McKinsey & Company

Rewired in Action

Real-world examples of Digital and AI transformations and how leading companies succeed

Contents

Introduction

When we published *Rewired*, McKinsey's in-depth guide to digital and AI transformations, we wanted to show more examples of how the best companies found success. So, we put together this booklet showcasing companies that have successfully rewired themselves to turn digital and AI solutions into transformative value.

These companies reflect many of the core lessons of *Rewired*, including how to align the top team around change that matters, how to develop technology and data that distributed teams can use to innovate, and how to unlock scale to get the full financial benefits that are available. By rewiring themselves, these companies have developed the ability to constantly innovate with digital and AI across the entire business to improve customer experiences and reduce unit costs.

Rewired In Action is a collection of stories highlighting how McKinsey has helped companies get value from their digital and AI transformations. We hope you find this useful and informative. Please don't hesitate to reach out to us with any questions.

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About McKinsey Digital

McKinsey Digital is a collection of leaders, experts, and practitioners who help clients create transformative value with technology. We work with leading companies across the world to drive transformations and build new businesses by bringing together the capabilities they need. We help our clients create value by harnessing the power of data and artificial intelligence, modernizing core technology, optimizing and automating operations, building stunning digital experiences, and developing digital talent and culture.

Our global team includes more than 6,700 strategists, data scientists, designers, architects, product managers, agile coaches, and software, data, and cloud engineers. Using the latest technology and proven methodologies, we design digital strategies and build robust software and digital products tailored to our clients' needs—driving transformations that accelerate sustainable and inclusive growth.

We've served clients in every sector on digital and analytics:

2,000+
companies served on digital and analytics last year.

500+
new businesses built since 2019.

6,700+
practitioners globally, including:

400+
designers.

1,430+
software and cloud engineers.

840+
product owners and agile coaches.

1,500
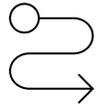data scientists.

730+
data engineers.

1,800+
integrative digital and analytics consultant.

Recipe for capturing value from digital and AI transformations

Learnings from serving 2,000+ companies on digital and analytics topics

Strategy

Creating the Transformation Roadmap

Successful transformations start with the CEO and top leadership reimagining their business in the digital age. The resulting decisions are translated into a detailed strategic roadmap that is both rooted in impact and clear about the new capabilities needed to deliver it. Leading companies develop transformation roadmaps focused on business domains that are big enough to generate meaningful value but small enough that it doesn't disrupt large parts of the business.

Capabilities

Building Your Talent Bench

You can't outsource your way to digital excellence. Companies need the capabilities to build and evolve their proprietary digital solutions, and that requires quality digital and AI talent. Top organizations create a detailed talent roadmap to hire the best and create an environment where they thrive. This requires understanding what really motivates top talent and adjusting the company's culture and approach to excite them.

Adopting a New Operating Model

Building and scaling digital and AI solutions across hundreds of working teams require companies to be much faster and more flexible in the way they develop technology, so having an agile operating model is critical. Developing that operating model, however, is perhaps the most complex aspect of a transformation because it touches the core of the organization and how people work together. It requires determining the right operating model for you, and building up core capabilities in product management and experience design.

Technology for Speed and Distributed Innovation

The objective for technology is to make it easy for your pods to constantly develop and release digital and AI innovations to customers and users. Achieving this requires building a distributed technology environment for easy access to data, applications, and software development tools pods need to rapidly innovate and deliver secure, high-quality solutions.

Embedded Data Everywhere

The ability of the technology solutions to generate value is dependent on the quality, relevance, and availability of data. That's why it's critical to architect data thoughtfully for easy consumption, reuse, and scaling. The goal is to have the data teams need so they can use it to make better decisions and build better data-enabled solutions. The key is to build a set of data products that can be easily consumed by any team or application across the organization.

Change Management

The Keys to Unlock Adoption and Scaling

Getting customers or business users to adopt solutions as part of their day-to-day activities, and scaling them across your customer base, markets, or organizational units are often a massive challenge. Companies need to address the technical, process, and human issues at a sufficiently granular level, have clear KPIs to track progress, and ensure teams are capturing the value.

Lighthouse Case Examples

Emirates Global Aluminium:
Leading the industry with AI-driven transformation

Middle-East, Energy & Materials

Emirates Global Aluminium (EGA), the UAE's largest industrial company outside the energy sector, recognized the need to evolve in the face of rapid technological and innovative advancements. To stay ahead and lead the future of aluminium, EGA embraced digital transformation, focusing on enhancing speed, agility, efficiency, and technological advancement. EGA's AI-driven transformation has achieved a remarkable impact of over $100 million by optimizing operations, reducing costs, and significantly boosting productivity.

Aviva:
Rewiring the insurance claims journey with AI

Europe, Insurance

Aviva, the UK's largest general insurer, aimed to build the country's leading AI-driven claims operation, improving outcomes from initial loss notification to settlement. With claims costs rising faster than CPI and customer stakes high during distressing times, Aviva saw an opportunity to transform service in these critical moments.

Grupo Mariposa: Harnessing connected technology
in the LatAm food and beverage market

Latin America, Consumer

Mariposa believed that with the right technology, digital tools, and capabilities, it could transform the way it serves store owners while overcoming the challenges of a fragmented LatAm food and beverage market. It created an ecosystem centered around store owners and powered by AI and digital solutions, such as conversation commerce, commercial frontline planning, and route optimization.

Charles River Labs: Accelerating drug development
as a digitally-enabled trusted partner

North America, Life Sciences

Charles River Laboratories, a prominent pre-clinical contract research organization, embarked on a digital transformation to enable customers to accelerate development of high-quality medicines for patients. Over a 3-year journey, they have scaled across all enterprise and stood up an at-scale digital factory that has dramatically accelerated the speed of delivering new products and services.

Allianz Direct:
Advancing as Europe's leading digital insurer

Europe, Insurance

Determined to shape the future of digital insurance and revolutionize the level of service provided, Allianz Direct embarked on an ambitious journey. They transformed their processes and leveraged modern technology and advanced analytics such as AI-based loss assessment and evaluation to become "digitally unbeatable" in every aspect of their value chain and ensure strong growth for years to come.

Xcel Energy:
Driving toward net zero with the power of digital

North America, Energy/consumer

Faced with the imperative to replace its aging IT infrastructure and meet increasing customer demand, Xcel Energy followed a clear roadmap to reform its technology architecture and use digital to provide affordable, safe and de-carbonized energy in a highly regulated environment. With initial success in multiple business units, Xcel Energy continues to scale the program to keep their plants cost competitive and advance toward zero-carbon baseload.

Kiwibank:
Building a better bank for the future of New Zealanders

Asia-Pacific, Banking

With the commitment to provide the highest level of customer service and grow consistently, Kiwibank, New Zealand's largest state-owned bank, set a bold vision for digital transformation and core technology replacement. After implementing a number of key foundational technology elements, Kiwibank is on its way to become the top banking choice in the region.

BCP:
Taking banking to new heights on a digital rocketship

Latin America, Banking

BCP, the largest bank in Peru, recognized the potential to enhance customer experiences and operational efficiency through digital initiatives. Their goals were twofold: reimagining the customer experience and improving efficiency. Harnessing new digital techniques, leveraging data and advanced analytics, adopting new ways of working, and building new capabilities became the path to realizing their vision of becoming the top bank in Peru.

DBS:
Transforming a banking leader into a technology leader

Asia-Pacific, Banking

In a rapidly changing digital landscape, Singapore-based DBS bank aspired to transform into a truly digital bank with a clear vision: "Make banking joyful." DBS created a best-in-class platform-operating model with joint leadership between business and technology with a firm focus on customers. It also made fundamental shifts in its culture and built-up in-house technology capabilities through innovative recruiting and retention strategies.

Freeport-McMoRan:
Unlocking new mining production through AI transformation

North America, Mining

Freeport's expectations for growth required significant capital and lengthy permitting and construction efforts. Seeking another path, leadership turned to artificial intelligence (AI) to see if it was possible to get more out of the assets they already had. By aligning leadership, thoughtfully building out scaling capabilities, and adopting an agile operating model, Freeport mined AI to drive new value.

Emirates Global Aluminium: Leading the industry with AI-driven transformation

The opportunity

EGA saw a chance to gain a competitive advantage by embracing AI

One of the secrets of successful organizations is they never grow complacent. No matter how well they are performing, they are always looking to get better and are always fortifying themselves against the next disruption. Emirates Global Aluminium (EGA), based in the UAE, is a case in point. Although EGA makes the UAE the 5th largest aluminium producing nation globally and is biggest industrial company in the country outside the energy sector, EGA knew it could—and must—do better.

The company could see that technology and innovation were evolving exponentially, transforming industry after industry— and would one day soon come for the aluminium industry. As CDO Carlo Nizam put it, "Speed, agility, efficiency and technology mastery are now core attributes for the future."

To secure its position in that future, EGA was determined to catapult itself forward and lead the coming disruption in aluminium production. It aspired to deliver improved financial results for stakeholders, a safer more engaging workplace and greater experiences for employees, and to help its region become a leader in digital technology and sustainability. Over time, EGA believed it could also push forward the development of its industry by making its digital platform available to the rest of the ecosystem.

EGA knew it needed to think big. Its ambitious goals demanded that. So did its operations. The company produces 4% of the world's aluminium, employs more than 7000 people, and serves customers in more than 50 countries. Moreover, aluminium production is a heavy, energy intensive industry, with smelters that can be multiple kilometers in length. Nothing less than total transformation would have the kind of scale and impact EGA aspired to.

The solution

EGA used the latest in AI and digital to improve existing products and services and innovate new ones

EGA needed to embrace new technology to both improve existing ways of working, but more importantly, to create game-changing new products and services. A technology upgrade alone would not be enough. EGA also needed to transform its culture by fundamentally changing the mindset of its workforce, making the entire organization more agile, faster at innovation, and far more efficient.

To reach those goals and help guide it on its transformation journey, EGA partnered with QuantumBlack, AI by McKinsey, and hired Mr. Nizam, its first ever CDO. From the beginning, the transformation team took a dual track approach so that EGA could rapidly deliver business impact even as it lay the foundations to scale.

To show immediate financial gains, the team set up a digital factory that could quickly turn out use cases in quarterly waves. To date, the factory has delivered more than 80 customized use cases with a combined impact of >$123 million, meaning the transformation program has been self-funding from the start.

At the same time, EGA created an Industry 4.0 Center of Excellence that would build the digital foundations required to sustain and scale the transformation. First was a set of roadmaps of EGA's digital ambition and potential improvements in each business unit. The second foundation laid out governance and ways of working, including a transition to agile-at-scale. Third was a focus on people and capabilities, including a digital academy that has upskilled more than 3000 employees, including EGA's engineers and supervisors.

The impact

>$100M

Impact delivered by the change program.

170%

ROI earned over the first three years of the transformation.

+12%

Increase in product throughput.

+18%

Increase in labor productivity

On the shopfloor, EGA uses advanced AI/gen AI, computer vision technology and shopfloor mobile platforms that support more than 20 apps for 1500 users, providing managers with real-time visibility. Better process controls and video-based SOP compliance monitoring with real-time notifications to operators and control rooms have cut down on variability and reduced operator reaction time 92%, which is especially critical for safety related alerts and improved SOP compliance by 65%.

Beyond the plant, EGA's transformation has had impact across the value chain. For example, EGA was able to dramatically improve logistics, which are notoriously volatile, by using a simulation-based digital model of its operations to optimize ship deployment. As a result, inbound logistical delays have fallen by 50%. Its procurement teams are now enabled by gen Ai shifting 30% of time to value-adding activities.

The result of EGA's transformation is an agile manufacturing system able to adapt to volatility while producing a high-quality product. In 2024, EGA joined an elite group of 189 companies designated as the Global Lighthouse Network by the World Economic Forum (WEF). Lighthouse companies exemplify the transformation of manufacturing through the pioneering use of advanced technology.

The final foundation was technology and infrastructure. EGA gathers granular data from across its operations. A new data platform democratizes that data, making it available to employees on separate self-service platforms. A new data and hybrid cloud architecture have helped EGA reduce its storage needs by 80% and increased processing speed by 35x. Its data centers use half as much power than previously, all of which runs on renewable power.
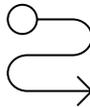
Lessons learned

Start small and aim for quick wins
Adoption and Scaling

EGA was determined that its transformation had to deliver immediate value. It started with quick, achievable goals to build momentum and credibility. The program was cash flow positive from day one, building confidence among stakeholders.

Build the foundations needed to scale
Strategic Roadmap

EGA took the time to understand the potential opportunities across the organization as well as the foundations needed to achieve them. By building the fundamental foundations, from infrastructure to talent, it is now in a position to scale quickly and cost-efficiently.

Scaling digital is about more than technology
Talent

Mr. Nizam estimates that technology accounts for only about 50% of a successful transformation. The rest depends on changing culture and behavior. The program should instill greater agility, an openness to innovation, and deliver value to the frontlines.

"Speed, agility, efficiency and technology mastery are now core attributes for the future."

– Carlo Nizam, Chief Digital Officer, Emirates Global Aluminium

"The work with McKinsey has opened a lot of opportunity for us to improve on the AI platform."

– Yousuf Ahli, Vice President Reduction, Emirates Global Aluminium

Aviva:
Rewiring the insurance claims journey with AI

The opportunity

Instilling a digital-first culture for better outcomes, augmented by AI

Aviva, the UK's largest general insurance company, had a simple goal with profound implications for its business. It aimed to build the country's leading claims operation using artificial intelligence (AI) to improve outcomes at every step, from the first notification of a customer's loss to the final settlement.

It's clear why Aviva focused on claims. Servicing a claim is the most important interaction an insurer has with a customer, often occurring during times of loss, sometimes catastrophic, including bodily harm. The stakes are high, and the customer may be in distress. Meanwhile, the cost of settling claims has been rising faster than the Consumer Price Index since before Covid, with the trend accelerating. In 2019, claims costs rose 6% above CPI; by 2023, they were on track to reach 11%.

Despite this, the industry has been slow to apply AI to claims, focusing instead on areas like pricing and retention. Finding a better way to serve customers during these critical moments could have enormous impact.

Aviva saw an opportunity.

"The combined team with McKinsey, with the input of QuantumBlack specialists, meant that we could… really launch forward."

- Waseem Malik, Chief Claims Officer
UK General Insurance, Aviva

The solution

Transforming the end-to-end process

Settling an insurance claim, such as for an automobile accident, is a complex process involving numerous steps and decisions. How bad was the damage? Were there injuries? Was fraud detected? Should the car be replaced or repaired? Does the customer need additional support? The answer to that last question may vary depending on whether the accident involved a family car or a van critical to a small business. Even choosing a repair shop depends on factors like location, availability, and expertise. Addressing only a few elements would have minimal impact, but providing tools to help claims professionals make faster, more accurate decisions at every step could drive significant results.

Aviva realized there was no silver bullet for the change it aspired to achieve. Installing advanced AI technology was critical but insufficient on its own. Aviva also needed a cultural overhaul to introduce new ways of working and decision-making. Using the Rewired framework, Aviva worked across six dimensions—strategy, talent, agile operating model, technology, data, and scaling—to embed AI tools across its claims function.

Partnering with QuantumBlack, McKinsey's AI arm, Aviva assembled a team of over 50 data scientists, engineers, business leaders, change professionals, and translators. Translators bridged the gap between technologists and end users, ensuring the 80+ AI models built reflected claims teams' needs.

Aviva ensured each AI tool demonstrated value and prioritized a "double helix" approach, seamlessly integrating digital and human interactions to optimize business and customer outcomes. For instance, claims involving personal injury default to human interaction, reflecting the belief that accuracy and financial results should align with an improved customer experience. To embed a digital-first culture, Aviva adopted agile ways of working, treated data as a strategic asset, and invested over 40,000 hours in training to build skills. Teams are now empowered to make quick decisions and take risks.

The impact

Aviva is settling customer claims faster, more accurately, and with better outcomes

80+

AI models built and deployed by the analytics team.

40,000

Hours of training invested to upskill Aviva's employees.

7x

Improvement in Net Promoter Score.

Aviva focused on real improvements for the company, the customer, employees and whenever possible, for society, and was rigorous in measuring results. For example, by enabling the claims teams to make faster, smarter decisions, Aviva was able to cut the average time needed to assess liability for complex cases by 23 days and improve routing accuracy by 30%.

This in turn helped Aviva reduce customer complaints by 65%. In fact, customer satisfaction by total net promoter scores climbed more than seven-fold. Armed with tools that allowed them to do their jobs more effectively, staff are also happier, with employee engagement scores more than doubling, to reach an all-time high. With improvements such as greater accuracy in assessing damage and better selection of repair shops, Aviva has also been able to triple the use of recycled parts, resulting in lower costs and lower environmental impact.

Aviva has also achieved better business outcomes by improving the way it assesses claims and by achieving greater accuracy in claims management.

Lessons learned

Strategic Roadmap

Take a domain-wide approach
Resist the urge to tackle the transformation on a use case-by-use case basis. Significant impact and better ROI can only be achieved by transforming an entire domain, from the core technology to how employees approach the work.

Talent

Aim for improvement in all dimensions
Teams worked toward gains in effectiveness, efficiency, customer experience and employee experience—all at the same time. By taking a system-wide approach, Aviva found that found that improvements in one area enabled improvements elsewhere in the function.

Agile Operating Model

Make the end users co-designers
Aviva brought the claims teams into the design process from the outset, constantly probing to understand exactly what their needs were and how to fulfill them. Translators helped ensure that technologists accurately understood the needs of the claims teams. The claims professionals felt full ownership, even before the tools were delivered.

Adoption and Scaling

The job isn't done until there is measurable impact
The engineers didn't just build the AI solutions. They also built an impact measurement framework with 50+ KPIs, which enabled them to track performance outcomes across the entire claims organization.

"Aviva's leadership had extreme conviction that contrary to conventional belief, they could improve customer experience, efficiency, and accuracy in parallel, if they adopted a domain-wide approach."

– Sid Kamath, McKinsey Partner

"It felt like one team. It felt like we were a true partnership – we were in it with aligned goals and objectives."

– Waseem Malik, Chief Claims Officer - UK General Insurance, Aviva

Grupo Mariposa: Harnessing connected technology in the LatAm food and beverage market

The opportunity

Disrupting a fragmented CPG market

Guatemala-based Grupo Mariposa traces its roots back to 1885 when it started with a single soft drink factory. Today, through its CBC, Bia, and Beliv subsidiaries, it has become a major Latin American food and beverage company with operations in more than 16 countries.

In Latin America, the food and beverage ecosystem is highly fragmented, with over 5 million points of sale. This fragmentation creates complexity on multiple levels, from sharing data with store owners to planning efficient delivery routes. Companies need to manage the commercial activities of thousands of salesforce, merchandisers, and delivery personnel that serve local stores.

Mariposa believed that with the right technology, digital tools, and capabilities, it could transform the way it serves store owners while overcoming some of the challenges of fragmentation. With technology, Mariposa aimed to change the beverage ecosystem and progress on its purpose of becoming the best solution for store owners and the first choice at the point of sale.

The solution

Creating a new digital ecosystem that puts store owners at the center

Grupo Mariposa partnered with McKinsey to create an end-to-end ecosystem powered by AI and digital solutions to help overcome the challenges of a market with over 3 million points of sale.

At the heart is a new platform powered by advanced analytics and strategic partner Yalo, offering "conversational commerce," which allows store owners to conveniently connect with the brand and manage order inventory. The easy-to-use digital tool also gives store owners greater agency by supplying them with personalized recommendations based on market trends and supporting them to better serve their customers and rotate inventory. Instead of relying only on a salesperson to tell them what to order, store owners ("*tiendas*") are advised by digital tools which learn from micro-segments in their own neighborhoods to help them place and track orders digitally.

The platform also includes modular solutions for customer service, microloans, loyalty programs, and other services. It enables shopkeepers and sales teams to receive stock-out predictions and order suggestions, place and track orders, and participate in customized loyalty programs. It also helps drive growth by offering business intelligence and knowledge to build management skills, contributing to the evolution of small shopkeepers into micro-business owners.

McKinsey and Mariposa built the platform with open technology and microservice architecture, enabling future integration with external partners. Ultimately, the partners intend to make the platform available to additional companies as a SaaS offering. The vision is to bring lenders, food and consumer goods suppliers, delivery services, and other companies that create value for store owners into an open ecosystem.

Just as important as the connection with store owners, Mariposa's transformation digitizes its go-to-market model. Mariposa co-developed a proprietary platform with McKinsey to provide digital tools to transform the commercial frontline roles. This platform is also being marketed to other CPGs and distributors. It includes an atomic task module that provides each salesperson with a prioritized list of each day's tasks. Reps check off tasks on

The impact

+100k

Points of sale that are touched so far by the digital service channel in Mariposa's new ecosystem.

8-10%

Sales uplift from store owners who use the solution daily.

5,000+

Sales employees using new digital tools for commercial and deliver management.

"We believe our superpower lies in fostering strong relationships with SMEs and harnessing the potential of connected technology to generate prosperity in communities. Our ambition is to serve our clients by providing them with the tools and capabilities to make our vision a reality."

– Juan Pablo Mata, CEO of Apex by Grupo Mariposa

"Our biggest learning is that digital transformation is not solely about the technology. It is about the people – having the right set of talent, knowing how to recruit people, and how to retain them. It's the people that create the technology that will come closer to the business. "

- Alfredo Jose Castañeda, Digital Transformation Leader, Grupo Mariposa

"In the digital transformation process, a leader must have two key elements. The first one is a growth mindset. Once you begin to understand this different perspective of how you can bring different capabilities to the business, you begin a whole growth mindset process. And then the second one is servant leadership. Servant leadership is to accept that the way that we used to work, it just doesn't apply to the modern business"

- Alfredo Jose Castañeda, Digital Transformation Leader, Grupo Mariposa

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their mobile devices as they finish them., doing away with paperwork. Reps can also review an AI-generated suggested order list based on consumer behavior data for each store they visit and place orders digitally. Delivery drivers, whether in-house or through a vendor, can instantly call up the most efficient route for the day's stops.

All these technology solutions were made possible by a transformation of Mariposa's internal culture. Mariposa integrated digital transformation as part of its identity and communicated the goals and rationale of the transformation throughout the organization. The company created an implementation playbook that spelled out the elements of the transformation and then formed a change management committee to oversee the process and support the new agile operating model. It cemented the changes with a revamped performance management system and incentives.

With these supports in place, Mariposa hired more than 50 highly skilled digital team members in eight countries across all digital domains. Working in global agile teams, they helped build tools and capabilities while redesigning and streamlining processes. The final cornerstone of the success was the engagement of the senior leadership team. Mariposa's CEO and group president met weekly with the transformation team for over two years to bring the vision to action.

Lessons learned

Strategic Roadmap

Align the digital solution to the actual needs of clients (store owners)
Mariposa created the new platform with a focus on store owners and shifted the go-to-market approach to "pull." For example, recognizing that storeowners already used WhatsApp, the Mariposa team leveraged it for conversational commerce, rather than imposing a new platform.

Talent

Recruit and retain the right tech talent to drive mindset shifts
Mariposa focused to attract, recruit, and assemble the right teams and hired over 50 dedicated digital experts in data, technology, agile, and UX in eight countries. These people became digital ambassadors to pollinate the culture and mindset shifts throughout the organization.

Adoption and Scaling

Scale the transformation across the organization with a top-down approach
Along with a clear strategic vision, Mariposa established a change management committee to implement its plan and change the operating model. Top leaders consistently and relentlessly communicated the change plan to internal and external stakeholders, including visits to stores and directly working with salesforce.

Charles River Labs:
Accelerating drug development as a digitally-enabled trusted partner

The opportunity

Accelerating drug development and gaining efficiencies with digital

Charles River Laboratories, a prominent pre-clinical contract research organization (CRO), plays a pivotal role in the drug development ecosystem. It conducts research, development, and safety testing before a life-saving drug ever gets to market. Partnering with pharma, biopharma, biotech, industry, and academia, Charles River contributes to over 85 percent of FDA-approved therapies, supporting companies in bringing novel treatments to market.[1]

The world has seen innovation and acceleration of therapies like the COVID-19 vaccines in ways that are extraordinary. Historically, these therapies took 5 to 10 years to develop.[2] Yet, during the COVID-19 pandemic, society united to achieve the same feat in just 9 months.[3] Charles River played a central role in this, which reinforced its aspirational goal: what if they were able to universally subtract a year or more out of the drug development process? What kind of scalability would that take? What kind of fundamental reimagining of processes would it take? To achieve its goals, Charles River embarked on a transformation into a digital enterprise, providing their pharmaceutical clients with expertise, seamless offerings, and digital delivery.

The solution

Becoming a digitally-enabled trusted partner, putting customers at the core to better serve patients

Charles River Labs set a goal to become a "digitally-enabled trusted partner" that integrates expertise, seamless offerings, and digital delivery to enable customers to accelerate the development of high-quality medicines for patients. To achieve this, they recognized the need to rethink their approach in three key areas: customer engagement, internal employee interactions, and their technology foundation.

With McKinsey's support, Charles River started with a Digital Diagnostic that was focused on understanding its starting point for how it engages with customers externally and what customers thought about that experience, internal operations required to deliver customer impact, and its capabilities on critical enablers of these processes – from technology to talent to data and beyond. Critical to this work was identifying the value at stake, uncovering customer pain points and unmet needs along the buying journey, and providing digital, design, engineering, and data capabilities. These inputs helped build the business case across multiple initiatives and prioritize where to start. Charles River completed this three-month diagnostic phase with a vision for a new digital enterprise and a minimal viable product (MVP) to deliver an online customer engagement and interaction platform.

The company spent the next three months mobilizing for the digital business build. The team prepared the technical foundations, user stories, and user-tested digital experience to be ready for the first sprint. To ensure they had the right set of capabilities going forward, the team set up an "agile talent win room" to quickly source new talent and upskill existing employees on agile methods, sprint cadence, and ceremonies, as well as the specifics of new roles such as product owner, product designer, and scrum master.

1. "Biologics Testing Solutions." Charles River Labs.
2. "Vaccine Research & Development." Johns Hopkins Coronavirus Resource Center.
3. "FDA Approves First COVID-19 Vaccine." U.S. Food and Drug Administration, 2021.

The impact

6

Days marketing needs to turnaround
a project, down from 28 days.

200

Employees and leaders trained in agile
work methods in less than six months.

$100 million+

Annual run-rate impact identified
over an initial three years.

3

Months to launch new digital products
and services, down from 12 to 18.

"Adopting design thinking and becoming
customer-centric is crucial for reimagination.
We need to start with understanding how
customers work with us, their environment,
challenges, and successful interactions, and
use that information to determine how best
to reimagine the process to meet their needs
while achieving our objectives."

**– Mark Mintz, Corporate Senior Vice President & Chief
Information Officer, Charles River Laboratories**

"One thing the digital transformation has
done for our employees at Charles River is to
allow our employees to become innovators.
They can recognize aspects that could be
optimized, reconsidered from different
perspectives, and gather feedback from
each other to develop improved tools and
processes that significantly impact our
customers' experience positively."

**– Pam Walker, Corporate Vice President & Global Head of
Operations, Charles River Laboratories**

"Adopting agile ways of working and design
thinking changed the way that we think about
technology, transforming us from long 12- to
18-month deliveries to short, frequent delivery
that is regularly reviewed with customers so
we can quickly pivot based on the value that
we're creating."

**– Mark Mintz, Corporate Senior Vice President & Chief
Information Officer, Charles River Laboratories**

From there, the "digital factory" was launched—the MVP was called "Apollo," representing an entirely new way of engaging digitally with customers and collaborating as an organization, all enabled by a new technical architecture, including a cloud environment and master data architecture stood up by the team.

Apollo provides customers the ability to track their projects in one place, and have access to near real-time data, so they know how each project is progressing. This platform has enabled Charles River to build a richer relationship with clients, becoming a true adviser and thought partner on their drug development journey.

In six short months, the team completed and launched the MVP. Apollo is now on a scale-up release phase, and in the spirit of lasting change, the company thinks of it as a "lifestyle rather than a diet." They continue to deploy the new agile methodology across the organization to solve problems in innovative ways.

It has been three years and Charles River is successfully scaling across the entire enterprise, including customer-facing interactions, e-commerce, employee collaboration, lab operations, and automation in finance. They have an at-scale digital factory and have expanded from 3 agile pods to more than 20 across multiple business units and functions, dramatically accelerating the speed of delivering new products and services. It also has a best-in-class customer enablement platform. And at Charles River, they remain customer-focused , using design thinking in each product and service launched to meet customer and employee needs. Ultimately, Charles River has successfully shifted from being a science organization to a science and technology organization and better able to support patients by accelerating drug development.

Lessons learned
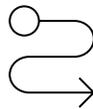
Strategic Roadmap

Set a North star with customers and patients at the center
Charles River found inspiration in other companies' transformations, using them as a North Star. Leveraging insights from diverse industries like banking and high tech, they set goals, developed a rapid roadmap, and kept customers' (and their patients') needs at the center to become a valuable partner, gaining a competitive edge.

Agile Operating Model

Creating an unrivaled experience for their digital talent
Charles River believed that providing a great experience for clients should also extend to employees, and so the company aimed to create an outstanding environment for digital, scientific, and business talent. The organization prioritized exceptional experience by hosting lively and enjoyable agile meetings, exploring innovative ways to collaborate virtually, and celebrating successes.

Talent

Build a digital-first mindset
To embrace a digital-first mindset, Charles River established a new digital organization with a product-centric agile model. A transformation office supported the shift to agile practices, while a "digital talent win room" facilitated recruitment of new expertise. The company also engaged their best business talent, adapting roles and establishing external partnerships where needed.

Allianz Direct:
Advancing as Europe's Leading Digital Insurer

The opportunity

Launching a new era for growth

Allianz Direct, the pan-European digital insurer of global insurance leader Allianz Group, wanted to shape the future of online insurance and provide a new level of service that could galvanize the organization and propel it to a new era of growth. To outcompete and ensure strong growth well into the future, it embarked on a daunting journey: it would transform ways of working and use modern, cutting-edge technology and advanced analytics to reimagine the end-to-end user experience, from buying the first product to filing a claim. The North Star was to become "digitally unbeatable" in all areas of the value chain and thus Europe's number one digital insurer.

"With a combination of technical excellence, sophisticated IT, and digital marketing capabilities, we've created a strong foundation that will act as the innovation engine for the Allianz Group."

– Philipp Kroetz, Chief Executive Officer, Allianz Direct

The solution

Transforming a digital disruptor with state-of-the-art technology and new ways of working

Allianz Direct had three cornerstone goals: a fully digital business model, highly competitive market positioning, and an agile corporate culture, radiating the engineering mindset throughout the organization's activities.

With support from McKinsey, Allianz Direct built a state-of-the-art, digital platform that can be scaled across all countries in record time. The platform allows teams to learn from one another as they launch new products, improvements, and plug-and-play software. For customers, the online experience is easy to use and features many time- and cost-saving innovations with maximum self-service capabilities. In one example, Allianz Direct built a flagship service—the "60-second claim"— enabled by AI-based loss assessment and evaluation, allowing customers to process a claim in less than a minute by uploading photos and documents.

Allianz Direct built momentum in the direct insurance market in Europe in just a few years by targeting two important market segments: "smart shoppers" and "price seekers." The business provides them with the features they value most, including competitive pricing and a broad online presence.

All of this was enabled by a foundational change in the organization's culture, operational and technical excellence, and a disrupting operating model. McKinsey helped Allianz Direct create a talent strategy built around hiring the best engineers. This infusion of talent was crucial to building an agile, engineering-focused corporate culture. Today, a third of Allianz Direct's employees work in technology or data roles. The Allianz team created an operating model based on best-in-class technology capabilities and cross-functional agile squads responsible for creating and marketing insurance products. The result is a highly adaptive and scalable operating model that fosters cross-market collaboration.

The impact

15%

Year-over-year revenue growth
momentum (in selected countries).

30-50%

Reduction in costs due to the
scalable platform strategy.

+90%

Customer satisfaction ratings, after
reimagining the customer experience.

Lessons learned

**Strategic
Roadmap**

Create a clear roadmap for deploying digital services
Allianz Direct focused its strategic roadmap on a full suite of digital
self-service assets (for claims notification, claims management,
policy administration) equipped with best-in-class tools such as
AI-based loss assessment and claims segmentation.

**Agile
Operating
Model**

Work toward rapid implementation
Allianz Direct teams worked in biweekly sprints. New products
were tested and implemented immediately whenever practical.
More than 40,000 deployments on the platform per year
underline this approach.

Technology

Aim for consistency and reusability of digital assets
By building a platform that could be used across Europe, Allianz
Direct is able to scale its services and continuously improve the
customer experience while lowering costs.

Data

Make data widely available and easy to use
Allianz Direct committed to instill a data-driven decision-making
culture, so it created easy-to-use dashboards and data-enabled
performance management systems along the full value chain.

"The successful transformation can be attributed to the combination of
technical excellence, sophisticated IT infrastructure, and advanced digital
marketing capabilities, along with robust execution and global delivery in a
complaint way. We dedicated utmost attention, allocating 150% of our focus
to launch and establish our platform as a solid foundation. In addition, we
complemented the approach by emphasizing key aspects such as market
analysis, retail marketing strategies, pricing optimization, efficient damage
management, and streamlined operations to maximize our competitiveness
within the industry."

- Christoph Weber, Chief Transformation Officer, Allianz Direct

"The most impactful decision was to be stubborn about the outcome, and to
never waiver on what good looks like. And that means you need to invest in the
best technology and in the best people, and be really stubborn about it"

– Philipp Kroetz, CEO, Allianz Direct

"We are disrupting at scale and will continue to work consistently on the
transformation of our business model, always questioning industry standards
and looking beyond our category."

- Christoph Weber, Chief Transformation Officer, Allianz Direct
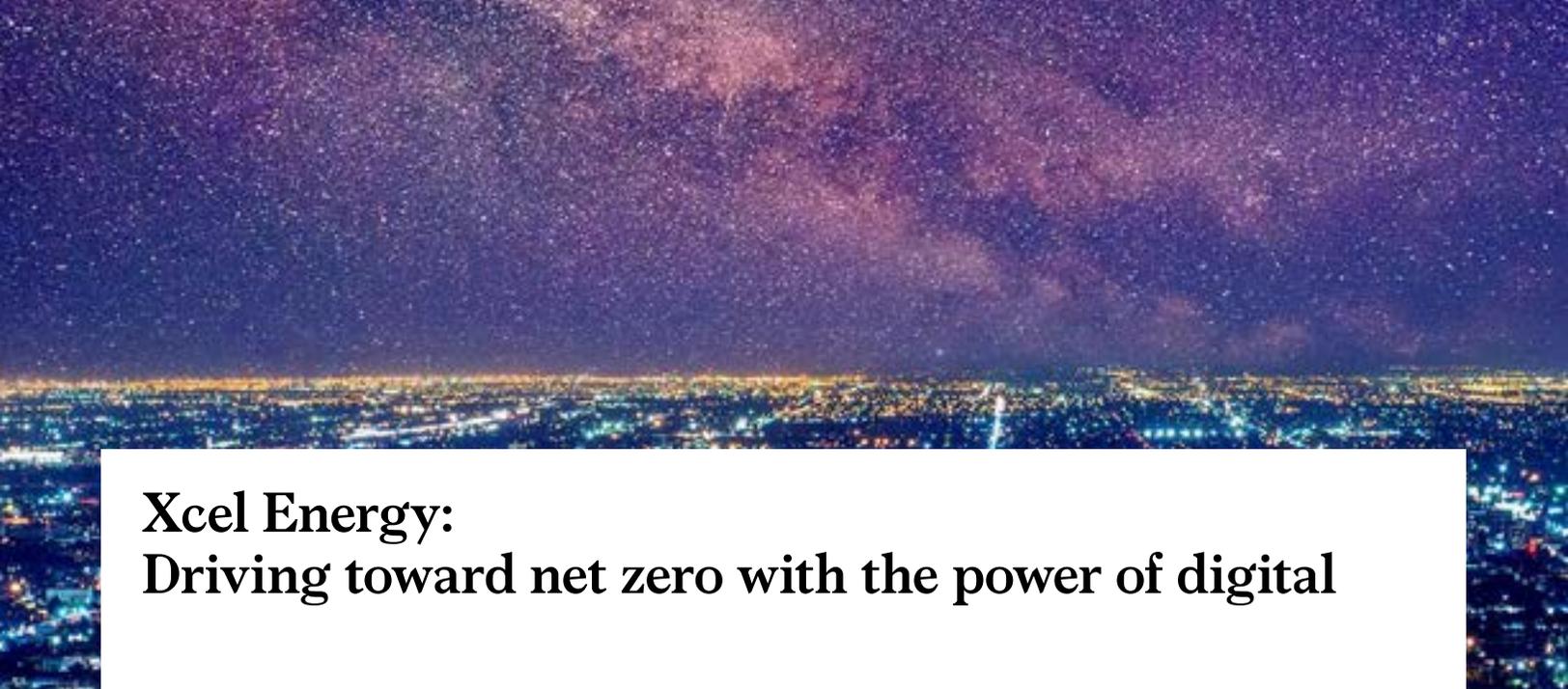
Xcel Energy: Driving toward net zero with the power of digital

Delivering a tech-enabled, sustainable future in a highly regulated environment

Imagine it's your first day on the job as chief technology officer (CTO) for one of the largest electric and natural gas utilities in North America, and suddenly, one of your core systems goes down, leading to a loss of revenue every hour when 5 million customers cannot pay their bills. This is what happened to Tim Peterson when he joined Xcel Energy in late 2019 as CTO. Upgrading the utility's technology offered a clear opportunity for more efficient and resilient operations.

Moreover, Xcel Energy had become the first major utility in the country to announce a goal of reaching net zero by 2050 and an 80 percent reduction below 2005 levels by 2030. In this ambitious endeavor, technology was considered a key ingredient to enable the energy transition in a highly regulated environment. Tim Peterson and Xcel Energy leaders looked to embrace the organization's purpose: responsibly reducing carbon emissions and producing and delivering clean energy solutions from a variety of renewable sources economically. With its technology-driven clean energy transition, Xcel Energy aimed to be the inspiration not only for utility companies but for heavy assets industries as well.

Combining technology and innovation to provide safe, clean, and reliable energy at an affordable price

Xcel Energy started by developing a path forward and aspirational vision and, then worked backward to define a set of technology investments. McKinsey brought technical expertise and deep experience with the nuclear power sector to help guide the transformation. The work centered on three clear goals: cost savings through AI and automation; operational excellence and safety; and more efficient regulatory compliance through transparency, accelerating to meet its baseload energy needs with zero carbon electricity.

Instead of starting small, Xcel Energy took a bold approach by beginning with one of its most complex and highly regulated domains, nuclear power. The utility initiated its transformation with a foundational safety process, the Nuclear Corrective Action, and discovered potential run rate improvements amounting to $15 million, which could be reinvested to accelerate carbon neutrality.

Xcel Energy also undertook a radical shift in its technology architecture by shifting from a system of "black boxes" that were built for specific tasks but hard to navigate and even harder to change, to a platform-centric approach with small, reusable capabilities. During the first year, it successfully established a secure cloud platform on AWS GovCloud with the support of Cloud by McKinsey engineers and architects. This new platform not only integrated pipelines with the existing system but also incorporated a data lake, which would serve as a valuable resource for future digital tools and processes embedded with AI.

To support the user-centric way of doing business, McKinsey helped Xcel Energy set up a Digital Operations Factory to deliver user-empowering tools and analytics quickly, harness cross-functional talent, and work in agile ways to solve the most pressing needs. Notably, multiple workflow automation, custom mobile applications, and advanced analytics solutions were developed to streamline intensive processes. This enabled Xcel Energy to progress on its goals for an advanced grid for clean energy and tools to support smart decisions for the use of renewable energy.

The impact

$200+ million

Expected impact on customer affordability over 10 years.

70,000

Hours of manual work reinvested in the first year.

45

Increase in end-user usability scores, from 37 ("Awful") to 82 ("Excellent") in the first year.

"

"We transformed data into valuable insights, enabling us to make informed decisions regarding safety. Additionally, we significantly improved efficiency by automating processes that were in place for decades. These breakthroughs set us apart as leaders and exemplify the continuous innovation required for exceptional performance in the utility sector."

- Tim O'Connor, Chief Operations Officer, Xcel Energy

"What really got us excited were the benefits around operational excellence and safety. Leveraging technology to speed up decision making for the plants, automate workflows, deploy digital tools at endpoints, and gather the right information really brought us a ton in terms of operational excellence and safety."

**- Tim Peterson, Chief Technology Officer, Xcel Energy**

"Our approach is centered around prioritizing the operator as our customer. We aim to develop systems and apply AI logic that aligns with their actual workflows, rather than imposing our assumptions. This effective partnership between business systems and operators is the ultimate goal we strive for. The key is to ensure that the implementation is driven by the end-users themselves, leading to optimal outcomes."

- Tim O'Connor, Chief Operations Officer, Xcel Energy

The transformation necessitated a combination of reskilling, hiring, and partnering to form a cross-functional team of over 200 people in under two years. To ensure consistent standards and focus on impact, Xcel Energy built a chapter-based model. This model brought together communities of practice centered around product management, experience design, software, and data science.

Xcel Energy's strategic approach of tackling the most challenging problems first and fostering innovation is proving successful. Within 9 months of launching the new cloud platform, the company expanded it to 3 additional business units. Xcel Energy continues to scale the platform to keep their plants cost competitive, advancing toward a zero-carbon baseload. As the years go by, Xcel Energy anticipates gaining widespread recognition as a pioneer in the utility industry, setting an example of how digital is a key ingredient in enabling the energy transition.

Lessons learned
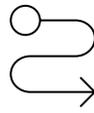
Strategic Roadmap

Start with strong BU sponsorship
The success of a digital transformation can hinge on the level of internal support. In the nuclear unit, where Xcel Energy started its transformation, it was critical to have the full commitment of the leaders at multiple levels toward the goals of the transformation.

Agile Operating Model

Make innovation a core part of the agile process
Xcel Energy created a Digital Operations Factory with cross-functional teams that work with businesses and users as they develop solutions. The teams leveraged Design Thinking to creatively innovate with users in fast iterative cycles.

Technology

Build a tech stack that's easy to use and easy to scale
Xcel Energy's existing tech platform lacked the utility it needed. The team built a new, simplified platform on top that was easy to use and scale to new parts of the organization.

Kiwibank: Building a better bank for the future of New Zealanders

The opportunity

Providing a better employee and customer experience with next-gen digital offerings

Kiwibank, the largest New Zealand-owned bank, was founded with a vision to provide New Zealanders with a relevant and credible alternative to offshore-owned banks, and with a strong purpose to make Kiwis (New Zealanders) better off. While Kiwibank ranked highest on customer consideration, the sheer pace of growth meant the business was outgrowing its technology quickly, making it difficult to provide innovative offers to serve customers who showed a preference for digital solutions and more simple experiences.

Kiwibank responded to this challenge with a bold vision for transformation and core banking replacement. It aspired to build a new, modern, and flexible tech stack that would help create more consistent, reliable, and simplified experiences for its people and customers. In turn, this would help it achieve its goal to become the first choice for customers and its offer to be simple, easy, accessible, and tailored. And it would do all this while unlocking growth and significantly improving efficiency.

The solution

Leapfrogging the competition with a blueprint for bold transformation

The first step was to ground the aspirations in a strategic roadmap. Kiwibank executives set about translating their vision into strategic objectives, drawing inspiration from other organizations globally that had successfully completed such transformations. As they considered the options, Kiwibank made a pivotal decision—to embark on an ambitious plan to improve and thin out its legacy tech to add value and improve customer and team experience, while simultaneously building a new tech stack to the side, leveraging modern, cloud-based capabilities including a new core banking platform. Doing both meant over half of the current platform is being remediated or replaced at once with a significant shift to a cloud-native tech stack.

Starting the "acceleration to side" enabled Kiwibank to learn fast and fail safely without undermining its banking operations, including the team and customer experience. Implementing new capabilities outside of its current stack gave Kiwibank the opportunity to become an early adopter of new cloud technology, learning and working with the software as the bank leapfrogs its way to a best-in-class technology stack. These new capabilities are now being used as the modern foundation to accelerate the replacement of its current stack through the coexistence and migration of workloads and customers over time.

Kiwibank's transformation is as much about evolving mindsets and expectations inside and outside the bank as it is about replacing legacy technology. Working with McKinsey, Chief Digital and Technology Officer Hamish Rumbold has built an in-house team of top-quality engineers, architects, data scientists, and product owners who are well versed in agile ways of working and now work in cross-functional squads partnering ("two in a box") with other key areas of the business. This has improved the bank's internal capabilities, speed, and quality of change.

The bank is now deep into its transformation. Several key foundational technological elements have been delivered that have driven better team and customer experiences, operational efficiency, and are now enabling much faster and safer change.

The impact

70%

Customer base now interacting with the Kiwibank app more than once a day.

6x

Improvement in downtime impacting customers, making Kiwibank a regional leader in availability of services.

7% annual growth

Annual growth in profit before taxes, achieved while investing heavily in the bank's digital transformation.

"

"To achieve success, it is essential to establish a recipe tailored to your culture and context. It requires embracing valuable principles while simultaneously considering the pace at which you can effectively operate and increase momentum within your organization."

– Steve Jurkovich, Chief Executive, Kiwibank

"Our aspiration was to not try to predict the future but instead create a flexible platform, experience layer and ways of working that enables us to quickly adapt to deliver on our purpose. Customers today are asking all of us 'to be where they are,' and seamlessly work with lots of channels. This makes the back services, APIs, and data a top priority to sort."

- Hamish Rumbold, Chief Digital and Technology Officer, Kiwibank

"Learning through action is the most effective approach. Momentum plays a crucial role in achieving success, especially when building and progressing rapidly. Conversely, stalling, overthinking, and excessive analysis in areas that inherently involve ambiguity can lead to wasted time, lost momentum, and diminished organizational confidence"

– Steve Jurkovich, Chief Executive, Kiwibank

As it confronted difficult decisions, the bank has been deliberate about trade-offs such as co-existence risk, time to value, and migration risk. There are still challenges to address, but with a new mindset, the right team, and new tech, Kiwibank has the strength and confidence to finish the job.

Lessons learned

Strategic Roadmap

Align decisions and trade-offs to strategy
Kiwibank faced a number of difficult choices along its journey, however, the executive leadership team was committed to the goals and worked to build their own digital IQ. Identification of the unknowns early enables organizations to assess tradeoffs against the strategic rationale, helping to provide clarity and enable alignment among executives and the board.

Agile Operating Model

Talent and culture are critical
Kiwibank needed specific capabilities and worked hard at recruiting and upskilling top banking and digital talent. The investment in the breadth and depth of its talent and developing mindsets was crucial in building the new platform and new solutions. Just as important was the shift toward new ways of working in cross-functional teams.

Talent

Don't let perfect be the enemy of good
Waiting too long to make decisions hampers solution deployment, organizational learning, and value delivery. Kiwibank's approach of deploying solutions rapidly, improving them iteratively, and being guided by a clear from-and-to target state, OKRs, and an integrated plan has proven effective in addressing these challenges.

Adoption and Scaling

Start on the side to go fast
Piloting on the side has enabled Kiwibank to speed up learning while minimizing risks. The approach accelerated the delivery of tech foundations, system integration, and the proof of coexistence and customer migration to scale in the next phase. It also prevented distractions from business-as-usual activities and preserved focus.

BCP: Taking banking to new heights on a digital rocketship

Achieving excellence in customer experience and efficiency

Peru's largest bank, Banco de Crédito del Perú (BCP) has been a leader in traditional banking. In an era of rapid change, its executive team saw an opportunity to create distinctive experiences for banking customers through digital. The aspiration was to become the best bank in Peru, which pushed BCP to set twin goals: to dramatically rethink and improve the customer experience on the one hand, and on the other, to make its operations more efficient. Digital transformation was not a goal—but it turned out to be the best means for BCP to achieve its aim.

> **"It is very difficult to make a case for change when business results are good… we need to continue to be good for a hundred more years and understanding the culture at our organization is really important to make a good case for change"**
>
> – Francesca Raffo, Chief Transformation Officer and Deputy CEO, BCP

The solution

Maintaining an unwavering focus to build capabilities and transform the culture

Leaders at BCP speak of its goal for digital transformation as going to "Planet ExEf" (for experience and efficiency) with new capabilities (digital journeys, data & analytics, cyber risk, etc.) as the enabling engines. BCP brought in McKinsey to help map out and implement a digital transformation using new techniques and approaches, technology modernization, data and advanced analytics, and digital tools that are changing the way people work throughout the bank and the way customers interact with BCP.

From the beginning, BCP's focus on its twin goals of experience and efficiency never wavered. McKinsey helped BCP identify six priority "plays" to focus on: digital onboarding, digital payments, analytics to drive insights, and overall customer experience, from queries and complaints to credit evaluations for small business clients. Throughout this journey, BCP continually raised the bar on its aspirations.

As it began to digitize journeys, BCP saw that new capabilities alone were not enough; it needed to reengineer its culture. BCP created the concept of *Samay*, a Quechua word for soul, which refers to the new culture leaders hoped to create. Today, some 4,000 employees—almost everyone outside of the sales force—works in agile teams, making BCP feel more like a start-up than a bank with more than a century of history.

BCP's transformation has helped it see market opportunities and customers in new ways. For example, as an emerging economy, Peru has a big portion of its population that is unbanked and operating in a cash-only economy. With McKinsey support including designers, architects and strategy consultants, BCP built and launched **Yape**, a digital-payment mobile app, to improve financial inclusion. More than 11 million users have downloaded the app to date and more than two million have opened their first bank accounts on the app. Today, Yape is the third most-used app in Peru, behind only WhatsApp and Facebook, and BCP has plans to turn it into a super app by expanding it to other daily activities.

The Impact

26%
year-over-year growth in mobile banking usage in 2022 with 5.6M sole clients, representing 32% of all transactions.

60%
of customers doing digital banking (up from 23% before the transformation).

22
points improvement in customer satisfaction across BCP (34 in 2021 to 56 in 2022) with the aim to cross 60 by 2025.

60%
of Peru's adult population are Yape users.

Lessons learned

Strategic Roadmap

Maintain a firm focus on the vision and the "why"
BCP created the vision around the "rocket to Planet ExEf," (experience and efficiency), a vivid illustration of their goals and enablers. This analogy was easily understood and made the vision real throughout the organization. The ability to constantly review and adapt the plan was also critical to ensure the transformation stays on the right path.

Agile Operating Model

Make the change stick through leadership and culture
To generate traction and spread the culture change, BCP was utterly disciplined in its implementation. To make sure there was no backsliding, BCP put in place a dedicated leadership team focused solely on the transformation, ensured C-suite buy-in on the changes, and set up new reporting structure.

Talent

Upskilling current talent is equally important as bringing new talent
BCP learned that it needs to not only bring new tech talent for growth but also upskill its current talent on new ways of working and latest technologies to deliver product and services faster in line with the technology vision.

Technology

Don't forget about cybersecurity
BCP underestimated the cybersecurity capabilities it needed when it started its transformation journey. As it absorbed the magnitude of the risks, BCP shifted its focus to develop cyber risk capabilities and mitigate new risks in the digital age.

"McKinsey was strong in its adaptability and commitment to success with BCP. If we needed to change teams, in terms of more digital capabilities, more design capabilities or more architectural capabilities, the flexibility and adaptability from McKinsey was very helpful and a key success factor in long term transformation programs"

- Francesca Raffo, Chief Transformation Officer and Deputy CEO, BCP

"Our story had ups and downs. I think that was part of leadership resilience, focus and conviction for doing things well. There was a strong case for what we were building and that has allowed our success."

– Raimundo Morales, CEO, Yape

DBS:
Transforming a banking leader into a technology leader

The opportunity

Instilling a start-up mindset

In a rapidly changing digital landscape, Singapore-based DBS Bank recognized the need to cater to a new generation of tech-savvy customers by transforming into a digitally-driven bank. DBS CEO Piyush Gupta set a simple yet powerful challenge: act more like a technology start-up, and less like a bank. To achieve this, the top management sought inspiration not from other banks but from tech giants. DBS technology leaders had the aspiration to shape the digital future for the bank based on learnings from leading tech companies. This culminated in a clear vision: "Make banking joyful." The focus was on delighting customers by making banking effortless and becoming "invisible" in the process.

> "We leveraged digital technologies to be more relevant to our customers and also to be more convenient, simple, and safe for our staff. We've been on this journey for a number of years and have developed an effective and broad-based set of digital capabilities"

- Piyush Gupta, Chief Executive Officer, DBS

The solution

Building a best-in-class technology organization that delivers banking services

To embody the vision of becoming a technology leader, the DBS team adopted the mnemonic GANDALF, representing the giants of the tech industry: "G" for Google, "A" for Amazon, "N" for Netflix, "A" for Apple, "L" for LinkedIn, and "F" for Facebook. The central "D" symbolizes DBS aspiration to join the league of iconic technology companies. Drawing inspiration from The Lord of the Rings character of the same name, GANDALF became the powerful rallying cry for their ambitious digital transformation journey. Throughout these efforts, DBS kept the focus firmly on the customer.

To scale up capabilities, McKinsey aided DBS in building its new operating model around platforms. DBS created 33 platforms aligned to business segments and products. Each platform had a "2-in-a-box" leadership model, which meant each one was jointly led by one leader from the business and one from IT.

Keeping solutions centered around customers, DBS introduced a program called Managing Through Journeys. It scaled to include over 60 impactful customer journeys, each led by a senior leader, addressing major pain points like account opening and ATM waiting times. Simultaneously, DBS scaled up cloud migration, invested in automation, and developed microservices to support modular architecture, allowing components to be swapped out upon aging.

Partnering with McKinsey, DBS transformed its data-driven operating model, aiming to leverage data for innovative outcomes and widespread AI adoption. With McKinsey AI experts' support, they established a program that reduced end-to-end AI deployment time from 18 months to less than 5 months. The goal is to reduce that even more, to just a few weeks, which the bank considers essential to fully scaling AI. Today, there is an industrialized platform that enables AI deployment called *ALAN*, which is instrumental to achieving this accelerated deployment.

DBS' ability to achieve all of this was made possible through fundamental shifts in its culture, operational and technical expertise, and a transformative operating model. To recruit and retain digital talent, they adopted innovative

The impact

Best

Digital bank in the world and best bank in the world for over 5 years by Global Finance.

50%

Reduction in the cost/income ratio of serving digital customers compared to traditional ones.

39%

ROE of digital customers, 15 percentage points higher than traditional customers.

S$150 million

Additional revenue generated by AI initiatives (in addition to S$25 million savings in loss prevention).

#4

On total stakeholder returns and 8th globally on ROE by Bloomberg

"Digital transformation has been instrumental in driving growth, delivering significant financial outcomes across all business segments and markets. By transforming rigid systems into nimble technology stacks, we have gained a sustainable advantage, enabling us to scale with agility."

- Jimmy Ng, Chief Information Officer and Group Head of Technology & Operations, DBS

"We need an innovation culture, which doesn't create itself. You must deliberately drive that and put in the processes and frameworks to encourage innovation, risk taking, and entrepreneurship—it's about knowing it's OK to try and fail."

- Piyush Gupta, CEO, DBS

"Changing the company's mindset and building an entire architecture of responsible usage of data is not easy. We are focused on enabling employees to think of data first and empowering them with the capabilities and tools to effectively use data and analytics while making decisions."

- Sameer Gupta, Group Chief Analytics Officer, DBS

strategies like hackathons and established three technology hubs to foster collaboration. DBS used AI to predict potential employee exits, enabling timely HR intervention. Moreover, they invested in institutional learning through Digify, a module-based learning pathway to train employees in concepts such as agile, big data, and journey thinking, and launched DBS Academy to train technologists in a DBS-specific curriculum. Making the transformation successful required a significant shift in leadership mindsets and behaviors. With support from McKinsey, DBS scaled T-Sprints (Transformation Sprints) to build top team alignment and new leadership skills across both the top of the house as well as different business, support, platform, and geographic units within the bank.

The bank put in place systems to measure outcomes from the digital transformation. The digital value capture framework was co-developed with McKinsey to quantify benefits of acquiring, transacting, and engaging with digital customers. This allowed them to become one of the first banks in the world to showcase powerfully to investors the higher revenue, lower cost to serve, and higher ROE from serving digital customers over traditional customers.The underlying methodology also allowed the bank to bake initiatives needed to drive value creation through digitization into the scorecards and performance management framework of the bank. This has translated into consistent shareholder gains, especially as innovation and data-driven transformation further accelerate both the growth trajectory and profitability (ROE) of the franchise.

Making GANDALF a reality at DBS has taken more than the wave of a magic wand. It required hard work, addressing culture changes, and consistent engagement at all levels, but it has transformed a top-tier bank into a top-tier tech company.

Lessons learned

Attract and retain tech talent like a successful tech start-up
Talent
DBS considered its talent practices from the employee's perspective. It changed the way it recruited to be more tech-friendly, built tech hubs with collaborative workspaces, and a digital culture that enables tech workers to practice their craft on cutting-edge technology.

Eliminate historical silos between functions to build cross-functional agile teams
Agile Operating Model
As DBS looked to scale its capabilities and solutions, it defined an operating model built around platforms, a variation on a products and platforms operating model, which DBS adapted to its own context.

Fully leverage the power of Data and AI
Data
DBS's emphasis on embedding AI has ensured that digital touches every part of the bank. It utilizes AI to deliver 45 million hyper-personalized nudges to customers across the region every month. Additionally, AI and analytics facilitated end-to-end money laundering surveillance and supported HR in employee retention.

Standardize and package assets to enable modularity
Technology
The commitment to scaling led DBS to standardize and package assets to make them easy to use. That focus was central to its ability to "industrialize AI" and develop common features that could be used for other analytics development.

Freeport-McMoRan: Unlocking new mining production through AI transformation

The opportunity

Maintaining growth and production despite rising costs

Freeport-McMoRan, one of the world's leading mining companies, faced a dilemma. To maintain growth in its Americas copper operations it needed to increase production. But with a portfolio of mature mines and aging technology, it was looking at significant cash outlays and lengthy permitting to open new mines. The alternative was to increase copper production from the mines it had. Freeport believed the answer lay in improving operations with advanced analytics, but it lacked the technology skills and capabilities to design and deploy AI at scale.

> "One of the key things that McKinsey brought to the table was developing the model with the users in the room, so that they're building ownership and conviction right from the very get-go. This helped with the acceptance and the adoption, creating co-ownership across the team."

- Cory Stevens, President, Mining Services

The solution

Bringing next level operations to mining with data and AI

Data engineers, metallurgists, and mining engineers from Freeport collaborated with McKinsey's data scientists and experts to improve operations at a single aging mine in Bagdad, Arizona. The goal was to create a digital solution that could improve every aspect of operations, prove its value, and be easily scalable to all Freeport's mines. This was the start of agile and analytics journey for Freeport.

McKinsey helped Freeport create a digital roadmap using AI, advanced analytics, and agile work methods to increase productivity at every step of Freeport's processes. The new approach favored minimum viable products that could be continuously improved, rather than the traditional goal of "perfecting" a solution before it was deployed. To entrench this capability, McKinsey brought in agile coaches to train teams to operate faster and better.

Freeport had a big leg up for its AI transformation because it had built a central cloud-based data architecture. A key component was a data warehouse to store the data collected from sensors installed on the company's trucks, shovel, and stationary machines, allowing Freeport to capture second-by-second performance readings. It used that data to train an AI model custom-designed and built by McKinsey to find operational improvements that could increase output at lower cost. Instead of running the plant at a single setting all day, Freeport could now adjust settings every hour to maximize production from a given type of ore, quickly boosting production by 5-10%. The amount of additional copper production Freeport is projected to unlock over five years is equivalent to one new processing facility without the eight to ten year wait to bring a new facility online. Once the AI models were built in a modular way, Freeport was able to easily adapt and scale throughout its mines in the Americas.

The impact

200 million

Increase in pounds of annual copper production across mines.

$350-500M

EBITDA improvement by scaling AI.

$1.5-2B

The cost of a new processing facility that could be avoided.

Lessons learned

Strategic Roadmap

Drive the transformation from the top

Leaders at Freeport played a crucial role in cultivating a culture of experimentation and an openness to change. They encouraged teams to take bold leaps when creating innovative solutions, paving the way for new ideas and new approaches to problem solving.

Talent

Harness your talent's full potential through cross-functional collaboration

Through adoption of an agile mindset with cross-functional teams, Freeport transformed its operating model. This shift allowed it to tap into more of its talent and encouraged individuals to approach problem-solving in new ways and fostered collaboration throughout the organization.

Technology

Design for scalability

Freeport was able to scale faster with modularized tools and a common platform. Sixty percent of the core code could be easily reused. While the rest had to be customized for each site, the centralized code base simplified the process, enabling faster adoption.

"Modern mining is a complex and technical undertaking. Technologies such as cloud, centralized data warehouse, wireless mesh networks, and IoT sensing allowed us to bring the data closer to the field and learn from past experiences"

– Bertrand Odinet, Chief Information Officer and Chief Innovation Officer

"We put in the recommended AI engine and saw 10% improvement in production. And we thought if we do the implementation at all seven of our sites right, it's almost like having a brand-new plant without having to go through permitting processes and disturbing a new area. It's in the billions of dollars that we're offsetting by going through the transformation."
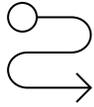
– Cory Stevens, President, Mining Services

"We learned things we'd have never predicted. The project taught us to be more receptive to what the data was telling us. And it gave us the confidence to try more complicated analyses."

– Bertrand Odinet, Chief Information Officer and Chief Innovation Officer

Recap of the transformation recipe and lessons learned

Developing a business-led digital roadmap

Investing the necessary time up front to align the C-Suite around a business-led roadmap pays significant dividends down the road in terms of clarity and unified action.

- **Kiwibank's** executive leadership team took the time to connect with other companies around the globe that had gone through successful transformations. They used those lessons to build their own digital IQ and to enable alignment among executives and the board.

- At **Freeport-McMoRan**, leadership had a clear roadmap to pilot in one site then scale throughout its mines in the Americas. Getting the "bite" size right in the beginning allowed them to move quickly and create a lighthouse for the rest of the organization. Upfront alignment to the broader roadmap and business case then allowed them to scale quickly.

Talent

Building a digital talent bench

A digital and AI transformation is really a people transformation. Successful companies have made sure that they bring the key digital and AI roles in-house, and revamp the business' value proposition and sourcing process to attract top people.

- **Kiwibank** built an in-house team of top-quality engineers, architects, data scientists, and product owners who are dedicated to cross-functional agile squads, partnering with business leaders to own the solution and value capture for specific business opportunities.

- **DBS** considered its talent practices from the employee's perspective. It changed the way it recruited to be more tech-friendly, built tech hubs with collaborative workspaces, and consistent opportunities for tech talent to practice their craft on cutting-edge technology.

Agile Operating Model

Implementing an operating model that fosters agility

Transformational value comes from scaling solutions. That requires an operating model that can support hundreds of cross-functional agile teams that can consistently deliver high-quality solutions. Scaling requires empowering these "units of change" and addressing the organizational, process, policy and incentive issues to remove the barriers to change and speed.

- **Xcel Energy** established a digital operations factory, a separate unit of cross-functional agile teams that has built a reputation for delivering user-centric tools and analytics quickly.

- **Allianz Direct** created an operating model with cross-functional agile squads working in biweekly sprints. New products were tested and implemented immediately whenever practical. This model fostered cross-market collaboration and has delivered more than 40,000 deployments per year.

Building a distributed technology environment

A productive technology environment enables hundreds, if not thousands, of digital teams to constantly develop, release and iterate digital innovations. This requires a distributed environment where every team can access the software development tools, data, and applications they need.

- **Xcel Energy** shifted from a system of "black boxes" that were built for specific tasks to a platform-centric approach with small, reusable capabilities. The new cloud-based platform not only integrated pipelines with the existing system but also incorporated a data lake, which served as a valuable resource for additional digital tools and processes embedded with AI.

- **Freeport-McMoRan** created modular solutions where 60% of the core code could be reused across each subsequent mine site to enabled faster and more efficient scaling and adoption.

Data

Making data easy to consume

Unless data is thoughtfully organized for easy consumption and is of high quality, data engineers spend significant time repeatedly wrangling data sets for each use case. In contrast, leaders treat data as a core competitive advantage, and engineer high-quality data products that can be used for multiple use cases.

- **DBS** launched a comprehensive set of data initiatives, including modernizing data governance, introducing a new data platform, and driving cultural change across the organization. This enabled DBS to adopt AI more easily, to radically change the way they serve their customers.

- **Allianz Direct** committed to instilling a data-driven decision-making culture, so it created easy-to-use dashboards and data-enabled performance management systems along the full value chain.

Adoption and Scaling

Realizing the full impact by solving adoption and scaling challenges

A focus on future adoption and scaling should happen as part of the initial ideation, not an afterthought. Leaders ensure adoption by using design thinking to define user journeys and involving users from the start. Scale comes from productizing assets for easy reuse across the business, measuring and managing progress, mitigating risks early in the process, communicating often to instill a digital culture, and delivering effective training to build skills.

- **BCP** used the analogy "rocket to Planet ExEf" (experience and efficiency) and the concept of "Samay," a Quechua word for soul, to rally the whole organization behind the transformation and adopt a new mindset. The ability to constantly review and adapt the plan was also critical to ensuring the transformation stayed on the right path.

- **DBS** was able to scale by investing in an institutional learning program and committing to standardizing and packaging any assets. The formal initiatives were also complemented with more informal efforts to build a digital culture, such as re-designing workspaces to encourage collaboration and innovation, to frequent peer reviews and storytelling around success and learnings.

Rewired: The McKinsey guide to outcompeting in the age of digital and AI

More details and order here: mck.co/rewired
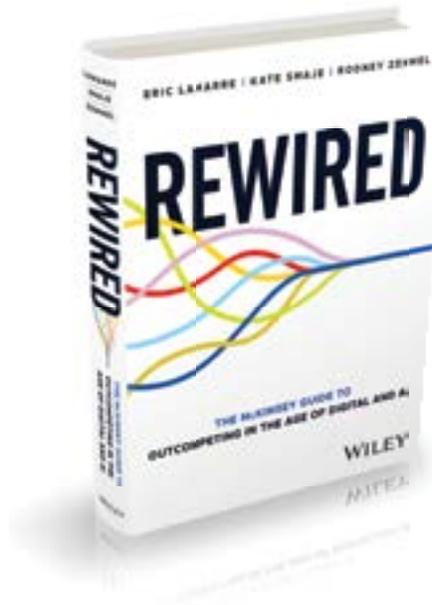
About the book

Most companies have started a digital and AI transformation, but very few have done the fundamental organizational REWIRING needed to build the capabilities to drive continuous innovation across the enterprise. After analyzing the results of 200 large-scale digital and AI transformations, McKinsey has found that long-term success comes when the C-suite fundamentally changes their talent, operating model, technology and data capabilities.

Rewired translates the hard-won lessons McKinsey has learned helping companies deliver successful digital and AI transformations into a detailed how-to manual. This playbook, which McKinsey has been developing and using with clients for the past six years, lays out exactly what it takes to build the capabilities to continually create great customer experiences, lower costs, and build value. *Rewired* is the manual business and technology leaders need for the journey.

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