Welcome to the Digital Economy
A series of white papers by Ade McCormack, Auridian
Introduction

The tectonic economic shift most of us are experiencing is a consequence of the painful transition from the industrial to the digital economy. **One might expect this new era to herald a Golden Age for CIOs. The reality though is that the CIO’s role is far from guaranteed.**

This white paper explores how CIO’s can use this transition period to increase their strategic relevance and take their rightful place as an organisational lynchpin.
Back to the future

Let’s imagine that HG Wells’ time machine was a commercial reality and you had the opportunity to take it for a ride. Out of curiosity you decide to travel back in time. Being unused to the control panel you over turn the dial and find yourself landing around 200,000 years into the past.

It’s quite a different place to what you are used to. The locals dress somewhat differently to you and your colleagues, though their communication skills remind you of one or two of your more vocal users. Despite the crudeness of their interpersonal skills, they do appear to have a sophisticated social structure. They operate in loosely coupled tribes foraging for nuts and berries as they pursue migrating herds of wild animals.

Each tribe member is an expert in what they do whether it be hunting or gathering. They do it with effortless ease and great diligence. Whilst the tribe has a leader and leadership team, their time is not wasted on ‘man management’ but on decision making around how best to harness the capabilities of the tribe members (for the benefit of the tribe as a whole) in the light of the environment in which they are operating. Occasionally tribes will transact with each other but only after a series of trust building rituals / protocols have been enacted. This all seems a distant reality to the tech-fuelled 21st century.

So back into the time machine with the intention of returning back to the present. The absence of labelling on the dial means that you have to estimate how far it needs to be turned to return to the present.

On disembarking you are startled to note that the people you see are also behaving in a tribal manner. However they appear to be associated with multiple tribes related to both their professional and personal lives, though which is which is a little unclear.

There appears to be no management as such but a few leaders and everyone seems to be very focused on what they are doing. And typically they are very good at it. Staff engagement appears to be a non-issue in this world. There also appears to be an obsession with brand at both the individual and enterprise level. Whilst technology underpins everything, there is a much more social / collaborative approach amongst the workers, who themselves are rarely physically face to face.

You notice that these people look and behave the same way as you do. You also notice from an electronically displayed clock that you haven’t in fact landed in some distant future, but in 2020. As an aside you also notice that your dress code is very much in keeping with local fashions, proving once and for all that you are ‘beyond trend’ in matters of fashion.

As you reflect on your time travelling activities that evening, you realise that humans have changed very little over the last 200,000 years, it’s just that technology has made it possible to break the restrictive chains of the industrial era.

The digital era and the digital economy might be better thought of as man’s return to his true nature rather than simply Tech 3.0 or some other incremental change prompted by a new enabling technology.

Today many organisations are well on the road to this new way of operating. The important question is whether you are driving this change within your organisation.
Strategic implications

Here are some examples of the way smart organisations and smart people are changing and thus how the rest of us need to change if they are to thrive in the digital economy.

- People are more critical than ever to organisational success. However attractiveness to employers is driven by expertise-inspired creativity rather than obedience-riddled competence.

- People build their careers around what the market needs rather than pursuing the relative comfort of a management role. Being an expert means that they are their own harshest critic and thus do not need the stimulation of a line manager to perform to their highest potential. Technology plays a key role in that people have ready-access to career developing online content and so do not need management permission to learn via off site training courses and the like. Thus the need for traditional management is dying out.

- These people know their market worth and are thus more likely to work in a freelance capacity. Think digital hunter-gatherer.

- The global talent shortage is moving the power axis towards the staff to the point that their expertise will drive strategy rather than strategy driving the role specifications.

- Reputation is everything. Social media tools are used to build and maintain trust. If people I know trust you, then so do I.

- Growing brand awareness does not come free. In the digital economy this may necessitate providing real value to the market for free or almost free. So asymmetric business models such as those of the low cost airlines or Google, enable them to reach a very large market whilst a small subset subsidise the model.

- Consumers are increasingly ultra-informed and thus ultra-fickle. Organisations have to work harder to deliver more for increasingly less return.

Operational implications

The operational implications are even more visible today if we pause to take a look at what is happening around us.

- The empowered user is driving IT strategy. BYOD is the precursor to Bring Your Own Datacentre and even Bring Your Own Information. The latter being inferred from personalised big data silos residing in public personal clouds.

- Work is defined by where people choose to work as opposed to the buildings listed in the corporate property portfolio. This isn’t necessarily an act of intransigence, but an attempt to be more productive through spending more time with the client or spending less time travelling.

- Judging workers on their output rather than their attendance during a set period enables people to juggle family commitments with their professional obligations. This widens the available talent pool from which staff can be acquired.

- Mobility is thus an increasingly critical element of succeeding in the digital economy.

- The fickleness of the market will drive increased corporate agility. Supply chain management will move from ossified permanent bonds to loosely coupled tactical encounters. The emphasis on trust will reduce the risks associated with a model whereby relationships are created and dissolved in tandem with market volatility.

- Better decisions come from better decision making tools and trusted data sources. Quicker decision making comes from devolving the decision making to where it needs to be made. So front office staff in for example a bank or hotel will become increasingly empowered to make corporate decisions on the spot based on having a ‘fighter pilot array’ of decision making technologies at their fingertips. In an era of instant gratification, clients will come to expect this.
Does the CIO have a role in the digital economy?

Well that depends on whether your branding cries out ‘technology manager’ or ‘business enabler’. The former is important but will increasingly become a subset of the role of the CIO. If your organisation’s technology investment is sufficiently complex and your career is on the home straight then you may sail through as the technology manager. For everyone else it is a case of adapt or die.

The digital economy CIO needs to embrace the following:

- The ability to turn big data into business insight.
- Social media by providing the technologies and the conditions to benefit the organisation as well as the individual.
- Cope with rather than control the proliferation of byod and its mutations.
- Cultivating a service ethic that is genuinely user-centric. The reactive ‘wait until we are asked’ needs to be replaced with the proactive “how can we help you?”
- Look beyond the IT function boundary with a view to seeking opportunities to lever digital technology to help the business deliver more (including more innovation) for less.

The role of CIO is an essential lynchpin that connects the technology industry to the consumers of technology. The perceived value delivered by the technology sector hinges on the capability of the CIO.

In the digital economy, it is in everybody’s interest that the CIO is the catalyst for technology-fuelled business innovation rather than a high profile value-dampener.

Take Action

In many respects the digital economy is a blessing for the CIO. This alignment of the planets in terms of workforce mobility, corporate agility and technology evolution makes this the perfect opportunity for the CIO to become a genuine business leader.

However that may be considered a privilege rather than a right unless we take action.

The following are just some examples of how you can reposition yourself as a critical member of the leadership team.

- Plan a trust building campaign with your fellow CxOs. Your trust levels will correlate with your service delivery record, though there may be a delay as it takes time for users to realise that a step change in service delivery is more than just a blip.
- Respond enthusiastically to user requests for collaboration-related solutions.
- Propose business intelligence solutions that are closely aligned to the organisation’s strategic key performance indicators.
- Build partnerships with your technology and information providers. Building trust with your supply chain is as important as building trust with your leadership team. After all, you are only as good as those whom you rely on.
- Ensure your staff are switched on to the economic changes taking place. Being technically competent is not enough. A service ethic is key. Engage with your HR function to address any issues you have with existing team members and to stem the further inflow of ‘old school’ technologists.

Some of these actions are instantly implementable. Some will require you to acquire a new set of skills. Perhaps think of this economic transition as a career change. This requires an investment in your capabilities. Better to do this now and be ahead of the pack, rather than delay and have to do this outside the confines of secure employment.
Conclusion

The world is changing rapidly. At the same time mankind’s tendency to hunt / gather, be social and mobile has not. In many respects the industrial era was an unnatural phase in our evolution. Technology has provided us with the tools to return to our true nature.

The transition from the industrial to the digital economy is already well underway. Again this transition is not marked by the increasing prevalence of technology, but by the way in which mankind is returning to its natural state. The work-life separation of the industrial era will be considered strange in years to come.

CIOs who believe that the increased use of technology will ensure they are kept in gainful employment are in for a shock. The industrial era CIO who often saw the user as something to be managed has no place in today’s world. Empowered users will simply walk away from organisations that do not meet their digital needs. This is not something that organisations can afford in a talent-scarce market.

Digital economy CIOs are in effect digital economy business leaders. They recognise their role is to help the organisation exploit digital advances to realise the strategic objectives. They similarly recognise that it is their responsibility to help the organisation sweat both its information assets and human capital.

Technology management is still important, but it is not the foremost responsibility of a digital leader. If your conversations are technology rather than business oriented, you will find it challenging to shake off the Chief Laptop Fixer branding.

The digital economy provides a unique opportunity to reposition you as a critical member of the leadership team. Again do not expect your CEO to believe this initially. She has been conditioned by years of technology related issues.

As your rebrand master plan unfolds, your CEO will realise that nobody is better placed than you to guide the organisation through the uncharted territory of the digital economy.

It appears that the future has arrived.
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