

Digital *acceleration* and *disruption*:  
leaders must be ready to embrace a  
shift in their *mindset*

## Digital acceleration and disruption: leaders must be ready to embrace a shift in their mindsets

The rapid development of cutting-edge digital technologies is driving significant change in the way organisations operate. Senior leaders will need to embrace the opportunities and challenges this presents.

Our recent webinar hosted by Jean-Pierre Green Partner, Head of Search, Transformation, Digital & Technology Practice at Eton Bridge Partners invited Adam Banks, previously Chief Technology & Information Officer at shipping giant AP Moller Maersk and now FTSE 100 NED, to share his wealth of experience and discuss how digital acceleration will shape the future of business.



## Digital *transformation*; is it 'just IT?'

Is digital transformation simply a new name for something we have done for decades or has something evolved that is so divergent it needs a new moniker? Adam believes the latter; “the moment you get into digital, people start talking about changing the company.” This, he says, suggests something fundamentally different to the historic IT function. His preferred definition is:

- IT involves automating manual processes.
- Digital is about new processes that can only exist because of tech e.g. customer service based on knowledge of the customers location.

Adam notes that once you accept it's not “just IT” there can be some interesting outcomes. The need to blend knowledge of the customer and business services with deep understanding of Technology can create new organisational models. For example “Do you need an IT function that has some sort of boundary around it or actually do you want that boundary to dissolve?”

## Shifting to a digital *mindset*

Dismantling boundaries necessitates a need to drive change across the organisation; roles and responsibilities may need to be reimagined. There must be a mindset shift – Adam points out that in IT we know what good looks like, but this is less the case with digital. He advises setting a explicit targets, for example, 10% revenue uplift, but not overly focusing on a plan as we have to accept that there will be surprises and revelations along the way. Corporate culture will need to adapt; “Create a culture that is risk tolerant without it being failure encouraging,” says Adam. He believes organisations must have a digital specialist but also improve the technical awareness of the generalists. There is a need to change the conversation in the boardroom and to accept that digital expertise sits elsewhere. Boards may also face growing requirements from regulators to demonstrate technological competence.



# Where does economic uncertainty leave digital transformation?

Rampant inflation and the rising cost of borrowing are clearly headwinds at present. But Adam does not believe the economic cycle should affect the thinking on digital transformation. He suggests keeping a good balance between execution stage work and earlier stage initiatives to keep the future pipeline of innovation strong. Equally, sticking to clear targets and looking for better ideas rather than fewer ideas. In tougher times, attention turns to operations and the CIO may be the person who has the best understanding here;

“I’d expect to see a lot more CIOs playing a more active, broader role in their executive about how to drive efficiencies.”



For organisations looking for cost optimisation, automation of processes brings clear gains. The virtual world meanwhile is more customer-centric, which can bring a competitive advantage and top line growth. Financial services companies, for example, can monitor spending patterns and pitch products at the opportune moment. In reality, both cost optimisation and value creation drive tech spending decisions. Adam fielded questions on whether the digital investment may be disproportionately large for smaller companies. He didn’t believe so, noting that smaller companies can be more agile than large behemoths who may be locked into projects long-term and that there are many ‘as a service’ options smaller businesses can use to level the playing field. He advised smaller players not to put all their eggs into one basket but to ensure decisions keep options open rather than close them down in order to remain nimble and adaptive to market conditions.



## Hype vs reality: which digital *innovations* are really having an impact?

News headlines can suggest we are on the brink of huge digital disruption, but Adam says it's typically a decade from the invention of the technology to it having a truly disruptive impact; "Most of the technologies that are having an impact today are the technologies that were around late 2010 to early 2015." Over the next 3-5 years, Adam thinks most businesses will still be wrestling with cloud, Big Data, ML and AI. He expects key themes to be 'cloud-native' organisations benefitting from variable IT costs and rapid response to market events, a big data focus on who best to share data with, and machine learning increasing and potentially influencing strategic decisions. He also sees much work to be done on improving the 'I' part of AI; "They have a lot of A in them at the moment, they are very artificial and not very intelligent."

## 2028 and beyond: Quantum set to be the biggest *disruptive* force

Adam sees the biggest future game-changers as AI and Quantum - particularly Quantum which he believes will have "massive implications" - but not for some time. Likewise, ChatGPT is unlikely to have a big impact in the near term. He says the lag is an understanding issue; the experts understand it immediately, but this takes years to trickle down. As ever, transformation involves people, processes, and systems; the systems may be ready but shifting people and processes takes time. So will we all be replaced by AI in the ultimate cost-saving project? Not likely says Adam. He believes big job losses are improbable in the next 5 years. "We're quite a long way from that today... AI is still a fairly dumb tool." He does though expect a continuation of 'job creep' as basic tasks, such as bank balance checks, are handed over to bots.



What of the much-publicised noise around AI risks, after Geoffrey Hinton quit Google in dramatic fashion earlier this month warning there is an urgent need to contain AI? “I am not as pessimistic as Hinton,” says Adam. He doesn’t see AI as a threat so long as the ‘master-slave relationship’ is the right way round. Adam does caution though, that the regulatory environment clearly has work to do and believes we will need to see the same level of board reporting and awareness on AI risks as has developed around cyber.

Whatever the future brings, we look forward to debating the issues and continuing to share our insights with you. We thank Adam for a fascinating deep dive into digital and no, this blog was not written by AI!



Links follow on some of the topics discussed in the webinar. Please do get in touch if you would like to discuss opportunities in the transformation and digital technology space and do join us on June 28<sup>th</sup> for our next webinar on digital sustainability with [John Smith](#) of Eton Bridge Partners and [Katie Prescott](#) Technology Business Editor of The Times.

[Click here to find out more about next webinar](#)

*Sources:*

- [IBM - Machine Learning](#)
- [IBM - Artificial Intelligence](#)
- [AWS - Cloud Native](#)



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