MAKING THE CASE FOR DIGITAL TRANSFORMATION

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How do you make a decision to cut spend but sustain efficiency and deliver desired outcomes?

Not all spend is equal. As a CIO and digital leader, you should be thinking about how the business can spend differently to achieve the best outcome for the level of investment you are willing to make. It is critical that you can operate first and foremost as an equal leader in the business. Your stock in trade may be technology, but you must engage in understanding the business problems and opportunities first before identifying how to invest or re-purpose investment to achieve the strategic goals of the organisation.

For me, the first step is always to help the business understand what it's doing. The majority of businesses don't adequately understand their business architecture and hence don't quantifiably understand if they are employing human capital and funds to the best effect. Business leaders are often wary of enterprise architecture, viewing it as an ivory tower.

Furthermore, if you're a small business you may feel that it is the preserve of large businesses; I disagree, as a small business, just doing a little bit can yield you a lot of benefit. An effective CIO needs to be able to succinctly explain to their leadership peers how they will deliver rapid and demonstrable value, whilst guiding its development to ensure just enough is done to be useful. I have always started by drawing a business capability model with colleagues; what are all of the different things that your business needs to do? For example manage your

customers manage your business operations, manage service/product delivery and manage delivery of business support services. With this defined, you can create a set of 'acetate overlays' to the picture, identifying which capabilities deliver strategic differentiation and where capability gaps between the present and a desired future state exist. In most businesses this can be developed collaboratively and iteratively with leadership colleagues over the course of four weeks, delivering a valuable set of views of the business, telling you, where your spend is out of kilter with the value being delivered. It will also highlight areas where investment needs to be focussed to deliver improved performance.

In my experience, investment and spend can often be driven by the most powerful, eloquent or determined sponsor of the given venture, rather than because it is the best place to deploy resource. These modelling techniques are an excellent way to dispassionately tell you where to focus and where to cut back. However you do need to be aware that this approach can lead to friction challenging some sacred cows, revealing that some well-argued areas of investment are not actually the best places to invest. These will need to be handled carefully, making sure colleagues and peers come on the journey of discovery with you.

My advice for anyone taking this approach is to initially get your leadership colleagues over the hump of giving it a try. I recently worked with the

managing director of a business who immediately threw up walls when enterprise architecture was mentioned.

So I'd pitch it by offering to quickly build a dashboard of the business, showing how each business capability contributes to deliver the strategy and where you can easily see where you're missing an opportunity to re-align cost. Show them examples of what it will look like and how they can use it in decision making.

Digital Transformation has accelerated due to COVID, but that has been true for everyone, so how does digital now become the differentiator?
For firms that had previously employed a cloud first zero trust networking model, day one of the first lockdown was just like any other day from a business technology operations perspective; your operational resilience was designed in from the ground up. For the rest, early in the year 2020 was a scramble to deliver infrastructure, capacity and new services. I often wonder how much worse the outcome would have been if this pandemic had happened ten years ago without the existence of hyperscale cloud service providers to step in and save the day.

In the recent past, many firms have been content to take a 'wait and see' approach to digital, waiting until there is a pressing need to transform, e.g. technology obsolescence, or until the path to take has become clear. However, the events of 2020 mean that many firms have both received a stimulus but also learned that taking an agile and iterative approach to business change can deliver effective results quickly. The societal impact of Coronavirus has become the impetus to rapidly accelerate the digital agenda for UK PLC's, an agenda that pre-Covid19 was still the largest category of spend with consulting firms in the United Kingdom, representing more than thirty percent for the eleven billion pound industry in 2019. This is likely to embolden many organisations to embrace technology change and

experiment with new digital business models faster in the future. In addition to this, large technology firms like Amazon and Microsoft are democratising their capability to make it easier to adopt, be it through citizen data science, zero code environments, serverless functions or end user deployable artificial intelligence and machine learning.

But don't mistake modernisation for transformation. I believe that this pandemic has inspired a huge wave of digital innovation that we will see arriving in the form of completely novel services 12-18 months from now. This will be focussed on delivering new digital first experiences, enabling and enhancing customer and colleague intimacy at a distance. If you're not laser focussed on seeking this new wave out, and fundamentally challenging how you engage, build intimacy and enrich the ways in which you collaborate, you may actually miss the real transformation opportunity.

The key concept here is that digital transformation isn't something you ever finish doing. Personally, I don't actually like the term digital transformation, I think it misleadingly conveys the notion of something you plan, execute and complete. I prefer the term digital evolution as it much more accurately describes how you need to think being digital as a journey and not a destination.

There is no simple answer to what your digital differentiators will be, but for me the first thing you have to get in place is your sensing network. You need to create a safe place to iteratively experiment with new technologies and platforms, finding out which approaches work. Providing a mechanism for staff to experiment and surface new ideas and ways of working will not only provide a good way of drawing on the distributed experiences of your workforce, but will provide a cheap and effective way of constantly evolving more effective ways to work and collaborate.

insight

digital insight

As a digital leader, your role is to act as a positive change agent, assembling nascent/outlier and newly adopted technologies to help shape the evolution of the business strategy, explaining how their use can serve the business vision. You must also assess whether already adopted technologies can be individually or collectively repurposed to support proposed business goals as part of each business strategy update cycle.

You must be engaged in understanding emerging technologies to determine their maturity, external adoption levels, cost complexity and the ideal point of adoption by your organisation. Look for the inflection points where a technology could start to have a profound effect on how our business currently operates or how it might change the operating dynamics of your whole industry or sector. You must also consider whether technology is being looked at to unwittingly hide inefficient behaviour within a business operating model or function, and what the role of technology could be in fundamentally changing the dynamics of the business operating model.

What skills / traits / learnings do digital leaders need to become successful?

There are many things a CIO and digital leader needs to do to be successful, and to an extent they will vary depending on the organisation, its industry and the digital fluency of the business. However, the following are a few that I believe are universal:

Focus on enhancing your business relationships.

Make sure you have a clear understanding of the business mechanics as well as how you deliver value to your customers. You must engage with the same perspective that leadership peers think about the business;

they will only be interested in technology that helps them achieve their business outcomes and will be wary of anyone who engages them as a technologist first.

Build your business situational awareness

Understand the map of how your business delivers value to your customers and where the building blocks in that value chain sit in the evolution spectrum of genesis to utility. This will help you invest wisely, techniques like Wardley Mapping will help you build the required picture.

Understand your enterprise architecture

You will have to react to change more quickly in the future, you will increasingly no longer have the luxury of lots time to plan change.

Build your sensing network

Find a way to accommodate and embrace experimentation, try things out and provide a mechanism to adopt the things that work. Keep looking forwards, the market and technology landscape will never stop moving and nor should you.

Digital evolution not transformation

Change the narrative in your business. Digital isn't a destination it's a journey. Try to move to delivering change more incrementally and break away from large transformation programmes; you'll deliver more benefit quicker and reduce wasted effort.

Don't mistake modernisation for transformation

Business modernisation can deliver operational efficiency, but not understanding how your markets are moving can leave you obsolete in the eyes of your customers.