



SOCIO-DIGITAL TRANSFORMATION

A REVOLUTION WITH A HUMAN FACE, MOVE OR DIE

LET'S NOT ALLOW GAFA EXCLUSIVE USE
OF TWO-SIDED PLATFORMS

Open discussions with

> **Amélie Oudéa-Castéra**

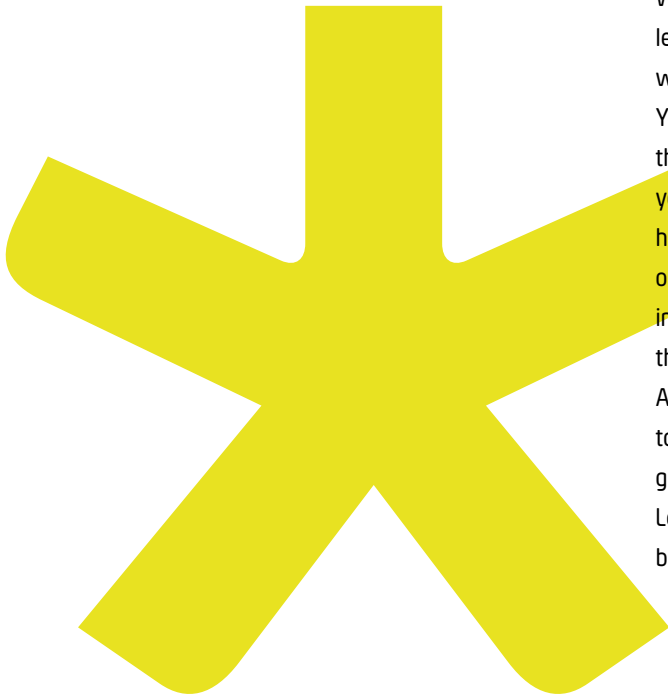
DIGITAL'S STROKE OF GENIUS, CUSTOMER FOCUS

> **Meriem Riadi**

TRANSPARENCY CREATED BY DIGITAL
CHANGES THE WAY WE RUN OUR BUSINESS

THE MINDSET OF LA REVUE*

*Can management be discussed
in simple terms?*



As strategy and management consultants, company transformation is our everyday business. It is also yours, as the leaders of businesses that are perpetually undergoing change.

What we have learned – and what we continue to learn as we do our job day after day – is something we want to share with you.

You will not find any ready-to-go recipes here: there are no miracle concepts guaranteed to give your competitiveness a major boost. What we offer here is food for thought. There are no sermons or lessons; instead we provide a framework for interpretation, to help you separate the wheat from the chaff.

And because we love discussions, we also talk to personalities from outside our organisation, to garner their reactions to the ideas we put forward. Let's be at the forefront of modern thinking without being fooled by fashions!

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ARNAUD GANGLOFF
CEO



Editorial

Is digital a project like any other? The idea fizzled out. In reality, because it questions the very essence of businesses, it transforms everything in its path. It even causes a mutation in their DNA: this is why, on top of the two strands of strategy and culture, we now add technology.

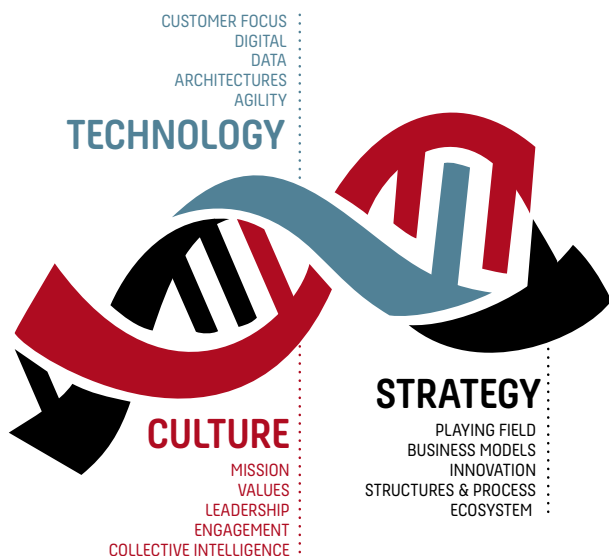
This tech tsunami significantly reshuffles the cards within the business and in its relationship with others in its ecosystem. Beyond that, it raises fundamental societal questions. It moves the lines and accelerates generational effects.

In this revolution, new players and roles are emerging. Thus, in this issue we are delighted to welcome the views of Amélie Oudéa-Castéra and Meriem Riadi, both responsible for setting their respective companies – Carrefour & Suez – on a course towards a future drawing the best from the digital ground swell.

But technology is not replacing people, quite the opposite. Indeed, the socio-digital transformation is based on them, while questioning their role and their added value, opening up new areas of thought on structures, organisations and technical architectures.

Customer and competitive pressure are accelerating change and strengthening skills. What we advise managers, we apply to ourselves through the structure of the Kea group. Thus, we are adopting a new configuration by bringing specialised brands and skills together, beyond Kea & Partners' expertise in strategy and transformation: Tilt Ideas for innovation, Kea-Euclyd for digital, Veltys for data and KeaPrime to mobilise individual and collective energies.

**The future has a future,
let's build it together.**

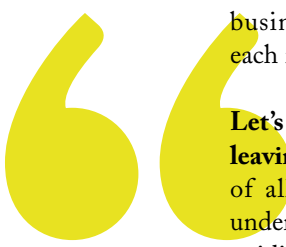


Socio-digital transformation

by Hervé Baculard, Senior Partner at Kea & Partners

WHAT IF WE RETURNED TO THE ESSENCE OF A TRANSFORMATION?

So-called digital transformation cannot be limited to 'open innovation', adding a 'fab lab', enrolling a few start-ups or building a datahub. It needs to be considered **from a greater height** to identify the intimate changes in society prospectively as well as the new uses that underpin the commitment of customers, but also of employees; **from farther away** because we need to anticipate the construction of a new operational model and define the right trajectory, even though all direct or indirect competitors are on the move and, finally, **in greater depth**, because we need to tackle barriers, conservatism of any kind within the business and rework the genetic code of each role.



Let's take a look at the period we are currently leaving. Leading a transformation means first of all putting it into context in order to understand it properly, drawing on the right guiding principle to focus your energy and, finally, naming it carefully to give meaning to all this!

Our times are marked essentially by three characteristics: competitive violence, shifting value, and the primacy of the human factor.

First of all **competitive violence**. Competition is fragmenting, changing its face and its size. Every business must face not only its usual competition but also new players who come from the side, attacking markets horizontally and not traditionally in each business segment. You have to tackle the essential questions: what is the playing field I have to choose to cultivate the uniqueness of my business, develop robust advantages and not be crushed?

Then **shifting value**. The more companies go digital, the more it seems they lose value. Quite a paradox and, above all, a real dilemma. A dilemma that many traditional companies are struggling with; for example, retail is developing drive alongside the activity of its stores, with more costs and as many consumers. New players even capture value by establishing themselves as a cuckoo in the supply and

reintermediating the market to their advantage. The question for many businesses is migration: which valuable new areas, how to get there and how quickly? In this shift, it is crucial to raise the question of allegiances across all or part of the value chain, such as an association with a defined purpose and with a limited duration.

Finally **the human factor**. In the age of artificial intelligence, the human factor is putting up a fight! In the end, globalisation over the last twenty years has been a fairly easy path: creating new subsidiaries in all regions, developing cross-company roles to consolidate, computerisation to manage and control... always doing more within the company. On the other hand, digitalisation calls each profession and each role into question: we no longer do marketing as before with good old focus groups and the historical communication tools, it is a change of behaviour among the most educated populations, sometimes the most self-confident. In fact, digitisation is first and foremost an eminently human transformation!

HERVÉ BACULARD

Senior Partner, Kea & Partners

Hervé is one of the five founders of Kea & Partners. A consultant and entrepreneur with a passion for development, he supports managers in their market-winning projects and advises them on structural changes. He has extensive experience in the retail, consumer and luxury sectors.

He contributes to building and developing the Kea group in digital technologies and innovation.

He and Julia Jérôme wrote the book 'Intangible assets', published at Cherche Midi in 2011 and was Chairman of Syntec management consultancy, the sector's management union from 2010 to 2016. Hervé is a graduate of the HEC business school.



Now let's move on to the guiding principle of ongoing transformations, namely what is fundamentally changing in the relationship with society. The guiding principle of the first industrial revolution was urbanisation; it triggered the rural exodus, enabled by agricultural mechanisation, and saw the city flourish through the impulse given to all sectors (housing, transport, industry). The guiding principle of the second industrial revolution is the consumer society: everything becomes possible for everyone, because the fall in production costs makes all kinds of objects accessible, from the everyday to the longest lasting; this revolution has continued with globalisation, which has extended this model to emerging countries, breaking with the Western monopoly of living standards. Digital technology is indeed the facilitator of the third revolution, but the guiding principle of this transformation is the society of the individual as a network: both the sole decision-maker of its uses – infinite in number – and dependent on the links and connections between individuals. This third revolution brings a new kind of transformation because it places each individual in a paradoxical situation: on one hand, the customer finds great freedom to consume, to communicate at any time and with anyone, in exchange for processing their most personal data; on the other hand, once again it puts man and machine in competition, not in terms of brawn (labour replaced by machine) but their intelligence (processing data by replacing or increasing human intelligence).

Therefore it really is a socio-digital transformation we have to carry out today: digital because technology offers enormous possibilities, but above all sociological because the individual will have to rethink its uses, its ways of consuming products and services, its relationship to work, its life links in society.

And everyone becomes King! The customer, of course, with increased versatility. Employees are also able to move around in the digital world. Finally, the citizen becomes king: it is he who will judge the business on its actions in a necessarily troubled period.

In this context, the business where strategies, methods and instincts were forged in the light of the consumer society will have to reinvent itself in its relationship with the individual. It will have to redefine its playing field in light of the change in society, new uses both externally and internally.

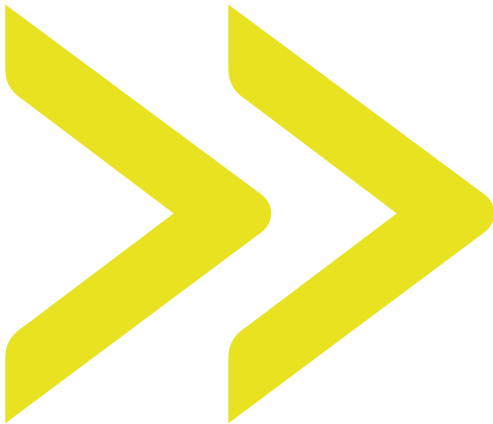
THE THREE INGREDIENTS OF SOCIO-DIGITAL TRANSFORMATION

First ingredient: technology

It is the gateway to new business models and no longer management: it is the constant back and forth between strategy and technology that opens up new opportunities. Technology can no longer be considered a support function.

The agile approach has buried the IT master plan! This early victory heralds the next Waterloo. It is more important than ever to have a clear view of the business' technological trajectory, avoiding unnecessary risk-taking and investing resolutely but gradually. Once again, the master plan has to become a strategic tool of the Executive Committee, independent from solution integrators and sellers.

Second ingredient: data, a raw material for on-going transformations: more than a new black gold, it is a new input that we have to learn to work with and domesticate, given the



explosion in the quantity of internal and external data. The abundance of information and tools is not easy to digest. It requires a change in method and organisation to bring real value.

Data and therefore the IT architecture that supports it are taking the lead in the IT application question; this contributes to understanding a new business model based on the interaction between internal and external data, going as far as the emergence of platform businesses (see article on page 22). Data raises the question of talents to be brought in-house, a subject as important as the choice of technologies. Is it reasonable to project that, in this field, the degree of outsourcing should exceed 80% in certain businesses? If core business is a key capability to be retained, the same goes for core data!

Final ingredient: the time dimension

The key question of these socio-digital transformations is the ability to manage both the short time to experiment – although the sum of experiments does not make a business transformation – and the long term to build the new model patiently. Because time is needed to change people and their professions, to build a strategy that withstands the fashions and jolts of the moment, in a word to create a real performance leap.

Some say 'move or die', more likely 'act or suffer', which is what will differentiate the behaviours of businesses and their managers: yes, we will have to endure the tyranny of this channel-hopping customer; yes we will have to change tempo in the face of the brutality of movements; yes, the transformation phase will affect profit... but it will also open areas of initiative!

With these three ingredients, like all good cooks, let's humbly try to write a few lines about the recipes that are emerging: together, let's tackle the keys to a socio-digital transformation.

THE 7 KEYS TO A SOCIO-DIGITAL TRANSFORMATION

1. Tackling socio-digital transformation means opening up to the long term

We are overwhelmed by the ever-increasing amount of information to be taken in, by the scale of the changes that hit our screens every day. The speed and intensity of this bombardment are pushing us to urgency. But we are also losing perspective! Recent academic studies show that the acceleration in time is taking hold of companies' day-to-day but, actually, it still takes 10 years to really transform a business sector. This is time to look forward 5-10 years and fully integrate the underlying changes. The 10-year vision captures the trends at work, provides the time scale needed to reshape capabilities and intangible assets.

Few companies are really equipped to tackle the long term: strategic planning is frequently quite a mechanistic process and far from the 10-year time scale; innovation, as well as newly created structures linked to it, provide routes for differentiation over 3-5 years but don't often really transform businesses. Bringing about new roles, whatever the job title – growth officer, LT planning officer, etc. –, seems to us to be a new need for organisations.

The digital transformation of businesses is often initiated under the pressure of competitors or new pure-player entrants. A sense of urgency then arises to find the specific magic formula to counter this attack. While we don't deny the importance of a short-term response to contain these assaults, we believe it is a manager's responsibility not to succumb to panic and to engage in fundamental reflection and action to redefine their company's position, its playing field, and to reinvent its model.



2. Technological immersion of the main decision-makers is a condition for taking action

Technological varnish is no longer enough, like academic lessons. Future managers have understood this, learning to code in Python as well as accounting. But what about the vast majority of managers? Knowledge and awareness must go hand in hand to be aware of the phenomena at work, to reject shortcuts and miracles – which the abundant literature on artificial intelligence can lead us to believe – and not to underestimate the speed and impact of technology. Everyone to school and on a coding course! Yes to organising war games in a match between Amazon, Netflix or any other alien... and your business! Put managers in a position to change the pace of decision-making by placing their marketing teams in front of a dynamic pricing machine... to make them aware of the scale of the task ahead of them, like a small investor would do when faced with high frequency trading on the stock market.

3. What if disruption was in your organisation first?

The proliferation of tools and technologies, the incredible data processing capabilities are “off the shelf”. But it is often likely to take a long time to see changes; the few specialist recruitments or digital acceleration programmes make it possible to get back into the pack but not to build a competitive advantage. The challenge is not to adapt or increase existing organisations, but to change them profoundly. It is even the first area for disruption. There is often a glaring lag between the energy put into the customer experience/UserX and the internal organisation of departments. This is the area where symmetrical attention must be strictest, in other words invest as much effort in external as internal transformations: employee experience and organisational design thinking, such techniques must be transposed to the internal organisation. Overhauling business processes

must also go hand in hand with a cultural change in management practices. Organisational creativity must be taken on-board by managers: organisation into tribes combining marketing and technology, hub-type organisations to coordinate without creating dedicated bodies and staff, autonomous departments averaging 20 people worldwide, etc. All these innovations are neither gadgets nor risks of losing control. In short, rather than investing in 'chief happiness officers' to look after the state of mind of employees chained up in traditional organisations, work on disrupting the organisation!

4. Double helix strategy: steer the transformation well by combining *legacy* and *new business*

There are tensions at work in every company: we need to move faster, some say, or risk being overtaken, everyone pushing to build more agile and independent business units; we need to be careful, others say, otherwise we'll lose short-term profitability... the manager's problem is that both sides are right! We need to change the way we drive change! The “double helix” strategy provides a solution: between creating and changing the existing structure, we have to find the right balance by giving ambition to each of these two objectives, by making suitable bridges between them to save costs and time, while giving managers specific targets appropriate to this double helix strategy, so that they don't become schizophrenic and maintain the direction.

To do this, every business will have to choose between four transformation strategies (see diagram page 11), most of the time combining them in space and time. First choice: make the commitment internally by over-investing in technology and recruiting a critical mass sufficient to move the lines; second idea: buy a company familiar with this new world and merge it to change the DNA of the resulting

whole; third way: alongside the core business create a fabric of new uses and businesses and spread continuously by osmosis; fourth option: create multiple initiatives and promulgate them to help the business adjust to a digital culture. Leading transformation makes complete sense as a strategic discipline! It is the ideal field for the leader to make things happen, act and govern with intuition, dexterity and firmness. The return of the “political leader” in the true sense of the term...

5. The art of *Scale-up*

So many POC (Proofs Of Concept) and successful experiments between start-ups and large groups circulated on professional social networks such as LinkedIn! These ad-like posts describe a world without a future. The difficulty lies in extending successful initiatives to the core business, in scaling up, in the osmosis between *in* (internal teams) and *out* (the abundant landscape of open innovation).

Three convictions to move from experimentation to extension:

- > action must be taken in each business unit: there's a time for the central symbolic action (e.g. innovation department, CDO, Lab, etc.) and a time for anchoring action in each business unit;
- > scaling up brings a transition of the business model and therefore a temporary profitability gap, which is why the business unit by business unit approach makes it possible to smooth the risks;
- > finally, a change of manager is often necessary because this type of internal transformation has little chance of success without a radical change in behaviour and leadership, while also mobilising the teams in place (employees and middle-tier managers) and new experts or specialists.

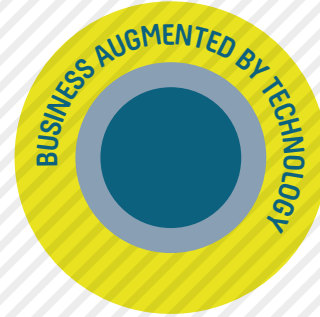
4 TYPES OF DIGITAL TRANSFORMATION STRATEGIES

To give momentum, bring in new blood and achieve critical mass

TRANSFORMATION THROUGH TECHNOLOGY



The cultural transformation is driven by the technology in which the company overinvests. **Technology takes over and drives the whole business.**



TRANSFORMATION BY ABSORPTION



To accelerate the switch to digital, **the business invests in an external player** and hands it the reins of digital transformation to transform practices.



TRANSFORMATION BY CREATING A NEW BUSINESS



A digital business is created alongside the traditional business. It grows and overtakes the traditional business. **It gets the upper hand until it becomes the company's core business.**



INCREMENTAL TRANSFORMATION



Under the influence of multiple initiatives and players, the company becomes accustomed to digital technology and grows. **Partnerships are an accelerator.**



6. Digi-change or the return of innovative change management

While the applications are currently intuitive (there's no user manual for a customer website), process and behavioural evolutions are not! Digital and technology are reinventing the business and professions of companies, deeply transforming their processes, organisations and traditional assets such as IT or marketing.

Through the uncertainty it generates, the pace it imposes and its potentially unsettling effect on employees, digital cannot be limited to a technical matter. Paradoxically, approaches to acceptance through co-construction and participatory work are inadequate because they are often not disruptive enough. The disruption caused by digital transformation and innovation requires responses blending resolute projection of a new model with subsequent acceptance by the teams. Change techniques must evolve and bring about two types of stance:

- > **create the conditions for letting go**, so that each business unit and each individual is in a position to take digital initiatives. As a corollary, for this released energy to be relevant, the direction of the transformation must be clear to everyone and awareness of the opportunities offered by the technology and the movement and pace required must be shared.

- > **reinvent the ways of leading change** to encourage the proliferation of initiatives, be able to detect those that will mark out the digital roadmap and, finally, steer a coherent and dynamic transformation programme.

Looking at the new employee pathway as we do for the customer requires new approaches in the digital age.

7. Fear or daring, the drivers to act and create action

The issue of digital transformation should not involve only the happy few and insiders. A third of the jobs are going to disappear, Toys 'R' Us collapsed in a few months, each GAFA is worth 10 to 100 times more than the company it competes with in the real world... Given these pleasant prospects, developing the energy needed for transformation raises questions for so many people. The appearance of tools and especially digitising an activity are very unsettling for employees, as everyone quickly wonders about the question of their own future (what about me, and me, what agitation!) and sometimes even a collapse in the value of thirty years' accrued experience!

More than ever, we have to think about the jobs of today and tomorrow to design the gateways for the transition. Once a little new blood has been injected, acting like fast sugars in the organisation, the question of slow sugars arises: namely, developing the skills associated with a responsible vision of the business. Considering that there will be far fewer agencies or transactional jobs, what must be the company's responsibility regarding its employees? A Marshall programme on training should enable the acceleration and change of scale needed by the large historic ships to come through: executive education, validation of acquired skills, learning method... it's essential to concentrate training investments, often underestimated, at all levels. This is a training programme that gets the company in shape, like a top-level athlete, and should enable it to make the investments made elsewhere profitable.

IN CONCLUSION, HOW DO WE MAKE A DIGITAL WORLD FOR HUMANS?

This could be a summary of the meaning given to an eminently societal and digital transformation. It is a more systemic than programmatic approach under discussion, to reconcile short and long term, to understand the great number and diversity of subjects to be handled, to accept uncertainties, to seize opportunities and to face the imponderables. It involves openness and using a form of forward planning, in addition to strategic exercises. It sets the company's purpose as a compass for employees: where are we going and why?

It involves thorough execution and follow-up, staying the course despite more than paradoxical and often even opposed goals. It will question the resilience of companies because the road is long and the economic environment uncertain... because what happens in each company persists in all companies.

We are fortunate to live in an era full of revolutions... the leader's role is first and foremost to create the conditions of trust to embrace this era.



*Didier Meir Long,
essayist and consultant, Kea-Euclyd*

A revolution with move or die

DIDIER MEÏR LONG

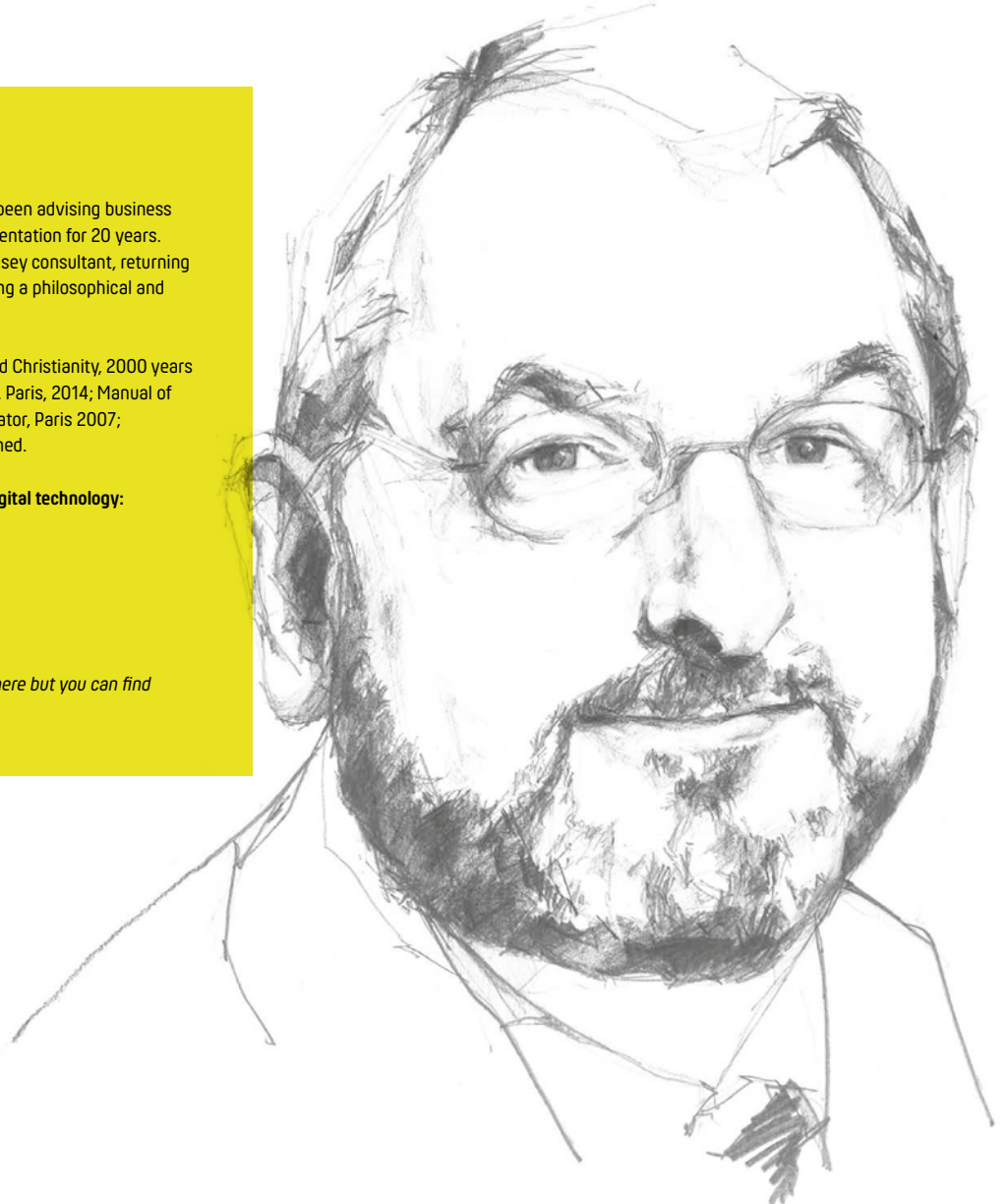
Didier Meir Long leads Kea-Euclyd, which has been advising business leaders on their digital strategy and its implementation for 20 years. A Benedictine monk for 10 years, former McKinsey consultant, returning to the Judaism of his ancestors, he is conducting a philosophical and theological reflection on globalised capitalism.

He has published several books: *Capitalism and Christianity, 2000 years of tumultuous history*, Éditions François Bourin, Paris, 2014; *Manual of spiritual survival in globalisation*, Éditions Salvator, Paris 2007; *The Spirit of the digital revolution*, to be published.

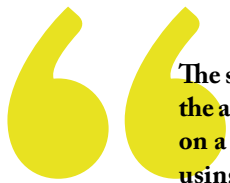
In his view, five revolutions are triggered by digital technology:

- > The anthropological revolution
- > The capitalism and trade revolution
- > The labour revolution
- > The political and State revolution
- > The revolution of beliefs

Some passages are only partially reproduced here but you can find the whole text online, using the QR codes.



h a human face,



The socio-digital revolution is under way, i.e. the accelerated transformation of human uses on a global scale by exponential digitisation using 0 or 1 (bit) data. This network-based viral spread by feedback loops between humans and technologies, which began 20 years ago, is now irreversible. It transforms people, trade and businesses, society and all our interactions, ways of working and the work itself, democracy and states... and everything we believe in! As with every cultural or industrial revolution, the rule is adapt or die. Consequently, how do we create digitisation with a human face?

THE DIGITAL REVOLUTION IS FIRST AND FOREMOST AN ANTHROPOLOGICAL SHIFT.

It affects the way we think about ourselves. The Consumer Society is tied to the idea that individual human happiness matters, an idea that took root in the Renaissance, with the emergence of humanism.

Our basic essential needs – food, clothes, a roof over our head, learning, society, reproduction, moving, community, flirting or making love – now account for multiple networked platforms.

Digital therefore affects essential human needs and, even more so, changes them by the way it meets them. And the platforms are adapting to these changes in real time, thanks to the algorithms, data and demands of each, ever more targeted and uberised.

In China, for example, citizens overwhelmingly support a social rating and surveillance system using cameras and data that makes it possible to have faster or slower Internet, credit or not, to introduce you to friends, to display your photo on a big screen in the street to single you out for the ethical punishment of right-thinking people if you ignore a red light...

Against capitalist neo-Darwinism, which sees artificial intelligence as the salvation of the global economy, we should probably contrast reality: conceptual intelligence is only an algorithm and an admittedly fascinating but limited part of the brain and human cognition. The apocalyptic discourse of GAFA and other BATX has brought Darwin's good old ghost out of the closet... but it ignores the fact that the engine of biological or economic evolution is based not on competition but on cooperation.¹ Human intelligence and its ecosystem are actually linked to their substrate bacterial² and no reverse engineering of consciousness or life is possible up to now.

According to the metaphor coined by Philip K. Dick: “*androids (already) dream of electric sheep*”. We'll live with them... but they (still?) make love very badly.

adopted, the ecosystem structure of interacting networks and the real-time propagation that gives rise to other innovations on the rebound.

Nokia, the world's largest manufacturer of cell phones (40% share of the global market, 1 billion customers in 2007) disappeared 10 years later when a new OS was born: the iPhone. The game is ruthless.

Amazon has become the world's leading e-retailer in 20 years. In 2018, Amazon sold 20% of the 40% of toys sold online in the US (15% of the 30% in France). The Seattle-based firm conducts 50% of e-commerce in the US (eBay is just behind... with 6%), i.e. 5% to 6% of US retail trade, and captures 80% of on-line retail growth (+16%). Amazon and eBay together sell 70% of spare parts online in the US: which is a bit scary when you consider that after-market sales account for 19% of car manufacturers' turnover and 50% of their margin. Amazon is the leading clothing seller in the US, the champion in all categories in France... Amazon Prime, which delivers in two hours in the city, has 100 million subscribers and serves 28% of the American population, delivered more than five billion products worldwide in 2017, conducts 30% of the US grocery trade, is the leading product search engine ahead of Google... Amazon Echo captures 2/3 of the US voice commerce - i.e. 74.2 million users in 2018 – 26.8% of the US population and now republishes its meteoric B2C history in BtoB and services... with 35% growth.

Everything with a bar code will be sold on Amazon. In B2C as in B2B.

So there is no.2 in the digital world. The “first mover advantage” implies “the winner takes it all”. In the words of Peter Thiel, founder of PayPal and Palantir: “*Competition is for losers. If you want to create and capture lasting value, look to build a monopoly*”. The Internet is a 'category killers' game for searches, commerce, etc.

A CAPITALISM AND TRADE REVOLUTION

The virtuous circle of digital value creation is well known: initially, there is a revolutionary customer experience enabled by unprecedented technology, then comes the viral and global networking of the services of a market place, a search engine, an operating system, an UX, a social network, etc. via code and infrastructures, then begins a meteoric expansion and access to other networked ecosystems: the platform captures customers and data. The economies of scale from infrastructures (e.g. Cloud) are colossal. The brand asset therefore becomes an insurmountable barrier to entry (the top five global brands are Tech brands: Amazon, Apple, Google, Samsung, Facebook). This inspiring reputation attracts the best talent. Capital is now veering towards this high-return asset, making it possible to invest in innovation and to further enhance and enrich this revolutionary customer experience. A Schumpeterian system in which digital virtualisation and networking (and at scale) are critical. Amazon is the prime example.

What is the difference with a revolution such as steam and Schumpeterian innovation clusters? The speed at which technologies are

1. See: <https://kea-euclyd.blog/2018/06/17/digital-coopetition-ans-symbiosis/>
2. See “*The Strange order of things. Life, feelings and the making of culture*”, Antonio Damasio, Odile Jacob, 2017 – this book pays tribute to the work of Lynn Margulis, an American microbiologist who highlighted cooperative interactions between species.

There is no room for a marketplace wholesale behind Amazon. Who remembers Wanadoo, Alapage (France Télécom-Orange), and *Rue du Commerce*? What will become of C-Discount? All these digital platforms have joined physical players to limit their losses or have simply disappeared. According to the title of a famous book by Intel founder Andy Grove: “*only paranoiacs survive*”.

As digital strategy consultants, we have been crossing all sectors with their leaders for 20 years. They were turned upside down one after the other, under the impact of the tsunami caused by the GAFA butterfly wing: books, travel, clothing, the automotive industry, luxury goods, toys, etc.

One leader of a major automotive manufacturing group told me recently: “The whole question is knowing how we are going to live with GAFAs”. I objected that he could put the question in a different way: “How are we going to survive GAFAs?” He thought for a moment before agreeing. For all players in the automotive industry, the challenge today is to capture the relationship between the user and mobility data... to refer to transport services... at the risk of becoming second-tier suppliers to Google (Google Maps + Android Auto).

Amazon with AWS, its Cloud service, is only the virtualised pursuit of globalised capitalism, which began with the market places of Burgundy-Champagne in the 12th century³, spread to Genoa and then to Venice – the first offshore market place – then from a world-economy to another (see Fernand Braudel), to Antwerp, Amsterdam, London, New York and finally to Silicon Valley. World economies that concentrate ideas, entrepreneurs and capital. The same is occurring in China with Alibaba crushing the e-commerce market. Digital marketplaces destroy the value of intermediaries and capture the value of customers and suppliers, and this development phenomenon of the market economy through via global marketplaces

that capture most of the value has seemed irreversible since the 12th century.

The share of e-commerce will remain low compared to the markets (25–40%) but, in fact, the global platforms are changing the keys of value distribution by bringing it closer to customers and end suppliers and taking the value of exchanges away from intermediaries (what we call trade!).

In reality, globalised trade in the Mediterranean from the Middle Ages and globally after the Magellan's circumnavigation of the globe was based on a circulatory network that enabled the expansion of the Civilisation of capitalism (Schumpeter): thus the bank was born. Without the virtualisation of trade through money, it would have been necessary to transport gold using dangerous maritime or robber-infested routes, without a peer-to-peer insurance system, every shipowner in 12th-century Venice would have been ruined once in his lifetime with every shipwreck... Globalised virtualisation via networked computerised stock exchanges, as well as global banking and credit systems as self-regulated circulatory systems have been the main vector of economic globalisation in the 1980s. GAFAs are the circulatory systems of 21st century globalised capitalism: see AWS (Amazon's cloud). There will be no going back. Incidentally... they will probably replace the banks; this has already started with Fintechs.

This does not mean that physical brands and their stores are going to disappear, but that people will no longer go to the stores if they don't provide a perceptible experience or lifestyle not possible with digital: the emotion of seeing a living plants wall, grooming your pet and buying its favourite food, tasting fruit you will then buy and that will be delivered to your home in a quarter of an hour (Alibaba), spending time doing yoga and buying clothes (LuluLemon).

3. <https://kea-euclyd.blog/2016/06/02/la-civilisation-du-capitalismeschumpeter-des-market-places-medievales-a-amazon-web-services-aws/>

However, brands that don't go digital and therefore don't adapt to real time in their core business will soon disappear. The president of a French high-tech group told me in early 2018: "We negotiated for 6 months with a major French property company to open a store in London, €00,000 CAPEX. These people don't know what world they're living in – we negotiated all our distribution in the US with Amazon in... two meetings!" So not digitising your business by identifying the interactions between your company or brand DNA with digital technologies and by rebuilding your strategic and operational model is just suicidal. Retail brands that are not digitised are already dead and Private Equity funds consider them as such: remember Toys "R" Us, The Sports Authority, Border's, Kodak... all these major players have sunk body and soul in the digital revolution of retail.

Fortunately, digital brands are emerging. For example, the Maisons du Monde brand generates 25% of its turnover online and more than 33% via the tablets used by in-store sales assistants for furniture that never sees the store! Manutan generates 40–50% of its turnover online. In five years, everything has changed in these companies: the way customers are viewed, from real-time working to using digital tools.

Of course, nothing is ever won permanently and one Tech company can smash another (Google versus Amazon?), be held back by European anti-trust rules or Chinese protectionism, bungle an innovation (how many e-commerce champions missed the mobile phone train, not mentioning voice commerce), be weakened by a security flaw... The fact remains that Tech companies have driven all business in their revolution, and not the other way around, driving the Standard Oils and other Chevrans out of the top 10 global capitalisations.

How many leaders who understand this are taking action and have made digital their number 1 investment over the last 10 years? It has to be said that the elephant's graveyard will soon be too small for the foolhardy who will have stood by grumbling about Amazon, Anti-trust, commercial property prices or the 'yellow vests'. Most French leaders are convinced and the funds know it: digital will accelerate the demise of lame ducks and awaken sleeping beauty brands...

A little blue sky? Amazon moved backwards for the first time in late 2018 at Black Friday and Christmas. Its market share at 51% in the 1st quarter of 2017 fell to 45% in the last quarter of 2018. Jeff Bezos may be unsettled... by his wife, the Democrats or anti-trust! So nothing is ever won or lost in this world!

Production and trade are not born from nowhere, they are part of human meaning. In her study on The Public Domain and the Private Domain⁴, Hanna Arendt understood this well, and has done since 1958:

"Vita activa, human life as an active commitment to doing something, is always rooted in a world of people and manufactured objects that it never completely leaves and transcends. People and objects form the environment of each of man's activities that, if not positioned in this way, would have no meaning."

4. http://palimpsestes.fr/textes_philo/arendt/1-vita-activa-domaine-public-privé.pdf

THE LABOUR REVOLUTION

All the industrial revolutions have forced us to rethink work and what it stands for in human life. The very idea of granting value to work is an absurd mania that would have seemed an extravagance for a Roman or Greek citizen, i.e. a free man. In ancient times, the energy in Rome was 80% human (slaves). In the Middle Ages, it was 80% hydraulic, animal... through interaction between beliefs and technologies.

In reality, digital is “less a thing than a way of doing things”, a state of mind. Which is the hardest thing to change.

The value of work, its function, the creation of wealth and its social distribution will be discussed once again during the socio-digital revolution as it was in the 13th century with the advent of the market economy that presided over the birth of cities⁵ and the industrial revolution in which was the second wealth-creating technological disruption⁶.

5. Giacomo Todeschini, *Franciscan wealth: from voluntary poverty to the market society*, translation of *Ricchezza francescana: dalla povertà volontaria alla società di mercato* by Nathalie Gailius and Roberto Nigro, Lagrasse, Verdier, 2008

6. Per capita GDP in the year 1000 was \$400 per capita per year. It doubles between 1000 and 1500 based on the long analysis by Angus Maddison (OECD 2001).

A POLITICAL AND STATE REVOLUTION

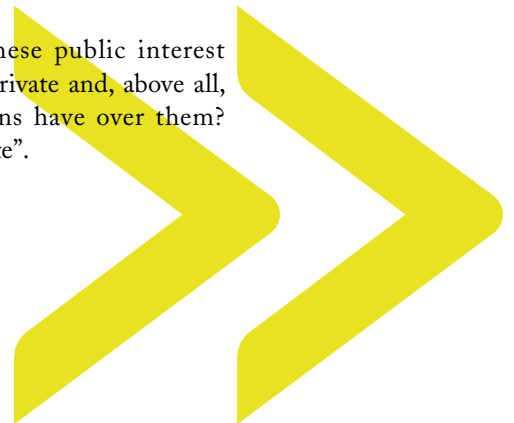
The interaction between wealth creation and its benefit for all society is fundamental to the Civilisation of capitalism.

Even within companies, convergence in the interests of the ecosystem of customers, shareholders, suppliers and employees is not a nice-to-have, guaranteeing a peaceful company atmosphere. In the digital age, corporate social responsibility, their ethical responsibility to the human communities that support it and ecological responsibility are becoming realities visible in real time and by everyone.

Yet if there is something that digitisation is really changing, it is democracy.

AWS (Amazon's cloud) owns 33% of the world's information highways. What would you say about an operator that owned a third of a country's roads... other than that it is the Ministry of Transport?

To what extent can these public interest infrastructures remain private and, above all, what control do citizens have over them? This is the “Great Debate”.



A REVOLUTION OF BELIEFS

Remember that the Gutenberg printing press enabled every citizen to become a pope with a bible by hand, an actor in the Protestant reform. Technological revolutions are also those that have seen belief systems transformed.

Religious beliefs and their dogmas are shifting under the impact of the globalised Internet, which at best reconnects thousands of people with humanising spirituality. But most of the time bogus gurus emerge, with no sign or authority other than their name, who drain thousands of faithful followers, fed with convictions of the kind that commonly prevalent on social media. Sometimes the journey ends in Iraq.

Of course, companies are not spared this great movement of globalised digital beliefs: in the Silicon Valley as in Europe, coaches and other TED speakers, more or less inspired and inspiring, flourish to re-enchant companies in deficit of human and social project, re-energise tired leadership or people in burn-out.

No culture has been able to persist over a millenia without common beliefs. The Greco-Roman Empire, the Middle Kingdom or Judeo-Christianity and its many avatars... all of them survived thanks to commonly shared beliefs.

So the future of the digitised cleric might, once again, be full of surprises...

Who

FROM THE HUMAN TO THE DIGITAL AGE

Adapt or die. This is more or less the choice faced today by individuals, companies, labour forces, political parties and religions. The time has come for us to be both paranoid as Andy Grove and generous as those who brought us this far. From a 25-year career in digital, in other words the dinosaur era, we have drawn a conviction: traditional companies are living more in a survival mode and pessimism is the condition of this survival. This must lead us to reflect on what can be done to preserve as many human activities as possible, by turning this world into a human world at the machine age.

Since the Renaissance, modernity has been deeply affected by what we call consumption. It can be characterised by placing Man at the centre, freed from religious authorities (and ideological authorities after the totalitarian regimes of the 20th century). The industrial revolution, the emergence of the working classes, the mass consumption of the middle classes at the heart of democracy, as Alexis de Tocqueville has shown, would not have been possible without this humanism that makes people “*an end and never a means*” (Kant). As Martin Heidegger believed, technology is probably not the last step in the history of man's dispossession.

Transhumanism would have us believe that technology will have the final say in history. It is not so. As men, we perpetually and indefinitely refer to the outpouring from the face of others as an invitation to responsibility and ethics (Levinas). We are responsible for others, above all the weakest among us. Taking this into account is the first step to understand who we are.

The Orwell dystopia is not so far off as one might think. Therefore, it is our duty to give the digital revolution a human face. We are free. Let's hack minds!

DARes WINS



In the Palaeolithic age, the two-sided flint gave Man a decisive advantage by revolutionising both combat and agricultural techniques. Two million years later, the same concept applied to platforms gives some players an invaluable advantage, with an economic model bringing both above-average revenues and nearly unrivaled competitive positions.

The two-sided platform exploits the resonance between several communities of players (at least two, hence the name 'two-sided'). It increases the number of connections and opportunities for exchange, by amassing mountains of data that speed up and monetise exchanges.

The GAFA are the archetype of these business models. Representing the common good (developing mobility, accessing culture, etc.), with a simple user experience, they begin by attacking several markets, in a marginal and transverse way, by exploiting pockets of inefficiency (unused capacity, lack

of transparency on prices). By positioning themselves as a necessary intermediary to fluidify the user experience, they capture the value of these markets.

This type of platform extends throughout the economy, spares no sector and makes traditional players dependent (as subcontractors) on newcomers. A new platform is created every day and it just might be the one that will take on your business!

Every company must therefore consider the question of its strategy on two-sided platforms; its profitability first and its sustainability second. This calls into question the company's organisational model: the most traditional is based on processes and functions, whereas platform models are based on data and talent (internal or external). The transformation at stake is therefore both strategic and cultural, for those who want (have to) set out in this direction.

Let's not allow use of two-side



HERVÉ BACULARD

Senior Partner, Kea & Partners
See biography on page 5

BERTRAND DIMONT

Director, Kea & Partners

Bertrand is developing the services sector at Kea & Partners. He supports operators in the banking, insurance, energy and utilities sectors as they develop and change their organisations.

He joined Kea & Partners in 2014 after fifteen years' experience in strategy and management consultancy in France and abroad, particularly in the Near East and China.

In 2018, he co-chaired the Enterprise & Progress think tank on the theme of platform companies and co-signed the publication 'Responsibility: a challenge for platforms', published in May 2019. Bertrand is a graduate of the EDHEC business school.

GAFA exclusive d platforms!

TWO-SIDED PLATFORM VS TRADITIONAL E-COMMERCE

First of all, let us avoid some misinterpretations. The platform strategy is not about trading online. Unlike traditional e-commerce sites, which are only one-sided (buy-sell mode), two-sided platforms use the network effect (geographical, community, etc.) to multiply connections between their users, both on the supply side and the demand side. These users are not only consumers but also value creators: content producers, connection multipliers, monetisable sources of information.

The upsurge of a two-sided platform in an established sector weakens the relationship between a brand and its consumer in three ways: by its “information monopoly” on a subject, by its position as a financial intermediary for any transaction and by its ability to use information to anticipate expectations. In addition, its business model is fed by multiple revenue streams that are combined (transaction margin, subscription fees, reselling information, cloud hosting, etc.), or even subsidies from a third party interested in developing the market that the platform is facilitating.

GOOD AND BAD REACTIONS TO THE PLATFORM PHENOMENON

We think that companies have a choice of four responses.

> **The first** and simplest is to appear on platforms as a seller, in addition to its own e-commerce site. Many still hesitate, for fear of damaging their brand image or losing power on their own site. This strategy can be considered on two conditions: maintaining control of their pricing, to avoid a deflationary effect and contagion to all channels, and promoting their offer in “digital stores” to preserve the uniqueness of the customer experience. Most platforms offer

or are going to offer this qualitative possibility. Caution: for each sector, do not limit yourself to GAFA or BATX. More than a hundred platforms – small, medium or large – await you at global level.

> **The second** response is to associate a proprietary marketplace with its e-commerce site: this solution chosen by many companies makes it possible to increase the total audience, with a positive effect on operating costs. The volumes generated are often impressive but the approach is risky. The main danger is blurring the brand image through the continuous addition of new categories and making the site a “sub-Amazon”. The second risk is the hidden cost of an increasingly complex platform with a disappointing user experience. Remember that most of Amazon's profits come from renting its servers and not from its retailing business.

> **The third** response is to create a platform from scratch: Netflix is a good example. This former video cassette rental company has become a significant competitor for Canal+ and Disney. In this particular case, “timing is everything”: seeing its business crumbling, the company reacted without delay and rode the wave before a newcomer settled in and quickly gained an unrivaled position. Conversely, the Accor Group was too late in creating its own platform, to counter Booking.com, and limited itself to reproducing a “super” e-commerce site.

> **A fourth** strategy seems to be the most appropriate, offering a better chance of success and a better control over the investment ratio: it consists in creating a “platform effect” by leveraging the company's own relational assets. For example, an insurer, accustomed to mobilising its network of contractors (plumbers, repairers, etc.) very occasionally following a claim, could put it in touch with its private customer base, thus fulfilling the role of a trusted third party, accelerating activity between these two communities, while at the

same time strengthening its legitimacy in its core business. It is a way to avoid a race for volume with the general-purpose platforms; furthermore, this makes possible to maximise its own assets, far less replicable by competitors.

Limelight USA has succeeded in exploiting the originality of its model: marketing its beauty products directly via advisers. With their online presence, the brand has created a two-sided model and benefits from a network effect, fed by its own dynamic.

TOWARDS THE PLATFORM BUSINESS

A traditional player has to follow a sequence of four stages to successfully initiate a “platform effect”.

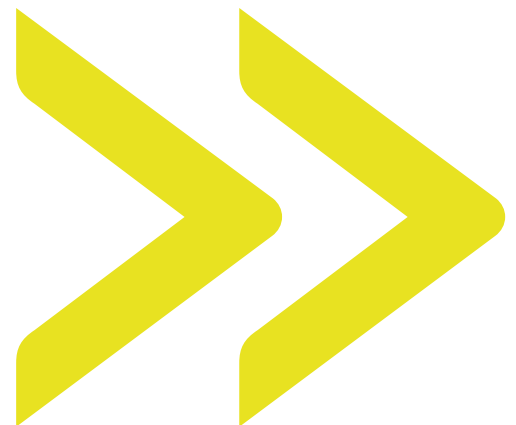
First create the network effect

On the one hand, this involves undertaking an in-depth analysis of the company's relational assets, to create a thorough overview of its networks (individuals, professionals, companies, influencers, etc.). On the other hand, one must initiate ideas aimed at extending the company's mission by employing these assets. If necessary, you will acquire a player to supplement them, serving as the first technical platform. If we take the example of insurance, the company must become a routine service platform. The aim is to offer a unique, legitimate value proposition that drives exchanges between networks. This involves creating a two-sided (or multi-sided) framework that will generate a virtuous circle. Similarly, in banking, it is possible to get private and business customers to communicate with each other, enabling them to increase business opportunities. The bank will then play a pivotal role in the relationship, while ensuring its position in future value chains: it is the quality of intangible assets that will make the difference! In mass retail consumption, it is

an opportunity to achieve direct contact with the consumer.

Then create trust

... and don't lose it: it's the keypoint to win the platform warfare. We have seen this with Facebook: after the incredible infatuation, the lack of trust caused by the controlled or uncontrolled selling of data has significantly affected the company's medium-term value. Trust is founded on four complementary phenomena: a user experience that facilitates daily life, the craze for joining a community, the probity that secures membership and sharing of sensitive data and, finally, the common good promised by the platform. There is a card to play in this area: a platform business should ultimately become proud of its “raison d'être”, ensuring its commitments to stakeholders are met, being a responsible player acting as a trusted third party concerned about the positive outputs it makes to society. This will make the real difference and can bring out new players.



Fully leveraging data is the key to the business model

Focus on monetising data at the right time is one of the keys to success (see box opposite), keeping in mind that only experimentation and a step-by-step approach make it possible. Data is “the oil of the 21st century” but it only produces value if it circulates, if it is cross-referenced with external sources to enhance its context and if it is oriented toward consumer matching...

Technological infrastructure is the major topic on the agenda. The aim is to structure an IT top layer so as not to be trapped by the existing system. The platform approach exploits the snowball effect of the network and the facilities must be able to cope with a rapid surge in activity. The back-and-forth between strategy and technology is essential here: unfortunately, skills in these gymnastics are often very rare. These rare skills must be acquired and they can be extensively outsourced through joint ventures, giving time to identify the right balance between data and resources.

Finally, organise the company as a platform

The process of building a platform is non-conformist: we need to go beyond the rules of each market, rethink the value proposition starting from the use rather than the product, and patiently develop the data, revenue and monetisation model. Compartmentalised definitions of business lines are becoming blurred: the platform is simultaneously a supplier, producer, customer and consumer. The platform business is characterised by a strong technological centre built around data; multi-target business development functions (BtB, BtC, physical, social media, etc.) aimed at activating each side of the platform; ethical governance that gives all players trust in the system; and, finally, a monitoring

and innovation function to renew the offer continually and ensure that a newcomer does not land in your market like a cuckoo.

Finally, to give yourself every chance of it taking off, the construction of the platform must be tackled “alongside” your current business, to gradually integrate the new state of affairs enabled by the two-sided effect. External input is therefore useful!

IN CONCLUSION

Many projects are currently in the pipeline; there are still few obvious successes as they are still maturing. In any case, you need to get going without delay. Waiting to act and using copy-paste is an old world habit; in this new world, when we are inspired by the emergence of a good example, it is already too late!



BUILDING A PLATFORM: 7 MISTAKES TO AVOID

Here are the 7 main pitfalls that traditional players can fall into when they try to transform part of their business into a platform model.

- 1/ Starting with the product and not the use:** before trying to sell your product to a customer community, you must observe the uses and let the users come, spend time and interact on the platform.
- 2/ Restricting this transformation to the 'digital strategy' aspect of the company:** it must be considered as part of the overall strategy, with an in-depth analysis of intangible assets (network, customers, suppliers, service providers).
- 3/ Taking an overly vertical/narrow approach:** it's not enough to be the best in your business; you need a cross-company vision. A golf club salesman must become the person who stimulates golfers' passion, who drives the community, and not just the person who makes it possible to win on the green.
- 4/ Favouring margin over volume:** it's the number of transactions that creates the value of a platform and its depreciation then comes from a small 'tax' on this trade volume; this requires a cultural change for companies used to increasing price and margin.
- 5/ Funding the launch through operating expenses:** a platform is an intangible asset that doesn't find its economic balance through monetisation immediately. Conventional companies should use the mechanism for raising capital and funding through investment expenditure.
- 6/ Having a non-integrated approach to profitability:** all platform models rely on balancing margins between activities. A view overly-focused on accounting and restricted to the single platform activity kills projects too quickly among traditional players.
- 7/ Leaving the platform activity within the core business:** from the outset, it must be a completely separate activity, both detached from the constraints of the core business and responsible for ensuring its sustainability.

Digital's stroke of genius is customer focus

*Interview with Amélie Oudéa-Castéra,
Executive Director Digital Transformation,
E-Commerce and Data of the Carrefour Group*

*Questions put by Arnaud Gangloff and Claire Gourlier
from the Kea group*



AMÉLIE OUDÉA-CASTÉRA

Amélie Oudéa-Castéra is a former professional tennis player. She holds a law degree from the Sorbonne, the Paris Institute of Political Sciences, ESSEC business school and is a graduate of the ENA.

She joined the Court of Auditors in 2004, then joined the AXA group in 2008, where she spent almost ten years, successively fulfilling the responsibilities of Strategy Director, Marketing and Digital Director for France and finally for the group.

In November 2018, Amélie Oudéa-Castéra joined Carrefour Group to take in charge e-commerce, data management and digital transformation, with a broad remit: from brand to IT.

She is also a board member of the Eurazeo and Plastic Omnium groups, as well as of the *Sport dans la Ville* [Sport in the City] association – which vocation is social inclusion through sport – and *Rénovons Le Sport Français* [Let's renew French Sport], the association she co-founded in 2018 to promote the values of sport.

f genius US



HOW IS DIGITAL TRANSFORMATION DEFINED TODAY?

AOC: My first feeling is that above all it's a customer transformation. Digital's stroke of genius is that it devalues any idea that is not focused on the customer's interest, almost brutally and unequivocally. So-called digital transformations are radical. What I find interesting is that they are an opportunity to make companies really better at all levels, right down to everyday operations.

In fact, returning attention to the customer becomes a reflex that had been lost for many reasons: polarisation on other strategic targets, the need to reduce costs and expenses, the mass of things to be done, etc. All this meant that we were gradually able to move away from the customer's interest without noticing. In this, digital is a wonderful rappelling rope.

In fact, at Carrefour, we talk more about transforming the customer experience than digital transformation.

And the field of competition is becoming blurred. Great digital players today will be very dangerous tomorrow in the physical world, because they will

transpose their DNA into it, namely their mastery of customer centricity, their absolute requirement for product quality and user experience. Perhaps our biggest competitors of the future are start-ups that are now teaming up with investment funds to establish their value proposition in a physical network of stores. And that is the reason why we need to anchor on the fundamentals, the Carrefour's values, the roots on which the group's history and its success are built on... in order to choose and follow the right transformation path.

CARREFOUR HAS TIED A STRATEGIC PARTNERSHIP WITH GOOGLE.

WHAT DOES THE GROUP EXPECT FROM SUCH AN ALLIANCE?

AOC: Google has technological capability that pulls us upwards. The experts working with us are the best in their field. By interacting with them, the Carrefour teams move forward and have access to tools and training that make them capable of using these tools well. We will very quickly be able to train a large number of people who will have a kind of permanent hotline with experts who understand their questions, know how to

answer them inspirationally and help them avoid mistakes. For Carrefour, this partnership is both a booster and an enabler.

However, it's not Google helping us with the customer experience. Personally, I am more impressed with Foodtech start-ups, such as Frichti or Jow, and the way they think about customer centricity. Google mainly provides us with customer data and information, access to cheaper tools and helps us optimise media purchasing.

WHAT IS CARREFOUR'S TRANSFORMATION STRATEGY AND ITS ADVANTAGES FOR SUCCESS?

AOC: What makes me optimistic are the Carrefour's fundamentals: proximity, territorial coverage, quality of its offer and value for money, depth of product mix and absolute focus on food safety. On this last point, we are very well positioned to respond to the strengthening demand for transparency.

In China, the brand is known and chosen for this. It is the food quality that Carrefour brought there in 1994 that ranks the brand among the most regarded in the country and gives it an incredible reputation.

Alexandre Bompard has also chosen to position the group as a champion of the food transition. Food is an extremely strong aspect that forms part of Carrefour's DNA and history. We have incorporated the Pact Law into our greater purpose: the best food for everyone. This is an important and very structural direction.

Next, this transformation raises the question of the omnichannel approach. We need to provide a variety of access to food: online, physical store, hybrid, drive-in. The store customer has the sensory pleasure of seeing, touching and feeling; on the other hand, he is tired of carrying bags, unless someone delivers them to his home... It doesn't matter whether the sale is made online, in the hypermarket or the

supermarket, as long as it is done and delivered correctly. However, the customer must be given a reason to push open the door of the physical store, whether it is a hypermarket or a City convenience store.

Non-food lines are no longer ends in themselves; above all they are an extra or complement to food sales in a store. For example, customers come to do their shopping for their home in the country – we have to make it possible for them to buy a garden chair and the barbecue that goes with it, rather than a washing machine and a bed. That's what the future is all about: an adjacent, complementary additional business rationale.

IN THIS OMNICHANNEL APPROACH, HOW ARE INVESTMENT DECISIONS MADE, FINANCIALLY AND IN MANAGEMENT TERMS?

AOC: Senior management released some very large investment budgets. The Capex plan for 2022 amounts to 2.80 billion euros. So we're not short of resources to invest in IT, the obstacle is not there.

You are Ms. 5 billion

When Alexandre Bompard recruited me, he told me: "You are Ms. 5 billion". In other words, I'm here to achieve €5 billion turnover by 2022 for food through e-commerce. To succeed, I need to have the right product mix, in size, quality and availability, manage the brand well, offer a perfect experience and customer journey right up to delivery, implement the right algorithms built by the right data scientists and engineers.



This is the first time I have had such a consistent scope of action, from the brand to IT.

This is the first time I have had such a consistent scope of action, from the brand to IT.

From a management viewpoint, I need to get the whole company on board and Alexandre Bompard is making sure we are as protected as possible from opposing forces that would prevent his strategy moving forward. It's a great opportunity for the members of his team and it's also a lot of pressure: success rests on our shoulders.

In the teams, some are attracted by the path opening up for them but others are still unable to put their energy into it. These people are competent and really very loyal to Carrefour. They appreciate the strategic focus given today by the senior management, but they have been too battered by centralising and decentralising movements, stop and go, and too-frequent management changes in a few years. We have to manage to get them back on track, to restore their confidence.

HOW DO YOU DEFINE YOUR ROLE AND SCOPE OF ACTION?

AOC: My chosen job title – digital transformation, e-commerce and data – doesn't really reflect all the things I'm dealing with. In reality, I am CMO, CDO and CIO, all at once: Chief Marketing Officer, Chief Digital Officer, Chief Information Officer and Chief Innovation Officer.

The transformation to be conducted is total. It's like a big salad where you have to change the ingredients and sauce at the same time and mix everything together. Some ingredients have to be handled separately. For example, I know we need to focus on CRM, particularly for hypermarkets, to have our own database. But the project to be built remains a mixed salad. I need a system mind, think cross-company and interdependencies, while focusing the teams on their task: the UX Designer must make a success of the site, the manager

of the Auteuil hypermarket must be able to prevent running out of stock with the right data at his disposal.

Carrefour, as on many subjects, has a full hand of cards. We have a model that can be absolutely brilliant. The problem is that it is demanding, because it is multiple. You can't say, hey, there's only one fight, it's that one. It is multiple. So we have to position the right people, everywhere, those who are capable of succeeding.

AND THE DATA QUESTION? IT IS AN OPPORTUNITY AND A RISK RELATING TO THE ETHICS OF PERSONAL DATA. WHAT IS CARREFOUR'S POSITION ON THIS?

AOC: It's a question I haven't faced yet. I haven't encountered problems related to the dubious ethics of an algorithm type. But, yes, healthy food for everyone may raise ethical questions. How far can we take our fight on food transition?

We can see that 'eating better' will touch on health issues at some point. For example, an algorithm could identify people with diabetes and offer them recommendations for their online purchases. This can only be done if the consumer wishes it and gives consent. For these people the question then becomes: should they be excluded from an online campaign by a manufacturer offering full-fat and sugary products? Or tell the manufacturer to exclude them?

In truth, we're not there yet. We are dealing with much more basic and non-intrusive things at present. And there's already a lot of work to be done...





YOU CREATED THE ROLE OF CHIEF DIGITAL OFFICER FOR SUEZ GROUP. HOW DID YOU ORGANISE IT AND WHAT ARE YOUR PRIORITIES?

MR: Suez is a major operator in the water, waste and smart city sectors. It is organised in 14 business units very active in digital but needing to unite around clear and consolidated roadmap and priorities at group level.

My team is built on three priorities.

The first one is the digitisation of customer relationship. Our aim is to craft an exceptional multi-channel experience for our different types of customers, as they increasingly have the same expectations as B-to-C customers in terms of self care and e-commerce. This is why we tend to align on B-to-C performance criteria. The correct use of data is our second priority. This business topic is particularly important for Suez water division. For more than ten years, our distribution networks

have been equipped with sensors and meters that provide us with usable consumption data, in particular to carry out predictive maintenance. This is also true in the waste business, via sensors installed on trucks and new technologies used in our plants. A part of my team is focused on big data and artificial intelligence projects; that will help Suez perform better in its traditional businesses, through optimised operational practices. We work on all data enablers (data quality and governance, architecture, culture).

Lastly, new business models are our third priority, as new players appear on the utilities market who are able to create marketplaces and to disintermediate sections of our value chains. We want to be ahead of the curve on these subjects, by leading marketplaces initiatives such as the one linking organic waste producers with users, typically farmers. In the smart city division, Suez also has key skills in monitoring complex urban systems (alerts management, interventions

Transparency created by digital changes the way we run our business

***Interview with Meriem Riadi,
Chief Digital Officer of the Suez group***

***Questions put by Arnaud Gangloff and Claire Gourlier
from the Kea group***



*ed
he way*

MERIEM RIADI

After graduating from ESCP Europe in 2006, Meriem Riadi began her career in consulting.

In 2013, she joined Groupama as Project Manager in the Strategy Department; she helped create the team responsible for digital before being appointed Chief Digital Officer in 2016.

In 2017, she left Groupama to create the position of Chief Digital Officer and the associated team for the Suez group.

organisation, scheduling) that are strong assets to develop attractive offers for cities, whether in the public lighting or mobility fields.

Therefore, it is crucial that digital marketing, UX and UI skills exist in the Group Digital team, as well as a data division reporting to the Chief Data Officer to scale up data science projects and an open innovation hub in order to interact with a start-up, incubators and accelerators ecosystem able to help us achieve our roadmap objectives .

GIVEN THESE MANY CHANGES YOU ARE INITIATING, WHAT ARE IMPACTS OF DIGITAL IN YOUR OPINION, BEYOND THE “TRANSACTIONAL” SIDE?

MR: I think that it is the transparency created by digital that fundamentally changes the way we run our business. Our customers want to monitor our service level, hence the importance of portals we are developing. We work a lot with local authorities. The most clairvoyant among them see digital as a means of promoting their territories: smart city, creation of ecosystems favouring the development of new businesses... It's a deep mindset change.

Internally, for Suez as for other companies, it is the managerial culture that is affected. We have to attract new skills, give them career opportunities and a favourable working environment. We have to live up to the promises made to people we recruit, in order to attract and retain them. This is really key.

I think that it is the transparency created by digital that fundamentally changes the way we run our business.

It also means we need to adopt new ways of working to run projects much faster and in agile mode. We have implemented a process that enables us, every six months, to accelerate 15 to 20 projects by combining digital and business unit teams.

HOW DO YOU DEFINE YOUR ROLE AS CHIEF DIGITAL OFFICER TODAY?

MR: My role at Suez revolves around 3 areas: defining the group's ambition and digital roadmap, accelerating the delivery of digital projects and developing open innovation (links to incubators, accelerators, etc.).

To define the group's digital roadmap, my role was first to list all the projects and identify those with the greatest business impact. They were over 300! This mapping enabled us to identify successes we could capitalise on for our digital transformation.

Delivery is accelerated first and foremost through our Suez Digital Hub, enabling us to accelerate 15 to 20 digital projects every six months.

Finally, the awareness about the importance of digital was already more or less preexisting; the question that came to mind was: where to start? What will generate business opportunities right away?

HOW DOES THE SUEZ GROUP INTERACT WITH THE START-UP AND GAFA WORLD?

MR: In digital transformation, it is essential to be connected to the right ecosystems (start-ups, incubators/accelerators), as innovation in this area is extremely fast and requires skills that we don't always have in-house.

Cohabiting with start-ups can be schizophrenic. So we have to focus on the business fundamentals.

We are working with start-ups to investigate and identify new business models (such as Hesus and Rubicon regarding waste market places) but also to transform our core business, for example by using artificial intelligence technologies to optimise our operations (predictive maintenance, detection of non-compliant waste entering incinerators, etc.).

The question of start-ups and if whether or not we should acquire them is critical in the current context, as some players can disintermediate us on parts of our value chain where customers expectations are high.

I think that engaging with start-ups is a significant bet on the future, but it is also essential to tackle the core business digital transformation at the same time. A large part of the organisation is working on this, with very concrete use cases, such as the reduction of bottlenecks in call centres or predictive maintenance.

Looking more broadly at alliances in digital, my opinion is that we need to work with major tech partners, especially to create platforms enabling us to up-scale. However, when it comes to adapting technology to our business, I think it is a key differentiating factor on which we must stay involved.

YOU ARE A CHANGE AGENT. WHAT DO YOU NEED TO DO IN THIS AREA?

MR: Change management is a key element. You can have the best ideas in the world, but if you get no-one on board, they remain PowerPoint slides and are never implemented. You also have to provide information for everyone to understand the starting point and the target in terms of digital.



The digital roadmap should not be theoretical, offground and top down.



When I got here, I set up a task force of around fifteen people combining different profiles – international, junior, senior – to build the roadmap together. It was very important to involve everyone who had already been working on these digital subjects for some time, as not to make this roadmap too theoretical, offground or top down. I really wanted to build the vision collectively, based on the existing situation and an objective analysis.

Then, once we agree on the vision, we have to act fast, to help the people closest to the business to answer to their customers and win contracts. It is important that the digital team shares successes and failures with them is equally responsible and cofinances the projects. It is a fairly powerful process because it speeds up implementation and everyone feels supported.

It is also necessary to ensure the development of digital skills. Together with the human resources department, we have defined the target fields: digital marketing, data. For each, we specified roles to be disseminated throughout the organisation. For example, on data we are training Data Stewards, who are in charge of the quality of operational data. Truck drivers themselves, in the waste business, are involved as they will have to use increasingly sophisticated on-board systems and their jobs will change.

Ultimately, change management is a mix of several things. This acculturation work begins at the highest level and sometimes requires electric shocks. The roadmap sets the target, defines priorities and a common language. Finally, you have to be as close to the business as possible, to take into account customers' expectations and properly answer calls for tenders, particularly international ones.

IS THE CDO ROLE PERMANENT?

MR: Yes, I think it will be maintained. It is a role with an increasingly well-defined scope. When I talk to peers, I notice subjects we all have in common: the digitisation of the customer relationship/digital marketing, data, new business models and open innovation, as well as platforms enabling us to scale-up digital abilities.



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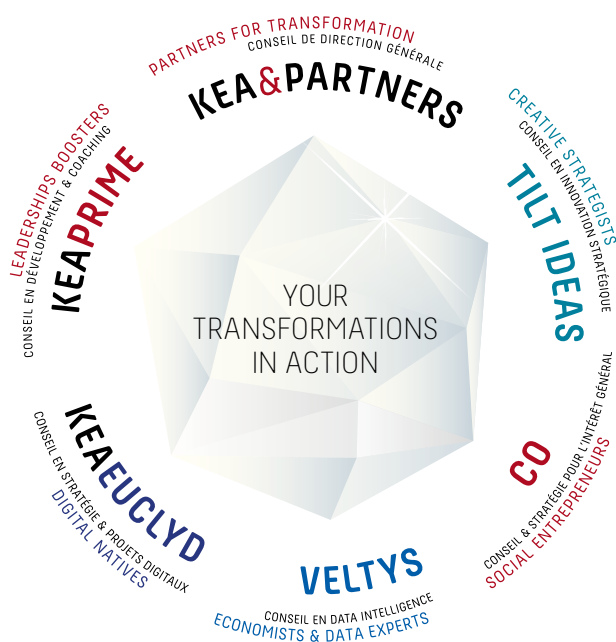
> Incite urgency to change despite apparent stability

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