

LEADING DIGITAL TRANSFORMATION

AN OPEN DISCUSSION AT THE THE CLUBHOUSE

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Are you fit for the Fourth Industrial Revolution? The world of smart devices, intelligent networks and autonomous systems.

Think hard if your business is still more analogue than digital. Is your value chain secure, or could you be the next victim of digital disruption?

The warning signs are out there. Is your business the cab company which isn't Uber, or the retailer which isn't Amazon? In truth, are you sitting comfortably?

How do we transform what we do fast enough to protect our business and stop internet powered upstarts from leapfrogging over us?

These were some of the questions being considered and answered by a distinguished panel in an open discussion with our invited guests.

Andrew Puddephatt has been doing a lot of thinking and advising on the impact of the internet. He reminds us of some of the hard truths.

"The office junior knows more than their boss about what's going on in the digital world. Bosses don't like being the stupidest person in the room rather than the smartest. They resist some of the changes that flow from that because suddenly the young know more than we do."

And this matters, as a quick glance at the biggest company league table tells you just how quickly the California based tech firms have muscled their way upwards, elbowing the banks and oil firms aside.

These new giants of the corporate world have put the word 'Algorithm' into the language of the everyday. And Andrew is confident there's a lot more to come, with a big impact on a business near you.

He quotes a partner from a big four management consultancy. "In the next 10 years algorithms will take away 65% of our business – 65% of what we do is data gathering and processing. We will lose our audit business."



That's digital disruption for you. Consequences will be profound. Andrew talks about a 'hollowing out' of middle income and professional service jobs to match the loss of jobs in our industrial base. Society itself starts to look very different, and that needs to be thought about and managed.

And so the big questions are these.

How do I understand my business when 75% of it will disappear in the next 10 years?

Is there a model for change, and what are the tools I need?

What partnerships should I make, and how do I engage and involve my customers?

Max Gabriel, as Digital Director for academic publishing at Informa Group plc, knows plenty about digital disruption.

"If you're in an industry that hasn't been troubled by digital disruption then your time is coming!" he says.

Max emphasizes that disruption is actually a cycle. The buzz and excitement of a new trend is typically followed by an accommodation with the existing – 'a happy medium' as he calls it.

But that can be followed by the game-changing moment. An outsider re-imagines the entire category, and disruption is complete. He cites what Apple did to the music business.

He sees disruption too as the breaking apart of linear chains. Once upon a time there were makers, connected to sellers, who connected to buyers. There was an order, and a line of control.



That's been replaced by an ecosystem of connectivity and engagement. An example in academic publishing is the growing online community of research scholars directly connecting to each other, in addition to the traditional forum of journals.

The key question for Max is how do you protect your core business, while inventing the new?

And how do you manage that transition?

And there's a killer insight too. "It's not what you don't know that's going to get you into trouble. It's something you knew very well, that you know is no longer true."



Dr Alvin Wilby, Chief Innovation officer at Thales UK, makes a series of candid comments about the challenges of responding to digitization across a wide range of sectors.

“In some cases the evolution has been predictable – as a world leader in “In Flight Entertainment”, it was obvious we had to be looking at BYOD and moving to value added service models rather than just equipment provision. In other sectors we’ve been caught out by tumbling barriers to entry.”

His company is by any standard a world leader in drone technology. Thales build and maintain a fleet of state of the art spy-in-the-sky drones known as Watchkeeper for the British Army.

“We thought we were in a pretty good place for drones, so commercial operators in the UK would have to come to us. We’re a supplier to Network Rail as well as the Army. But when Network Rail decided they wanted a drone service to inspect their infrastructure and they set up a contract for suppliers to deliver the service – we didn’t even know they’d done it.”

They thought they were experts – they were indeed experts – but the barriers to entry had fallen fast and dramatically.

“You start thinking about what the other models are we should be thinking about, if we’re not going to be making a living selling product in the classic way.”

That was a ‘wake up and smell the coffee moment’ says Alvin.

And he gives an insight into how difficult it is in a large multinational corporation such as Thales, employing tens of thousands of staff, to promote innovation.



“It’s very difficult to transform your strategic planning process overnight.”

And he thinks that many corporate strategic plans tend to perpetuate what’s worked in the past, with only minor changes.

But he has a refreshingly simple piece of advice if you are trying to sell change within the ‘mothership’ of a large corporate.

“Be self-confident and bloody-minded enough to stick with it.”

Eva Beazley, Director of The Leadership Gallery emphasised that asking the right questions remains key.

Is your strategy robust enough to meet these challenges?

Have you the leaders in place at every level who have the capabilities you need to deliver your strategy?

Are you doing enough to protect and sustain those capabilities?

And **Rob Shorrick, Director of The Leadership Gallery** explained how the company can help clients answer these questions positively, starting the discussion with two new digital tools: a Strategy Stress Test to review the sturdiness of your strategy, and a Leaders’ Impact Framework to identify which leaders have the capabilities required for success.

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We at the Leadership Gallery would like to extend our thanks to our speakers at this event.

Andrew Puddephatt

Andrew is founder and Chair of Global Partners Digital and an international expert on internet policy issues, including freedom of expression, privacy and security.
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Max Gabriel

Max is Group Digital Director and CTO of Academic Publishing for Informa Group plc. Informa is a leading business intelligence, academic publishing, knowledge and events business, creating unique content and connectivity for customers all over the world.
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Dr Alvin Wilby

Alvin is Vice President Research, Technical & Innovation (RTI) for Thales UK. Thales provides safety and security services across the Defence, Security, Avionics, Space and Transport sectors. RTI comprises a team studying Strategic Growth Options, the Customer Innovation Hub and the Thales Research Centre. <https://uk.linkedin.com/in/alvinwilby>

