



# New Workforce, New Businesses: How Organizational Models Are Being Transformed

WORLDATEWORK ANNUAL CONFERENCE AND EVENT –  
ZEREON ASSOCIATES GMBH

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**MARIO CERON, MBA, GRP ®, CECP ®**

Founder, Zereon Associates GmbH (global Business management, Org Design and Rewards consulting boutique located in Zurich, Switzerland).

Executive- and Broad-based Remuneration and Organizational Design/Transformation consultant and instructor for Fortune-500 corporations, innovation and startup ecosystems, and other multinationals.

Trusted representative and partner of WorldatWork in German-speaking/Continental Europe.

24+ years of experience as Rewards/Mobility/HR Operations/HRIS/Analytics/Org Design Director, consultant, author and speaker up to 35 countries in all world regions. Big-4 Compensation contractor, part-time “of-counsel”, and startup mentor.

Education and professional affiliations:

- EMBA ESADE-Babson College Boston, EMBA ESCP-Paris Chamber of Commerce; MA & BA in Business Labor Economics (ICADE Spain).
- WorldatWork Faculty, GRP ®, CECP ® designations.
- Diplomas in Digital Transformation and Technology, Agile, Boards and Venture Capital (MIT Sloan / CSail global top 2%, Berkeley Law, EXIN, ZHAW).
- Member of different professional and MBA alumni associations.



# I. THE PAST: ORGANIZATIONAL IDEAS AND CONCEPTS BEFORE THE 2000'S



Years	Who	What
<b>1920-1930s</b>	F. W. Taylor, H. Fayol E. Mayo	<ul style="list-style-type: none"> <li>• Scientific organization of Work; the functions of Planning, Organization, Budgeting, Execution and Control</li> <li>• The people side of Organizations; informal vs. formal Org structures</li> </ul>
<b>1930-1940s</b>	J. Schumpeter, US military	<ul style="list-style-type: none"> <li>• Enterprise structures' advancement via innovation cycles, "creative destruction", entrepreneurship</li> <li>• Strategy and Organization, delegation and prioritization, chain of command, span of control, task forces</li> </ul>
<b>1950-1970s</b>	P. Drucker	<ul style="list-style-type: none"> <li>• Management by Objectives; Strategy vs. Operations vs. Culture; the Discipline of Innovation (* Finance and Economics – post WW II US/non-US organizational models)</li> </ul>
<b>1960-1970s</b>	A. Chandler	<ul style="list-style-type: none"> <li>• The "visible hand" and role of the Managerial layers; from functional "U" to divisional "M" organizations</li> </ul>
<b>1970-1980s</b>	E. Toyoda, T. Ono, W. E. Deming	<ul style="list-style-type: none"> <li>• Kaizen / Toyota Production System / Just in Time organizations / Total Quality Methods (* Technology – the Mainframe / Host paradigm) (* Finance and Economics – post oil-crisis world)</li> </ul>
<b>1980-1990s</b>	M. Porter T. Peters W. Smith	<ul style="list-style-type: none"> <li>• Strategy, Competitive Forces, Cost Leadership vs. Differentiation and related Organization shape</li> <li>• In Search of Excellence</li> <li>• Six Sigma / Lean Production (* Technology – Democratization via PCs / Windows / Intel and the advent of the Computer era) (* Finance and Economics – Sophistication and growth of the Stock Markets)</li> </ul>
<b>1990s</b>	T. Davenport, M. Hammer & J. Champy P. Senge I. Nonaka G. Hamel & C.K. Prahalad	<ul style="list-style-type: none"> <li>• Business Process Reengineering; Restructuring</li> <li>• The Learning Organization</li> <li>• Intangible Value of the Organization</li> <li>• Core Competency</li> </ul> <p>(* Technology – the Client-Server paradigm, the WWW and the first Internet) (* Finance and Economics – Generalization of the M&amp;A activity and non-organic growth via transactions)</p>



## II. CURRENT FORCES AFFECTING BUSINESSES GLOBALLY



**US-China-Russia  
Presidents' decision-  
making, Brexit,  
geopolitical challenges**

**Demographic evolution,  
"baby boomers", GenX,  
Millennial and Gen Z**

**Disruption of industries,  
new competitors and  
entrants, apps and  
platforms**

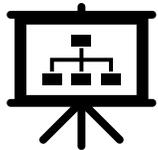


**Corporate Governance,  
Board affairs &  
Stakeholder protection**

**Investor groups,  
Shareholder / Proxy  
Advisors, Private Equity  
transactions, M&As**

**Low or negative interest  
rates, threats of  
inflation/stagflation**

**Supply Chain shocks, key  
resources' provisioning,  
energy availability**



**ESG, Sustainability,  
Corporate Social  
Responsibility, Net Zero**

**Regulatory complexity  
(international, local,  
industry-specific)**

**Globalization vs.  
localization, immigration,  
intercultural aspects**



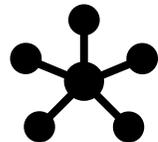
**War for Talent in  
International Markets &  
STEM**

**Questioning classic  
Performance  
Management**

**Changes in all labour  
markets, new social  
values, Agile teams, Equal  
Pay**

**Restructurings/  
reorganizations, concern  
about labor costs**

# III. TWO SUPER-FORCES POST-COVID WORLD, THE FUTURE OF WORK AND REMOTE WORK (1)



**The Covid 19  
world**



## IMMEDIATE WORK IMPLICATIONS:

**Employee H&S; workplace & telecom infrastructure redesign; virtual teams' organization, operation and leadership; social distancing; WfH arrangements / return to work; payment to people in different locations**

## CUSTOMERS:

**Deep change in “shopping baskets” worldwide; no massive events' participation yet; limited travels; much more online buying**

## SUPPLY CHAINS:

**Disrupted; local sourcing / nearshoring; decentralization of factories & logistics; cost inflation; key materials' unavailability**

## SHORT AND MID-TERM:

**Companies still affected; asymmetric recovery expected in 2022 (industries, countries); business reconstruction plans ongoing**

### III. TWO SUPER-FORCES

## POST-COVID WORLD, THE FUTURE OF WORK AND REMOTE WORK (2)



### The Future of Work is here – are we ready ??

- 43** % of companies will reduce workforce by 2025
- 34** % will actually expand workforce
- 41** % will increase the use of specialized contractors

- 97** Million jobs will be created in 2025
- 85** Million jobs will be displaced or disappear

The Future of Work has already arrived for a majority of the online white-collar workforce

The window of opportunity to reskill and upskill workers has become shorter

The pace of technology adoption is expected to remain unabated or even accelerate

**How do we organize our companies in this scenario ? Centralize or decentralize ? Hire more, or less ? Outsource, or insource ? How do we de-layer, or connect internal / external organizational units ?**

Sources: “The Future of Jobs Report 2020”, World Economic Forum, Oct. 2020; “Gartner Top 3 Priorities for HR Leaders in 2021”, Gartner Group, Nov. 2020.

### III. TWO SUPER-FORCES

## POST-COVID WORLD, THE FUTURE OF WORK AND REMOTE WORK (3)



Depending on structural country economics, type of jobs, etc., in many developed countries **25-35% of work could be done remotely without affecting productivity.**

COUNTRY	% of potential time in Remote Work <u>with no productivity loss</u>	% of potential time in Remote Work - theoretical maximum	% of Workforce that could work 1-5 days remotely <u>with no productivity loss (*)</u>
US	29	39	39
China	16	22	21
India	12	16	20
UK	33	46	48
Germany	30	39	42
France	28	39	40
Spain	26	36	36

**(\*) Jobs / occupations are relevant !! Examples :**

**< 1 day:** barbers, firefighters, cargo handlers.

**1-2 days:** civil engineers, physicists, psychologists.

**4-5 days:** financial managers, market research analysts, statisticians.

**Source:** condensed from "One-third of work in Europe could be remote post-pandemic", consultancy.eu citing data from McKinsey (<https://www.consultancy.eu/news/5436/one-third-of-work-in-europe-could-be-remote-post-pandemic>), Dec. 2020.



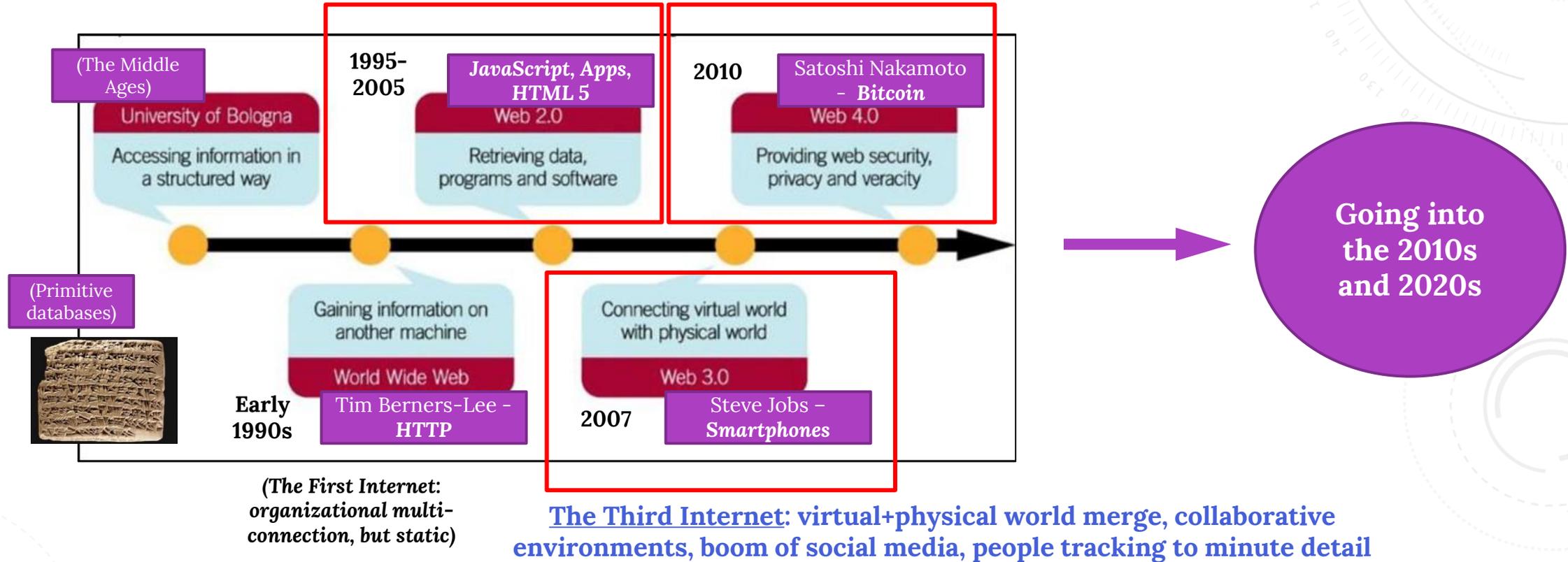
# III. TWO SUPER-FORCES

## THE TECHNOLOGY REVOLUTION ON HOW TO DO BUSINESS (1)

Part 1 - The “silent” radical transformations from the 2000s up to 2010 :

**The Second Internet: dynamic multi-connection, a browser as a programming tool**

**The Third/Fourth Internet (Distributed Ledgers) – decentralized databases and protocols born with security, asset integrity and identity proof in mind**



Source: “Digital Transformation: from AI and IOT to Cloud, Blockchain and Cybersecurity”, Prof. Williams, J. and Sanchez, A., Course Materials MIT-Emeritus, 2019, and self-elaboration.

# III. TWO SUPER-FORCES

## THE TECHNOLOGY REVOLUTION ON HOW TO DO BUSINESS (2)



### Part 2 - The 2010s and 2020s :

- ✓ Exponential increase in computing power and bandwidth that, for the first time in history, have allowed widespread connectivity, massive unstructured data management and application of sophisticated mathematics/data science to businesses.
- ✓ A dissemination of truly functional Application Programming Interfaces (APIs), that allow frictionless “stitching” together of disparate applications and information sets – and companies.

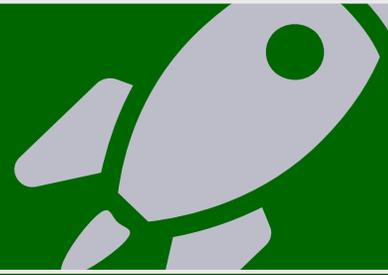


TREND	OVERALL CONTENT
1. Hyper-automation / AI	<ul style="list-style-type: none"><li>Widespread use of AI, ML, RPA, intelligent business management software, Digital Twins of the organization.</li></ul>
2. Multiexperience /AR-VR	<ul style="list-style-type: none"><li>“People-literate technology” - multisensory and multi-touchpoint interfaces. AR, VR, multichannel human-machine interaction, metaverse.</li></ul>
3. Democratization	<ul style="list-style-type: none"><li>Easy access of the average citizen to technical or business expertise without extensive (and costly) training.</li></ul>
4. Human Augmentation	<ul style="list-style-type: none"><li>Technology for direct cognitive / physical experiences – sensory (hearing, perception), bio function (exoskeletons, prosthetics), brain (implants), etc.</li></ul>
5. Transparency and Traceability	<ul style="list-style-type: none"><li>Trust issues - liability of storing and gathering data, explainable AI, AI governance, privacy legislation, ethics, accountability.</li></ul>
6. The Empowered Edge / IoT	<ul style="list-style-type: none"><li>Computing placed closer to info sources and users with local data traffic and lower latency; IoT, smart spaces and local topologies; 5G communications.*9</li></ul>
7. The Distributed Cloud	<ul style="list-style-type: none"><li>Cloud services outside the cloud provider’s physical data centers, keeping accountability and solving latency / regulatory issues. Cloud computing and services.</li></ul>
8. Autonomous Things / Robotics	<ul style="list-style-type: none"><li>Robots, drones, ships, vehicles, appliances – across air, sea and land, stand-alone or in collaborative swarms.</li></ul>
9. Practical Blockchain	<ul style="list-style-type: none"><li>Crypto-signed records and currencies, assets’ trace to origin, safe separate parties’ interactions, decentralized apps, NFTs. Relatively small-scope yet - to be scalable by 2023.</li></ul>
10. Cybersecurity with AI	<ul style="list-style-type: none"><li>Protecting AI-powered systems, leveraging AI to enhance cybersecurity, anticipating nefarious use of AI by attackers.</li></ul>

Source: “Gartner Top 10 Strategic Technology Trends for 2020”, Panetta, C., Gartner Group, 2019 (summarized by Zereon Associates), and self-elaboration.



## IV. COMPANY APPROACHES TO FACE THE FUTURE (1)



### Flying / taking off

- **Industries:** Advanced Tech & Startup Ecosystems, Pharma & Healthcare, Wealth Management, Online Entertainment & Shopping, Proximity Shopping & Grocery Retail, Short Range Logistics, Renewable Power Generation, Raw Materials/Extractive and Agricultural Industries
- **Countries / regions:** **China, India, US, Oceania**



### Holding up / Regaining ground

- **Industries:** Financial Services in general, Insurance, Telecom, Construction, Food & Beverage, General and Luxury Retail, Retail Banking and Asset Management, Oil & Gas
- **Countries / regions:** **APAC, Middle East, Africa, Eastern Europe (Ukraine allowing)**



### Still affected by the Covid aftermath

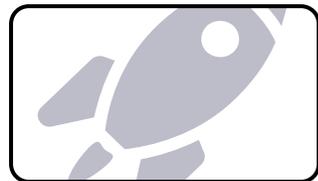
- **Industries:** Automotive, Manufacturing, Live Entertainment, Sports, Personal Travel, Hospitality, Long Range Logistics, Professional Services
- **Countries / regions:** **Western Europe, Latam**

**Sources:** condensed from “COVID-19 sector heatmaps” (Deloitte), “COVID-19 and the great reset: Briefing note #30, November 4, 2020” (McKinsey), “COVID-19: The industry impact of Coronavirus” (Accenture) and others.

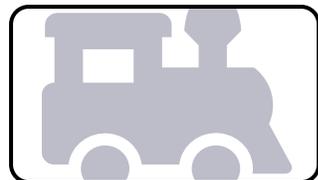


## IV. COMPANY APPROACHES TO FACE THE FUTURE (2)

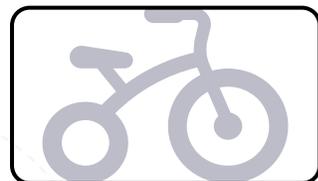
Approaches depend on Geographical / Industry Status – but mostly on the individual Company :



Flying / taking off



Holding / Regaining ground



Still affected

A “mixed bag”:  
Approach depends on specific company C-Suite perspective / “belief” on whether the Future (or rather Present !) will fundamentally affect their businesses

### Approach 3

Truly and deeply transforming themselves with the help of technology

### Approach 2

Approach 1 with some organizational improvements / changes

### Approach 1

Simply reducing costs or “green-”/“tech-washing”, and doing business as usual

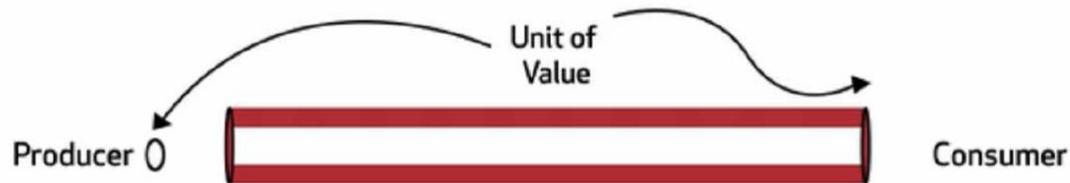
# V. THE NEW PARADIGM: TRUE NETWORK / PLATFORM-BASED ORGANIZATIONS (1)



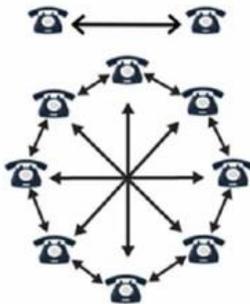
## The World so far

### Traditional Pipeline Model

How Value Is Created



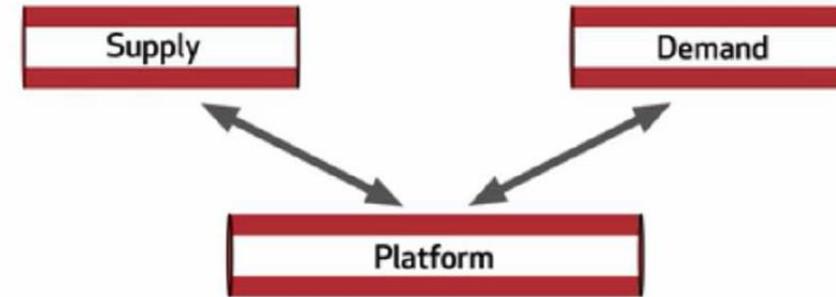
- Producer owns the pipe
- Producer adds value, controls the process
- Value flow is linear



## The New Paradigm

### Platform Model

How Value Is Created



- Producer does not own the platform
- Platform curates and controls movement of value
- Value flow matches with the network



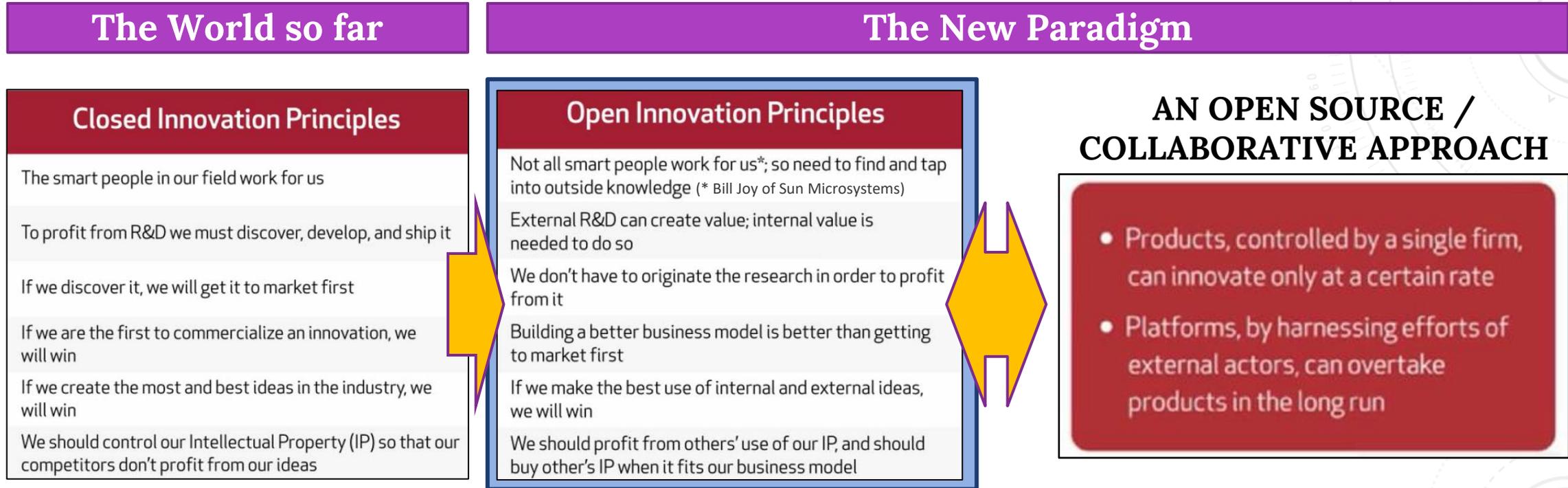
Developers



Users

Source: "Digital Transformation: Platform Strategies for Success"; Parker, G. et al. (Executive Education Course); MIT Sloan-Emeritus Institute; April 2019.

# V. THE NEW PARADIGM: TRUE NETWORK / PLATFORM-BASED ORGANIZATIONS (2)



“While Facebook focused on (...) outside developers to build new applications (...), we tried to create every feature in the world and said, “O.K., we can do it, why should we let a third party do it?”. We should have picked 5 to 10 key features that we totally focused on and let other people innovate on everything else”.

- **Chris de Wolfe, MySpace Co-founder**

Source: “Digital Transformation: Platform Strategies for Success”; Parker, G. et al. (Executive Education Course); MIT Sloan-Emeritus Institute; April 2019.



## V. THE NEW PARADIGM: TRUE NETWORK / PLATFORM-BASED ORGANIZATIONS (3)

- **The Platform Shift → comparable to the transition to industrial-era firms of a century ago.**
  - ✓ **6 out of 10 the largest world companies** by market capitalization are Networks/Platforms.
  - ✓ A sizeable fraction of the world's most valuable brands are Platforms, and sometimes even engulf classic Product/Service companies.

### A Platform / Networked business essentially consists of:

1. A base layer of **Technology and Software-based Products and Services** –
    - Different types of participants/users create value and exchange it with one another - external network effects.
    - The value of each use of service / product has **increasing, not decreasing, returns to scale**, often with unexpected results, tapping into “two-” or “multi-sided markets” + capitalizing network interconnections.
    - Constant trial-and-error, evidence-based user knowledge and product iterations/innovations with advanced software analytics + open-sourced approaches (ie taking advantage of external tech).
  2. A **Governance model** - explains and controls behaviors permissible in the Platform ultimately aiming to efficiently match providers with customers, whose roles can be redefined or even reversed in the Platform itself.
  3. A **Pricing/Monetization model** – a transaction cut, a subscription, advertising, or a combination thereof, often including freemium, bundles, micropayments and incentives, to permanently expand, interconnect and upsell to the network(s).
- ✓ **It's NOT just technology firms, but it is indeed Technology-enabled, and applies to B2B and BSC companies alike.**
  - ✓ Platforms are reinventing entire industries, creating exponential growth organizations, rendering more traditional companies obsolete – and bringing in new, unexpected multi-billion dollar businesses.

Source: “Digital Transformation: Platform Strategies for Success”; Parker, G. et al. (Executive Education Course); MIT Sloan-Emeritus Institute; April 2019.

# V. THE NEW PARADIGM: TRUE NETWORK / PLATFORM-BASED ORGANIZATIONS (4)



**How truly Networked / Platform businesses differ from classic Product / Service companies :**

TYPE OF COMPANY	Strategy	Internal Organization / HR	Marketing and Sales	Finance	Supply Chain and Operations	Innovation / R&D	IT
<b>Network / Platform-based</b>	<ul style="list-style-type: none"> <li>Multi-sided markets</li> <li>Ecosystem “husbandry”</li> <li>“Long tail” of offering</li> <li>Key network effects</li> </ul>	<ul style="list-style-type: none"> <li><b>Lean and oriented to external communities, outsourcing, flexible work</b></li> </ul>	<ul style="list-style-type: none"> <li>‘Pull’ / Inbound</li> <li>Exponential escalation</li> <li>Multi-directional monetization</li> </ul>	<ul style="list-style-type: none"> <li>Company / Share Valuations based on Network Effects</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating interactions among many asset owners</li> <li>Putting into value idle / untapped resources</li> </ul>	<ul style="list-style-type: none"> <li>OPEN INNOVATION</li> <li>“Crowd-sourcing”</li> </ul>	<ul style="list-style-type: none"> <li>Front-office driven (CRM)</li> <li>External-user oriented (Social, Analytics)</li> </ul>
<b>Classic Product / Service-based</b>	<ul style="list-style-type: none"> <li>One-sided markets</li> <li>Entry barriers</li> <li>Inimitable resources</li> <li>No significant network effects</li> </ul>	<ul style="list-style-type: none"> <li><b>Heavy on internal employees</b></li> </ul>	<ul style="list-style-type: none"> <li>‘Push’ / Outbound</li> <li>Slow escalation</li> <li>One-direction monetization</li> </ul>	<ul style="list-style-type: none"> <li>Company/ Share Valuations based on Assets and Liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Owning, maintaining and controlling in-house assets</li> </ul>	<ul style="list-style-type: none"> <li>Internal experts</li> <li>Specialized departments</li> </ul>	<ul style="list-style-type: none"> <li>Back-office driven (ERP)</li> <li>Internal user-oriented</li> </ul>

Source: “Digital Transformation: Platform Strategies for Success”; Parker, G. et al. (Executive Education Course); MIT Sloan-Emeritus Institute; April 2019.

# V. THE NEW PARADIGM: TRUE NETWORK / PLATFORM-BASED ORGANIZATIONS (5)



**Consequence – organizational structures are beginning to look very different :**

Liquid teams

Holacracy

Agile & Scrum organizations

DAOs  
(Decentralized Autonomous Organizations)

Internal project “marketplaces”

Virtual Remote Teams, Contractors

Company Digital Twin / Metaverse

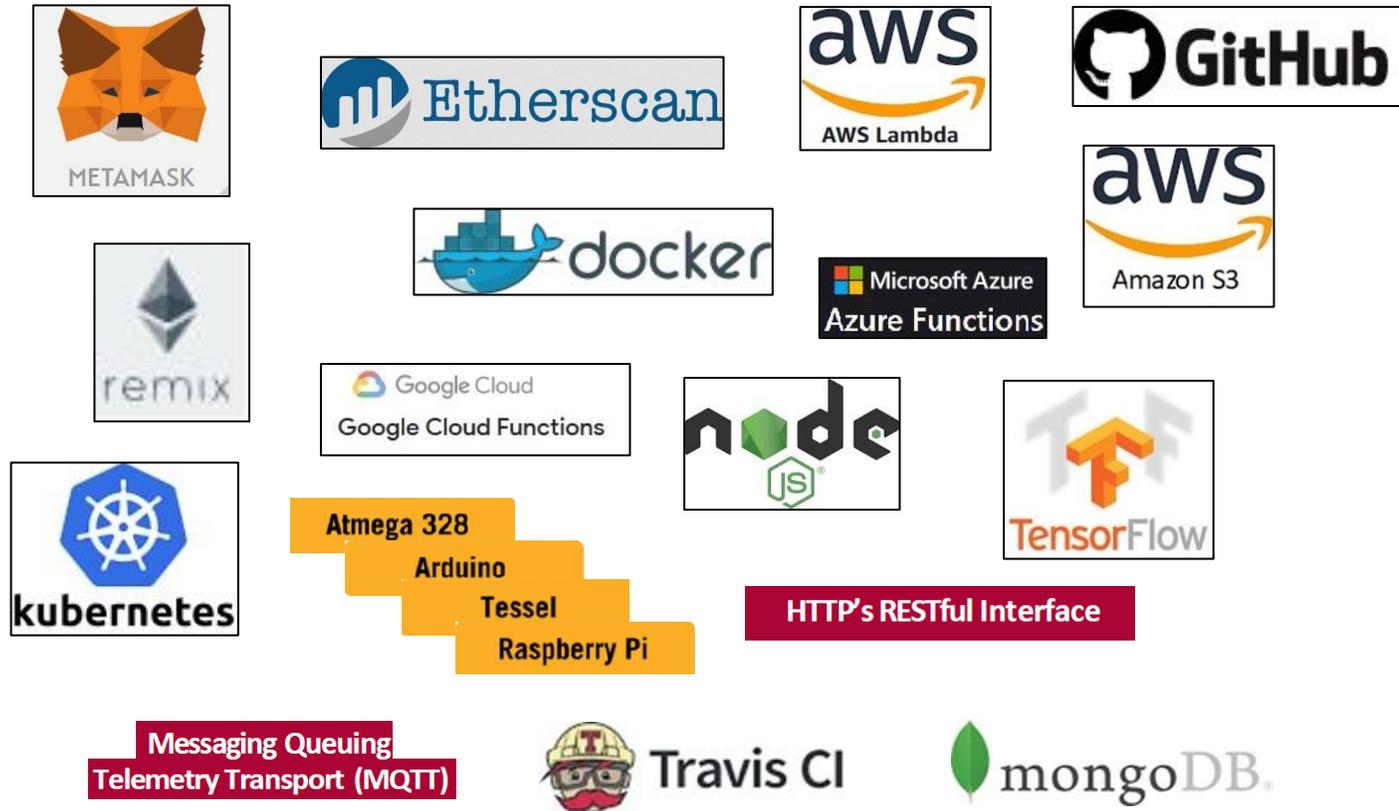
Online internal Resource groups / communities

Bots / robots as team members

Mentorship, advisory boards and ecosystem networks

Automated external connections via APIs

# VI. WHAT COMPANIES ARE DOING ADOPTING TECHNOLOGY AT LIGHTSPEED



## ✓ AI and Data Analytics allow companies to know, for example...

- That I was thinking to travel to Iceland with my 36 years old girlfriend
- when I was chatting online with a male friend, in the terrace of a bar on Friday at 18:08pm;
- that I am interested in meeting other young, international, sporty couples during the trip
- that I like sustainability topics and people,
- - and my feelings about the trip, the mood I was in at that moment, the money that I might be willing to spend about it, the car model I drove to arrive to the bar, what I was doing two hours prior -
- and possibly what other seemingly unrelated products I will be buying tonight and tomorrow morning, and in one month's time.

More data is being digitally generated in the last few years than in the rest of human history put together.

80%+ of that data is in an unstructured format, and now being treated in ways not imagined before.

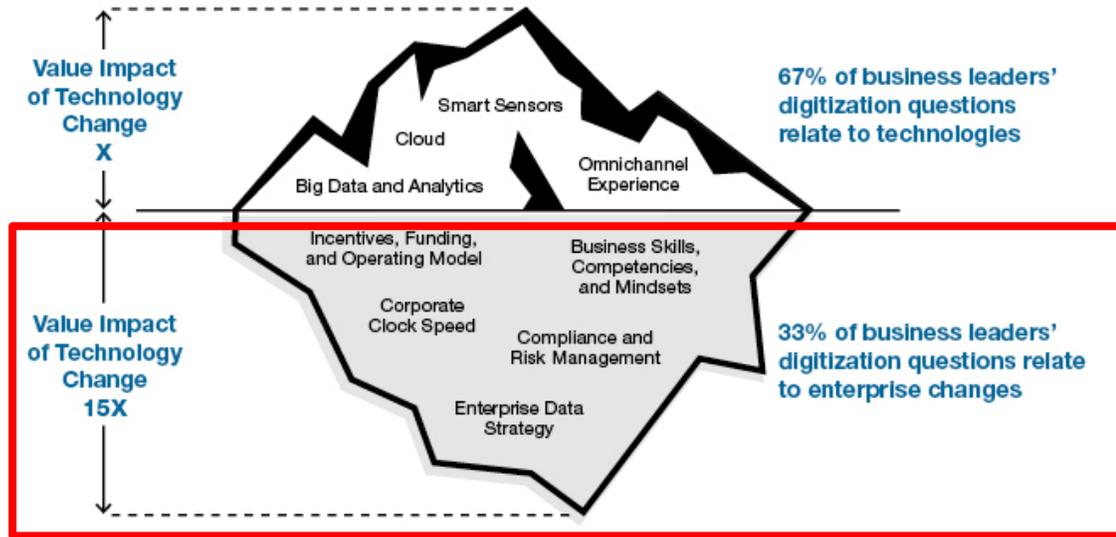
# VI. WHAT COMPANIES ARE DOING NOT FORGETTING THAT TECH IS ONLY A PART OF THE STORY



## Missing **Key Questions** About Digitization

**Enterprise changes and organizational readiness and mindset could have up to 15 times more impact on company success than technologies themselves.**

Knowing much Node.js, Python, AWS Cloud Computing, Kubernetes or Convolutional Networks, for example, is important - but also is the **work behaviors, accountability allocations, workflow and people profiles** that go with them towards achieving client satisfaction and business results.



[gartner.com/SmarterWithGartner](https://gartner.com/SmarterWithGartner)

Source: Gartner  
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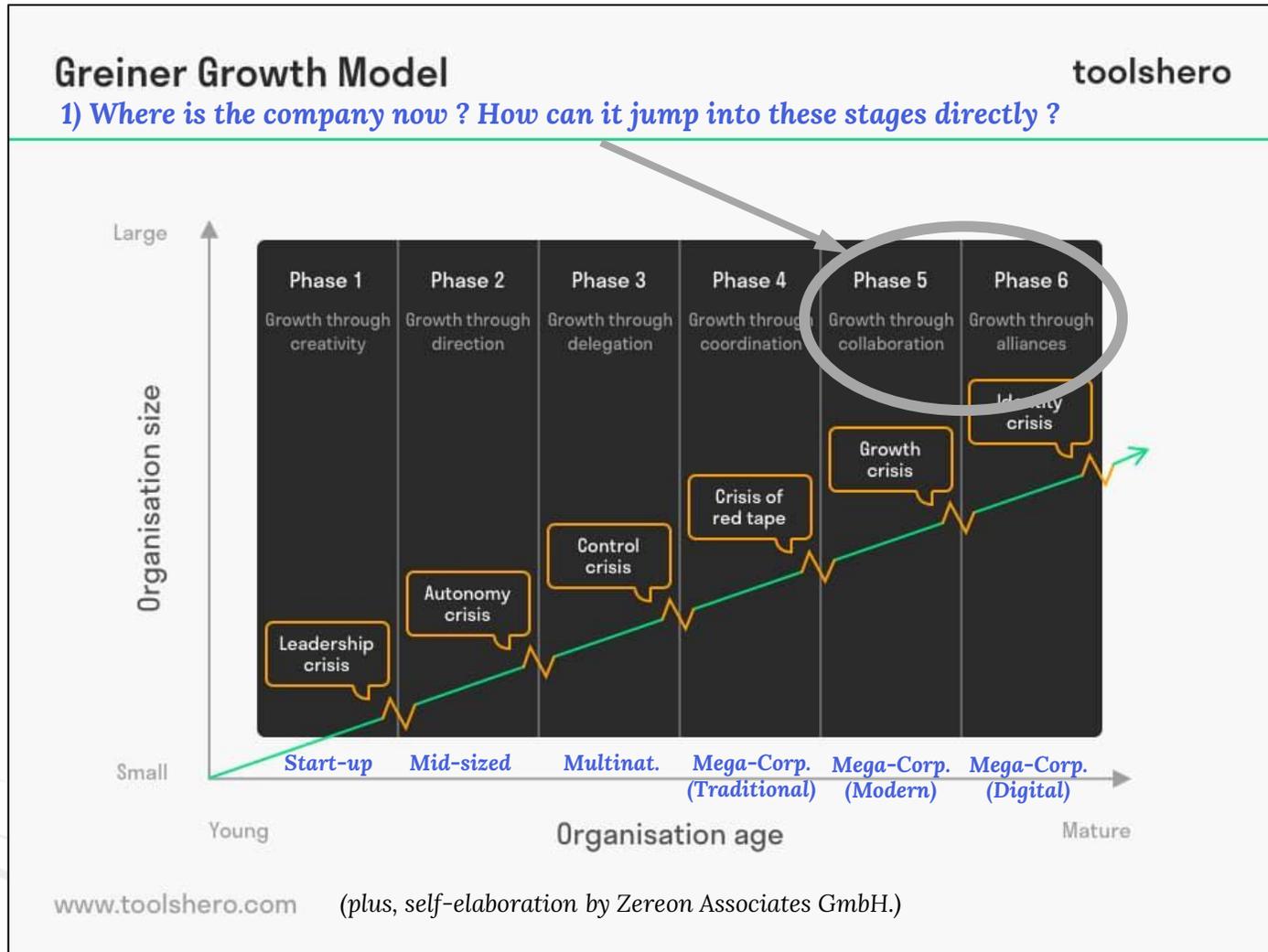


Source: How CIOs drive digital acumen with their business colleagues to foster digital transformation”, Pemberton-Levy, H. citing Capella, J. (CEB), <https://www.gartner.com/smarterwithgartner> , Oct. 2017.

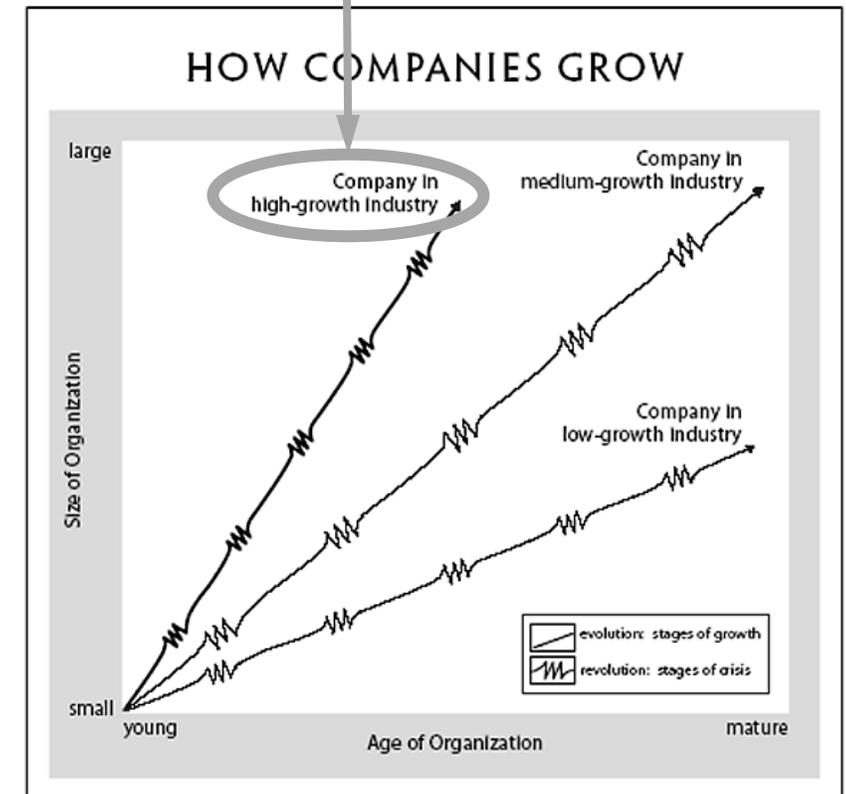
# VI. WHAT COMPANIES ARE DOING UNDERSTANDING THEIR STAGE INTO THE ORG DESIGN CONTINUUM



A classic – Org Design Stages (Greiner model, latest version) :



2) With technological change, many industries have accelerated / increased the slope of their respective lines (have become “high growth” because of the innovation possibilities)



Source: “Evolution and Revolution as Organizations Grow” (update), Greiner, L., Harvard Business Review, June 1998, and self-elaboration.

# VI. WHAT COMPANIES ARE DOING LOOKING FOR ECOSYSTEM/STARTUP M&A AND ALLIANCES



**Example: 50 best-funded AI companies in Healthcare →**

*Alliance / JV / M&A targets for all the large Pharma companies – who are creating their own investment arms, accelerators, hackatons and mentoring programs themselves*

*\$8.5 bill. of VC/ PE funding (2010-2019)*



**This is happening in all industries: Automotive, Retail, Banking, Manufacturing, Oil & Gas, Media, etc.**

**Exhibit 2.2 – Since 2010, \$8.5 billion of VC funding has been invested in the 50 best-funded AI companies in healthcare**

	Company	Headquarters	Total raised \$ million		Company	Headquarters	Total raised \$ million
1	Ping An Medical and Healthcare Mgmt	China	1,150	27	Singlera Genomics	China	80
2	Babylon Health	UK	635	28	Viz	US	79
3	Indigo Agriculture	US	621	29	VoxelCloud	US	79
4	Zymergen	US	592	30	Healthy.io	Israel	78
5	Change Healthcare	US	557	31	Sight Diagnostics	Israel	77
6	Tempus	US	520	32	Saama	US	76
7	Recursion Pharmaceuticals	US	249	33	PathAI	US	75
8	Accolade	US	240	34	Infervision	China	74
9	iCarbonX	China	200	35	AIcure	US	69
10	insitro	US	200	36	Olive (Robotic Process Automation)	US	68
11	Synthego	US	162	37	Heatx	UK	68
12	GoForward	US	158	38	Frontier Medicines	US	67
13	LinkDoc	China	151	39	XtalPi	US	66
14	Sophia Genetics	Switzerland	140	40	Lark Technologies	US	64
15	Beta Bionics	US	132	41	TeraRecon	US	62
16	OrCam	Israel	130	42	InSilico Medicine	US	61
17	Blackthorn Therapeutics	US	130	43	Evidation Health	US	61
18	Verana Health	US	119	44	ImagenTechnologies	US	60
19	Augmedix	US	116	45	Mindstrong Health	US	60
20	Clarify Health Solutions	US	108	46	Nuritas	Ireland	60
21	Finch Therapeutics	US	105	47	Paige.ai	US	59
22	MeMed Diagnostics	Israel	101	48	Atomwise	US	58
23	AI Therapeutics	US	98	49	K Health	US	56
24	caresyntax	US	91	50	GNS Healthcare	US	56
25	HealthTap	US	88				
26	Helian Health	China	84				

**Total funding reported  
Top 50  
\$8,490 million**

**Top 10  
\$4,964 million (58%)**

Source: PitchBook Data, Inc., <http://pitchbook.com/research-process> - cited in "Transforming Healthcare with AI - The impact on the workforce and organizations"; EIT Health-McKinsey; March 2020.

# VI. WHAT COMPANIES ARE DOING REEVALUATING THEIR OWN INTERNATIONALIZATION



How is our company to be organized, locally and as a whole ?



(\* Companies mentioned as mere examples and for illustration purposes only.)

How do we link the different parts of the business digitally and organically across borders ?

Do we enter a country with 1 person or with 1,000 people ?? - With what type of employees ?? - Will that be with a JV ?? - Buying a factory ?? - Decentralizing alliances ?? - With contractors ?? - How do we use the technology ??

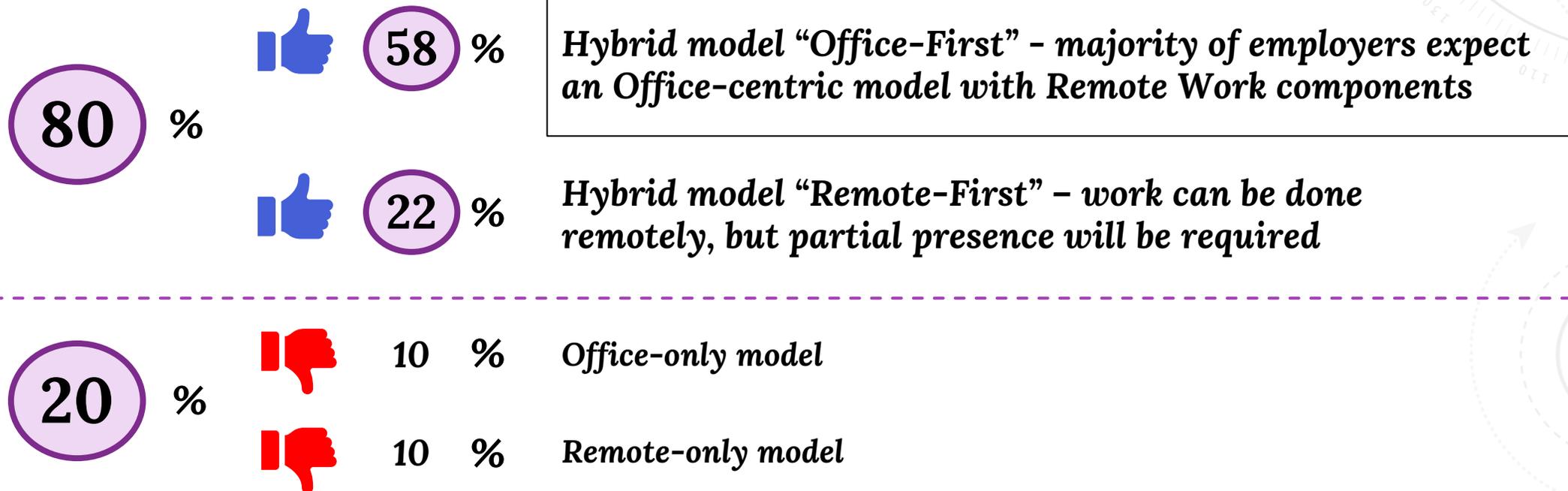
**The internationalization model and planned connection of its parts will have implications on how we produce and/or sell our products/services, how we manage our people - and how do we organize them, and with what accountabilities.**

## VI. WHAT COMPANIES ARE DOING GOING FOR REMOTE OR HYBRID WORK MODELS



The most prevalent Organizational model with respect to Remote Work will be **company office / worksite-based but with adjustments for the people allowed to work remotely – connecting global / international teams digitally.**

More and more people seem to prefer hybrid approaches and, when forced otherwise, decided to quit. **In any case, there will be** strong considerations about geographical distribution of accountabilities, and cultural, tax and legal implications.



**Source:** condensed from “It Really Is Back to the Office This Time”, Bloomberg citing data from Cushman & Wakefield and CoreNet (survey with 339 global respondents (<https://www.bloomberg.com/opinion/articles/2021-04-09/it-really-is-back-to-the-office-this-time> ), Apr. 2021.

# VI. WHAT COMPANIES ARE DOING INVESTING IN AGILITY AND TALENT FOR DIGITAL SUCCESS



## The top benefits of organizational agility :

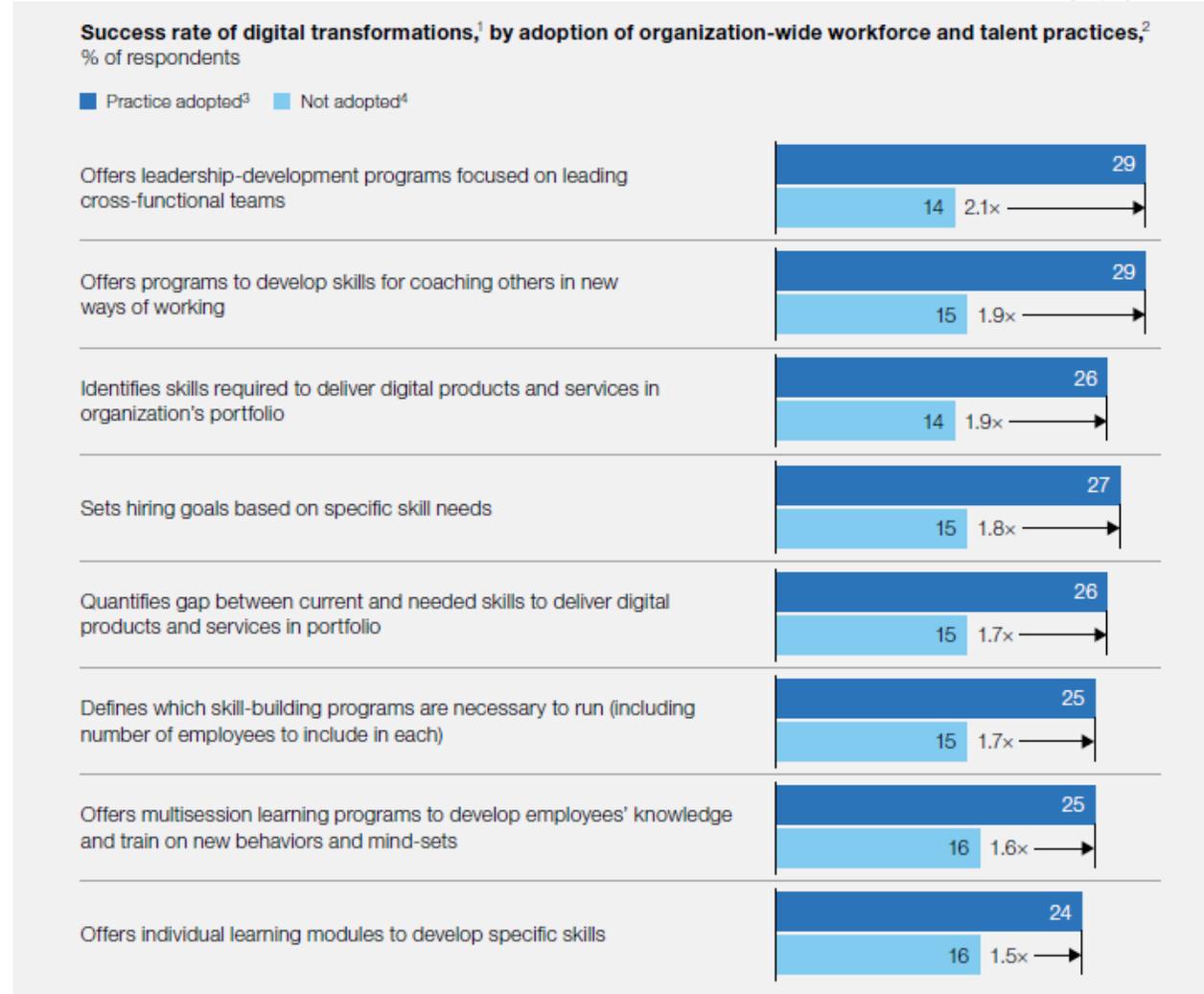


**Source:** “The Elusive Agile Enterprise: How the Right Leadership Mindset, Workforce and Culture Can Transform Your Organization”, Forbes Insights-Scrum Alliance Study, 2018.



Often, with 50-80 Software Engineers working flexibly, you can achieve what in other companies would take 2,000+ people

Digital success is more likely at companies with [enterprise-wide workforce-planning and talent development practices](#)



**Source:** “Unlocking success in digital transformations”, Global Survey, McKinsey, 2018.

# VI. WHAT COMPANIES ARE DOING EMBEDDING NEW VALUES AND PRACTICES / COMPETENCIES



## Four differential Values for digital world success :

IMPACT		
Having big aspirations to change the world for the better and being willing to learn and fail fast to get there.		
SPEED	OPENNESS	AUTONOMY
Move fast and iterate rather than waiting to have all the answers before acting.	Engage broadly with diverse sources of information and insight.  Share advice and information openly rather than keeping knowledge to oneself.	Allow people high levels of discretion to do what needs to be done rather than relying on formally structured coordination and policies.

## Business practices / competencies in successful digital vs. “traditional” companies :

DIGITAL PRACTICES			TRADITIONAL PRACTICES				
<b>Rapidly experimenting</b> Constantly and systematically experimenting, learning from the results, and quickly applying new insight	<b>Self-organizing</b> Collaborating fluidly across functional, geographic, hierarchical, and organizational boundaries to get things done	<b>Driving decisions with data</b> Collecting and using accurate data to make decisions and solve problems	<b>Obsessing over customers</b> Maintaining continual focus on meeting the stated and unstated needs of current and potential customers	<b>Focusing on results</b> Continually striving for measurable results instead of just processes and promises	<b>Acting with integrity</b> Being honest, behaving ethically, and striving for positive outcomes for all stakeholders	<b>Seeking stability</b> Aiming for reliability and predictability in stakeholder interactions, operations, and employee work life	<b>Strictly conforming to rules</b> Seeking to avoid problems and maintain reliability through rules orientation

- ✓ **“Rapidly experimenting”, “Self-organizing” and “Driving decisions with data” are essential to digital/tech-enabled businesses.**
- ✓ **“Obsessing over customers” and “Focusing on results” are shared both by successful digital and more traditional companies.**
- ✓ **“Acting with integrity” and “Seeking stability” are practices “imported” from traditional businesses by the most successful digital ones so that the latter can grow in a sustained way.**

**Source:** “Building Digital-Ready Culture in Traditional Organizations”, Westerman, G., Soule, D. and Eswaran, A., Research Feature, MIT-Sloan, 2019.



## VII. EXAMPLES

# Successful Pharma companies making teams partner externally

Period 2014-2019: N. of AI-based scientific value Publications per each AI-activity/research initiative for the 21 largest global Pharma companies, present clear differences (\*):

**HP - Higher Productivity Companies (10) – “external model”:**  
**3.4-7.0 AI publications per each AI activity**  
MSD, Novo Nordisk, GSK, Amgen, Pfizer, Roche, Bayer, Eli Lilly, Johnson&Johnson, AstraZeneca

**LP - Lower Productivity Companies (11 others) – “internal”:**  
**0.0-2.5 AI publications per each AI activity**

**Defining “external activities” as the sum of JVs, Startup Acquisitions, Cooperation with Startups/other Companies, and R&D Alliance Participation:**

N. of AI-external activities taken seemed to be a great predictor (85%+) of total AI-based publications, very specially in Drug Development (also Discovery).

For the HP Group: 67% of their total AI activities were External, and 8 of 10 companies had more AI External activities than Internal. For the LP Group, only 47% of AI activities were External; most of them had mostly Internal initiatives.

**Internal departments have had to liaise externally and reskill / upskill.**

(\*) Sources: “The upside of being a digital pharma player”, Schuhmacher, A. et al., Drug Discovery Today, 2020; “Deep Dive Into Big Pharma AI Productivity: One Study Shaking The Pharmaceutical Industry”, Zhavoronkov, A., Forbes 2020; “AI in big pharma and guidelines for success – add-on analysis on a previous study and its commentary”, Ceron, M., 2020.

# Amazon unbundling financial services



If you put together an app for Cash management, an app to administer Accounts, an app for Loans, an app for Admin & Back Office process, an app for Regulatory Compliance, an app for Signatory Management, an app for CRM, etc., and connect those with APIs → **congratulations, you have just created a Bank without a legacy organizational structure.**



## VIII. WHAT TO DO NEXT AND CONCLUSIONS (1)

As next steps, the following guidelines could be suggested :

### INITIAL MOVES

- First things first: educate your workforce in the basics of new technology and network businesses
- Prepare a Project (with or without consultants), calculate ROI, identify potential resistance, get approval

### BECOMING A TRUE NETWORK

- Decide where you want to play, define your business value proposition
- Design your ecosystems and attract “the best and brightest” to them
- Give them the tools (SDKs, APIs, data, incentives)
- Ensure clever diversity, IP and Governance
- Reward productive participation (and control key products)

### BUILD EXTERNALLY

- Have active presence into the software, startup, accelerator and VC communities
- Aggressively seek the best technological Cooperation/ JV/ Merger/Alliance / Acquisition targets

### TRANSFORM INTERNALLY

- Redefinition of Culture and Values
- Identification of new Org Structure, Processes, Roles and Accountabilities
- Creation or recruitment of new People Capability
- Generation of Metrics and internal Incentives
- Manage Change

### EXECUTE AND MONITOR

- Give resources to the transformation Project(s)
- Make the activities happen
- Verify achievement of Project Plan – milestones, expected ROI, budget, timing, participants’ satisfaction
- Celebrate !



## VIII. WHAT TO DO NEXT AND CONCLUSIONS (2)

### CONCLUSIONS :

The most successful Companies are not waiting to leverage external opportunities, ecosystems and new technologies.

Those companies are, at the same time, transforming themselves very quickly.

Such transformations require add-ons to the traditional industry mindsets, new profiles/capabilities or people, and fresh ways of working.

Companies will need to put fast projects and initiatives in place, facilitated by internal or external experts, to help with the journey.

**The prize may not just be the delivery of an astounding economic value and a superior and unique competitive position, but even a chance to participate in changing society as a whole.**

“Human ingenuity is at the root of all shared prosperity. As the frontier between the work tasks performed by humans and those performed by machines and algorithms shifts, we have a short window of opportunity to ensure that these transformations lead to a new age of good work, good jobs and improved quality of life for all.”

**(World Economic Forum, 2020)**



# THANK YOU !

Interested in more information ? Contact us



Mario Ceron, MBA, GRP ®, CECP ®

ZEREON ASSOCIATES GMBH

[www.zereonassociates.com](http://www.zereonassociates.com)

[contact@zereonassociates.com](mailto:contact@zereonassociates.com)

+ 41 76 560 84 55