6 Lessons on Digital Transformation

Nick Taylor, Managing Director for the UK&I at Accenture Strategy,
tells **Dawn Murden** how global businesses can master digital

When **Nick Taylor**, Managing Director for the UK&I at Accenture Strategy, meets executives and boards he usually detects an air of uncertainty in how they talk about the impact of new technology.

Such concerns are unwarranted, says Nick. "We need to get excited by digital rather than fear it; be comfortable with being uncomfortable." After all, there's no escaping the change that's underway through mobile, the cloud, data and analytics, the Internet of Things (IoT) and artificial intelligence (AI) among others.

It's driven by customer demand and the growing realisation among executives that if digital is used in the right way, it can improve a business' efficiency and increase competitive advantage.

At the Criticaleye Digital Retreat, held in association with Accenture Digital, Nick shared his thoughts on what senior executives and non-executives should focus on when it comes to leading digital transformation.

Here's what he had to say…

1. It's a Generation Game

Over a third (35 per cent) of the global workforce is now made up of millennials, while 38 per cent of the workforce is managed by millennials. This generation is having a big impact on the working environment. Companies are trying to understand them – both in terms of customers and employees.

For example, I've seen high street banks trying to re-invent their mortgage offerings; acknowledging that house prices are so high in London, among

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other places, that parents have to get involved. So, they're introducing mechanisms that take into account parents' wealth to get people on the property ladder.

2. Informed vs Creepy

Where do you draw the line between getting insights about your customers and being creepy? We're getting more data on people – for instance, cookies are telling us who they are, what they look at and what devices they are using. How do we use that data?

I'm working with a company called Crystal Knows, which scrapes a person's social media profiles, crushes it into a text file and then mines it through artificial intelligence to create a personality profile. From that, it makes recommendations on what the person likes and doesn't like, how to write an email to them, how they work in groups, and it can match my personality to predict how we might get on.

How do you use tools like this? Do you use it for good purposes in terms

of wanting to build a relationship, or do you use it because you can manipulate somebody when you meet them?

When it comes to trust, there are also some generational differences. An older generation might feel it's an invasion of their privacy, while to the younger generation it feels like the company knows them and wants to understand them – some millennials I've spoken to would like to update the data so it's more accurate!

3. Focus on Execution

Ideas are everywhere, but it's execution that makes you a winner. I recently spoke to one company that wanted to run 12 innovation experiments simultaneously – the ability to execute that well is very limited.

Others have come to me and said they've got so many proof of concepts (POC) going on at the moment they don't know which ones to pick or scale.

When you're prioritising your portfolio of ideas you've got to have something you believe in that's going to drive you faster, fix a problem or generate an outcome, without getting too tied down in the bureaucracy of a business case and ROI.

It's about getting your portfolio aligned and deciding which two or three things to focus on.

4. AI is Getting to Grips with Your Big Data

I see a lot of senior executives that want to drive decisions based on hard analytical information, but only 42 per cent of senior executives know >

how to extract meaningful insights from the data they have. Many don't know how to use it for insightful decision making.

With the Internet of Things growing, there will be even more data – yet how do you process it? A shift towards utilising AI, cognitive computing and robots allows us to mine and understand big data.

For example, we are working with an insurance company that's using cognitive computing to analyse crash photos to understand the cost of the damage without having send out assessors. They've found that the computers have more than 90 per cent accuracy.

5. Innovation at the Edge Can Provide Freedom

Many companies are creating R&D or innovation functions, skunkworks or digital labs – I see countless organisations building these.

This is okay if you are willing to put things through quickly and relatively cheaply, but often they are using the same tools or the same governance, so the cost of a proof of concept can creep up to around £500,000.

However, an accelerator, which creates a start-up programme completely separate to the organisation, could undertake a POC for a fraction of the cost.

Telecoms company Telstra has backed an accelerator with locations in Singapore, Brisbane and Sydney called muru-D. They would give a fraction of the spend mentioned above to a particular idea and put 10 ideas through the lab that might disrupt Telstra or use Telstra's platform to do something different.

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It's about developing a network of serial entrepreneurs, corporate leaders and investors.

For Telstra, it's also a good way of attracting or retaining talent, either by moving staff that want a job with the feel of a start-up, or by bringing in people that don't want to be demoralised by a massive brand.

Innovation at the edge is popular right now. It gives you the freedom to bring it back in and scale it, or kill it if it doesn't work.

6. Convince People of the Need to Change

One of the tests I do when I go into a company is to ask the average age and tenure of people inside the firm. It gives you some insight in terms of the barriers you might face.

I was in a company quite recently and the average tenure was just over 19 years; when you're trying new stuff and introducing new ways of working this

becomes a hill to climb. If they've been there for a long time and seen lots of stuff happening there might be some fatigue or resistance; they may say that it's just a fad and they'll wait it out.

If the last two decades have been about CEOs lying awake, staring into the headlights of change and disruption, the next decade is going to be about employees and how to bring them along.

That will involve thinking about the elements I've mentioned here, such as millennial expectations, AI, data, analytics and future proofing your business through proper prioritisation.

Ultimately, you need to move the conversation on. ∎

Nick Taylor was a speaker at the Criticaleye Digital Retreat in association with Accenture Digital. Find out more here

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He has spent 28 years in the field of strategy at the intersection of digital and technology, including eight years in rocket motor research and development.

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