

It's time for CEOs to trust their tech teams

IT can play a major role in boosting profits, but all too often company culture hinders digital transformation. So what can firms do to ensure they don't miss out on a technological windfall? **Marc Ambasna-Jones** reports

One thing Leicester City's triumph in football's Premier League has taught British business is that you don't need to spend a fortune to punch above your weight. What you do need is leadership and a team ethic. Witnessing the clamour for new business technologies over the past few years has been a bit like watching football teams chase big name stars in the hope that they are the missing piece in the jigsaw of success. Anecdotal stories abound of CEOs following fads, buying iPads for everyone just because they want one or ignoring calls for new social tools because they cost too much and free ones can do the job just as well. Where productivity and security should be at the heart of digital transformation, dealing with legacy IT, the demands of regulation and changing culture have proved challenging.

The cultural issue in particular smacks of a lack of communication, or at least trust in the demands of IT leaders, which was certainly the majority opinion of speakers and delegates at a Guardian seminar on digital transformation, supported by NTT Communications, earlier this month. With slowing economic growth and poor productivity in the UK, according to recent ONS statistics, it's a growing concern given the role technology can have in driving or undermining productivity and progress. You only have to look at the likes of Kodak, Borders and Woolworths to realise the devastating effect technology can have on established businesses that were slow to change.

According to McKinsey Global Institute's Digital Globalisation 2016 report: "Advanced digital capabilities are a major source of competitive advantage." The EU has also recognised the need to adapt to a changing digital landscape, as outlined in its digital single market proposals, a plan to reduce regulation and promote faster broadband and cloud-based computing services.

“If you don't fix the culture, anything you do with technology is just not going to work”

Even business minister Lady Neville-Rolfe claimed we are in the "fourth industrial revolution", which "will fundamentally change the way we do business in this country". So why are UK firms such a mixed bag when it comes to preparing for digital transformation?

"Often it's just too difficult," said Surash Patel, general manager at mobile engagement firm mGage and a seminar delegate. "Businesses cannot move forward as they have complex considerations that haven't been looked at for 10 to 15 years - old infrastructure that hasn't moved with the times and is now obstructing decision making."

But what about the hidden costs of not transforming infrastructure, the downtime, the compliance and risk to data? Is this a knowledge gap? Do chief information officers (CIOs) talk to chief executives (CEOs) enough about this? "Company culture is the elephant in the digital transformation room," said John Fox, seminar delegate and a digital transformation consultant. "If you don't fix the culture, anything you do with technology is just not going to work. You need a champion right at the top of the organisation that gets the agenda."

Fox's comment drew nods of approval from the seminar panel of speakers.

"We have found that the biggest challenges facing digital transformation are: business culture; ways of working; and ensuring that there is a connection between business and technology," said Simon Hayes, director of consulting at Mosaic Island.



According to a Harvey Nash and KPMG report, 63% of CIOs report their CEOs now see money-making IT projects as a priority Getty

He said there is typically "a breakdown in the relationship" between IT and business leaders and that's why "there is no such thing as a technology project now as they should all be business projects".

According to a recent Harvey Nash and KPMG report, which interviewed more than 3,000 CIOs, almost two thirds (63%) indicate that money-making IT projects are a priority for their CEO, compared with approximately one third (37%) who report that the CEO is more interested in IT predominantly being used as a cost-saving tool.

However, Hayes said he has seen instances where big IT system implementations replacing legacy technology, in UK housing associations, for example, were driven by IT departments and have "still not delivered" because the project was too technology centric. It's an example of how any digital transformation project needs to be driven by a business case with buy-in across as many departments as possible.

"That's where you see the

transformation when it reaches people that historically wouldn't be technical, that see a business use rather than a cool use for using a new technology," said Sian John, chief strategist, EMEA, at security software company Symantec.

But, the seminar heard, this has also led to an increased use of free software, such as social media tools including collaborative working applications such as real-time team messaging service Slack. Is this an issue?

"Free is seductive, but it's important not to be blinded by it," said Len Padilla, vice president product strategy at NTT Communications.

John agreed, although she had a warning. "The danger is the rush to the free without thinking about the risks," she said, pointing out that data security is not as robust as it should be if employees start using free versions of online tools. "Putting all the risk with the IT department is wrong. There is a gap at the moment. We need the boards and the management to own that risk. Companies should be asking: 'I want a collaboration platform to do

X', not 'I want to use Slack'. That's the challenge we have at the moment. Don't just let the marketing department pick the coolest thing. You need a bigger conversation about what is right for the business."

According to Hayes, removing the traditional notion of IT as just a cost centre is central to the idea of businesses needing to be "re-engineered", as modern infrastructure technology and productivity tools demand a completely different way of thinking. Cloud-based technologies, for example, are disruptive to traditional ways of working but this, of course, also represents an opportunity to improve businesses, particularly, older more established companies.

As an example, Hayes talked about Sky encouraging an entrepreneurial spirit by creating a "product-based culture" where software teams take ownership of the products they create; another delegate mentioned IBM offering a substantial cash prize for staff ideas.

It's no secret some large companies recognise the importance of innovation, especially in the face of fast-growing disruptive businesses built on minimal infrastructure overheads and quick-to-market distribution methods. But there are those that are slow to change, too. How do you avoid being one of those businesses?

"Innovation has to come from across the business," said Juan Crosby, a partner at Pricewaterhouse Coopers Legal. "There are innovations within the workforce, employees who know lots about what they do and how they do it, and they see opportunities to do it better. It comes down to the culture of the company as to how this is developed."

Again it comes back to culture, but while methods of working may or may not change, data will, said Crosby, have a leading role in change. How companies manage and secure data could become the glue for digital transformations and ultimately determine success or failures.

"There is a risk responsibility about bringing your own device to work," he said. "If something happens the

ramifications are significant in terms of corporate data."

John agreed: "We need a transformation in how companies deal with data," adding that she "loses count of the number of times people say they can't work out which data matters because it's too difficult."

Crosby talked about a client that wanted to leverage cloud technologies for "efficiencies and cost reduction" but as a global company with data flows through a number of jurisdictions they had to "rethink considerably as to whether it was the right solution". International agreements on data flows, such as the EU-US Privacy Shield agreement, which outlines how EU citizen data can and cannot be stored and used in the US, are having an impact on business decision making and this in turn is affecting technology choices.

Complexity and complication seem to be common barriers for established businesses, panellists concluded. It takes a certain skillset to identify a core process and data set within a company and develop it as a strategy for business growth, ensuring compliance from the outset.

"Change requires leadership," said Padilla. "There's a massive difference between managers who keep the business going and leaders who give direction and encourage innovation." Businesses need to think transformation first and digital second, he added, only then will companies really reap the productivity benefits of our modern, technology-enabled economy.

On the panel

Charles Arthur (Chair)
Former technology editor of the Guardian



Juan Crosby
Partner, technology and sourcing, PwC Legal



Sian John
Chief strategist, EMEA, Symantec



Len Padilla
Vice president, product strategy, NTT Communications



Simon Hayes
Director of consulting, Mosaic Island

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