



Why your Business Needs Digital Transformation

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

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Agenda

The Consumer – why should you care

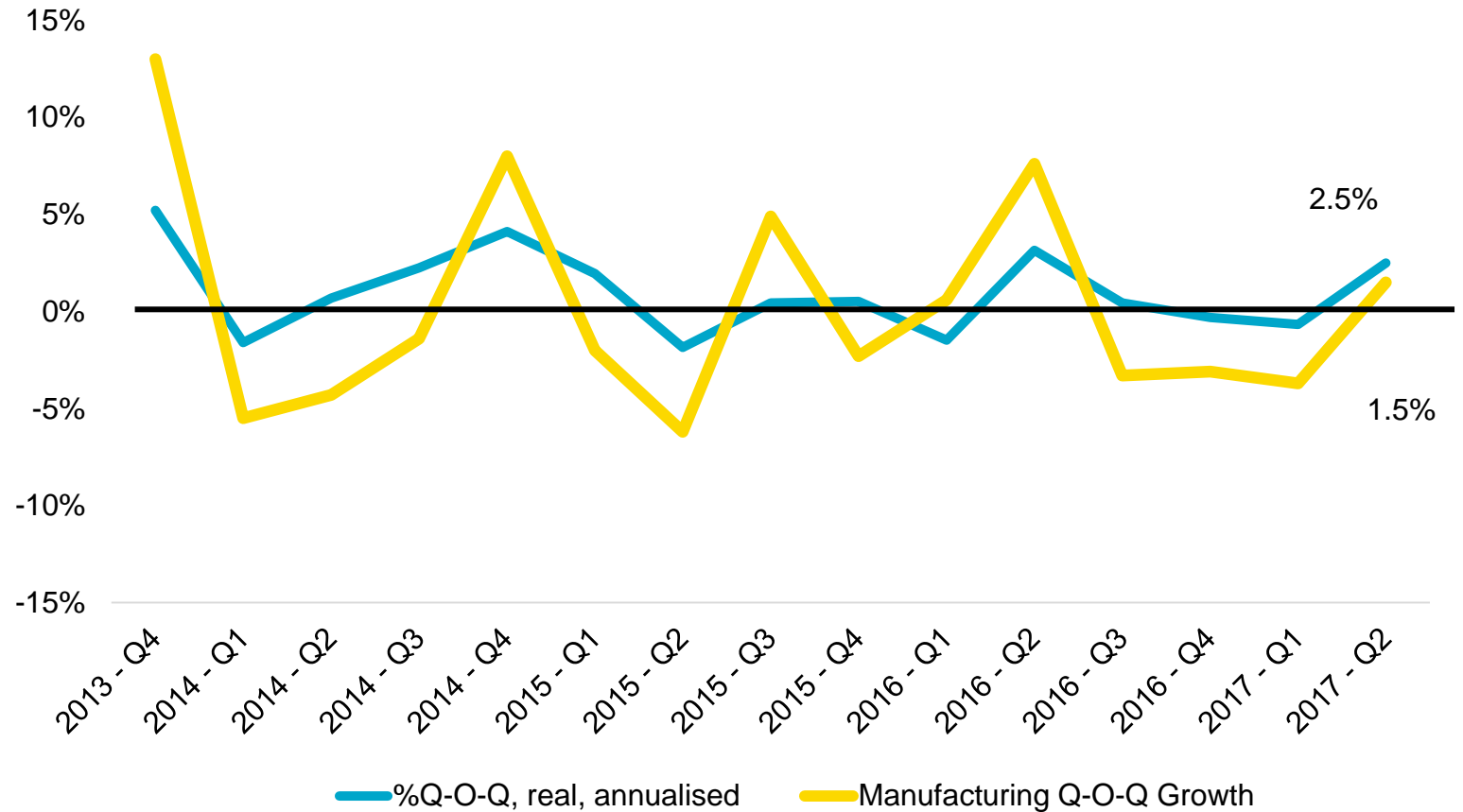
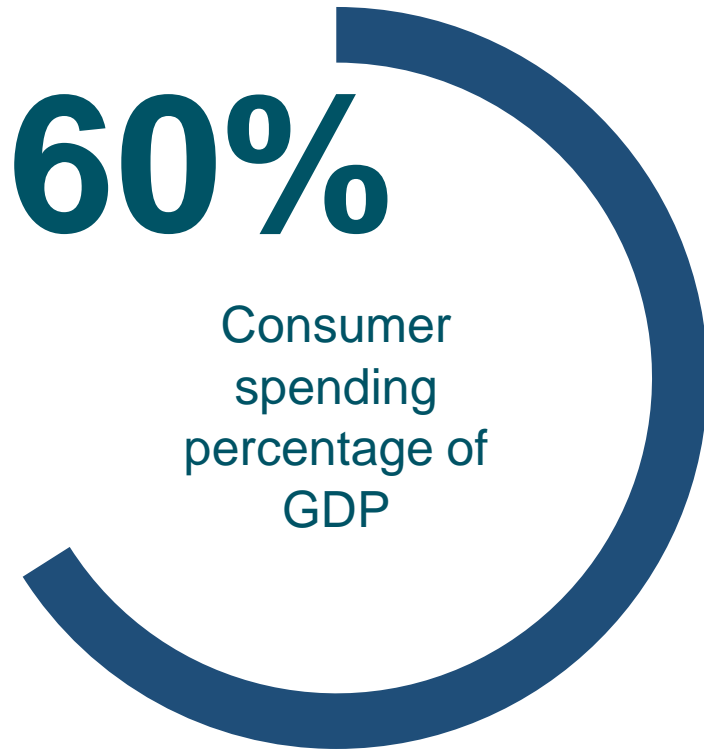
The need for digital transformation

4th Industrial Revolution

Where to from here?

GDP growth although picked up in Q2 is still under pressure – manufacturing growth remains low

Growth in GDP Q-O-Q

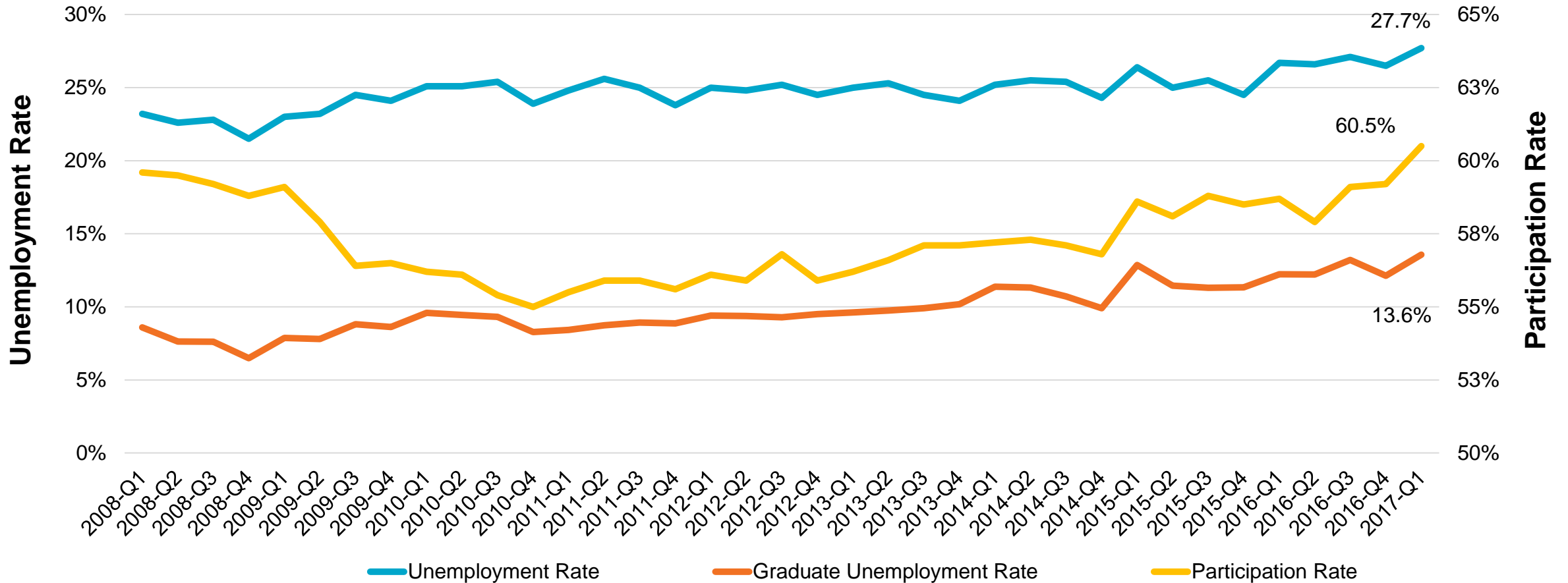


Source: StatsSA

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

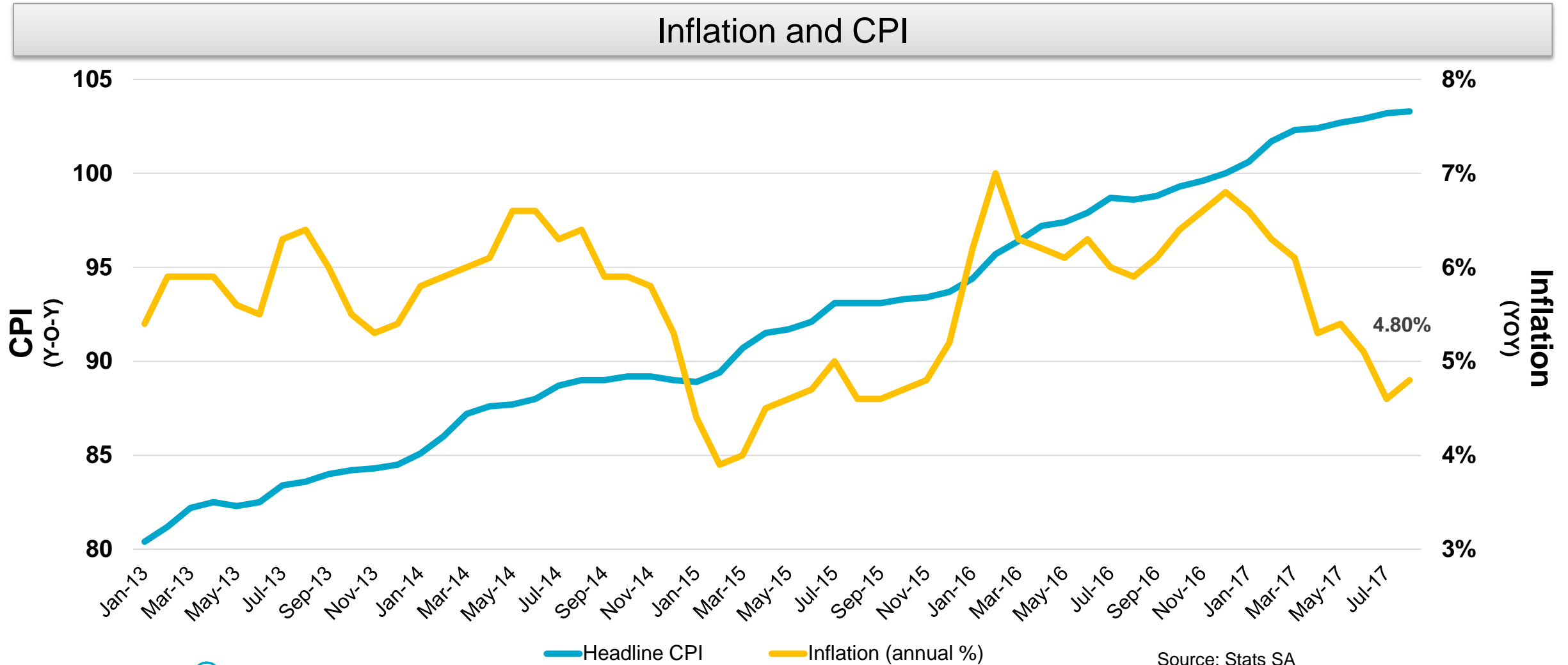


Unemployment Rate



Source: Stats SA

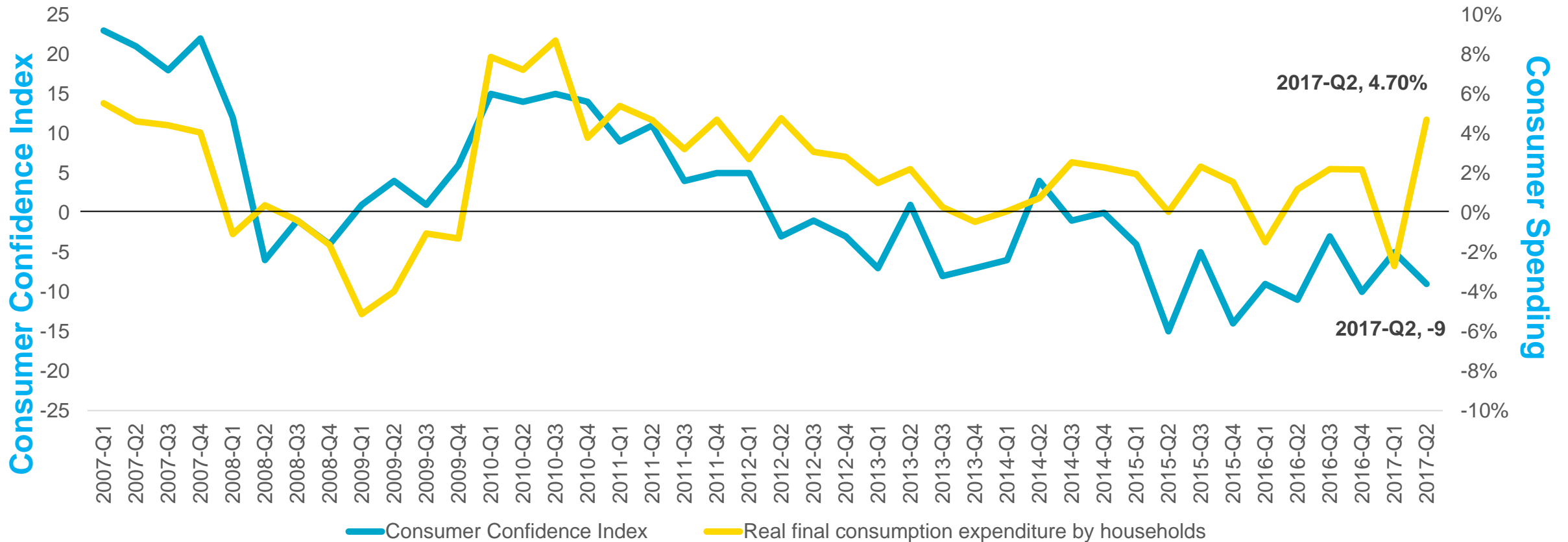
Low CPI is a welcome relief for consumers who have felt pressure on basic items



Consumer spending and confidence remain subdued as consumers struggle with inflationary pressure



Consumer Confidence Index¹ & Consumer Spending²



¹ FNB/BER Consumer Confidence Index

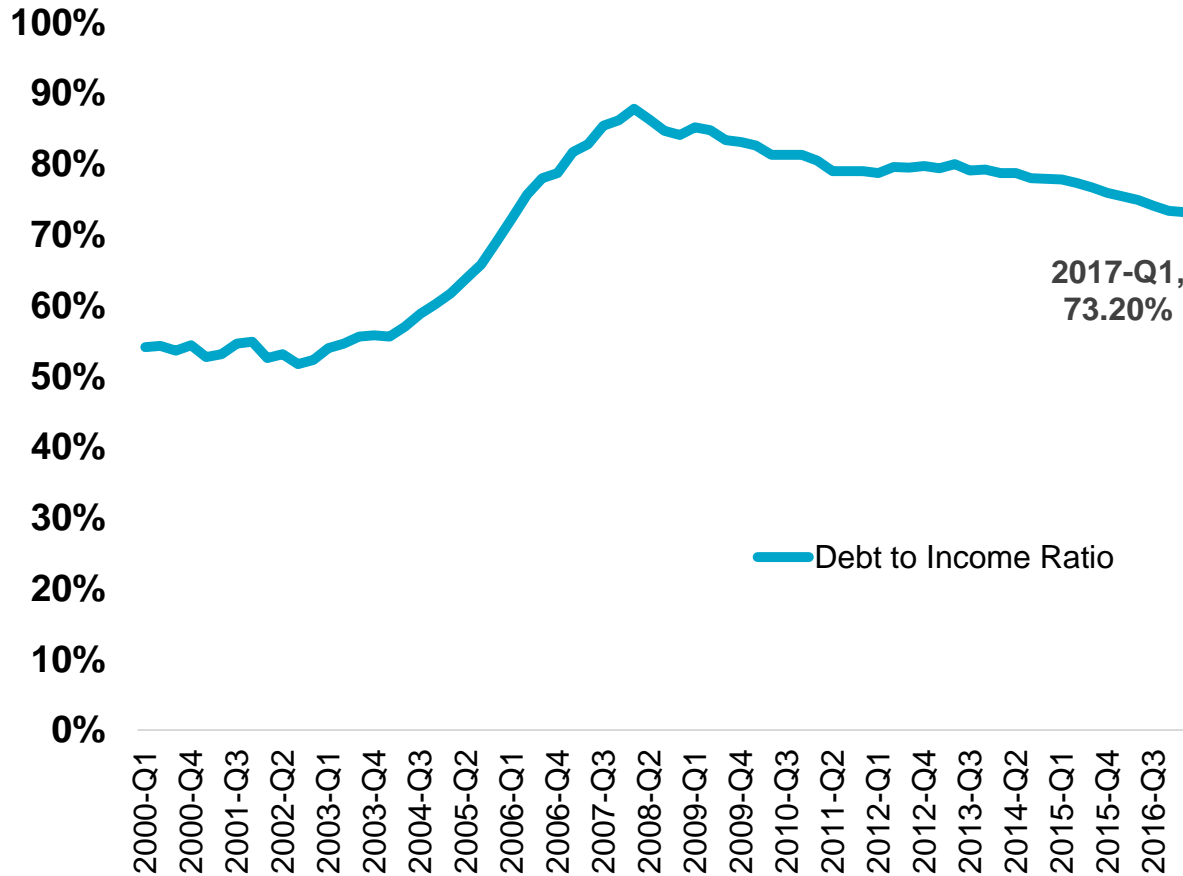
² Real final consumption expenditure by households - Quarter-on-quarter percentage change at seasonally adjusted annualised rates

Source: Bureau for Economic Research; SARB

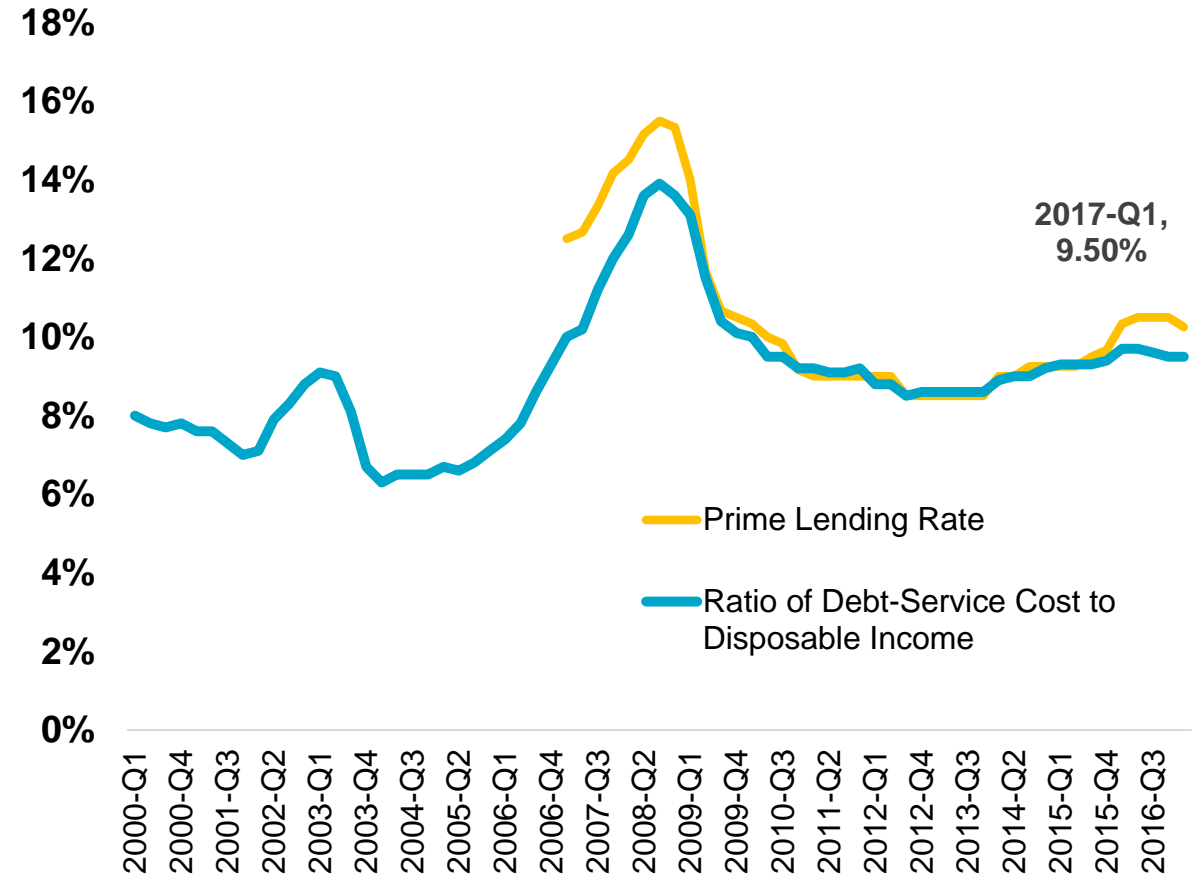
Decrease in consumer debt ratio is most likely due to the slow down in consumer spending



Household Debt to Income Ratio*



Household Debt-Service Cost Ratio*



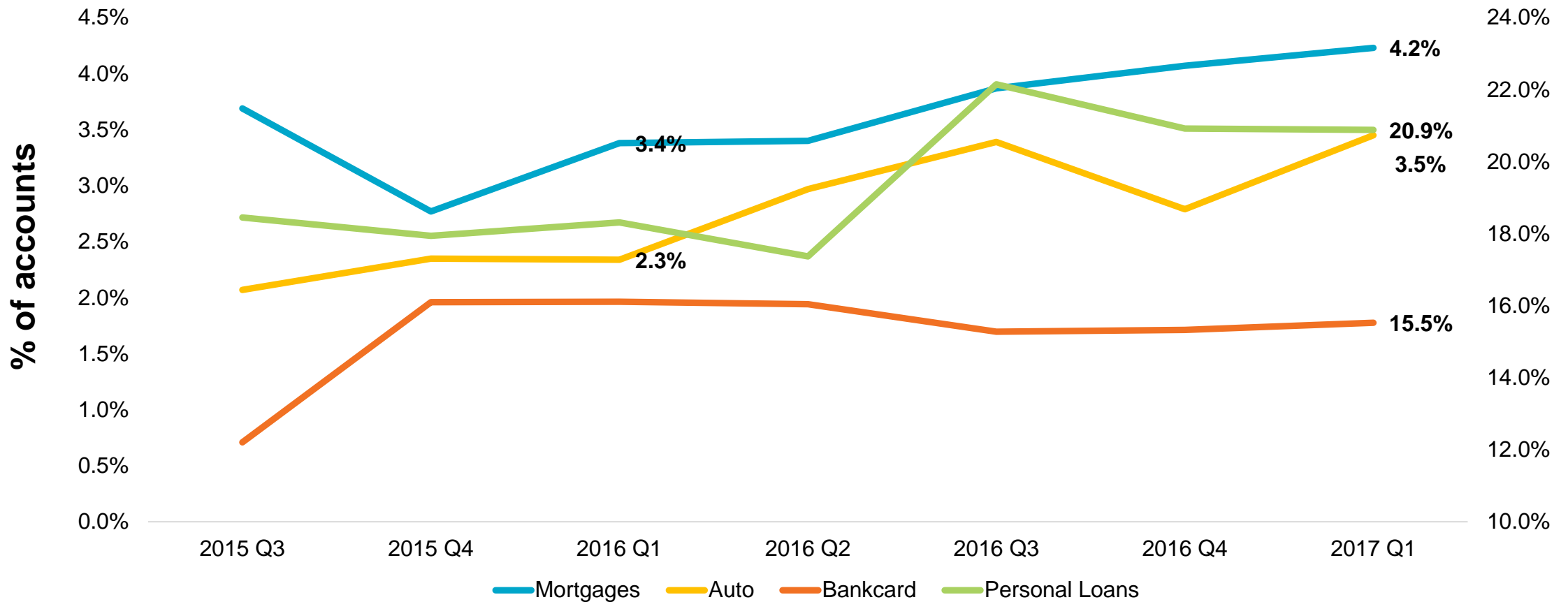
*Seasonally Adjusted

Source: SARB



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

Secured account level delinquency (3+ MIA)



Source: TransUnion consumer credit database

A change in strategy and thinking...



**Tough
Economic
Environment**



**High
Commoditization
and Competition**



**Increasing Input
Costs**



**Evolving
Consumer Needs**



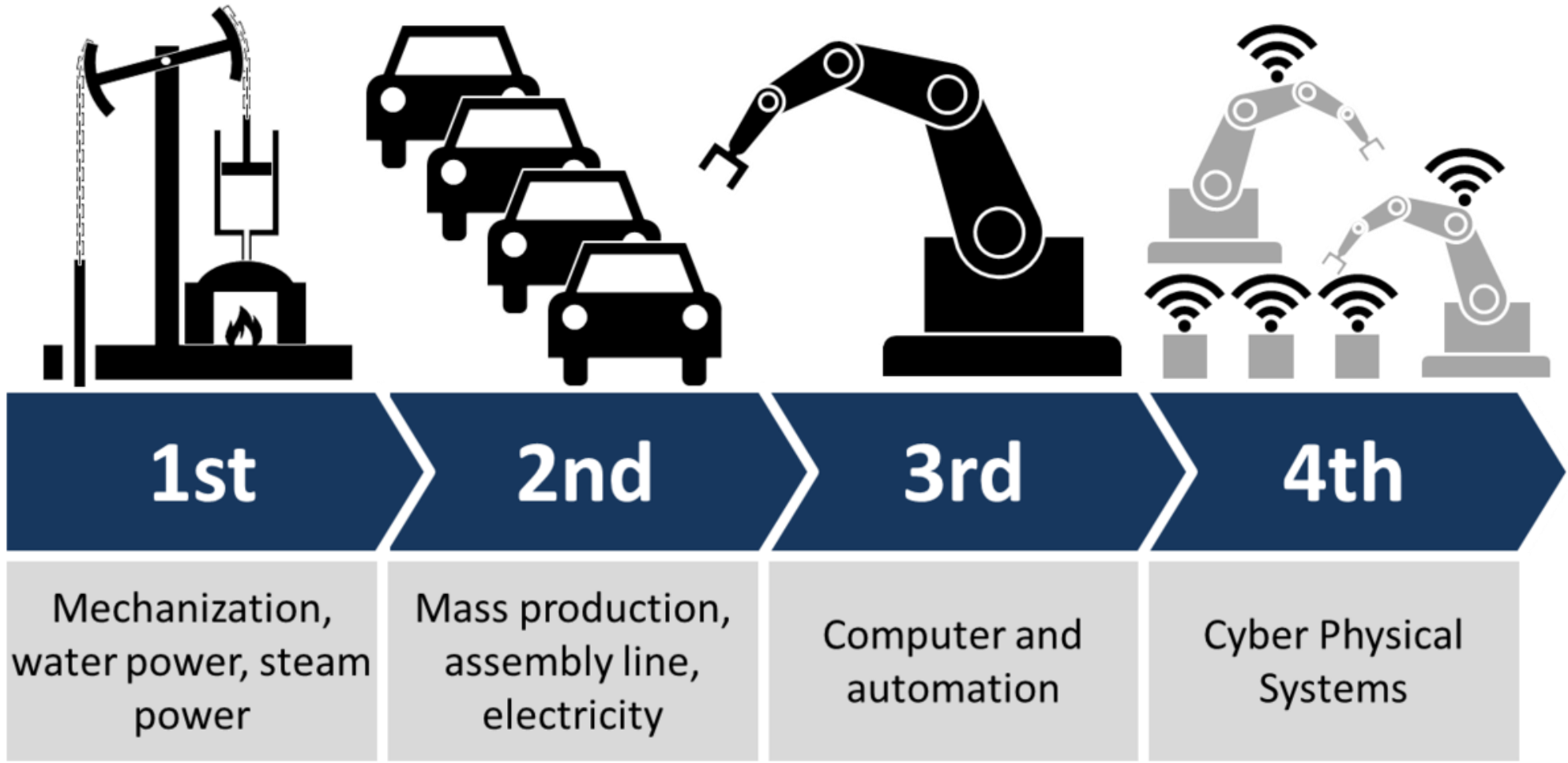
What if you could sustain profitable revenue growth?



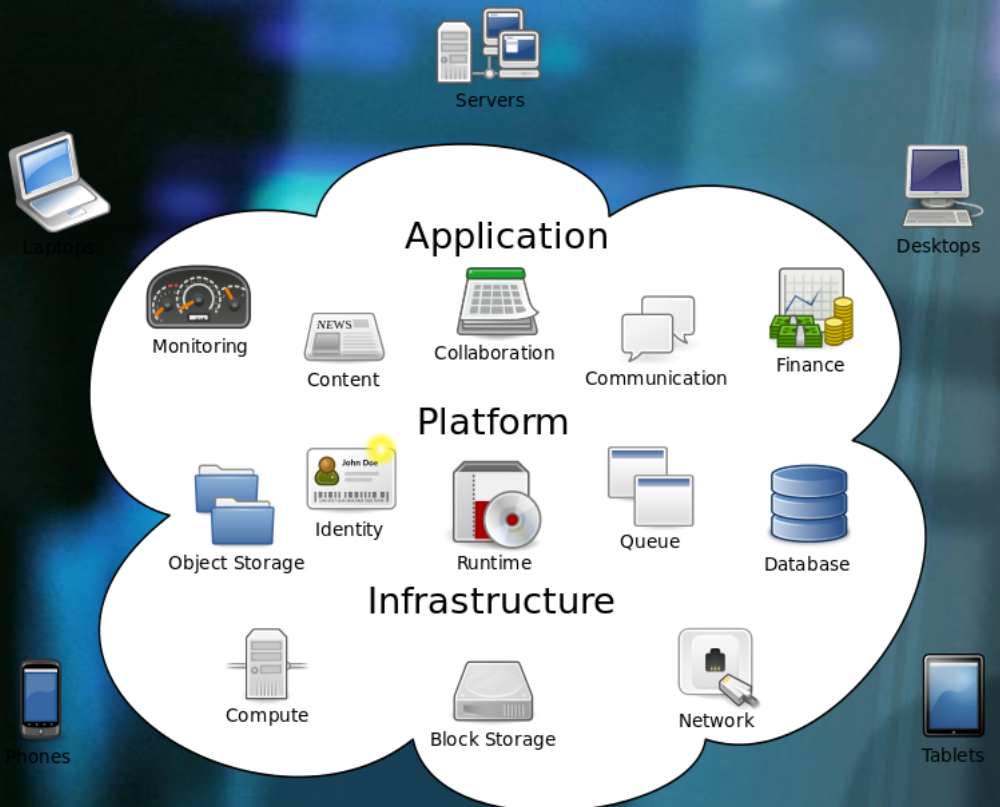
You need to stand out in the crowd



4th Industrial Revolution



Creating Ties throughout the Value Chain



Cloud computing

Stop thinking big data, start thinking smart data



Benefits and Challenges



Reduced Costs



Improved productivity



Inventory optimisation



Improved product quality



Improved customer service



Capital outlay



IT security



Job losses



Lack of expertise in organisation

Case Study



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



What should you be thinking about?

- 1. How will digital disrupt my industry in the next five to ten years, and what new ecosystems will emerge?*
- 2. Where is the value for my company, and how can we maximize it?*
- 3. How close is the revolution to our factory doors, and where should I make investments in infrastructure, cybersecurity, and partnerships?*
- 4. What new capabilities, skills, and mind-sets will we need in our organization? How will we identify, recruit, and retain the right new talent?*
- 5. What should we pilot now to start capturing this value?*



#1 – Remember that's it not just about the data...



#2 – Start small and show value quickly

The background of the slide is a sunset with a bright sun low on the horizon, creating a warm orange and yellow glow. In the foreground, the silhouettes of two people are shown from the back, each holding a large puzzle piece. The puzzle pieces are arranged in a way that they appear to be part of a larger, incomplete shape. The sun is positioned between two of the puzzle pieces, creating a bright light effect.

#3 – Stop trying to do it by yourself



**What value will you deliver
next?**

Thank you

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wdent@transunion.com