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THE FUTURE OF BUSINESS

5 WAYS TO SHAPE YOUR CHANGE STRATEGY

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The Need for Constant Business Reinvention

Organisations are aware that they must reinvent themselves continually to remain relevant to their customers, engage their employees and be profitable – and yet they find it challenging to live with the present pace of change.

Achieving a new equilibrium requires organisations to have the right skills; execute effectively every day; drive the best priorities for change; and refresh and renew their capabilities. Organisations will require adaptable people, processes, technologies and data to position themselves to harness the future.

Here are 5 insights that will help you shape your change strategy.

> The pace of change has never been this fast, and will never be this slow again.

JUSTIN TRUDEAU
Prime Minister of Canada

1 Productivity Persists as a Priority

Perceptive people make reinvention work. They are the people who understand where an organisation is, how it got there and where it wants to go in the future. This knowledge forms the foundation for the future.

However, these people are becoming increasingly difficult to find – so there is real value in improving the productivity of both these change agents and the technology teams that support them. This demands a fastidious focus on those skills that deliver differentiation for customers.

Automation frees up these people, complements their capabilities, and makes them more productive – and these capabilities can be further augmented by AI.

THREE MAIN OUTCOMES EXPECTED FROM TECH DEPLOYMENTS IN 2022-23

Recruit, train and retain essential skills and look for partners who are leaders in their sphere to provide the other, less differentiating capabilities.

41%
Improving employee experience & productivity

40%
Increasing customer experience & retention

35%
Product Improvement/ Innovation

Source: Ecosystm Digital Enterprise Study, 2022

2 Digital Debt is Not Only Technical

Over time organisations have been investing intensely in their digital development, with each change adding to their capabilities. These changes have also increased the organisation's maintenance and support requirements, constraining their ability to work on new activities.

Technical debt is a common discussion topic today, with IT teams consistently pushing for resources to reduce this debt. But organisations also accrue a similar debt in their operational capabilities. Processes change more slowly than current requirements, making the original processes less productive and needing change.

A similar story emerges when we consider data for analytics. As organisations grow and change, new questions need to be asked about performance – which will need new data sources and architecture.

> **Continuous reinvention requires the identification of an organisation's digital debt, and evolution of the processes, technology and data to reduce legacy constraints. This will support the reuse and refactoring of existing capabilities in new ways and the introduction of new capabilities.**

3 Both Operations and the Customer Matter

Digital capabilities are increasingly fundamental to improvements in both operational excellence and in improving the customer offer.

Organisations are driving improvements in the effectiveness and efficiency of their operations, particularly using the increasing volumes of data that are being generated. This is in response to internal drivers such as cost and employee benefits, as well as customer expectations of seamless experiences and deeper engagements. Many organisations are looking to move from short-term transactional relationships to long-term experience-based relationships by collecting data about the customer's consumption patterns from their products and services.

Investment in both the customer experience and operational efficiency needs to be balanced keeping in mind organisations' limited available resources.

AREAS WHERE ORGANISATIONS WILL BENEFIT MOST FROM THEIR DATA INITIATIVES

65%
IT Operations

63%
Personalisation of Customer Experience

61%
Invoicing & Payment Operations

60%
Customer Sentiment Analysis

60%
Operational Security & Risk Management

Source: Ecosystm Digital Enterprise Study, 2022

The organisation's needs will not change at the same pace across all business areas. The capabilities that differentiate the organisation in the customers' eyes will be those that change the fastest, while internal capabilities that are required for risk management and compliance will evolve more slowly.

Adopting a business and digital architecture that is adaptive to these different rates of change is a critical enabler for reinvention. Many organisations need to improve their understanding of their existing architecture, to make them adaptable. Focus is needed on structuring and simplifying the architecture to align with the processes that deliver business value – not on technologies used.
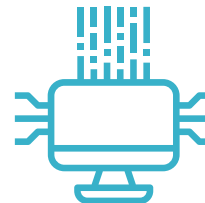
> 66 **Establishing isolation zones between components to minimise the impact of changing components is becoming key to the rapid delivery of value.**

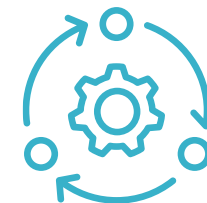**ORGANISATIONS' TECH MODERNISATION FOCUS IN 2022-23**

46% Infrastructure Architecture

45% Data Architecture

43% IT Operations

Tomorrow's Excellence Will be Driven by Iterative Reinvention

Reinvention cannot be a one-and-done activity.

Developing an innovation capability that investigates and preempts the next challenges for an organisation will be essential. Driving the innovations that work and learning swiftly from those that don't, should be a regular activity.

To that mindset, add in emerging uses of existing technologies and the ones we have not heard of yet, and new innovations will become possible, affordable and profitable. There will be too many possibilities, so developing the discipline to select those opportunities that best align with the organisation's goals will be necessary.

The time to deliver value from a change will reduce as more options are available.

> Iterative innovation will become easier with the adoption of intelligent automation and adaptive AI/ machine learning. However, not only will this require a debt-free technical environment, it will also need an adaptive and scalable infrastructure.

Alan Hesketh
Principal Advisor,
CIO Advisory

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Most organisations have accepted that change is constant, but the challenge now is accelerating the pace of change. All your stakeholders – whether customers, employees or the Board – expect continuous improvements in performance and growth.

To extract the best value from your tech investments:

→ Think of AI & automation as a means of increasing productivity across all business activities – this will improve operations and accelerate decision-making.

→ Invest in technologies to support your tech teams – they need to re-build a legacy digital architecture that will stand the test of time and pivot fast to organisational and market needs.

→ Be selective in your investments as there are so many possible innovations. A differentiated investment will be needed, with all steps leading to well-defined goals.

→ Work with a partner to support you in the areas that will be strategically important. The complexity of your tech environment will continue to increase and stretch your tech teams.

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