

Winning in a Digital-First World

To BCG's network around the world,

At BCG's recent global partner meeting, I listened to some great presentations on a wide range of topics, but one that really struck me came from my colleague Amanda Luther, who co-leads our digital transformation efforts. The insights from Amanda and her team have stayed in my head ever since, and I'm eager to share them with you here.

BCG now has an extraordinary body of work on what leading companies are getting right in driving their major digital transformation agendas. Over the course of three years of longitudinal, empirical research, involving about 2,500 global executives spanning more than 25 sectors, we investigated over 50 corporate factors to determine what companies need to do to be future-ready.

What moves are the most successful companies making?

Amanda and team found that winning companies—they refer to them as “Champions”—are incorporating a set of five attributes that are the hallmarks of future success:

1. Fully embedded **tech and AI**, enabling automation in operations and personalization in marketing
2. An operating model that enables **agility and resilience**
3. A clear **people advantage**, attracting, retaining, and engaging world-class talent
4. Acceleration of an **innovation-driven culture**

5. The alignment of leadership on a **powerful purpose** that integrates sustainability and social impact goals, building trust and transparency among stakeholders

The research shows that 7% of companies are Champions, while about 20% are Contenders—on the right path to meet these criteria. Not surprisingly, companies such as Alphabet, Amazon, and Apple are leading the way, along with other digital natives. But there are also large incumbents, including KLM, Ping An Insurance, John Deere, Diageo, ING, and L’Oréal, that are breaking away from their legacy competitors and starting to exhibit these attributes and show superior returns.

What does it mean to be ahead?

The advantages are significant, with [successful transformation](#) bringing clear rewards. Champion incumbents are driving three times the TSR of their legacy peers, returns comparable with digital natives. And the benefits are not just financial. Compared with “Follower” companies—those in the bottom quartile of the dataset—Champions earn better customer feedback, have a better ability to attract and retain talent, and are more effective at driving a positive societal impact.

Overall, this strength and resilience positions these companies for future success in three critical areas:

They can fully reap the benefits of AI. Champions invest nearly 12% of their revenue, on average, toward AI initiatives, compared with only 1% among the bottom 75% of the companies. They also realize ROI that’s nearly two times higher, after scaling AI solutions across multiple parts of the organization.

They can pivot to growth. Having already taken care of the digital basics, such as the digitization of their supply chain, these companies are able shift the agenda toward powerful growth from innovation. This can include core business innovation, the pursuit of new business ventures along with digital ecosystems and partnerships, and the building of sustainable advantage.

They can set up for continuous innovation. With the winning attributes in place today, these companies are equipped with the advanced capabilities they’ll need to benefit from tomorrow’s waves of technology disruption, such as the metaverse and quantum computing.

One example of a Champion is Telstra, a leading Australian telco, which in 2016 was facing several headwinds. The CEO initiated a bold multiyear strategy enabled by a

digital transformation that included radical product simplification; a new, cloud-based technology stack; redefined customer journeys; and at-scale agile ways of working.

The results have been impressive at an operational level, with 1,800 consumer products reduced to 20, huge increases in the percentage of digital service transactions, and growth in agile maturity. And the financial impact has been equally impressive: three times the TSR of global peers. The changes put Telstra in a strong position for future innovation in areas such as 5G, health care, energy, smart home solutions, and AI services.

The race is on to determine the successful companies of the future. Winning will depend on the pace at which organizations adopt tech and AI, agility and resilience, people advantage, innovation-driven culture, and a clear, stakeholder-driven purpose.

We'll share a report early next year that provides more details on this powerful research about the "Company of the Future." Please see below for other related insights.

Until next time,

A handwritten signature in dark ink, appearing to read "Rich", with a stylized flourish at the end.

Rich Lesser
Global Chair

Further Reading



The So What from BCG: Beating the Digital Natives at Their Own Game

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The Rise of the Digital Incumbent

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