



NEWS RELEASE

80 Percent of Digital Business Opportunity Still Untapped by Companies

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Digital Winners Will Be Those With IT-intensive Business Strategies and Those Who Effectively Converge IT and Operational Technology

SAN JOSE, CA -- (Marketwired) -- 01/13/16 -- Companies across 16 private sector industries captured only 20 percent of the total 'Digital Value at Stake' available to them in 2015, according to a new report published by Cisco (NASDAQ: CSCO) today. Digital Value at Stake is a measure of financial gain or loss based on two components: entirely new sources of revenue or savings derived from digital investments and innovations, and value shifting between players within industries based on how their respective digital capabilities equip them to steal value from rivals.

The report, "*Where to Begin Your Journey to Digital Value in the Private Sector*," provides analysis of more than 350 digital use cases spanning 16 industries. Six of these industries (Manufacturing, Financial Services, Retail, Service Provider, Healthcare, and Oil & Gas) will account for nearly three quarters of the total private sector value globally in the coming decade.

A key finding of the report is that digital leaders such as Apple, Uber and Tesla, are more adept at capturing customer value because they are willing to create new business models that challenge industry lines.

For example, the study found that retailers can substantially improve in-store customer engagement and workforce efficiency by making investments in digital. This in turn enables them to compete with online-only rivals. The value at stake for this tactic alone represents around \$285 billion. However, Cisco estimates the retail industry realized just 15 percent (\$130 billion) of its potential value in 2015.

"Our research shows that capturing digital value in the private sector involves challenging assumptions that have underpinned the success of a company up to now, and stress-testing the ways in which you deliver value to customers," said Kevin Bandy, Chief Digital Officer, Cisco. "It means challenging the organization and being willing to make the changes that include its operations, culture, revenue model, technology maturity, and skill sets -- in fundamental ways, and perpetually."

According to the report, industries realizing the highest value from digital business solutions share two characteristics: 1) they are IT-intensive, both in terms of the types of products and services they deliver and how they are delivered; and 2) they also display greater convergence between the IT and operational technology (OT) components of their businesses.

The report outlines three steps to start building a digital strategy:

- Determine a starting point, based on current capabilities and business objectives
- Select digital use cases that deliver high-value business outcomes and encourage a self-funding approach (i.e. "quick wins" to fund longer-term digital strategies)
- Develop digital business agility through hyperawareness, informed decision-making, and fast execution.

Cybersecurity strategies are also emerging as essential to the success of digital business, according to the Cisco study. Effective cybersecurity strategies have the potential to fuel an estimated \$5.3 trillion in private sector value over the next decade. Sixty-eight percent of this value is tied to firms' ability to integrate cybersecurity into their digital foundation to drive innovation and growth. Cybersecurity value will only increase as consumer and people-driven connected technology drive innovation.

The study also found that while consumer technologies, such as wearables, are now driving significant digital value compared to business-to-business connections, people-centric digital solutions in the workplace, such as mobility and video collaboration, are also helping to boost organization's ability to innovate faster and more effectively.

To read the full report, visit: <http://c-cf.link/?S15R12>

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