friendly" way.



The starting point for this topic - and the first stop on the journey of digital transformation - was a conversation with Prof. Jarosław Arabas (Warsaw University of Technology) and Edwin Bendyk (science editor at Polityka magazine, author of the well-known blog Antimatrix). The main question was somewhat journalistic - "when will the machines take over our business". Participants received a tantalising and inspirational blend of futurology, a humanistic look at the limits and consequences of technology development, and a review of the specific capabilities offered by AI solutions.



The next talk on the subject of AI was a conversation with Prof. Piotr Płoszajski (SGH Warsaw School of Economics) and Leszek Sołdan - mathematician, computer scientist, manager, and above all Go master (5 dan), who won the title of Polish Champion in this discipline fifteen times. The aim of the talk was an attempt to analyse the victory of the AlphaGo platform in a match against Lee Sedole, and to formulate theories on the significance and consequences of this event for our understanding of the evolution of machine intelligence.



The last element of the AI theme were workshops showing practical business applications and Machine Learning tools, run by two young professors from SGH Warsaw School of Economics - Bogumił Kamiński and Przemysław Szufel. Both scientists, who are also members of the RETHINK TANK expert team, showed how to use scientific concepts in "hard" business practice using open source technology and an advanced computing infrastructure built live during the 30-minute presentation using Amazon Web Services. Incidentally, when Przemek Szufel explained that the cost of using infrastructure worth hundreds of thousands of PLN to verify the abilities of the newly built application is 6.50PLN, the room fell silent...

## Leadership and vision in the process of digital transformation

Leadership is a popular subject often featured at business conferences. Magda Dzięguć (Google) faced the difficult



task of chairing a leadership debate. It is worth noting that both the chair - who started the panel with the provocative and symbolic erasure of "digital" from the title - as well as the outstanding panellists stood up to the task. Among the numerous important issues emerging at the intersection of evolution of economy and technology, the message about the role of fundamental human values in the motivations leading to business success was particularly strong. In this context there appeared, as the chair put it, "the most important word - love", which is the synthesis of all creative and unselfish motivations, the source of which is the empathic attitude towards people and the world. This remarkable humanist perspective on the issue of transformation and development of companies was introduced by VOX founder Piotr Voelkel. These ideas were repeatedly echoed in other debates and backstage talks.

Thanks to the discussion among panellists - experienced entrepreneurs and managers - the participants of the conference had the opportunity to touch the proverbial "elephant in the room", i.e. the meaning of autonomy, freedom, responsibility in building (and transforming) modern, successful organisations. The specifics of the processes of radical change in highly hierarchised and politicised organisations were discussed by Rafał Grodzicki, a long-term decision maker of the largest financial institutions, and Ireneusz Piecuch, an experienced manager involved in the transformational processes in organisations such as Orange and Poczta Polska, who also represents the largest chamber of the Polish IT industry. The broad context of digital transformations, resulting from the specifics of "liquid modernity" and its precise manifestations in



the development of organisations, was presented by Jacek Królik, a RETHINK partner. The global perspective was given by Jacek Stryczyński, head of the Lionbridge development center in Poland, which is a global leader in the localisation of products and services, as well as Feliks Szyszkowiak, head of digital transformation at BZ WBK.

## Art - Tech – Design. The Design and Monetisation of Experiences

A very interesting interview with Piotr Voelkel, conducted by Dr Małgorzata Bonikowska, head of THINK TANK magazine, combined the session on transformation with another major theme of the conference - a session on designing and monetising experiences. Piotr Voelkel presented arguments for treating design - with a much



broader meaning than traditional "industrial design" - as one of the most important disciplines in modern business. It should be noted, that for Piotr Voelkel this theory has been translated into longstanding experiences with the development of a very diverse group of companies, which were united by the idea of "Human Touch" referring to the essence of contemporary design.



The next item of the session - a debate - started with a warm-up with two company leaders from an industry where well-designed experiences can be the life or death of a product (and sometimes the company itself). Grzegorz Miechowski, head of the 11Bit Studios listed on the Warsaw Stock Exchange and creator of "The War of Mine, a game which combined an anti-war message with an unquestionable commercial success, talked about the functional mechanisms of the "digital experience factory". And not only the digital ones - the fandoms of most popular titles effectively combine real world experiences with those that form the basis of good "gameplay". Wojtek Ozimek, head of One2Tribe, which deals with the gamification of business processes (more specifically, the implementation of solutions based on behavioral economics) showed how to use the psychological mechanisms that govern the world of games in business. One2Tribe, a company founded as a social gaming studio, nowadays creates innovative solutions that support the efficiency of business processes, integrating technology, data and the fundamentals of motivational psychology.



The panel was joined by representatives of award-winning banks - Magdalena Macko, responsible for the quality of banking services at Millenium, and Tomasz Motyl, Chief Innovation Officer at Alior Bank. Wiesław Kotecki from Deloitte Digital, responsible for the practice of experience design in the region, was also at the panel. The conversation concerned the adequacy of practices developed by game designers for the design of complex services offered by various channels, in which the value model does not always create a space for refined innovation, but rather the opposite - customer satisfaction is greater when their interaction with the service is simpler and shorter. Panellists shared their experiences of dealing with similar "paradoxes of design" that needed to balance the client's needs and the interests of the organisation in a process of productive innovation (value innovation).

A number of topics discussed here continued during the second day of the conference - in the form of workshops on gamification, and in the form of an entire session devoted to innovative processes in mature organisations. The session ended with a bold multimedia presentation on the limits of interaction, conducted by Wiesław Bartkowski, a lecturer at SWPS University and an expert on design issues at the intersection of art, computer science and business. Using unusual and highly suggestive examples, Wiesław proved the design of interactive solutions, that create an intelligent living and working environment, have huge development prospects and present huge areas for using purely human creativity, which cannot be easily automated.



The session opened the door to another series of talks, debates and workshops that took place the next day. One of them was the Innovation Factory session, which is mentioned in detail later. Participants were also able to familiarise themselves with the capabilities of process gamification at workshops led by One2Tribe, and the ability to use SAS analytical tools to manage customer experience in electronic channels in real time.

They also had the opportunity to discuss the place of Design Thinking practices in the broad context of the product innovation process.

## Digital Capital 2.0

The digital capital session served as a significant extension and deepening of some of the issues raised the previous year.



While last year's edition presented the views of decision makers responsible for a wide range of business issues, this year it was entrusted to a group of leaders who deal with "digital capital" every day. The debaters were people responsible for building and improving "information superiority", acting as Chief Data Officers, and representatives of the ecosystem of entities providing access to "information banks" and services that allow their use.

The first role was filled by Anna Bogdańska, whose wealth of experience in e-Commerce is utilised in dealing with strategic marketing in a well-known retail network, Euro AGD. Artur Bodych, head of the Netsprint group, represented perhaps the most thriving Polish company, a commercial data bank of internet users and a provider of services for their effective use in marketing communication and sales processes. The participation of Krzysztof Sierot, CTO of Wirtualna Polska, and Marek Kowal, Group Data Officer in the



Reigner Axel Springer group, united both worlds as WP and Onet are examples of companies acting as information capital banks and as well as their active users. The panel was also attended by Bogumił Kamiński, head of the Collegium of Economic Analysis at SGH and an expert involved in a number of business projects related to Big Data / Machine Learning, who also trains business analysts in the methods and tools of the "Data Science" discipline.

The debate showed how the idea of information superiority translates into concrete business strategies and initiatives, processes and tools. Much attention was devoted to practical approaches of addressing challenges such as ensuring the cost-effectiveness of an investment in analytical skills, the tactics for building competence in the field of Data Science (building analytical models versus improving and exploiting them), developing an analytical culture and promoting evidence-based management. An idea raised in the debate was one of analytical prototyping (rapid testing of analytical models and quality of data sources) as a basic tool for rationalising and agile implementation of the information superiority strategy.



Participants were also faced with the task of describing the digital capital ecosystem, which is coming into existence in front of our eyes, and which is a digital analogue of financial institutions - information banks and added value service providers based on big

data sources. The debate highlighted the most important paradox of information superiority: while the capacity to collect data is a cost and does not automatically lead to any advantage, organisations that effectively utilise and improve data science practices for business use possess a range of data that effectively limits their information superiority capabilities. And nowadays, data are rapidly consolidated on a global scale - we are heading for a situation where "almost all data will be in the hands of a few companies".

Participants of the conference had the opportunity to "touch" on issues discussed during the second day of the workshops conducted by specialists from Netsprint, Google, SAS, and the previously mentioned Machine Learning workshops organised by RETHINK and run by Bogumił Kamiński and Przemek Szufel from SGH.



## Innovation Factories

In a world of constant change, customers remain loyal to businesses and products that are developing, leaving those that give the impression of stagnation. This situation favours companies that want to succeed, have ideas appealing to investors and little - or nothing - to lose. Successful companies are, in turn, more likely to maintain the status quo and are reluctant to make changes that "cannibalise success". Such dynamics often lead to radical changes in markets, especially those subject to deregulation. An example of this is the breakdown of the telecom business in Europe, where the appealing niche of added services has been taken over by the "Over-The-Top" service providers - as explained on the first day of the conference by Rob Hingston, from Sigma-Systems, during his case study talk on the transformation of the management process of a product lifecycle in a digital service provider.

The morning of the second day of the conference was devoted entirely to innovation. The metaphor of "innovation factories" reflects the Forum's theory that innovation in digital economy, meaning the ability to maintain customer loyalty through systematic improvement and development of value models and business models, ceases to be a game for the chosen and becomes a necessity for everyone.

## The Fight Between The Carnival & The Lent

The actions of regulators in the financial market raise questions about whether similar scenarios do not await banks whose business - at least in the area of relatively easy as well as appealing products from a profit margin perspective - can be taken over by financial startups and service providers integrating financial services into more engaging value models for consumers. Based on this, Maciej Samcik, an economic journalist from Gazeta Wyborcza, provided an intellectual warmup by conducting a dynamic debate on "The fight of fact and carnival". Its main theme was the relationship between "fintechs" and banks, resulting from the difference in innovation potential and market position. The side of banks was represented by Grzegorz Pawlicki, responsible for innovation and client experiences in PKO BP. The "fintech" perspective was given by Miłosz Brakoniecki, leader of the analyst firm Obserwatorium and co-founder of siepomaga.pl, a popular social finance platform, who for many years was also responsible for online banking at BZ WBK. The third panelist was Mariusz Kaczmarek, an experienced manager in charge of operations in the financial industry and a longstanding CIO in Raiffeisen PL where he co-founded some of the first innovations in mobile banking, and currently the head of CMP, an IT company.



The experience of the interviewees resulted in a very direct and substantive talk. It showed that banks are aware that the fight for the customer requires innovation on their part. On the other hand, with respect to regulations enforcing cooperation with third parties providers - which in the financial services market correspond to OTT from the telecommunications market - there are no illusions about the limits related to taking innovation risks in mature financial sector organisations. Fintech representatives - as pointed out by Observatorium's analysis - claim that banks are necessary business partners. The question is whether this theory should not be amended to say "for now". The question is whether this theory should not be amended to say "for now"...

## Debate

After the warm-up conversation, it was time for a debate on the organisation of innovation processes in mature organisations. Marcin Ratkiewicz, Orange Labs representative, talked about how to organise the development of digital services proposals - both through R&D and through systematic cooperation with startups. Kajetan Malinowski, Lionbridge Product Director, talked about innovative pressures on B2B



ecosystems through the increase of the competitiveness of the global services market and digital B2C products.

It forces the participants of these ecosystems to innovate in terms of proposals, service processes and ecosystems that provide key competences. He provided examples of solutions which allow Lionbridge, a global B2B service provider, to create new revenue streams through innovative services.

Jowita Michalska, CMO at Burda International and founder of Digital University, presented an interesting example of an ecosystem concept oriented towards startup aggregation, which are involved in the design of clothes supported by a modern digital platform, among others. More importantly - this concept is an effect of systematic stimulation of innovation in the company. Łukasz Olek, Chief Product Officer and founder of the Currency One fintech, shared his thoughts about the problems that accompany a startup's development process, initiating a discussion that allowed for a disenchantment of the fascination with startup culture that is so often found in mature organisations.

The panelists suggested that the pressure "to act as a startup", sometimes seen in mature companies, often leads to frustration and misunderstanding than to real success. The key to success seems to be the creation of good collaboration platforms resulting from the deep



understanding the culture differences, the maturity of the processes and the expectations of the owners, rather than the imitation of attitudes and organisational rituals. This does not absolve mature organisations from searching and implementing mechanisms to increase the pace and flexibility of the organisation - but adjusted to the scale of operations and the appetite for risk. The panel concluded with a summary of the main limits in the "innovation chain" - this served as a starting point for a workshop by Olek Solecki (RETHINK) on the topic of "Transformation in practice".

## Financing Innovation

Debates conducted within the topic of "Innovation Factories" did not indicate that funding was the biggest hurdle to an organisation's innovation. Many entities have sufficient funds to develop their offers. However, the quality of innovative ideas is a significant problem that translates into cost effectiveness for innovation. Silo-like structures, inflexible motivational systems, and lack of practical support for the creation and evaluation of ideas, mean that in many organisations the results of innovation projects are disappointing when confronted with time and resource cost that went into creating them.



With this in mind, Miłosz Brakoniecki conducted a very interesting debate on how to use investment and social capital, and public funds effectively. The debaters were entrepreneurs, developers of crowdfunding solutions (Arkadiusz Regiec, vice president of the Polish Crowdfunding Association, Patryk Urban, board member of Się Pomaga), investor representatives (Barbara Piasek, head of Wolves Summit, Łukasz Zgiep, co-founder of Move Smart). An interesting role of partners such as experienced investment funds or crowdfunding platforms emerged from the debate. Their operations can serve not only as an alternative source of capital for investments, but rather as an external filter to support the selection and evaluations of ideas.

## Workshops – Digital Innovations and Practices in Action

The slightly risky idea to spend half a day on a topic that has been present at business forums for years - although viewed from different perspectives - was a hit, as demonstrated by the attendance and participation at the Innovation Factory workshop, led by RETHINK as part of the "Transformation in practice" topic. Workshops are one of the most distinctive features of the forum. Participants, who spend a day and a half listening about the various aspects of digital transformations, can "touch the concrete thing" thanks to the workshops and the experts conducting them. After so many debated the audience expectations are very high, which is both a challenge and an opportunity for the partners of the Forum to show their solutions, competencies and experiences.

The first opportunity to experience digital innovations in action was the demonstration of automated parking capabilities of new Mercedes limousines. The strategy of embedding digital capabilities in automotive products has been part of a short keynote delivered by Ewa Łabno Fałęcka, who took the opportunity to announce the successful investment deal in Poland, which resulted in hundreds of new jobs for Polish industry workers and engineers.







Apart from the aforementioned RETHINK, other experts made important contributions to the Digital Champions 2016 workshops: experts on gamification of processes (One2Tribe), experts on digital marketing (Netsprint, Google), Deep Learning and business analysis specialists (SAS, SGH/RETHINK TANK). This year's edition of the "Intelligent World" workshop was an entirely separate topic. Its author and master of ceremonies was a well-known journalist, expert on drones and robots, and head of the Mikro-Makro Foundation, Sławomir Kosieliński, supported by Artur Konarski from Mercedens-Benz, Kuba Michalski from robotic startup VersaBox, Wiesław Bartkowski from SWPS University as well as by experts from Samsung, and iRobot.

## Digital Champions 2016 competition winners

On Thursday evening, as part of the forum gala, the "Digital Business Leader" award ceremony took place. The formula of this competition is unusual - the chapter inspects the contestants twice in the space of several months. First at the nomination stage (nominations were announced during last year's forum), afterwards the nominees are invited to a briefing for the chapter to show how the initiatives that underpin the nominations are being developed.

As a result of this process, the Digital Champions 2016 award was won by Audioteka (winner of the "digital product" category) and Budimex ("digital transformation" category). The Chapter also recognised the Digital Champion Award for a personality involved in promoting positive values and good practices related to digital transformation. Its winner was Sylwia Bilaska, leader of many successful eCommerce initiatives.



