Why your Business Needs Digital Transformation

Wendy Dent – Director: Research and Industry Insights, TransUnion Africa
Agenda

- The Consumer – why should you care
- The need for digital transformation
- 4th Industrial Revolution
- Where to from here?
GDP growth although picked up in Q2 is still under pressure – manufacturing growth remains low

Growth in GDP Q-O-Q

60%

Consumer spending percentage of GDP

* Constant 2010 prices, seasonally adjusted. Q-O-Q annualized

Source: StatsSA
Increased unemployment rates across income groups should be a concern for lenders

Unemployment Rate

Source: Stats SA
Low CPI is a welcome relief for consumers who have felt pressure on basic items.
Consumer spending and confidence remain subdued as consumers struggle with inflationary pressure

Consumer Confidence Index\(^1\) & Consumer Spending\(^2\)

\(^1\) FNB/BER Consumer Confidence Index
\(^2\) Real final consumption expenditure by households - Quarter-on-quarter percentage change at seasonally adjusted annualised rates

Source: Bureau for Economic Research; SARB
Decrease in consumer debt ratio is most likely due to the slow down in consumer spending.

**Household Debt to Income Ratio***

- 2017-Q1, 73.20%

**Household Debt-Service Cost Ratio***

- 2017-Q1, 9.50%

*Seasonally Adjusted

Source: SARB
Secured loan delinquency rates have been increasing for the last 6 quarters reflecting consumer pressure

Source: TransUnion consumer credit database
A change in strategy and thinking…

- Tough Economic Environment
- High Commoditization and Competition
- Increasing Input Costs
- Evolving Consumer Needs
What if you could sustain profitable revenue growth?
You need to stand out in the crowd
Creating Ties throughout the Value Chain
Stop thinking big data, start thinking smart data
Benefits and Challenges

- Reduced Costs
- Improved productivity
- Inventory optimisation
- Improved product quality
- Improved customer service

- Capital outlay
- IT security
- Job losses
- Lack of expertise in organisation
Case Study

- Uses digital tools to improve distribution and build bonds with consumers.
- Renowned for developing and shipping new products within two weeks.
- Digital tools used to respond even faster to consumer preferences and reduce supply-chain costs.
- Attaching reusable radio-frequency identification (RFID) tags to every item of clothing in more than 700 of its 2,000-plus stores.
- Ten staff members can now update a store’s inventory in a couple of hours—work that used to take 40 employees more than five hours—by waving small handheld computers at racks of clothing.
What should you be thinking about?

1. How will digital disrupt my industry in the next five to ten years, and what new ecosystems will emerge?

2. Where is the value for my company, and how can we maximize it?

3. How close is the revolution to our factory doors, and where should I make investments in infrastructure, cybersecurity, and partnerships?

4. What new capabilities, skills, and mind-sets will we need in our organization? How will we identify, recruit, and retain the right new talent?

5. What should we pilot now to start capturing this value?
#1 – Remember that’s it not just about the data…
#2 – Start small and show value quickly
#3 – Stop trying to do it by yourself
What value will you deliver next?
Thank you

Wendy Dent – Director: Research & Industry Insights, TransUnion Africa

wdent@transunion.com