



THE OVERLOOKED MEANING OF DIGITAL TRANSFORMATION

By Philippe Reynier
Managing Director



I have supported banks in their digital transformation efforts for the better part of my career. Two things strike me about my experience. The first is how “digital transformation” means many things depending on who uses the term. The second is how often transformation plans are made with the perspective of the organisation prioritised ahead of client needs.

The first is understandable. The second makes no sense.

Like so many social and economic phenomena, digital transformation received an adrenaline boost from the Covid pandemic. Within months the ideal of the “anywhere, all the time” organization went from an aspiration to an existential necessity. During the worst of the pandemic respondents to a survey by McKinsey & Co. reported that their companies moved on digital transformation initiatives 20-25 times faster than expected because of COVID-19 related changes.¹

Client needs propelled the pace of change.

Most banks have now been pursuing digital transformation for years. They have invested eye-popping sums. And still they are not done. They will never be done. A fully digital organisation will be in continual need of refreshment.

1: 'How COVID-19 has pushed companies over the technology tipping point—and transformed business forever.' LaBerge et al. McKinsey & Co. 5 October 2023.



Defining Digital Transformation Around Client Needs

Digital transformation should be broadly defined because it touches every aspect of a business. Digital transformation should remodel not just operations but how we imagine value for clients.

What makes digital transformation challenging is that most banks use the digital tools they already own as starting points and then focus on incrementally enhancing them. To think this way is not to think big enough.

For obvious reasons, what clients care more about is the client facing component, is the so-called "client journey." It is a journey that is about needs first, product offerings second.

And what do clients need? They need to save money ahead of a specific investment goal or for retirement. They need to borrow money on good terms to buy a home. Some of these needs can be addressed completely in self-service. Some can be offered as a mix of digital and in-person. Some should never be digital at all. Understanding client needs in this way—and understanding how those needs evolve—determines the channels through which financial services and products are delivered. Clients also want a consistent and modern experience across platforms. For instance, they want biometrics to confirm identity and authorize transactions. They want to use e-signature for signing documents. They want basic analytics to better understand and manage their expenses via their bank's mobile app.

These digital conveniences will not be enough for wealth-management clients. They have elevated expectations of a personalized banking relationship, but even with those clients, digital still has a role to play. For instance, those clients will expect to be able to interact digitally with their private banker, discuss changes to their portfolio allocation and implications anytime using their mobile phone or their tablet

The Four Families

In order to deliver such digital experiences to clients, a bank must have truly transformed digitally which involves having developed "four families" of capabilities.

The first of the four families is "Vision and Execution". It assures that all the elements of the digital vision are clearly defined and, crucially, aligned with the business strategy, but also that a concrete digital transformation roadmap is then derived from this strategy, and delivered accordingly. To make this happen, several skillsets are required from pure strategy to program and project management.

The second family owns the client journey. Think of the second family as a collection of delivery teams organized according to agile principles—streams, crews, pods and so on. Those teams build and maintain client journeys along several "themes" such as lifecycle management, wealth planning, investing, trading, etc. making sure that they always fulfill identified client needs.

The third family is the keeper of the organisation's core capabilities. They are core because without them, no digital client journeys can be built. They include for instance e-banking, mobile apps, the investment platform, etc.

The fourth family comprises an organisation's centres of excellence. Think of CoE's as the "glue" holding the digital transformation together. These are a set of teams that provide expertise for topics including data, analytics and artificial intelligence for instance.

Few financial services firms are ready across the four families of capability. Getting the right digital talent onboard to run the four families is obviously essential, especially at the most senior level. Which is precisely where Sheffield Haworth operates.

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Our vision is to be the leading global consultancy in people and transformational change. We specialize in executive search and interim placements, leadership advisory, change consulting and strategic research and advisory. We work with private and public companies across financial services, professional and business services, high-growth technologies, and multinational corporates. We are an equal opportunities and disability confident committed employer.

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Sheffield Haworth established

14
Global offices

Our Expert



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Philippe Reynier joined Sheffield Haworth as a Managing Director in the Global Functions practice in 2022. Philippe is our Global Head of Fintech and also works with larger financial institutions to support their digital transformation efforts from a talent perspective. Philippe is based in Switzerland and responsible for the development of Sheffield Haworth office locally. Prior to joining us, Philippe spent over 5 years with UBS where he focused on Digital Strategy and Fintech partnership & investments as Head of Digital Strategy, and then Head of Business Development & Special Projects. Before UBS, Philippe was at Boston Consulting Group Switzerland where he was a member of the Financial Services and Technology Advantage practices. Philippe holds a MBA from INSEAD, and enjoys skiing, cycling and surfing.

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