Digital Transformation

The 10th CAE Conference
"BEYOND ALL BARRIERS"

UAE Internal Auditors Association
IIA Global Affiliate
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16TH – 18TH NOVEMBER, 2021

ATLANTIS, THE PALM HOTEL, DUBAI

Why the need to transform?: The Wold is changing

Disruption is omnipresent:

- Customer Expectations

- Market

Major External challenges...

Rapidly changing customer preferences and technology expectations

Underlying technology revolution

Constant emergence of new business models and digital attackers

Require internal adjustments

Digital readiness and scalability

Changing capabilities and readiness of employees for the new skill set of the digital era

People, Processes & Delivery, Systems and culture

Organization's ambition is to become a digital leader in the world...

Achieve extraordinary customer satisfaction

Create competitive advantage in the market

Become a leader in transformation and innovation for the industry

Be a beacon for digital technology

Be one of the proudest places you can work for

...Concept
sullied very often

Digital transformation is the process of exploiting digital technologies and supporting capabilities to create a robust new digital business model.

Gartner

Digital transformation means more than developing an app or deploying digital technology. It's about changing the entire operating model and creating a digital mindset across the organization that focuses on providing a frictionless experience in every interaction for every customer.

EY

Delusion of Digital Transformation (Rob Llewellyn)

« Transformation creates a new future while a Change creates a better version of the past »

Digitization

- Conversion of Content to Digital format
- Operational necessity
  - Transforming content into PDFs
  - Recording of meetings and calls

Digitalization

- Improve business processes by leveraging digital technologies (Data, Cloud, APIs, BPA/RPA
  - Using chatbots to communicate with clients
  - Implementing test automation to reduce manual testing

Digital Transformation

- Customer centric value proposition
- Leverge emerging technologies to build new business models and improve customer & employee experience
  - Digital Banks

Digital Hive- Cell 1: Customer experience

"every interaction, or touch point, your customer has with your brand. It not only includes the interactions, but also the customer experiences (perceptions, feelings) ."

Customer experience with high value is led by a transformation of the customer journeys

The true value of customer experiences **is** the perception of what a product or service **is worth** to a **Customer** versus the possible alternatives : the "moments that matter"

How can we personalize our customers' experience based on their individual needs : Unique experience
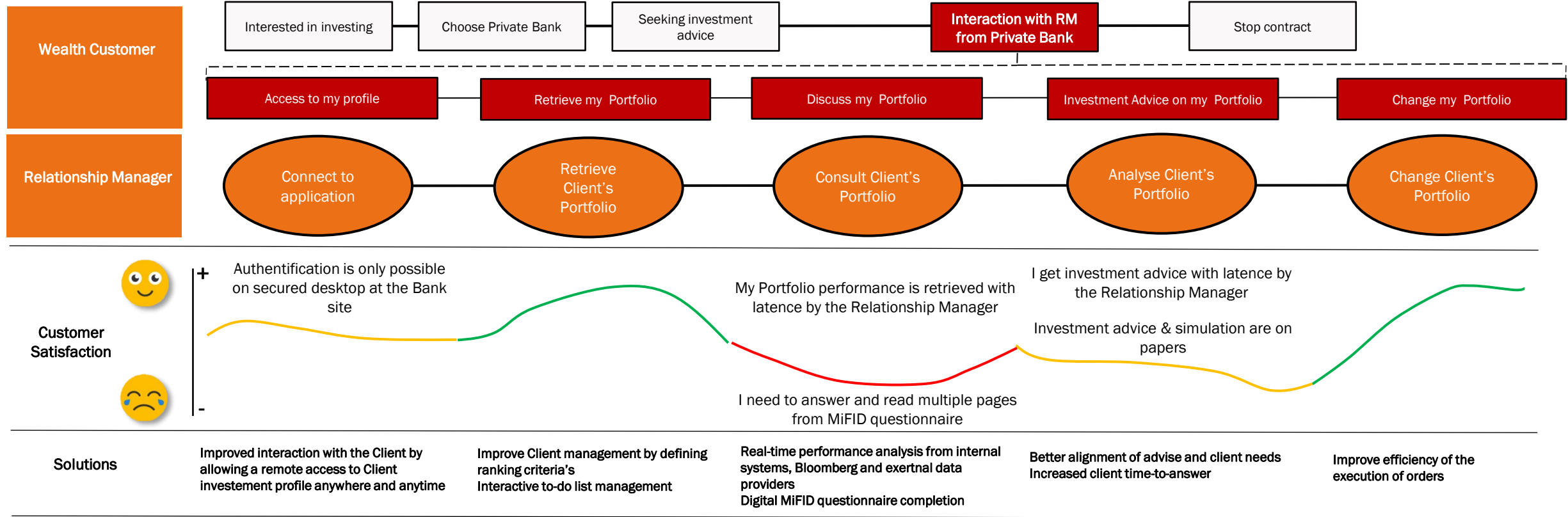
A potential Harley customer can visit a Harley Owners Group. For more than 25 years, Harley-Davidson has organized Harley Owners Group events.
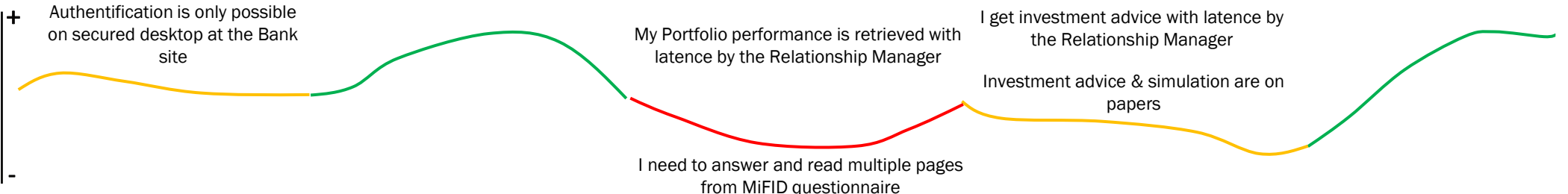
CONTEXT : A **Private Bank** has notice **unsatisfactory** from the **Wealth Customers and Relationship Managers** regarding the interaction between the two and how it affects the customer satisfaction.

Specifically, Wealth Customers needs to **come to the Bank HQ with personal appointments** to receive advisory from the Relationship Manager and decide for a change in the Portfolio Management

On the other side, Relationship Managers **request more flexibility** in the Customer Management and the ability to be present at the convenience of the Wealth Customer.

Wealth Customer					
	Interested in investing	Choose Private Bank	Seeking investment advice	**Interaction with RM from Private Bank**	Stop contract

| | Access to my profile | Retrieve my Portfolio | Discuss my Portfolio | Investment Advice on my Portfolio | Change my Portfolio |

Relationship Manager

- Connect to application
- Retrieve Client's Portfolio
- Consult Client's Portfolio
- Analyse Client's Portfolio
- Change Client's Portfolio

Benefit

Customer Satisfaction

+

Authentification is only possible on secured desktop at the Bank site

My Portfolio performance is retrieved with latence by the Relationship Manager

I get investment advice with latence by the Relationship Manager

Investment advice & simulation are on papers

I need to answer and read multiple pages from MiFID questionnaire

-

Solutions

| Improved interaction with the Client by allowing a remote access to Client investement profile anywhere and anytime | Improve Client management by defining ranking criteria's Interactive to-do list management | Real-time performance analysis from internal systems, Bloomberg and exertnal data providers Digital MiFID questionnaire completion | Better alignment of advise and client needs Increased client time-to-answer | Improve efficiency of the execution of orders |

Digital Hive- Cell 2: Business Model

"All it really meant was how you planned to make money"

For Microsoft the business model was to sell software for 120 dollars that cost fifty cents to manufacture …

Lego toy production company …

Internet companies attracts huge crowds of people to a Web site, and then sell compagnies the chance to advertise products to the crowds

Mono Channel / Mutli Channel / Cross Channel / Omni Channel why?

Competitors of banks ?

◦ Digital banks
◦ FinTechs
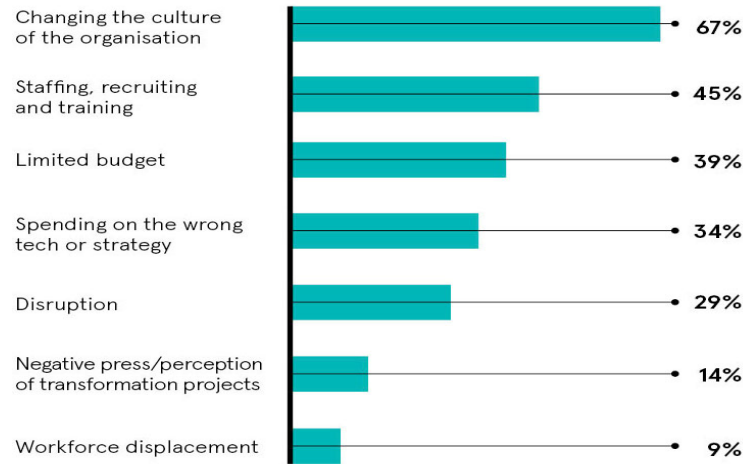◦ Lending Club
◦ Apple Credit Card…

Digital Hive - Cell 3: Organizational Culture (NWOT)

Organizational culture is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organization. It may also be influenced by factors such as history, product, market, technology, strategy, type of employees, management style, and national culture.

One of the crucial (yet often under-acknowledged) aspects of digital transformation is nurturing and enabling the organizational culture that can support greater agility.

TOP FACTORS KEEPING DIGITAL TRANSFORMATION LEADERS UP AT NIGHT

Cross-industry survey of decision-makers

Factor	%
Changing the culture of the organisation	67%
Staffing, recruiting and training	45%
Limited budget	39%
Spending on the wrong tech or strategy	34%
Disruption	29%
Negative press/perception of transformation projects	14%
Workforce displacement	9%

Constellation Research 2018

Leadership rather Management

Empowering Employees

Foster a safe environment
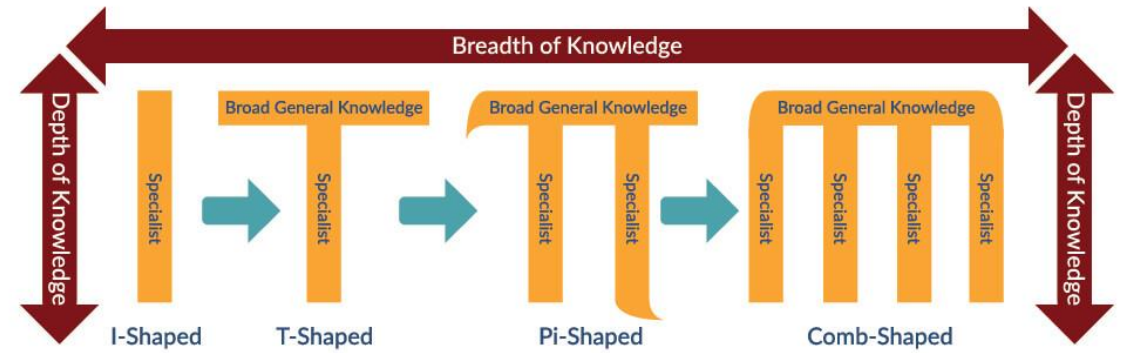
Adaptive rather than prescreptive

Self Organized and Cross Functional teams

Polish talent

Digital Hive - Cell 4: Skills and Talent

- ✓ Critical Thinking
- ✓ Complex Communication
- ✓ Creativity
- ✓ Collaboration
- ✓ Flexibility and Adaptability
- ✓ Productivity and Accountability
- ✓ Servant Leadership

- ✓ Unidimensional skill to multi dimensional skills
- ✓ Business acumen
- ✓ Pi-Shape profile : 1 or 2 specialties + business knowledge
- ✓ Customer expectations driven delivery

Digital hive – Cell 5: Operating Model (NWOD + NWOW)

To build value and provide compelling customer experiences at lower cost, any enterprise needs to commit to a next-generation operating model. This operating model is a new way of running the organization that combines digital technologies and operations capabilities in an integrated, well-sequenced way to achieve improvements in revenue, cost, and customer experience.

An operating model translates strategic intent into operational capabilities. It articulates how an organization delivers value to its customers or beneficiaries as well as how an organization actually runs itself.

New Way Of Delivering (NWOD)

Operating Model
- A next-gen help drive alignment through:
- E2E business IT interaction modelling
- Business Case development
- Executive alignment

Organization Design
- Flattened organization to increase speed
- Empowered roles
- New talent models

Processes & Practices
- New methods: Scrum and Kanban (just enough mindset)
- Agile tooling
- Agile Engineering practices adoption

Training & Coaching
- Consistent communication
- Contextualized and real-world training
- Embeded, hands on agile coaches
- Coach the Coach model to accelerate self-sufficiency

Digital hive – Cell 5: Operating Model (NWOD + NWOW)

A digital workplace uses technology to make the organization and workflow more flexible and it always puts employees before everything else. It is an ecosystem that determines how people work and engage with others using technology, how value is created that passes through the entire value chain and how it benefits its stakeholders.

New Ways Of Working (NWOW)

Use of various tools and apps

Focus is always on the employees

Modern Workplace
The goal of modern workplace is to unleash the creativity that's in all of us through new models of empowerment and new ways of working.
Satya says:
"Together, we are building a modern workplace, which starts with empowering everyone in an organization to be more creative and collaborative, and ultimately apply technology to help shape the culture of work. And importantly, secure your organization's digital estate. It's this cultural shift that's top of mind for every leader and every organization, and that's what we want to enable with Microsoft 365.
We aim to unlock the creativity in all of us, so that you can bring out the best in everyone in your organization."

Digital hive – Cell 5: Operating Model (NWOD + NWOW)

Key shifts required that affect traditional operating models

Today → Tomorrow – Agile organization

| Project teams and functional resource management | **Fixed, cross-functional product teams** Traditional delivery organizations typically operate on a functional model, while team agility requires building static cross-functional teams |

| Funding and strategic planning | **Capacity based funding by product** Central to agile is shifting from traditional project-based funding to team-based funding so that costs can be fixed and time and scope can vary |

| Business engagement, job families, and talent | **A formal product owner organization** Changing the business organization and talent is critical to achieve business agility and requires investment in formal product owner roles and reskilling |

| Supporting functions outside of core delivery | **Agility across support functions** Enterprise agility requires not just changes to core delivery roles, but also to how supporting functions, such as marketing, servicing, and others interact with agile teams |

| Leadership and people management | **Increased empowerment and self-organization** Leadership and management is the foundation for a sustainable agile transformation; changes to how leaders and managers are evaluated and behave are critical |

Digital Hive – Cell 6: Technology

New IT Architecture to address slow and time consuming maintenance

Cloud-ready & Cloud Native platforms in order to have elastic scalability and increased resilience

Build an ecosystem that allows other players to integrate with our environments

Enhance data management to support business in decision making

Core System consolidation, instance centralisations and productize customisation

Revamp of the infrastructure / technology stack in order to increase elasticity and flexibility
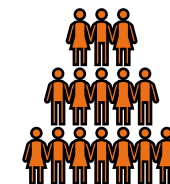
Takeaway

> " In a chronically leaking boat, energy devoted to changing vessels is more productive than energy devoted to patching leaks. "