protiviti ®

Face the Future with Confidence

Resilience and Performance in a Digital World

We are living in a time of unprecedented change, one that is exciting for those embracing the opportunities technology and digital capabilities present. However, many are finding it difficult to come to terms with the pace of change and are struggling to cope in this digital age.

Issue

Most organisations feel compelled to make significant changes to remain relevant and compete effectively in their markets. Some organisations are more aware than others of the need to embrace change and have established strategic transformation programmes in response to the risks presented by innovative disruption. Still, many organisations are getting left behind.

Digitalisation and the Pace of Change

The pace of change and associated business transformation activities are accelerating rapidly, making it increasingly important for organisations to develop conscious and effective digital strategies that are built into their business-as-usual activities and enable them to manage the risks and embrace the opportunities digitalisation can deliver.

Innovative disruption and the organisation's ability to respond to change are cited annually as top risks in our recurring *Executive Perspectives on Top Risks* survey, as are cybersecurity and privacy, and these risks have moved rapidly up the agenda as organisations embrace digitalisation.[1]

Even those with strong brands and the resources to pay salaries well above average levels recognise that attracting and retaining talent has become a significant, business-critical issue, as fast-growing digital leaders lure away individuals capable of driving a digital agenda and helping the organisation achieve its long-term strategic objectives.

As a result, the average tenure of organisations on indexes such as the S&P 500 is on the decline, and many forecasters predict that as many as half of the incumbents will be replaced within the next decade.

The top spots are becoming more and more prominently occupied by young, "born digital" companies heavily focused from "day one" on using technology to build stronger relationships with their customers, provide innovative products and services, and improve operational performance and decision making. More traditional businesses can learn a great deal from these younger, leaner companies, especially when it comes to organisational culture and encouraging digital change and innovative thinking.

Therefore, business leaders are increasingly recognising the need to transform their organisations. Many, however, underestimate the extent of change required at the core of the organisation to compete in the digital age.

Digital Transformation

Organisations often consider digital transformation a definitive outcome and wonder what it should involve and how long it will take to finish. However, digital transformation should be viewed much more as continuous evolution. It is about an iterative journey, not a definitive, unchanging destination.

As soon as the organisation achieves one goal along the path to digitalisation, many more will emerge on the horizon. The competitive landscape

---

[1] For more information, visit www.protiviti.com/toprisks.

VISION MISSION STRATEGY	MANAGEMENT EMPLOYEES CULTURE	ORGANISATION STRUCTURE PROCESS	COMMUNICATION STRUCTURE PROCESS	TECHNOLOGY INNOVATION DEVELOPMENT	BIG DATA ANALYTICS AUTOMATION
Vision Mission	Digital Leadership	Corporate Culture	Customer Centricity & Experience	Technology Organisation	Data Value Creation
Business Model	Management Culture	Structure Hierarchy	Marketing Campaigns	Architecture & Infrastructure	BI Analytics
Strategy	Employee Skills	Human Resource Management	Marketing Provider Management	Software Development & Delivery	Data Science Team
Digital Maturity	Team Performance	Innovation Research	Channel Strategy	Third Party Collaboration & Integration	Data Governance
Financial Planning	Digital Sponsorship	Knowledge Management	Media Performance	Innovation Management	Business Automation/AI
Governance Compliance	Workplace Collaboration	Administration	Budget KPI Tracking	Cyber Security & Privacy	Personalisation

is continuously changing, and new, innovative technologies are constantly being developed. Organisations must establish digital strategies that can respond and evolve in line with these ever-changing environments. A mission and vision are important, but it is also vital to avoid focusing too much on the destination.

Imagine the preparation of a group of explorers planning an expedition. The goal might be to reach the summit of Mount Everest. Successful explorers would not embark on this challenge lightly and without consideration for their individual capabilities. They would view it as a long-term objective and undergo an initial process to assess their fitness and evaluate whether they are physically able to undertake the challenge. They would seek to understand their team's strengths and weaknesses, identify areas for improvement, and set short-term goals.

Similarly, organisations must consider the broader journey to digital transformation. They should take time to assess their capabilities and identify areas to be addressed to ensure they are equipped to make the journey. It is not enough to paper over the cracks or ignore weaknesses at the core of the organisation. It is a combination of mission, clarity of business, determination to succeed and core competencies that ultimately will lead to success.

Therefore, leaders should allocate more time to improving the organisation's digital competencies. This will ultimately set them up to progress successfully along a path that will take them closer to their longer-term goals over time. It will also help them accelerate their change initiatives.

How Protiviti Can Help

Protiviti, drawing on our deep competencies in technology, business process, analytics, risk, compliance, transactions and internal audit, helps companies transform for the future, manage the risks that disruptive innovation presents, and embrace opportunities that new and emerging technologies present.

Digital Maturity Assessments

We have developed the Digital Maturity Model (Figure 1), which draws on research conducted over several years to understand what it takes to be a digital leader. This model sets out the attributes that we believe digital leaders excel at and that often differentiate them from traditional businesses they have outperformed in recent years.

The top-level model is supported by a comprehensive capability maturity model, setting out organisational capabilities, processes and supporting technologies we typically expect to find within organisations operating at different levels of maturity.

		Customer Engagement	Digitising Products & Services	Better Informed Decisions	Operational Performance
		Exploring new ways to build strong relationships with customers	Launching new, enhanced products, and exploring new business models	Enhancing information available to enable timely and effective data driven decision making	Creatively using technology to improve performance
1	Digitalisation Governance, Strategy & Execution			Ensuring that transformation programmes are established, well defined, set up for success and supporting execution.	
2	Functional Transformation & Improvement			Using technology to reinvent Finance, Information Technology, Business Operations, Procurement, Risk Management and Audit.	
3	Enabling an Innovation Culture			Ensuring that the unnecessary barriers to innovation and change that exist within organisations are eliminated.	
4	New Technologies Assessment & Implementation			Supporting organisations with decision making as they consider whether or how to embrace new or emerging technologies.	
5	Business Analytics & Decision Science			Helping organisations manage increasingly complex data architectures and transform data into information.	

We utilise the capability maturity model to benchmark an organisation against leaders and peers. This, in turn, helps us advise organisations on transformation priorities as they look to progress toward digital maturity.

Clarity about organisational strengths and areas of weakness enables the enterprise to embark on the journey to digital maturity with its eyes wide open and helps organisations ensure they have the best possible chance of prospering in the digital age.

Supporting the Digital Transformation Agenda

The Protiviti Digital Overview (Figure 2) sets out key components driving digitalisation initiatives and how we help companies achieve their business objectives. Working with organisations worldwide on a diverse range of digital transformation, we have four key components driving digitalisation efforts:

- **Customer engagement:** Exploring and creating new ways to build strong customer relationships and enhance customer experience.

- **Digitising products and services:** Launching new or enhanced products and exploring new business models.

- **Better informed decisions:** Enhancing information available to enable timely and effective data-driven decision making.

- **Operational Performance:** Creatively using technology to improve operational performance.

We are helping companies achieve their business objectives in a variety of ways. Recognising that each transformation is unique, we tailor the following competencies to fit our clients' organisational strengths and needs.

Digital Transformation Governance, Strategy and Execution

We help organisations assess how effectively they are responding to the risks presented by innovative disruption. This enables us to help organisations address weaknesses that could undermine successful execution of digital transformation initiatives.

We help companies ensure their transformation programmes are established, well-defined, effectively managed and ultimately set up for success. We then support execution, drawing on our deep competencies in programme delivery, business analysis, change enablement, customer experience (CX), user experience (UX), technology, cybersecurity and data privacy, data science, risk management, compliance, and project assurance.

Functional Transformation and Improvement

We partner with our clients to help them realise the opportunities to use technology to reinvent core functions, including finance, information technology, business operations, procurement, risk management, compliance and audit.

In addition, we help them envision how new and emerging technologies can be combined to drive efficiencies and improve performance.

Enabling an Innovation Culture

We provide an objective view to help organisations eliminate the unnecessary barriers to innovation and change that exist in their enterprise.

Many organisations are naturally risk averse and adopt risk management approaches that focus attention on short-term downside risk events. Such approaches are good at highlighting potential risks arising from change initiatives, but often underrepresent the risks associated with a lack of innovation. It is essential that an organisation's good risk management intentions do not themselves become a barrier to innovation and ultimately a risk in their own right.

We help organisations establish a culture that promotes innovation but also recognises the importance of governance and control, and we guide them in reviewing and enhancing policy frameworks to make them fit for purpose and to support innovation.

New Technologies Assessment and Implementation

We support organisations' decision making processes on when and how to embrace new or emerging technologies. Although the landscape is always changing, we help leaders understand the opportunities that new technologies present and implement well-governed programmes to leverage new and maturing solutions in areas such as robotics, machine learning, artificial intelligence, speech recognition, natural language recognition, virtual reality, blockchain and the Internet of Things (IoT).

Business Analytics and Decision Science

Data governance has been a challenge for organisations for many years. The cost of storage is rapidly decreasing, but the possibilities presented by the IoT are enormous and organisations must be prepared to handle much larger volumes of data than we have previously been able to comprehend. The burden of compliance is also set to increase, as regulators seek to protect the privacy rights of individuals.

We help companies unlock the value in the data they have at their disposal and assist them in managing increasingly complex data architectures and transforming data, including unstructured data, into valuable information.

protiviti®