



EMPOWERING TRANSFORMATION: **ENABLING DIGITAL CHANGE FROM THE GROUND UP**



Marco Ryan

Chief Digital Officer and a Member of the Board at Wartsila

Mark (Marco) Ryan is Executive Vice President, Chief Digital Officer and a Member of the Board at Wartsila Corporation. He was recognised by Forbes Magazine in 2013 as one of the top 10 global marketing influencers. In this interview he speaks of his vision of the future that digital engineering and transformation is bringing alive.

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There is a need to have a conversation about value creation when discussing digital transformation with members of the board, so that they understand the timing and potential of new revenue streams and new business models, the time to scale and the long term benefit to profitability.”



The State of Digital Readiness

The Digital Transformation landscape is much more mature today than when I did my first transformation at Premier Farnell plc: at the time it was about evangelism that helped people to understand the potential. Enterprises today are in a much higher state of readiness to adopt Digital Transformation (DTX) than they were in the past. However, their path to adoption is incumbent on the type of industry and the financial health of the organization, among other specific factors. Investment in DTX technologies can only happen if there is proper use case based on customer readiness. But most organisations from the CEO downwards are structured around quarterly results and P&L accountability. In most cases, there's scepticism around how quickly you can get returns from the adoption of the new business models and technologies.

Value Creation Conversations in the Boardroom

The key focus is to drive increased awareness and communications around the need to use Digital Transformation to drive value at scale. It needs to begin with the board members and senior management, in finding new ways to educate and train them on the mechanisms that bring about effective change in business models, its time frames, scalability and margins. This value creation conversation needs to happen early, and some quick wins will strengthen the case for future fundings. Too often people follow an idea without business support, or customer buy in, or right mechanism or the time necessary to prove that it can deliver value.

It's a bad idea to force-rank technologies...

Board members of enterprises often ask the question, "What are the key Digital technologies that I should focus on

first? What's the most important thing?" The fact is that the transformation is happening all over the place simultaneously; it is not possible to force rank them. You've got to look at the interplay between each of these technology areas, understand the business risk and where the opportunity for profitable growth is.

... but Security is Paramount

Cyber security needs to have increased focus and priority and must form an integral part of any technology decision. There needs to be a really good data structure, data architects, data security, data governance and data models, but it cannot be done in isolation from cyber security.

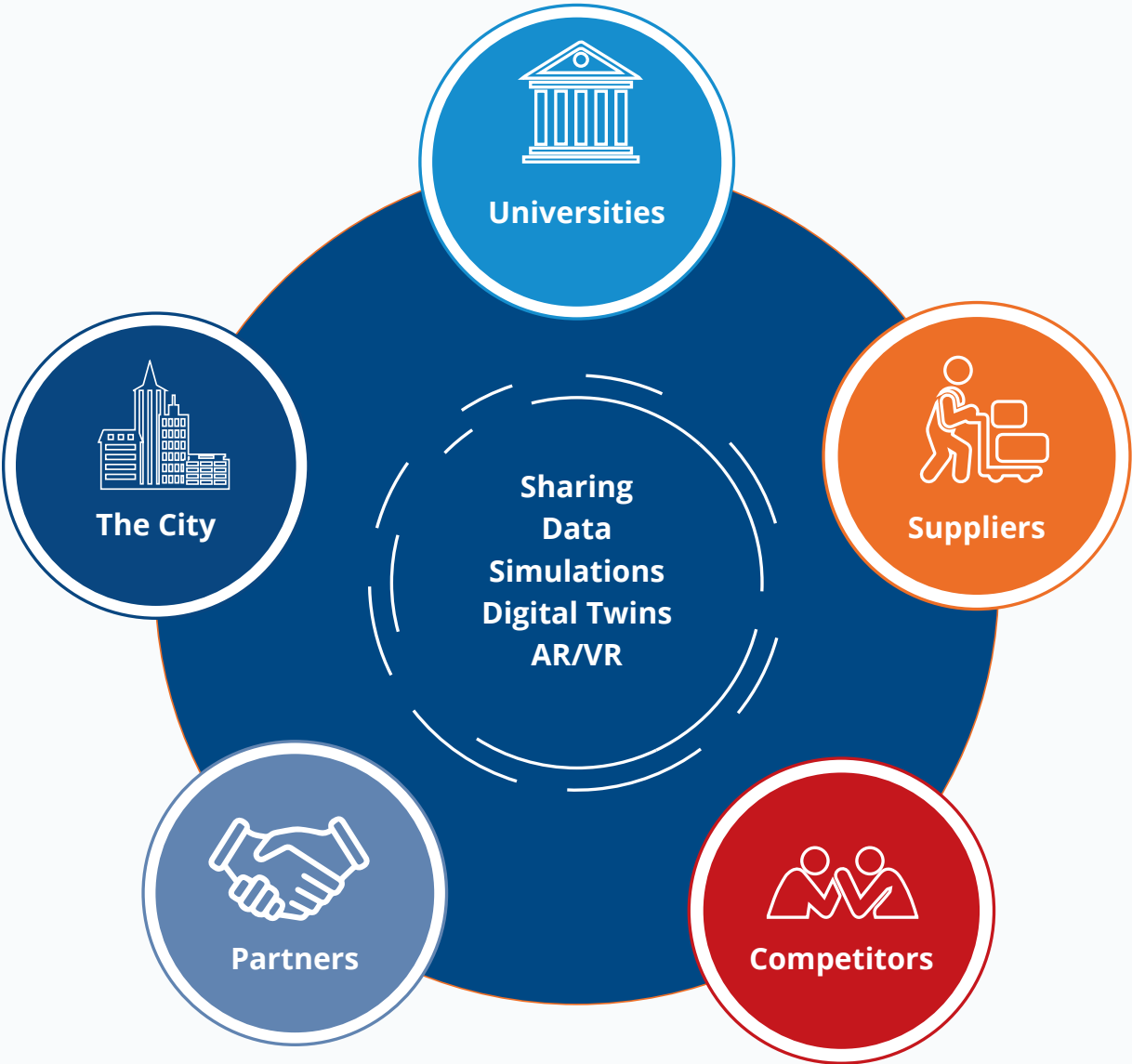
Separate the Buzz from the Buzzword

Digital Transformation is not about adopting technology just for its sake - it's about driving business value to customers at pace. Unless the product development process sees a customer impact or a business reason, it will not make sense. For example, Blockchain is another digital buzzword today, but in the marine industry, Blockchain is only just starting to identify possible use cases and most of these are as yet unproven.

The Future is Collaborative

We operate in a world of ecosystems where we have to be able to partner and share elements of digital progress: when we share data, we co-create the future and this collaboration truly realizes the potential of DTX.

THE COLLABORATIVE ECOSYSTEM BEHIND WARTSILA'S SMART TECHNOLOGY HUB IN VAASA, FINLAND



Venturing Model to Engineer Change

One of the most significant successes in the last two years has been our venturing model and it has enabled us to partner with younger companies in different ways.

THE FIVE-TIER VENTURE MODEL

How Wartsila engages with a changing ecosystem including startups

Tier 1 Accelerate

After rounds of scouting with marketing, meetings and hackathons, we identify a company and work with them in the Start-up Accelerator, initial phase of engagement where common areas of interest are identified.



Tier 3 Partnership

Formalize the engagement by working on bringing a product to market in collaboration with the start-up



Tier 5 Acquisition

Traditional M&A activity



Tier 2 Co-operation

Give basic funding to the start-up, to the tune of £50k a year, for a specific business of strategic need, bring them into the Digital Acceleration Center, to provide space, coaching and mentoring. No stake discussions at this stage, that keeps things simple without legal hassles.



Tier 4 Production

Equity partnership, explore for a year with exposure to our sales and give you value of our networks



The Barriers to Digital Transformation



Willingness to Change

There is a huge willingness to adopt digital change. Many of our engineers are very innovative but also very fact based. Quick wins, evidence of customer impact shown early in a digital project, allows them to get behind the change. In my opinion most people have the willingness and openness to change, we just need to show them pragmatic examples.



Empowerment to Change

The next question to ask is if people are enabled or empowered to make the change and that may depend on the type of industry that they're in. It may depend on the specific financial health of the company, and what their other priorities are. In many cases, the processes and systems that the people are operating in are not as adaptable or flexible for digital transformation.



Pace of Change

With most companies structured around quarterly financial results, there are questions asked when digital changes don't show immediate results. There is also skepticism around how quickly returns can come from this new business model. What's missing is a cultural and communication mindset about the accelerated time-to-value that Digital Transformation offers.

Marco Ryan's Tech Bets for the Future

Cybersecurity



We are very focused on cybersecurity, not just in terms of our product install base, but also in terms of cyber assurance, cyber compliance, and even cyber-as-a-Service. We already have a Cybersecurity SaaS offering. Cybersecurity for us is not just a strategic focus for us but also an operational implementation issue as the dangers are ever increasing there.

Safety



One of the new focus areas for us is on dedicated safety solutions, beginning with the Cruise industry. We've got amazing XR/AR/VR implementation that we are piloting with a customer which is truly groundbreaking in how it's using real time data, mixed with big data to create situational awareness solutions for seafarers.

Data in Real Time



We are working on what data to work with, and what are we going to do with it. So there's a massive focus for us on creating a scalable, secure and agile data architecture.

How is Wartsila working on acquiring the right talent for its transformation?

Be close to where it matters

We worked on locations at the intersection of core capability, talent, customers and the ecosystem.



Tell your story better

Wartsila wants to enable sustainable societies through smart technology. We created emotional content around this to get talent excited about our journey



How real is it?

Effective communication to talent to let them know that the investments in transformation are real and that the leadership is behind the change

Institutionalizing a Culture of Change

Driving a culture of digital change is not a simple task. It needs organization wide commitment that comes from both, the top down and bottom up.



Network of Digital Champions

500 digital champions, who act as local transformation agents.



Community based learning tool







To implement organization-wide innovation that offers feedback and notifications, with trust and transparency.



Gamification of Learning

Self paced, AI-powered Micro learning platform, that offers training modules, videos, tests intended to increase digital maturity, each mapped to roles in business.

What you (probably) didn't know about Marco Ryan

-  **My Favourite Gadget**
Duet - An app that allows dual display for Mac & iPad
-  **Tech I'm betting on**
XR (Extended Reality)
-  **My Decisions**
40% Gut and 60% Data
-  **My 3 word message for young engineers**
"Curiosity, Passion, Agility"
-  **Trait I look for**
Authenticity
-  **My Best ideas come when**
On an aircraft

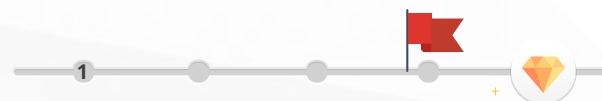
In my experience, most people have the willingness and openness to digital change. The next question to ask is if people are enabled or empowered to make the change.

Marco Ryan on impact of Digital Engineering

Impact of Digital technologies on R&D or product development



Collaboration with startups for the org's digital journey



Employee adoption of digital learnings



Given Rating



Average rating amongst interviewees

1

Lowest

5

Highest