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LTI@MIT CISR: Effectively Delivering on Digital Transformation

Leveraging the Internet of Things for Growth

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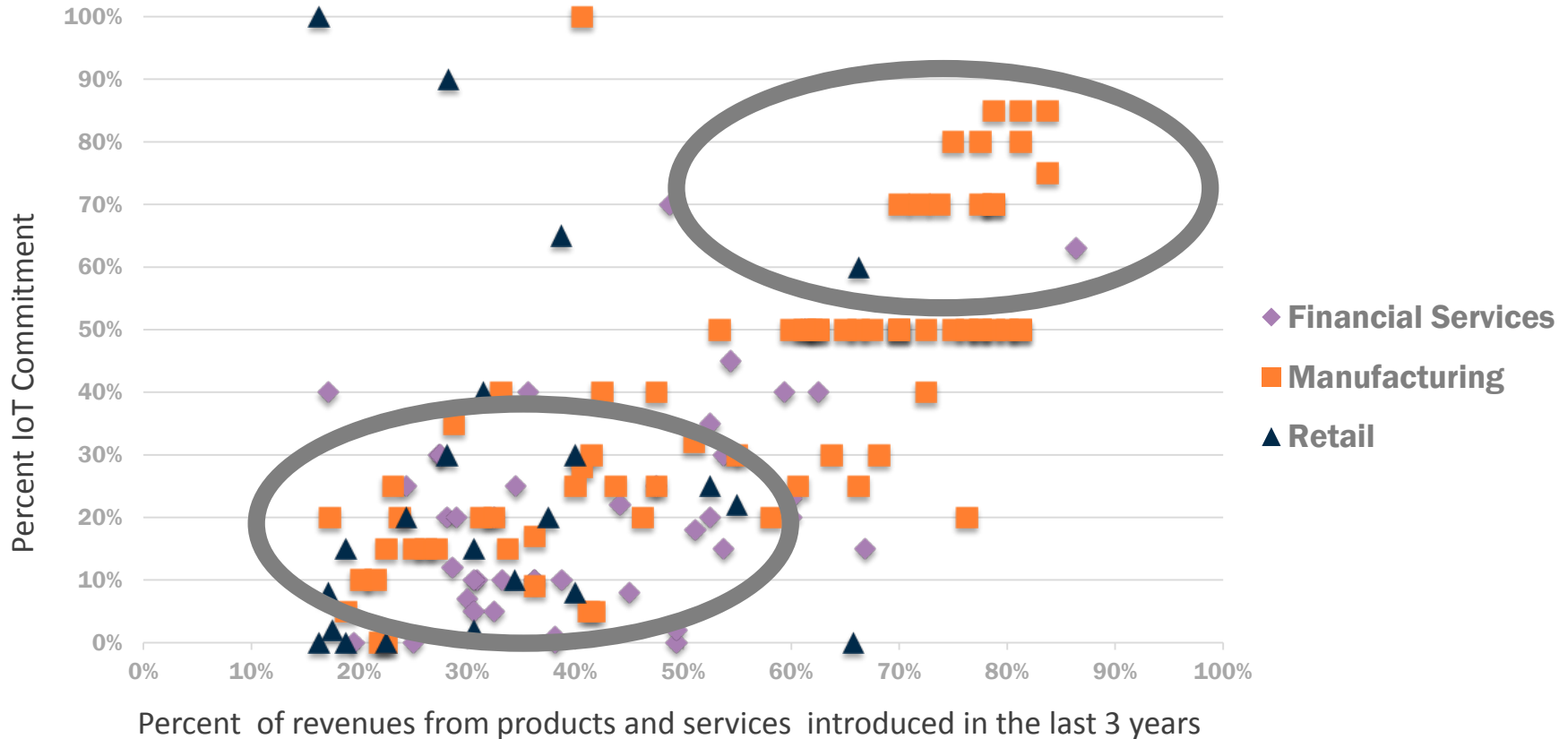
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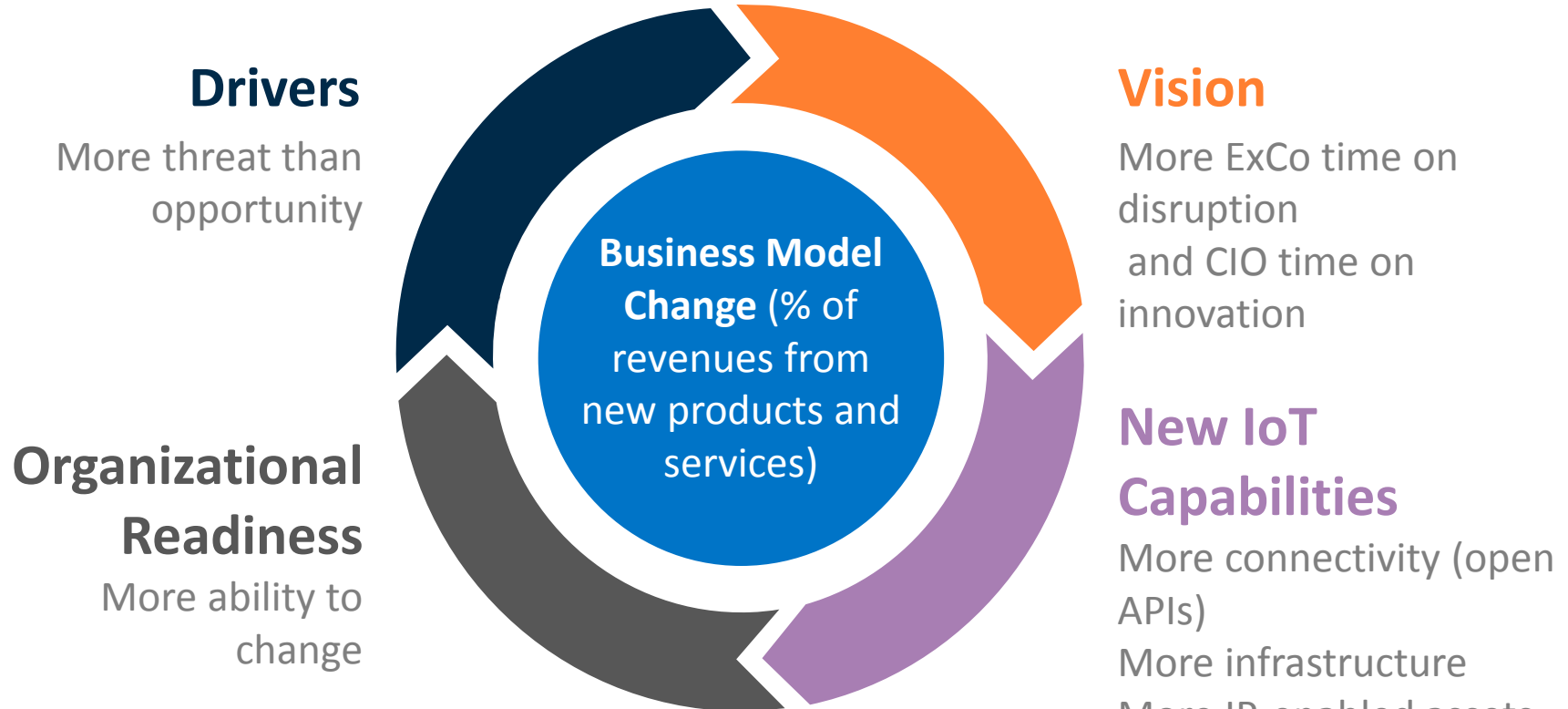
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IoT commitment and new business model change varies within industries



IoT commitment has four factors



Source: MIT CISR 2015 CIO Digital Disruption Survey, N=413.
Variables are significant in a regression at the $p < 0.05$ level.

IoT commitment correlates with business model change



Drivers

Vision

New IoT Capabilities

Organizational Readiness

Companies in the

Top Quartile of IoT Commitment

Generate

50% of their revenues

from new products and services introduced in the last three years

Bottom Quartile = 16%

Founded in 1874 in Switzerland

Manufactures, installs, and maintains escalators, elevators and moving walks

Active in 100 countries with over 58,270 employees

Forbes Magazine lists Schindler as one of the world's most innovative companies

2016 revenues of \$9.5B USD



Schindler

2016

5-year revenue growth

Net profit margin

ROA

Schindler

4.7%

7.9%

9.2%

Industry

(0.4%)

9.1%

4.8%



DRIVERS

- Increasingly price sensitive market
- Constant innovation needed for growth markets in Asia (60% of new installations)
- Highly competitive industry with huge market opportunity
- Maintenance accounts for 50% of industry revenues and about 75% of operating profits

ORGANIZATIONAL READINESS

- New structure with two global businesses:
 - New Installations and Supply Chain and Service Business
- Incubation as a separate unit
- IT redesigned with streamlined processes
- Closed loop service platform with elevators and escalators integrated using the IoT



VISION

- Leadership through customer service
- Outperform competitors in an increasingly price-sensitive market through cost leadership
- Digital systems to ensure smooth experience

NEW IoT CAPABILITIES

- Sensors on elevators send 200 million messages a day on elevator performance
- Business rules engine analyzes sensor data for insights
- Customer web portal and mySchindler app for real-time information
- Predictive analytics

Sources:

<http://www.schindler.com/com/internet/en/about-schindler/vision-and-values/vision.html>; <http://www.schindler.com/com/internet/en/media/press-releases-english/press-releases-2015/schindler-wins-mit-sloan-cio-leadership-award-2015.html>;
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<http://www.cio.com/article/2993292/big-data/cio-is-pushing-the-right-buttons.html>

What's your IoT strategy?



**Spend 10 minutes discussing
your enterprise's IoT strategy
with a partner.**



Share your ideas