

BUILDING A DIGITALLY SAVVY BOARD

SARAH ADAM-GEDGE, MANAGING DIRECTOR OF AVANADE AUSTRALIA, ON HOW DIRECTORS CAN HELP THEIR COMPANIES ADAPT.

Digital technologies are transforming the global economy, however many business leaders may not know how to set a digital strategy or adapt to the potential impact of this disruption. Technologies including artificial intelligence (AI), robotic process automation, advanced analytics and chatbots are changing the way companies work, as well as the markets in which they operate. It's never been truer that what got you where you are today will not necessarily drive success in the future.

"The pace of change resulting from new digital technology developments is immense," says Sarah Adam-Gedge GAICD, managing director of the Australian arm of Avanade, the global tech



Sarah Adam-Gedge GAICD

company, which supplies digital and cloud services to organisations across a range of industries. "Organisations that are not embracing emerging technologies such as AI and intelligent automation risk being irrelevant in the next two to three years. Every business is becoming a digital business, whether they appreciate it or not. Every job is affected by technology or is becoming digitised, and so it is critical that boards have enough combined digital expertise to conduct a meaningful conversation about technology, both in terms of its own role of providing strategic guidance, as well as engaging with the business."

Digital inside

The nature of work is changing. Robots are now undertaking routine, repetitive activities, leaving staff free to undertake more analytical and creative work. As companies automate more workplace functions, Adam-Gedge says a critical success factor will be how they bring employees on the journey. "Being able to adjust skills, retrain and relearn is an increasingly important part of being competitive. To be digital on the outside you need to be digital on the inside. If you have an engaged, digitally savvy workforce your customers will benefit."

Adam-Gedge notes that companies are using data and analytics to engage with their customers in a more targeted and personal way. "Technology and data are enabling organisations to understand the expectations and needs of customers and communities at a personal level."

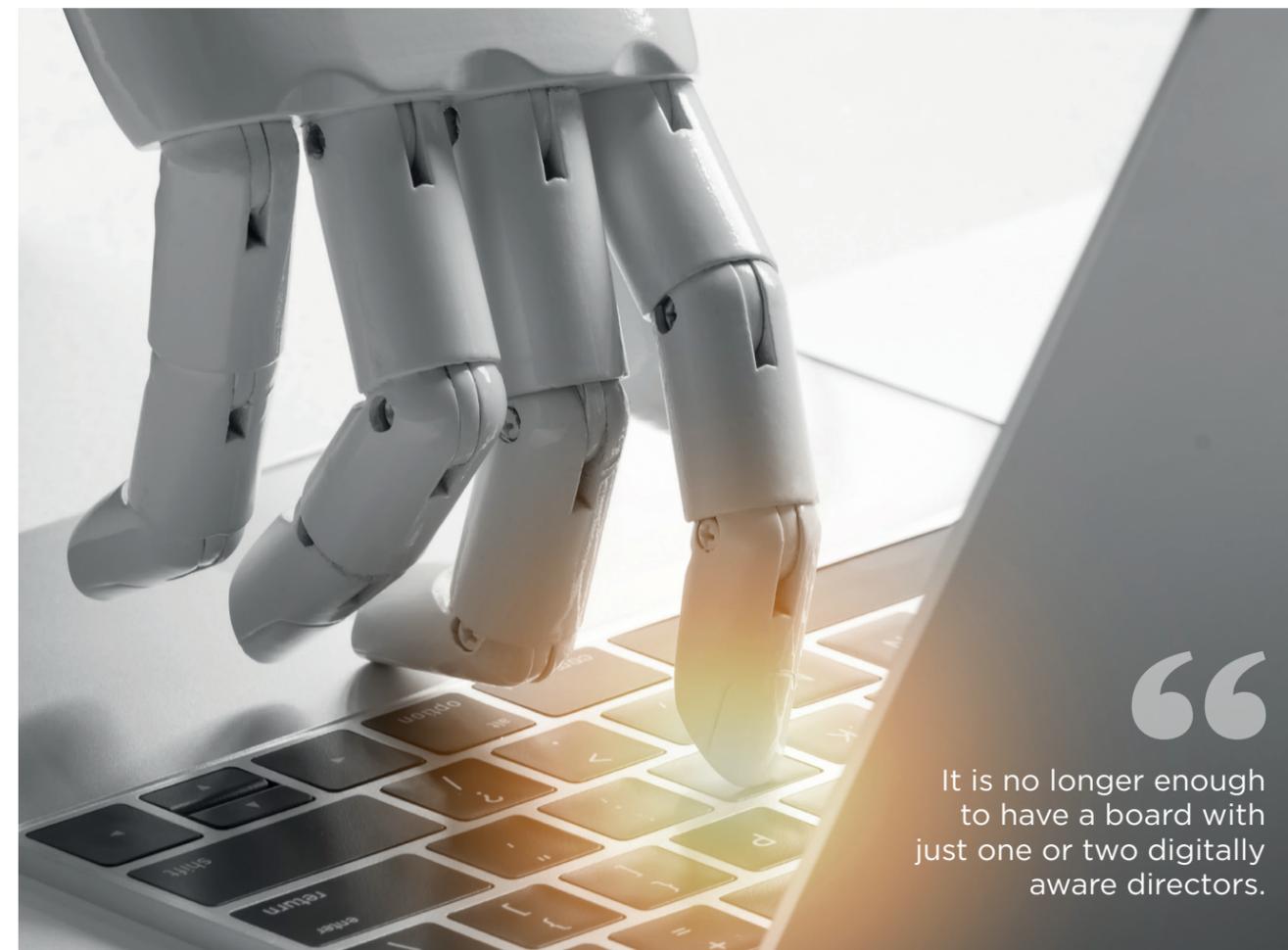
Decisions about projects and investment proposals will be one area where greater agility is needed, Adam-Gedge says. For instance, executives might bring an initiative to the board for a two-month robotics trial to see how the technology can change the way the organisation works — and it may not be an expensive project — but it can still have far-reaching implications for the organisation.

"Directors need to respond rapidly because if you postpone or delay for six months, somebody else will likely be doing it before you," she says.

Cloud cover

The shift to cloud technology and "as a service" models — where a company buys services as they need them rather than building the capabilities itself — also means that the decisions around capital versus operating expenditure are fusing.

"Instead of setting up a big-data centre, a company may be moving to the cloud," Adam-Gedge says. "Adopting these changes and reviewing the blend of capex vs opex to make



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sure you don't miss the next step in the company's digital evolution is a challenge for boards to get their heads around."

Experimentation may not be a familiar concept for many boards, but it is an important principle to drive ongoing digital innovation. Adam-Gedge recommends directors work with the executive team to set a digital strategy and ensure business models are refreshed and aligned.

Developing a digital ethics framework alongside this strategy will be essential for companies to successfully balance the risks and rewards of digital innovation. So, it is no longer enough to have a board with just one or two digitally aware directors. Digital transformation occurs faster and is more effective when it is board-sponsored.

To that end, Adam-Gedge advises directors to look at other industries for inspiration, as well as

doing their own learning. Understanding the digital transformation of iconic companies through study tours is also a valuable experience.

"There's nothing better than getting on the shop floor, so to speak, and experiencing or seeing first-hand the use cases associated with some of the technology changes."

► Sarah Adam-Gedge GAICD is managing director of Avanade Australia, a non-executive director of Austal, and a member of the Australian Computer Society.

