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KPMG Perspectives

Are you a digital leader?

DIGITAL disruption is a clear and present opportunity for businesses to reinvent themselves in preparation for the new digital economy. While economic uncertainty is making business planning difficult for many organizations, it is clear digital strategies have infiltrated businesses across the globe at an entirely new level.

In Singapore and the region, CIOs are placing more emphasis on building sustainable business models by leveraging technology to drive top-line growth. Many organizations are no longer simply talking about digital strategy, but moving on to making it happen.

According to the Harvey Nash/KPMG CIO Survey, digital transformation has become a strategic imperative for most organizations and a matter of survival for some, with a proportion of organizations with enterprise-wide digital strategy up to 52 percent since the last survey.

Almost half (46 percent) of all CIOs in Asia Pacific are currently investing in, or planning to invest in digital labor, cognitive automation, or robotic process automation, placing the region far ahead of the global average that stands at 34 percent.

Strategy, not technology, drives digital transformation

CIOs remain in an ideal position to lead their company's digital transformation.

This is a result of deep understanding their current technology estate and emerging disruptive technologies, as well as their cross-enterprise perspective and familiarity with key business processes.

My experience shows that digital transformation starts with a board-driven, enterprise-wide digital vision and strategy. This requires substantial technology enablement to bring it to fruition. By virtue of their cross-enterprise perspective, CIOs can work with the C-suite and business leaders to help them understand and take advantage of synergies across the enterprise, spread leading practices, eliminate the duplication of effort and align resources and priorities that maximize benefits enterprise-wide.

To survive digital disruption, companies are required to step up their game and innovate to enable the business to be competitive. Too often however, good governance is ironically the antithesis to innovation because it is designed to minimize or even eliminate risk, whereas innovation is synonymous with taking risk. CIOs must work with business leadership to define a governance framework that effectively manages and mitigates risk to embrace and encourage innovation.

Current operating models are also not sufficient to address digital disruption.

"CIOs are placing more emphasis on building sustainable business models by

leveraging technology to drive top-line growth"

Information technology is an essential component of a digitally driven world, and businesses expect the IT organization to be able to understand their complex needs seamlessly, and be far more agile and responsive than it has been in the past.

A new operating model is required that can leverage emerging technologies and sourcing alternatives to satisfy stakeholder expectations.

For the foreseeable future, the IT organization must continue to support the current portfolio of systems where the focus is on stability, reliability, security and cost efficiency. At the same time, it will need to become more agile and innovative to support new digital initiatives that drive revenue and growth.

The article "Are you a digital leader?" is written by Ram Lakshminarayanan, KPMG in Singapore.

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