Creating Value in Fast-Moving Markets

An overview of Oliver Wyman’s high-tech strategy and operations capabilities

Oliver Wyman helps firms operating in fast-moving markets create sustained value, capitalize on deep customer understanding, and drive organizational change that will bring strategy to life. In hundreds of engagements around the globe, we’ve helped high-tech clients generate superior operating results—including building billion-dollar businesses, quadrupling operating margins, and doubling growth rates.

Oliver Wyman publishes its strategic insights in regular contributions to the *Harvard Business Review*, the *Wall Street Journal*, the *Financial Times*, and other leading periodicals, as well as in our agenda-setting books. As part of a $3.6 billion global consultancy, we are able to offer unparalleled breadth of scope and depth of industry and topical expertise. Oliver Wyman serves clients worldwide with strategy advisors based in the Americas, Europe, Asia, and the Middle East.
Oliver Wyman has consistently led the industry's thinking and execution around the areas of customer priorities, business model innovation, and organizational design—three areas which continue to experience dramatic changes. In fact, we’ve built our firm around them. Oliver Wyman is a roll-up of boutique strategy and organizational consultancies with unique intellectual capital and capabilities in customer understanding and business design.

Over the past 30 years, we have completed hundreds of engagements for high-tech clients around the globe. We have assisted 90% of the Fortune 100 technology companies over the past five years alone. Our clients also include mid-cap firms and even startups, as well as private equity firms focused on technology markets.

Our clients consistently point to three areas where they believe Oliver Wyman is truly differentiated compared to other advisory firms:

- Offer optimization and customer analytics
- Business model innovation (which we call business design)
- Organization and people strategy

We outline these areas and examples of recent work in the pages that follow.

“When I choose or recommend Oliver Wyman, I do so because they bring a fresh and insightful view of the customer and then help lead our team to ideas that we can implement in the marketplace.”

– Head of Corporate Strategy
Offer optimization and customer analytics

Linking customer insight to strategic business decisions through our Customer Value Engineering™ approach

How will customer demand shift and how can you take advantage of that shift? How can you “de-risk” big bets and de-mystify customer behavior? Which elements of your offer, including messaging, brand, and pricing, will move the needle in a competitive environment?

Over the past 15 years, Oliver Wyman has developed a unique platform for optimizing offers and determining future customer demand. Our Customer Value Engineering™ approach combines robust customer testing and economic modeling to create an interactive strategic tool for decision making. The methodology comprises two leading-edge tools:

**Strategic Choice Analysis® (SCA) methodology** – Oliver Wyman constructs and tests with customers simulated future competitive buying situations and can measure customer demand across offer components. We can even condition customers to respond to new, unknown offers using Information Acceleration.

**Interactive Strategy Model® (ISM) methodology** – Oliver Wyman integrates demand insights from the SCA with cost and investment data to build an interactive model for “what if” analysis and strategic decision support.

### How we help

- A global high-tech hardware, software, and services leader saw price erosion and fierce competition from domestic and international competitors in one of its main product lines, which was rapidly losing market share. Senior management wanted to discern which offer elements beyond price could help drive substantial improvements. Our effort identified clear and differentiating moves that could turn around the business and help displace the competition at key target accounts. One year after project completion, this multi-billion-dollar business posted sharp revenue and profit growth, including a quarter with almost 40% revenue growth over the prior year.

- A global infrastructure software developer and services leader faced the challenge of needing to make a number of big bets with limited resources for its future systems management software platform. After generating several hypotheses around potential directions, Oliver Wyman and the client team tested a wide range of alternatives with thousands of IT buyers. We determined the value associated with each element of the business, from brand strength to pricing models, user interfaces, and emerging systems management capabilities. Then we designed the optimal set of investments and strategic moves. The transparent process was instrumental in coalescing and mobilizing the organization.
Business model innovation
Building new businesses and optimizing existing ones through Value-Driven Business Design

As markets evolve and value migrates to and from different areas of the strategic landscape, how do we ensure that we position the enterprise effectively to achieve sustained value growth?

Oliver Wyman’s Value-Driven Business Design approach helps companies optimize the value of their portfolio of business models. We believe that:

- Businesses, like products, can be designed, and we have built a set of design components to help companies do so.

- Most companies have mature processes to drive operational excellence and product innovation, but a much less robust approach to business model innovation. We have built a proven approach to help companies in this regard.

The components of business design

The customer template

<table>
<thead>
<tr>
<th>Customer priorities</th>
<th>Value proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>For what things will customers pay a premium or switch suppliers?</td>
<td>What is the differentiated value proposition of the business design?</td>
</tr>
</tbody>
</table>

Customer environment
How will customer priorities shift in a changing competitive environment?

How we help

- Oliver Wyman assisted a global technology firm in creating a new services business that generated over $1 billion in revenues within 12 months of launch. With growth in its core market slowing, the client was increasingly dependent on creating new sources of value. Through global market, competitor, and customer research, the team was able to identify new value creation opportunities, craft two new business models (including a wholly new go-to-market and service delivery model) ahead of competitors but at the right time to serve a growing customer segment.

- Oliver Wyman helped a new CEO of a storage networking company create a turnaround strategy, nearly tripling enterprise value in less than a year during a flat market. The company had created innovations that enabled a new market but then saw more than 90% of total market value go to two insurgents. By leveraging insights from customer research and Oliver Wyman’s Value-Driven Business Design framework, the management team chose to focus its resources on a new approach to its existing market. This led to a rapid and sustained turnaround, culminating in the sale and successful integration of the business into a growing industry leader.
Organization and people strategy
Creating organizational momentum and linking strategy to individual actions

How can you best organize to implement the actions needed to achieve value growth? How do you make sure that all of your systems and processes that relate to the attraction, retention, motivation, and management of people support your strategy and organization?

Oliver Wyman is the only consultancy that combines strategic counsel with deep expertise in organizational design and effectiveness. Oliver Wyman and Mercer Human Resource Consulting team up to help companies move from strategy to implementation. Our expertise spans large-scale organizational design and change, employee productivity, rewards, metrics, post-merger integration, and human capital optimization.

How we help

- Oliver Wyman helped a global telecommunications equipment manufacturer address a CEO mandate to transform its organizational systems and talent strategy to better align with fundamental shifts in its markets and portfolio of business models.
  
  As the company matured from a monolithic (and very profitable) “business model pure play” into a company with a complex portfolio of mature, growth, and emerging businesses, the organizational systems had not kept pace and were failing in critical areas. Via a human capital scan, Oliver Wyman identified 25 critical gaps in the company’s organizational systems—gaps that would likely prevent successful implementation of the strategy—and helped develop implementation and organizational migration plans to address them.

  Oliver Wyman helped the company focus its organizational change initiatives on the issues that most impacted shareholder value (such as a 50% increase in funding to engineering talent development and management development programs, particularly in fast-growing Asia); helped realign the HR function to better respond to future priorities; and built an ongoing organizational systems “dashboard” to better identify future misalignment.

- Oliver Wyman helped the operations team of a computing and electronics manufacturer design a new customer fulfillment network and partner with a third-party logistics operator, resulting in immediate cost savings of over 15%, with opportunities for additional savings over time. By modeling different scenarios based on the company’s service goals vs. a least-cost strategy, we were able to recommend an optimal network configuration. Our team led negotiations with potential operators and supported the transition to the new model.
Oliver Wyman is one of the largest consulting firms in the world, and we bring a number of important advantages to client engagements.

- **Innovation in customer insights.** Oliver Wyman was the first firm (in 1984) to apply discrete choice analysis to the understanding of customer demand. Today, Oliver Wyman leads the consulting industry in innovative methods of understanding customer behavior such as the Customer Value Engineering platform.

- **Proven Value Migration® and Value-Driven Business Design methodologies.** Our growth strategy tools, honed over the past three decades, have been proven to deliver outstanding results and build innovative new businesses.

- **Agenda-setting growth research.** We continually invest in applied research, with a body of work that includes eight books, our own suite of periodicals, and frequent contributions to the Harvard Business Review, the Wall Street Journal, the Financial Times, and other leading publications.

“Oliver Wyman gave us new fact-driven insights that have enabled us to manage our marketing spend in a significantly higher ROI manner. By using Oliver Wyman’s models and implementing their recommendations, we saw a 50% improvement in ROI in the first six months. The project is already paying back many times over the upfront investment in time and resources.”

– Vice President of Marketing Strategy
- **In-house customer science team.** Because our customer science capabilities are in-house, rather than outsourced, we maintain the highest quality standards and apply the latest methods to clients’ problems.

- **Deep industry expertise.** Oliver Wyman has completed engagements with 90% of the Fortune 100 technology companies over the past five years alone. We also have assisted numerous mid-cap firms and even startups, as well as private equity firms interested in investing in technology markets.

- **One of the world’s largest consultancies:** As a $1.2 billion global firm with a presence in over 40 countries, Oliver Wyman is able to bring vast resources and a global perspective to help solve our clients’ problems.

  We engage experts within the Oliver Wyman Group companies where appropriate for client needs involving brand identity, macroeconomics, organization change and risk management to bring unparalleled capabilities to our clients.

- **Extensive human capital strategy competencies:** Mercer Human Resource Consulting is the largest full-service human resource consultancy in the world.

  “Oliver Wyman helped our team lead themselves through the project, when possible, and led, when necessary. This ‘empowerment’ caused many of the project findings to stick and enabled the team to develop a personal conviction about the strategic options.”

  – Comment from Oliver Wyman client survey
About Oliver Wyman
Oliver Wyman is building the leading global management consultancy, combining deep industry knowledge with specialized expertise in strategy, operations, risk management, organizational transformation, and leadership development. We also draw on complementary capabilities of our sister firms: Mercer Human Resource Consulting is a global leader for human-capital-related financial advice, products, and services. Lippincott helps clients create, develop, and manage their corporate identity and brands. NERA Economic Consulting advises corporations, law firms, courts, and other government entities on the economics of competition, regulation, and finance.

For more information please contact one of the following country representatives:

<table>
<thead>
<tr>
<th>Americas</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>France</td>
<td>China</td>
</tr>
<tr>
<td>John Calhoun, 1 416 868 2727</td>
<td>Karine Jullien, 33 1 45 02 32 51</td>
<td>Larry Alberts, 852 2506 4591</td>
</tr>
<tr>
<td><a href="mailto:john.calhoun@oliverwyman.com">john.calhoun@oliverwyman.com</a></td>
<td><a href="mailto:karine.jullien@oliverwyman.com">karine.jullien@oliverwyman.com</a></td>
<td><a href="mailto:larry.alberts@oliverwyman.com">larry.alberts@oliverwyman.com</a></td>
</tr>
<tr>
<td>Mexico</td>
<td>Germany</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Daniel Silva, 52 55 5063 9001</td>
<td>Pierre Deraed, 49 89 939 49 599</td>
<td>Jonathan Gove, 852 2110 3314</td>
</tr>
<tr>
<td><a href="mailto:daniel.silva@oliverwyman.com">daniel.silva@oliverwyman.com</a></td>
<td><a href="mailto:pierre.deraed@oliverwyman.com">pierre.deraed@oliverwyman.com</a></td>
<td><a href="mailto:jonathan.gove@oliverwyman.com">jonathan.gove@oliverwyman.com</a></td>
</tr>
<tr>
<td>United States</td>
<td>Portugal</td>
<td>Korea</td>
</tr>
<tr>
<td>George Faigen, 1 212 345 8296</td>
<td>Soledad Ménendez, 34 91 212 6336</td>
<td>Young-joon Kim, 82 2 399 5533</td>
</tr>
<tr>
<td><a href="mailto:george.faigen@oliverwyman.com">george.faigen@oliverwyman.com</a></td>
<td><a href="mailto:soledad.menendez@oliverwyman.com">soledad.menendez@oliverwyman.com</a></td>
<td><a href="mailto:young-joon.kim@oliverwyman.com">young-joon.kim@oliverwyman.com</a></td>
</tr>
<tr>
<td></td>
<td>Spain</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Soledad Ménendez, 34 91 212 6336</td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:soledad.menendez@oliverwyman.com">soledad.menendez@oliverwyman.com</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Switzerland</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joris D’Inca, 41 1 208 7749</td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:joris.dinca@oliverwyman.com">joris.dinca@oliverwyman.com</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Louise Simms, 44 20 7915 9246</td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:louise.simms@oliverwyman.com">louise.simms@oliverwyman.com</a></td>
<td></td>
</tr>
</tbody>
</table>