Rapid rise of the chief digital officer

| BY MANISH BAHL |

IDC predicts that, by end-2017, 60% of Asia-Pacific's top 1,000 enterprises will have digital transformation as an integral part of their corporate strategy. Evidently, Asia is fast becoming the centre of digital innovation for the world — the region alone accounts for 48.4% of the 2.9 billion Internet users globally.

With the growing economic power of the East over the last decade, Asia-Pacific is quickly rolling into a new era of business, technology and commerce. Conventional business sentiments have been disrupted by the "digital-first" approach, introducing unforeseen challenges in the form of new investments, organisational structures, internal skills, change management, as well as roles and responsibilities within companies.

Digital transformation has intensified the mandate for businesses in Asia Pacific to rise to these challenges and transform them into opportunities, with digital participation being at the heart of this.

From analogue to digital leadership

Organisations need strong digital leadership to helm the growth agenda, and one way to go about doing this is to inject "digital thinking" into an organisation's core. In fact, this should even extend to the social media presence of its leaders.

Yet, a recent survey conducted by Cognizant showed that the majority of business leaders in the region lack a digital presence, 40% are not on professional networking platform LinkedIn and 70% have yet to open a Twitter account.

As appalling as it may seem in this digital age, this attitude is what can be termed as a "lack-of-time syndrome" — business leaders feel that time should be used to fulfil more strategic tasks at hand. What they do not recognise is that the failure to leverage and expand their digital presence may affect the future of their own roles and businesses.

For a start, the key to understanding the digital consumer's state of mind and unlocking the true value of digital lies in personal participation in the digital realm. Leaders need to take their ideas and transform them with the power of digital. This should be done not in the hope of becoming a digital expert, but part of leading a digital-first company by writing off old habits and paradigms.

Digital leadership not a part-time job

Organisations cannot truly think "outside the box" until a clear digital leadership mandate has been established. The same survey revealed that the charter to digitally transform the business currently resides with the chief information officer/CTO (89%) or chief marketing officer (72%) as an added responsibility.

This approach is fundamentally flawed, as effective digital transformation cannot be attained through a part-time responsibility. If CIOs, CTOs or CMOs are well equipped to lead the transformation, they should relinquish their current roles; if not, the business should hire another person to undertake the role separately. More than two-thirds of the survey respondents already have or are about to establish a chief digital officer/digital head role in their organisation.

The rise of the CDO has been well-charted, and while CMOs and CIO/CTOs will be on the forefront of digital events, the CDO role will lead companywide digital transformation. CEOs, it appears, recognise the need to have a leader in place with an explicit mandate to drive digital transformation at a time when so much is at stake.

Apparently, the increasing CDO-related jobs in the market reiterate that companies are realising the need for a dedicated role to lead transformation.

CDO's responsibilities and challenges

In charting the ascent of the CDO in an organisation's digital transformation agenda, what is truly expected of a CDO must be clearly understood. They are seen as leaders with the ability to connect all stakeholders, break down organisational silos, change the company's culture, set up a digital office, and realign employee incentives, rewards and growth plans.

On top of that, they must also harness the capacity to address the challenges that companies are facing or will face, as digital transformation accelerates, such as:

- A lack of organisational structures, internal skills and partnerships in the planning and managing of digital transformation;
- A lack of digital expertise/skills or collaboration across business units to develop new products/services related to digital transformation;
- A lack of vision or communication failure; presence of a change-resistant culture; a lack of urgency to build consensus within the organisation;
- Insufficient budget and lack of resources; lack of roles and responsibilities to connect digital investments to enterprise business goals;
- Ambiguous value from digital transformation efforts to drive tangible and measurable results; and
- Tracking continuously changing customer behaviour to improve customer experience to achieve business goals.

Despite these challenges, developing future-ready digital leaders is an attainable goal.

One of Asia's leading financial services groups, DBS, held a "megahackathon" initiative in Singapore, where employees were encouraged to develop new applications (apps), processes and organisational prototypes jointly with relevant start-ups to tackle business and societal challenges. This resulted in transformed digital mindsets of hundreds of business leaders within DBS, which the bank plans to impart to every employee before end-2016.

The road ahead

While every organisation will embark on a different journey towards digital transformation, consistent fundamental insights can be gained and applied from digital winners.

Digital transformation should not be viewed as a "technology-fenced" development — instead, companies should first streamline the business complexities associated with digital transformation before identifying and implanting the technology needed to get there.

In their pursuit of digital transformation, leaders should examine additional steps required for a business future filled with both uncertainty and phenomenal opportunities.

Winners of the new digital world will challenge conventional thinking with regard to product innovation, customer engagement, organisational structure and strategy as well as business models.

All in all, as the digital revolution unfolds, CDOs/digital heads must be willing to make meaningful organisational transitions that align a strategic digital vision with bold precision in order to meet the greater ambitions of what it means to be truly digital. 	**E**

Manish Bahl is the senior director at Cognizant's Centre for the Future of Work