Part II

Digital Business 2020:
Getting there from here!

Commentary
From ‘Being Digital’ to
Becoming a ‘Digital Being’
Cognizanti is an annual journal published by Cognizant. Our mission is to provide unique insights, emerging strategies and proven best practices that globally-minded companies can use in their quest for business and IT performance excellence.

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Sure, digital transformation requires strong top-down leadership and impeccable technical skills, but high-performing organizations go one step further: They find the wherewithal to acquire, nurture and retain the talent necessary to lead the charge.

“Numbers don’t mean nuthin, it’s people that count.”

— Will Rogers

One of my favorite technology visionaries is Nicholas Negroponte, co-founder of MIT’s Media Lab and author of 1995’s Being Digital, a best-selling manifesto on digital’s growing impact on global business and society.

Viewed from a 2015 lens, Negroponte’s narrative appears quaint, perhaps even rudimentary. Take his PoV on how “bits will replace atoms,” and “instructional manuals for computer hardware and software will become obsolete.” This isn’t surprising, given how quickly technology has evolved – faster than even the most astute pundit could have predicted. Yet while digital technology has already exceeded our wildest dreams (think smartphones, 3-D printing and software bots), most corporations have barely harnessed its full potential. In fact, you could say IT organizations are just finding their way, and like Negroponte’s thinking, their strategies are only now entering adulthood.

Remember when you were 20 years old? You did some things well, other things not so well. You were excited about the future but uncertain of the path you would follow. You were curious, you often took ill-advised risks, but you were always learning.

Those attributes describe how, in my view, captains of the corporate world are managing the process of digitally transforming their businesses. They do some things well, other things not so well, they often take on too much risk, but they are always learning.

So, on the 20th anniversary of the digital transformation revolution, as companies around the world accelerate their embrace of digital technology, the time is ripe for CIOs and their IT leadership teams to step up and truly lead in this vital transformation.

Separating Winners from Also-Rans

If the results published in a recent Harvard Business Review report are on the mark, most companies are still struggling with the digital business mandate. The report was produced from a survey that asked chief executive officers worldwide to rate various aspects of their company’s digital maturity. In response, 19% claimed they were leaders, strong in both digital leadership and management; 47% classified themselves as followers, with digital leadership being a partial strength; and 34% categorized themselves as “laggards,” with weak management in all areas of digital leadership.

How would your CEO classify your company’s digital progress?
For CIOs at companies considered to be “followers” or “laggards,” the study makes clear that they have a lot of work to do. Look around: One in five corporations has gained the digital high ground – and it is more than likely that several competitors in any given industry have already broadly deployed digital technology to effectively transform their companies. Many have done so by mandating that “digital knowledge” is a company-wide, cross-functional priority, whether in IT, research/development, marketing, customer service or sales.\(^2\)

From my vantage point, this mandate requires a strong digital culture that spans the enterprise and defines, if not informs, nearly every aspect of strategic decision-making. So, how does the CIO create a strong digital business culture? In my view, this requires:

- **Strong, top-down leadership** that considers digital transformation as a major business opportunity to engage with customers in meaningful new ways.

- **Great technology**, although as Nicholas Carr warns – in his 2004 book *Does IT Matter?* – information technology, in and of itself, doesn’t matter. After all, Salesforce.com, Workday, Oracle, Microsoft, Cisco and Amazon Web Services will sell their technology to anyone with a check! IT only matters when it is deeply embedded in all facets of the business.

- **Great talent.** Being digital is not just about technological competency; it’s about harnessing the creativity and constructive problem-solving that is uniquely human.

Leading companies, in fact, find and retain people who are facile with the necessary digital tools and techniques that blend the physical with the virtual, and create intuitive and meaningful experiences that not only deeply engage customers but also deliver significant competitive advantage, as measured on many fronts (ease of use, cost, revenue, etc.).

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**Transforming with Digital Talent**

As noted by Dr. Klaus Schwab, co-founder of the World Economic Forum, the global socio-economic conference held each year in Davos, Switzerland, the key to succeeding with digital transformation is embracing “talentism” as the new capitalism.\(^3\)

Ponder that for a moment. The digital talent you hire, and the digital talent you retain, will do more to determine the success of your company’s digital transformation than CEO leadership or the technology you maintain, purchase or use.

For the past eight years, I have focused on the topic of human “talent,” with particular emphasis on the “business-IT skills gap.” And I am not alone in my pursuit of this business challenge. In fact, the Society for Information Management’s 2015 IT Trends Study claims that the skills gap is the number two “most worrisome” issue for IT executives, after security (no surprise there!). While most CIOs have a technology strategy in place, few in my experience have taken time to develop a strategic human capital plan. That’s a big mistake.
So here’s an idea.

Conduct an audit of your entire staff, splitting people into two talent groups: those with legacy tech skills pertaining to technology installed prior to 2010, and those with “emerging” skills – skills related to technology installed after 2010. I often get pushback from CIOs on the 2010 demarcation line. But I hold my position. And so must you.

Next, determine what percentage of your IT technology investment budget, excluding staff, is allocated to legacy technology and what percent is pegged for emerging technology, such as social business, cloud, analytics, mobility and cybersecurity.

Now compare your technology and human allocations. The goal is to get to an end state at which 60% of your staff skills and 60% of your tech investment are dedicated to “emerging,” transformative, digital technologies. It won’t be easy. But it can be done by retiring legacy infrastructure, moving compute, storage and network to the cloud, and porting legacy applications via an aggressive application modernization plan. Moreover, it must be done, or your organization is destined to remain a “follower” or “laggard” and struggle to keep pace with leaders in your industry.

On the human side of the ledger, this exercise will reveal wide gaps in your human skill sets, particularly exposing critical shortages in emerging technology skill sets. At the very least, this approach leaves your organization with a straightforward, strategic plan on which skills to hire, train and retain staff members.

But that’s only step one. Hiring digital tech talent is not easy.

The CEB, formerly known as the Corporate Executive Board, reports that in the past two years, the number of days it takes to fill an open IT job has increased from 40 days to 70 days. What’s more, this delay results in a 10% hit on overall corporate productivity.

So here’s some more advice: Make your job searches for digital talent as inclusive as feasibly possible.

According to the U.S. Census Bureau’s American Community Survey, 68% of U.S. citizens aged 25 or older are not college graduates. So why do CIOs, according to Boston-based research firm Burning Glass Technologies, include “bachelor’s degree required” in 92% of their job postings, when only 56% of currently employed IT workers have college diplomas?

This is hiring lunacy.

Of course, some emerging technology positions in areas such as data analytics and information/cybersecurity will require college degrees. But not 92% of your open positions! Direct your HR department to produce an audit of all jobs posted in the past year, separating the jobs into two groups: those that mandated “bachelor’s degree required” and those that didn’t. I guarantee your split will be close to the 92% level carrying the bachelor’s mandate. Then ask HR the million-dollar question: Why is a college degree needed to do a specific job?

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Prioritizing Digital Skills; Finding the Best and Brightest

Bachelor's degree or not, which digital skills are most difficult to hire for? I often get asked that tactical question by CIOs, and I respond by citing Computerworld’s latest skills report,6 which lists jobs such as application developers, security, big data/analytics, networking and mobility.

That’s a good start. But it does not begin to adequately address the strategic skills that organizations need in order to transcend the follower and laggard categories, and differentiate in an increasingly global, digital economy. To discover those skills, I highly recommend the Institute for the Future’s “Future Work Skills 2020,”7 which introduces new skills, like how to master “cognitive load management” (i.e., processing and making sense of massive amounts of data), how to develop “cross-cultural competencies” (increasingly important in a global economy), how to leverage “new media literacy,” how to “think in a novel and adaptive manner,” and how to “collaborate in virtual work environments.”

Granted, these are tough skills to acquire, master or showcase on a resume. So here’s a tip: Require every candidate you interview, for both legacy and emerging technology positions on your staff, to showcase a portfolio of projects, preferably digital ones, that they have demonstrated, either in an education or work environment, that address the drivers and key skills highlighted in the Institute for the Future’s report. And to accelerate the hiring process, spend time on the candidate’s LinkedIn, Facebook and Twitter home pages. As one chief marketing executive who embraces this approach shared with me, “In 60 seconds, I can tell if a person will be a cultural fit for my company.”

All this advice on talent is important. But what makes it even more important is a data point from Cognizant’s Center for the Future of Work. The Center asked IT executives in November 2014 to rate the “overall quality of a customer’s experience and engagement” with their company through two lenses: at the present time and three years out. Sadly, only 3% of respondents claimed the digital experience their companies deliver today is “excellent,” and only 14% see this situation improving by 2017.8 Interpreted another way, this means that by 2017, 86% of companies see their investments in digital technology resulting in experiences that are “good” or worse. That’s not “good” enough.

Fixing this will require the contribution of talented IT professionals and insatiable customers, who will drive digital technology deeper into every aspect of their business. If Nicholas Negroponte were to write a sequel to Being Digital in 2015, he might be advised to flip the title to Digital Being to more aptly describe the human nature of today’s digital business imperative.

Without knowing it, American journalist Will Rogers did a good job of framing the priorities of this digital revolution in the early 20th century when he said, “numbers don’t mean nuthin’, it’s people that count.”

People like you. People like your staff. People like your customers.

George Westerman, a research scientist at the MIT Sloan School, recently addressed a group of CIOs at a conference on digital transformation, offering these words of advice and a stark warning: “There has never been a better time to be a great technology executive. Nor a worse time to be a mediocre one.”9

Here’s to greatness in your quest to transforming your firm into a “digital being.”
Footnotes


2 Ibid.


5 Burning Glass Technologies, April 2015.


9 George Westerman, 2015 MIT Sloan CIO Symposium, Cambridge, MA.

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