

Insights: Digitisation ‘Thought Leadership’

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As the pace of technological change continues to accelerate and affect all areas of society, there's growing urgency for businesses of all sizes to embrace digitisation and disrupt their existing business practices.

Context

Technological change is having a vast impact and creating challenges for all levels of society; there's a growing disparity of wealth between individuals, regions and generations. On the one hand, the dominance of social media and the increasing dependence on digital platforms is altering the fabric of society. On the other, the business community is being disrupted by changing business models, growth in platform-based economies and shifts in the nature, value and volume of jobs. To survive and thrive in the midst of this change, policy makers, organisations and individuals need to rapidly improve their digital awareness and embrace digitisation to avoid being left behind.

Three challenges presented by technology

Disparity of wealth in society	Technology-driven societal change	Disrupted business and markets
<p><i>What are we seeing?</i></p> <ul style="list-style-type: none">● There's a growing disparity between:<ul style="list-style-type: none">○ Individuals○ Regions○ Generations	<p><i>What are we seeing?</i></p> <ul style="list-style-type: none">● Social Media and platforms change the way we interact with one another / society● Technology is impacting children	<p><i>What are we seeing?</i></p> <ul style="list-style-type: none">● Business model disruption● Growing platform-based economies● Changing nature, value and volume of jobs
<p><i>What are the consequences?</i></p> <ul style="list-style-type: none">● Societal breakdown● Distrust of business● A need for organisations to be part of the solution, not part of the problem	<p><i>What are the consequences?</i></p> <ul style="list-style-type: none">● Urgent need for a better digital understanding for:<ul style="list-style-type: none">○ Policy makers○ Organisations○ Citizens	<p><i>What are the consequences?</i></p> <ul style="list-style-type: none">● Decreasing company life-spans● A perception that institutions can't keep up

Increasingly, embracing digitisation is high on the agendas of CEOs and ensuring their organisations have the right skills for the future is of particular concern. According to PwC's 23rd CEO survey (2020)¹, 74% of CEOs worry about the availability of key skills and 46% say their first priority is upskilling the workers they currently have. Their demand for securing the longevity of skills is matched by a willingness of employees to upskill themselves; 77% of workers indicated they are ready to learn new skills or re-train to remain employable in the future. Embracing digitisation is a strategic priority for businesses of all sizes.

¹ PwC's 23rd CEO Survey (2020), <https://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2020.html>

Implications

The increasing dominance of digitisation has wide-reaching implications for businesses of all sizes.

Leadership

There are two key implications for leadership as a result of digitisation. First, there needs to be strong leadership alignment and buy-in to the digitisation agenda, accompanied by commitment from leadership to live out the change that the business is trying to achieve. This can be a particular challenge given the traditional focus on short term results and day-to-day management; leadership needs to break away from old ways of working and realise that this may impact short term results, with payback in the medium to long term. Second, there needs to be an element of redistributed leadership according to where the subject matter expertise lies by democratising technology and putting tools in the hands of the people. Technology skills in most organisations transcend the traditional hierarchy. Any digitisation effort requires those with technology skills not only to be willing to step up and lead the wider business towards the transformation goal, but it also requires them to have permission to do so by traditional leadership structures.

Culture

In order to successfully digitise a business, there must be an accompanying cultural shift with an emphasis on innovation and shifting mindsets. The whole organisation needs to be open to innovating and embracing new ways of working while never losing sight of the value of human insight and ingenuity. This involves allowing those closest to the work to experiment, rather than directing them from above. This can be achieved through securing three things: commitment (from senior leadership and the wider business), catalysts (strategically upskilling communities to act as change agents for the wider organisation) and craft (developing a strong organisational understanding of what innovation means to them and how it's done in their specific context).

Change Management

The way businesses manage change has been irreversibly altered by technology and by the shift to cloud in particular. Traditional approaches to change have focused on businesses managing sequential change curves which theoretically mapped out how they would manage their employees' confidence, morale and expectations through change initiatives with a defined start and end point. This is no longer true in today's world. Change is no longer sequential nor can it be described by a simple change curve; instead, change is continuous, messy, more unpredictable and concurrent. The challenge for businesses is to shift the focus from managing change and its impact onto building employee confidence, resilience and skills on self-directed adaptation and learning so they can adjust to this ever-changing environment.

Adoption

Legacy methods for engaging and incentivising employees to adopt new ways of working haven't kept pace with technology. In a world where employees are particularly time pressured and there's ever-increasing expectations on businesses to deliver digitised services, businesses need to resort to more innovative means for encouraging adoption. This could include offering financial rewards for technology outputs, protecting time for upskilling efforts and incorporating technology contributions into the employee performance review process.

In addition to affecting existing ways of working within an organisation, digitisation presents new opportunities for businesses in the form of emerging value propositions. There's great potential to digitise existing offerings (providing the same products and services in a technology-enabled way) or branching out into entirely new areas. The abundance of untapped data is a prime example of an opportunity for

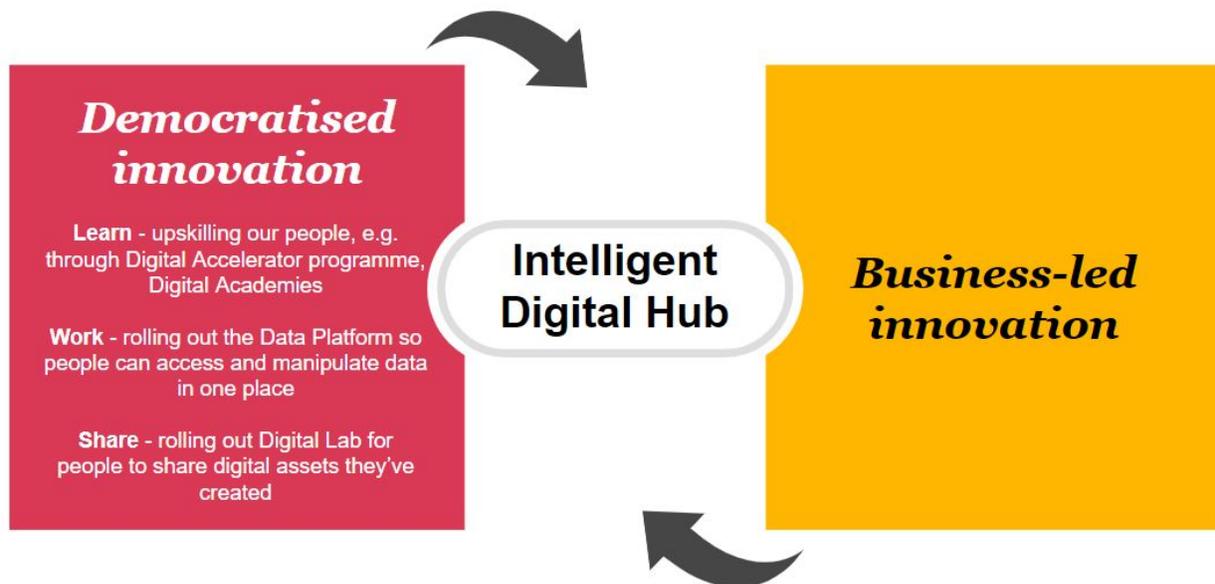
businesses; there's huge insight to be gained from leveraging existing data held within an organisation (or helping clients to do the same) and it also enables leadership to transition to a more data-driven approach to strategy.

PwC's Approach

Over the last three years, PwC has been on its own digital transformation journey to transform the way we work, both internally and with our clients. We have a 170 year history of incremental innovation built on our combination of business understanding and human insight but we recognised that we were perceived in the market as an accountancy firm with a limited digital offering. Driven by an imperative from leadership that we needed to change, we launched Intelligent Digital as an umbrella for all our expanding work in technology where we combined our business understanding and human insight with technology innovation. Early on, we identified the importance of maintaining that leadership buy-in otherwise the change wouldn't be successful. We worked on gaining alignment within the firm and the network on which technologies would be the most impactful in the medium term to drive global consistency. We identified four technologies as a basis: Alteryx, Tableau, PowerBI and Ui Path because of our belief in the importance of harnessing data and our confidence that these technologies will be ubiquitous in the future. Our goal was to upskill the whole firm in these technologies and build confidence and belief in their potential.

This led us to creating a structured programme for digitisation, the Intelligent Digital Hub (IDH). There was a dual approach to IDH, democratising technology (putting tools into the hands of their employees and enabling them to create innovative solutions to business problems) and business-led transformation (surfacing the most value-adding solutions and putting business backing behind them to drive their use and adoption across the whole firm). The democratisation element was built on three pillars: building a place to learn, creating a place to work and providing a place to share. Each of these pillars was brought to life by different initiatives and platforms.

PwC's bottom up and top down approach to digitisation



As a result of this programme, PwC is seeing massive transformation. For example, a team working with a utilities client on a business change project used their new skills to offer the client data-driven insights.

They conducted a survey for the client, used Alteryx to turn the data into something usable, built a dashboard in PowerBI to visualise the findings and shared this directly with the client. This provided the client with rich insight that allowed them to drive tangible and impactful actions, leading to a 19% increase in scores over a four month period. Internally, we've seen examples of efficiency savings through assets our people have produced - a manager in Audit built a solution in Alteryx that automated a task that had previously taken 100 hours of manual activity. The innovation was then shared on Digital Lab (our asset sharing platform) where other people could apply it to their projects, saving a vast number of hours across the business. Whether the transformation is through direct financial benefits from increased technology related revenue, efficiency gains (from automating manual tasks), a shift in ways of working, an increase in technology skills across the business or the growing adoption of relevant technologies, the benefits are enabling us to survive and thrive in the midst of technological change. We're approaching this globally and seeing consistent results across the PwC Network.

Conclusion

The pace of technological change is set to continue accelerating. More and more businesses are embracing digitisation and seeking to harness it to improve the efficiency and effectiveness of their business, as well as to future-proof themselves against further disruption. The opportunity is huge and the biggest question for businesses is whether they'll digitally disrupt themselves before someone else does.

For more insight or to have an exploratory conversation with Jon and the team at PwC, please contact Jon Andrews (jon.andrews@pwc.com) or Jo Salter (jo.salter@pwc.com).