



# Digital Transformation

CEOs and senior executives continue to struggle with the challenges of creating more customer-centric businesses. **Dawn Murden** reports on how leaders are adapting to digital

*In Association with*

**accenture**<sup>></sup>**digital**



**F**orget legacy systems, many corporates are holding onto legacy revenue streams – meanwhile agile start-ups are nibbling away at their profits. The development of digital technology waits for no one, so CEOs and their teams need to instigate change.

The average life span of an S&P 500 company will decrease from 60 to less than 15 years by 2020 and, at the current churn rate, 75 per cent will be replaced by 2027.

These stats echoed through the room during our [Digital Retreat](#), held in association with Accenture Digital, where attendees gathered to discuss what digital means to them.

Capturing what was said at the event, here we highlight four questions that leaders should ask themselves when faced with digital transformation:

#### What problem are we trying to fix?

Figure out what you want to do before you roll out new technology.

**Arabel Bailey**, Managing Director and Digital Lead for the UK & Ireland at Accenture, says you must start with the problem you're trying to solve. "Traditional organisations are often organised around product lines rather than customer needs.

"Many understand the theory of digital and being more customer centric but don't know how to execute it."

**Ashok Vaswani**, CEO of Barclays UK, spoke of his company's digital journey, which for a business established over

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300 years ago has been a difficult undertaking. He believes that it's all down to strategy and a focus on the customer: "Strategy is three questions: Where are we now? Where do we want to go? How are we going to get there?"

"We set up two groups of 10 to 12 people to come up with the answers. One thing to come out of it was that every product we provide is a means to an end, rather than an end in itself."

Another key finding was that customers want speed and convenience. "We realised mobile was the way to go. We built a mobile app and launched it in July 2012," **Ashok** explained. "Ninety-two per cent of all payments are now done on mobile, it's an incredible force."

#### Do we know what's happening in other companies and sectors?

It's important to have antenna pointed to the outside world. This is particularly the case when agile start-ups are springing up all around you.

**Narry Singh**, Managing Director and Head of Digital Strategy for EALA at

Accenture, who spent 20 years living and working in Silicon Valley before relocating to London in 2014, likened these start-ups to a thousand mice nibbling away at the profits of those too slow to brush them off.

Using a home improvement retailer as an example, he listed over 15 platforms – such as Pinterest, TaskRabbit and Houzz – that could disrupt its industry.

"The biggest risk to incumbents from start-ups is their speed, talent, capital and fresh brands," **Narry** said. "Look at funding sources like Angelslist.com and see where the 'smart' money is going."

As fintech companies rise seemingly from nothing, established businesses must place more focus on price and margin.

Speaking about Barclays, **Ashok** explained: "For every £1 of revenue my expenses are 51p. For companies that are digitised it's around 22p. There is a sense of urgency to move from 51p to 22p, it's in our interest to drop prices before we are forced to."

From 2013 to 2015, Barclays made a cost base saving of £600 million. However, **Ashok** said there's still much more to do.

#### Are we prepared for new ways of working?

Adapting to the challenges and opportunities new technology brings often requires major organisational change.

**Bal Samra**, Commercial Director at the BBC and Managing Director >



of BBC Television, relayed his experience of leading projects such as BBC Online, the iPlayer and BBC Store. He advised leaders to challenge the traditional boundaries and skills within the organisation.

"We have combined roles at BBC Three – we've developed new ones by mixing up social media and content," he said. "We set up an academy to reskill the organisation and also launched an apprentice scheme that allows us to tap into a completely new pool of people."

**Bal** also endorsed the creation of incubated teams whose sole purpose is innovating with new technology.

"Separate teams work for big change," he said. "It can be hard to identify measures of success at the beginning. Support them and let people get on with it, but have a gated approach. If nothing happens in six months' time, it needs to be looked at."

### How do we get everyone within the organisation to work together?

Legacy systems and getting buy-in from the board were cited as two of the main obstacles.

**Andrew Minton**, Managing Director at Criticaleye, said: "Digital transformation is a tough job for traditional organisations with long-established operating models and legacy technology infrastructures. Every organisation will be at a different stage when it comes to digital maturity, but it's a task leaders can't ignore."

Whether it's being spurred on by the chief digital officer, chief technology

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officer or the chief exec, they need to translate it into something the board can understand.

For **Arabel**, examples can bring ideas to life: "Build a prototype, get customer feedback and present it to the board. Do things in a small way and then think about how to scale it, rather than thinking about full blown digital transformation all at once."

Yet it's critical to stress the sense of urgency for change. "Forget legacy systems, we have legacy revenue streams and they are declining. We need to have the courage to say: 'Let's move ahead,'" **Ashok** explained. "I have to go to the board and say: 'Let's get rid of those legacy revenue streams.' If I don't, the business will disappear before our eyes."

It's not just about the board and leadership team, colleagues across the business need to be aligned.

**Ashok** demonstrated the importance of this by revealing that when Barclays' mobile app was first launched it didn't

get the pickup they'd anticipated – staff weren't telling customers about it.

"We needed to get colleagues excited about it," he said. "But how could we get them excited about it if they didn't have wi-fi in branches? So, we put wi-fi and 10,000 iPads into branches.

The board asked how this would make money; it wouldn't but it was something we had to do."

Getting the organisational mindset to shift is a difficult task, but it has to be done. **Ashok** concluded: "It's always a heavier challenge at the beginning. It's about saying: 'Trust me'.

"Now, it's about saying: 'Look what we've done,' and to continue beating that drum." ■

#### Featuring Commentary From:



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