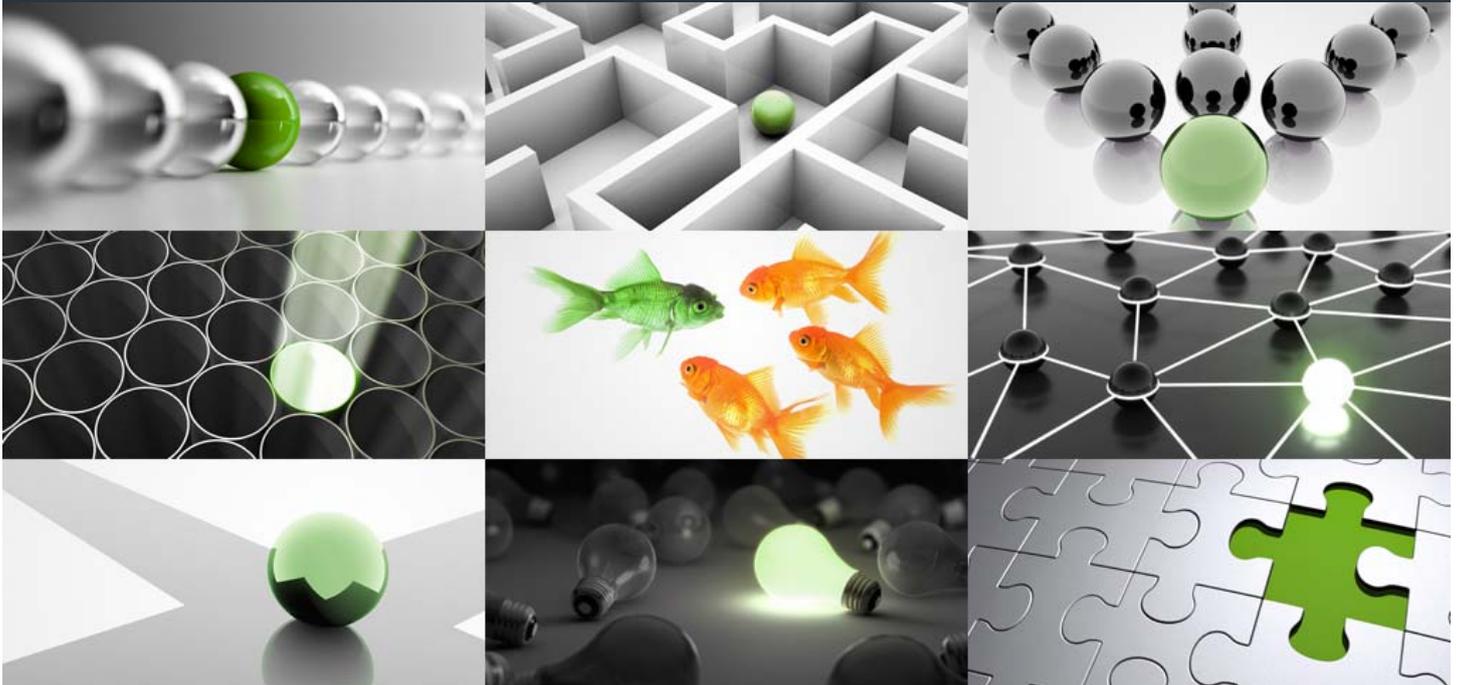


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Rialto White Paper:

What does your digital future look like?

Written by Jason Noble- Digital Transformation Director

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1. Introduction

“If you are offline, you are nowhere.”

Where are you on your digital journey?

Gartner have reported that by 2015 only 25% of businesses will have a Chief Digital Officer (CDO) on their boards. This might not seem a huge number or even the start of big trend but the need is here now. The role of Chief Digital Officer is likely to only be a transient one, and one that we will see disappear over the next 3-4 years (after which digital understanding and accountability will be across all board members).

Businesses are now going through a period of significant change, transformation and disruption, driven by a need to gain better focus on their customers. With this change the role that both technology and technology leaders are playing is also changing. No longer can we just rely on our Chief Information Officer (CIO) - who has traditionally been more focused inwardly on technology, driving down costs - to drive this change.

In the new digital world, businesses need to put the customers in the driving seat, listen to them more (on all the different channels) and respond to them, both quickly and effectively. This in turn will drive growth in a company's reputation, its brand value, its customer base and ultimately its bottom line.

2. Customer Expectations

Customer expectations are growing and evolving everywhere and they continue to drive changes across all areas of business. We all now expect instant access to all services, on a 24x7 basis, wherever we are and on any device we want. Where once we just expected this as consumers at home, now we're expecting the same sort of experience in the office.

These rapidly changing consumer expectations are rippling through the entire supply chain, shortening product cycles and requiring more agile manufacturing and operational capabilities. The term agile is not just about software development, it now applies to the full organisation. Change is happening at an increasing rate and businesses need to be able to respond quickly, and potentially set off in a new direction with new opportunities.

Forrester believes that 2015 will serve as an inflection point where companies that successfully harness digital technology to advantageously serve customers will create clear competitive separation from those that do not.

These changing expectations are driving the need for new and innovative technology and technology leadership.

3. Technology Trends

Driven by the changing customer expectations, we are seeing a number of technology trends that are opening up new opportunities for businesses.

Social, mobile, analytics (big data) and cloud - so called SMAC - technologies are rapidly changing the world for both the end consumer of your goods and services, and for your business. Technology is no longer simply just a back office function, looked after by IT. It is now a mission critical aspect of every business and is opening up new opportunities at an ever increasing rate (and in a more competitive marketplace).

Social media is opening up communication channels that we could only have dreamt of a few years ago. Used correctly, it is a powerful tool for marketing and customer engagement. It may be all about Twitter, Facebook and LinkedIn today but with new social media platforms opening up all the time and old ones moving to the side - think of MySpace not that long ago - it's critical that we are where our customers are and engaging with them. Our customers are using these platforms to discuss their needs, their issues and more and if we're not listening, our competition will be.

Mobile device usage has grown exponentially over the last few years and shows no sign of stopping. As new markets like China and India begin to use smartphones and start to drive the direction of the mobile markets, we are seeing new applications and uses for mobile. Many recent surveys have quoted that the number of connected mobile devices on the market will very soon surpass the number of people on the planet! Mobile allows our customers to buy and consume products and services, as well as to communicate, from wherever they are and whenever they want. Mobile is opening up new global markets to every business.

Chapter three: Technology Trends

These new channels, new markets and new devices mean more transactions and more realtime data being captured and tracked (and historical data for trends etc). Big data and, more importantly, the analytics and insight it can provide, can provide value from this data that we would not have been able to capture and gain previously. With this volume of data continuing to grow, new tools for efficient and effective storage, reporting, analysis and management are being built and developed. But how do we know which we need to use and if we are using the right ones?

Technology is changing now at an ever increasing rate, and more and more businesses are looking to move away from legacy in-house infrastructure, services and applications . They want to work with partners who can provide cost-effective services that meet their ever growing needs. The cloud is a perfect example of a fundamental technology shift that businesses are giving more and more priority and focus. Cloud computing is all about technology services that are delivered to you - as a business or an end-consumer – over the internet. The range of services delivered over the cloud is rapidly expanding.

Businesses have all made significant IT investments over the last 10-15 years, in software applications, hardware devices and infrastructure, and in IT teams. Cloud technology allows you to look at a new utility based model for your IT services, and as well as potentially reducing costs, shift them from capital expenditure (CAPEX) to operational costs (OPEX).

The number of technology start-up companies on the market has grown exponentially in recent years, and as a result partnership opportunities now exist that allow companies to leverage the best technology services and platforms, at a fraction the level of investment needed previously.

4. The Executive Board

Recent industry surveys have shown that over 90% of company directors and executives view technology as mission critical, but most boards still have no direct technology members. How many times have you heard or thought that technology isn't the job of the board, but it's for your IT department. Too often accountability for technology is delegated away from the board to the management team.

When and if technology issues are raised with the board, who owns them? There is a risk now that they are overlooked and deemed someone else's responsibility. Which of your board members are asking how important is technology to the future of the business compared to human capability or financial security and stability?

Executive boards are often missing someone from the technology side who has the necessary experience at the senior leadership level - beyond the CIO. With digital playing such a key role across the organisation now, and the different business areas, having that digital leadership function is critical.

The board need to be more digitally aware today, to embrace the opportunities, and risks, that a digital world brings. Having a digital leader and champion is critical to this. They can help challenge any digital inertia with authority and respect and help bring in a new element of business innovation, and work as the boards' technology advisor and mentor.

We are in a transition period now, where there is a need for roles like the CDO to drive forward this change and take the lead for all things digital. But this will change and it is expected that in the next 3-4 years all board members will be more digitally literate than today and will have a better understanding of digital.

Everyone needs to understand the digital world going forward, it is not just the remit or responsibility of one key person. To ensure they are not left behind in the digital world, businesses need to look now at what they are doing around digital leadership, to agree on who's responsibility it needs to be

5. Defining Digital

The word digital itself is overused today and means different things to different people.

It can have a purely marketing focus, looking at online marketing - emails, surveys, websites and more. And the CMO and his or her team are the experts here, with digital as a new channel.

It can have a content and media focus, looking at the new ways of consuming content movies, music and more, and the shift from the traditional physical media world to downloads and more now towards pure streaming models.

It can be more technology focused, for the CIO and his IT team - with a shift to cloud and online platforms away from more legacy in-house applications and services.

It can also be part of the sales focus and looking at new digital revenue streams from new online and ecommerce channels.

But whatever your digital needs are, it is critical to have the right digital leadership in place.

6. Digital Transformation

All businesses need to define what digital is to them and what digital can do for them and for their customers. Once they've done this, how do they go about making the changes needed?

The term digital transformation is a relatively new one and not a day goes by now where we don't hear about digital transformation and the need to be more digital. But there is much confusion still as to what it means. Indeed, it can and does mean different things to different people and different businesses (e.g. to marketers and your CMO, to your IT team and your CIO, and even to you as a consumer outside of work).

WIKIPEDIA defines digital transformation as referring to the changes associated with the application of digital technology in all aspects of human society. Digital transformation may be thought as the third stage of embracing digital technologies:

Digital competence → Digital literacy → Digital transformation

The latter stage means that digital usages inherently enable new types of innovation and creativity in a particular domain, rather than simply enhancing and supporting the traditional methods.

Digital transformation affects both individual businesses and whole segments of society, such as government, mass communications, art, medicine and science.

It is about bringing together all the different areas of your business, to a digital first way of thinking, where the customer is at the heart of the business.

Chapter six: Digital Transformation

A recent three-year study conducted by the MIT Centre for Digital Business and Capgemini Consulting concluded that only one-third of companies globally have an effective digital transformation programme in place. The study defined an "effective digital transformation programme" as one that addressed both the what and the how:

What - the intensity of digital initiatives within a corporation

How - the ability of a company to master transformational change to deliver business results

As with digital, digital transformation can mean different things to different business functions.

It can be about aligning and adapting your business operations and models for the new world of hyper-connectivity - 24x7 online access to everything.

It can be about new customer expectations and customer experiences. How do we use digital to drive brand awareness, gain new customers, retain existing ones and make customers want more?

In this new world, our back office business tools and processes need to integrate with each other and with the front office services seamlessly. They need to make use of the (big) data you're storing and provide new insights that you weren't aware of before.

To help guide us, there have been a number of surveys done over the last few months, asking leading business figures (CEOs, CIOs, CMOs among others) to identify what digital transformation means to them. The responses from these surveys fall very broadly into four key categories.

- Consumerisation
- Device agnostic and invisible technology
- Business ownership of technology
- Increasing business value of technology

Chapter six: Digital Transformation

The digital offer gives businesses new accurate and immediate real-time information about their customers, their interactions and their often changing needs. This information needs to be rapidly evaluated and acted upon, and this requires new and different business models and processes.

Businesses need tools in place, for their teams to know everything about the customers instantly and seamlessly.

Digital doesn't necessarily mean replacing all our legacy systems, but making sure they are integrated to work together and with the new systems and platforms, to provide the information needed, when and where we need it.

7. A New Age

We are in the middle of a change, the scale of which we've not seen since the industrial revolution - this is the age of digital transformation and it's impacting all businesses, globally. The rapid and growing adoption of digital technologies, devices and services, and the ease and simplicity of access to these services, is driving this change.

For businesses to prepare for tomorrow today, and to outpace this market disruption, they need to ensure they are equipped to utilise new and innovative technologies throughout their organisations.

Cloud computing and mobile technologies are two of these innovative technologies that are spearheading this change and can both revolutionise the way you do business. From revitalising your legacy business applications, to empowering your workforce to be truly mobile, to delivering exceptional customer experiences (anywhere, anytime and anyhow), to enabling company wide collaboration, and to moving away from the cycle of long term expensive IT investments and support contracts - cloud and mobile can help.

8. The CIO's Role

The traditional business models and executive boards had the CIO as the technology leader, helping set direction for technology, managing the often large IT resources business had and ensuring businesses were ahead of the game in using the latest, greatest versions of software, hardware, services and more. The CIO's role has changed now, to focus on the business objectives and strategies and to align technology to better enable these. It's now about the technology, the systems and the processes needed in your business to win, to serve and to retain your customers.

The CIO's role will shift over the next 2-3 years to be focused more around innovation. The changes being brought about by the social, mobile, data analytics and cloud are literally reinventing what our traditional view of IT is about. By better utilising technology services, e.g. through the cloud, instead of our internal IT teams being concerned about the internal data centre (as an example), they can focus more on innovation and our business strategies..

The IT organisation is changing as well and needs to help guide the business in building a culture that embraces collaboration, sharing, responsiveness and continuous improvement to changing customer needs.

9. Consumerisation

Global economies - led by the West originally - are dominated by retail. As more and more retail shifts to being online, businesses are having to completely rethink their entire operations chain - including the customer experience, supply chains, physical and online retail outlets, back office systems and services (including finance and HR) and customer management (including CRM). Nothing is being left untouched.

The way people interact with companies and services as consumers is changing their expectations, both of what they want from retail but also of how other businesses and services should operate. One great example of this is how sites like Amazon and eBay and how simply and easy they are to use - are changing businesses own external websites and also their traditionally more clunky internal intranets and platforms. Your intranet is now more about social technology, collaboration and sharing, and designed so that your teams want to use it.

Physical stores are being used more and more today as showrooms, but not necessarily for purchases through that retailer. How many times have you gone into a book store to browse and then actually made the purchase online through another retailer? Often driven by a lower price points but also by a better and more simple experience.

People want more from physical stores now than just browsing. To keep our customers loyal to our brands we need to provide far more immersive and inspirational in-store environments and experiences, and make those experiences far more personal.

Chapter nine: Consumerisation

For many years the traditional high streets were the only places to shop - there was no other option - and this resulted in a stagnation in innovation. No-one had to change or move, and change is always difficult so there was no incentive for it. There was a lot of talk of change but no-one was taking the lead. As a result we've seen many high profile casualties over the last few years, with once big name brands either disappearing completely from our high streets or having a much reduced presence - look at Blockbuster, HMV, GAME and Woolworths as examples.

10. The Future

As well as looking at the changes we need to make today, we need to think longer term and more strategically about this transformation. We often lack the necessary resources to be able to invest in innovation as a new function but it's now critical to do so and to innovate properly requires a different mindset to our more traditional businesses. We need to look at new resources, new technology investments and more, and to consider what technology will be like in the next one, two, five and ten years and what impact it will have on us as individuals and as businesses.

The rate of change we're seeing now, is not set to slow down. Our children are being taught how to be prepared for a changing world when they leave school - not just how to read and how to write but about how to code. If you look at the next generation of leaders, they already know how to use technology better than we ever did, how it should work and how they want to interact with it.

Digital leadership is critical to the journey and with all changes like this at heart of who we are and what we do, the transformation has to be driven by our leadership team. It starts at the top. If this leadership is missing, the digital journey risks becoming siloed and disjointed, like many major change initiatives before. We cannot afford to continue as is, our work forces want to change and we don't want them to move on to the competition where digital adoption could well be on the radar already.

This risk of not changing and not pushing forward with this new model for digital leadership is too great - you need to overcome any digital inertia now.

Innovation - Transformation – Success

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