THE FABRIC OF FUTURE-PROOF ORGANISATIONS

RE-ARCHITECTING BUSINESSES, PLATFORMS & INFRASTRUCTURES

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Discussion Documents

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SHAPING THE FUTURE OF PAYMENTS
OPEN ECOSYSTEMS AND VALUE CREATION

This article is written by Mark Samuels, Chief Editor at CIONET UK. The content is based on an event sponsored by BT and Cisco held on 3 July at the Andaz Hotel in London.

The context for the event

Modern organisations face the challenge of implementing future-ready business strategies. In this event sponsored by BT and Cisco, CIONET members discussed the challenge of creating future-proof organisations at three levels: architecture, platforms, and infrastructure. The discussion was led by CIONET Associate Editor Jon Bernstein and included expert input from Colin Bannon, CTO at BT Business, and Ben Colling, Director for Regional Sales at Cisco. Four questions shaped the evening's conversation:

- What challenges must be overcome before organisations are future-ready?
- What role does sustainability play in future-proof organisations?
- What role does artificial intelligence (AI) play in future-proof organisations?
- How can we build and implement future-ready business strategies?

Roundtable discussion

Jon asked attendees to summarise their key barriers. Here are the responses:

1. What challenges must be overcome before organisations are future-ready?

- **Legacy systems** – Organisations must deal with old systems, manage technical debt and find ways to modernise and transform. People can become wedded to older technology. Some CIOs work in monolithic organisations that are slow on the uptake but these laggards must start to embrace tech-led change.
- **Strategy mismatch** – What's good for the organisation isn't always easy for IT to deliver, particularly if the delivery models aren't right. CIOs have multiple projects and platforms to manage. Can we find ways to move from projects to outputs and from outsourcing to capacity-based models?
- **People and culture** – The speed of digital transformation is key. CIOs must get hold of professionals with the right skills and support organisational change. Staff can find it hard to accept new systems. Find ways to help people adapt to new technology.
- **Artificial intelligence** – AI holds tremendous potential but we must deal with governance and privacy concerns. There is also the challenge of getting users across the business to understand the potential of this fast-emerging technology.
- **Budgeting for change** – It's hard to balance pioneering transformations and cost-cutting policies. Tech-enabled change is getting faster, so how can CIOs and their teams make the right bets? Organisations must work with agility and speed to find a competitive advantage.
- **Cybersecurity** – The organisational security posture is often reactive when it should be proactive. Proactive responses keep the business on the front foot.

2. What role does sustainability play in future-proof organisations?

Sustainability KPIs are often 'soft' rather than 'hard. Most RFI documents include a sustainability section, but inclusion doesn't mean sustainability is a decision-making factor. Too often, sustainability is just a tick-box exercise. Important KPIs, such as carbon-zero mandates, are wishy-washy and tough to measure.

Horizon-setting is crucial for the creation of effective KPIs. KPIs and investment priorities are often in conflict. One consequence of AI adoption is a massive increase in the computing power required in data centres. Other emerging technologies, such as the blockchain, are similarly power-hungry.

Organisations think about sustainable IT. But sustainability in other areas of the enterprise, such as transportation, is more visible. Board members must generate shareholder value and are unlikely to focus on sustainable IT unless it helps to cut costs or boost profits.

Young people are concerned about sustainability. These younger consumers might be willing to pay more for sustainable services and shareholders might start to care more about sustainability if their customers do. Some companies are already winning more business by proving their environmental credentials.

For IT sustainability to become more important, CIOs and their peers need frameworks that emphasise the importance of environmental considerations. These frameworks must focus on the sustainability goals that organisations need to achieve. Digital leaders need guidance on how businesses can move to sustainability-focused vendors for design and delivery.

3. What role does AI play in future-proof organisations?

Attendees recognised potential productivity boons from generative AI. The technology can help workers manage their workloads by operating as a copilot. CIOs target low-hanging fruit, such as automated ticket routing and content creation for marketing teams.

However, delegates recognised significant blockers. It can be difficult to exploit generative AI due to privacy and data sovereignty concerns. There are also other underlying issues, such as networks and infrastructures. CIOs and CISOs must find ways to help their businesses deal with data governance.

Unconnected data silos still proliferate across many organisations. Your business won't reap the maximum benefits without effective data hygiene. Ethics is another significant hurdle. CIOs must ensure all demographics are considered during model training. Data management prevents hallucinations and helps generate great answers.

AI isn't just about potential benefits. Bad actors are using generative AI to become more effective. There's lots of talk about using AI to fight AI. However, AI-enabled security products are expensive. We must ensure we don't create a disparity where bad actors target public sector organisations because they can't afford AI security.

Organisations might have AI tools but that doesn't necessarily mean they'll have the skills in-house to exploit emerging technology. Success is about teaching and training your people to use and prompt AI effectively. Allow people to use natural language to prompt AI. Think about how you can introduce a layer that introduces the language used by your business.

Don't make the mistake of thinking that AI is not essential to the future of your business. Being inactive is not an option. Explore internal use cases for generative AI and consider how the technology can support external customer service. Work with technology partners who will develop small language models tailored to your business requirements.

You should develop processes and policies for your use cases. If you don't, your competitors will. Establish a workstream that tests generative AI, provides lessons, and proves the technology works. As soon as you're clear on your IP, the sooner you'll get better results.

4. How can we build and implement future-ready business strategies?

The disconnect between IT methodology and business strategy was a recurring theme. Organisational change is often the key to successful digital transformation. Companies excel when they have a well-defined business problem. However, technology strategies are often not as clearly focused as business strategies.

Standing up one project at a time contradicts the business demand for agility. One delegate talked about the potential of moving from project-based ways of working to capacity-based approaches. True agility is about developing ongoing capabilities for IT and business change. Use short sprints to find solutions to business challenges.

Managing the flow of ideas in disparate organisations can be difficult. One attendee summed up this complexity by referring to Swiss Railways and its inherent belief that organisation comes before electronics and concrete. In other words, CIOs should start with organisational needs rather than introducing technology for its own sake.

Digital leaders must think much more carefully about how the things they create can become part of the strategic collective. Ensure your business units work together so they're aligned. Create a common culture across the organisation with agreed goals. Work across silos to build influence and develop solutions in unison rather than isolation.

Appoint visionaries that lay the business-wide foundations for technological possibilities. New things can be difficult for people to understand. Build confidence across the organisation and start with pilots. Consider creating a dedicated team with a small budget to show the benefits of data-led change.

CIOs have a significant opportunity to teach the organisation about the future. The CIO should be a trusted advisor to help the board cope with change. They should give organisations an answer to the 'So what?' question. CIOs who step up and help the business make the right bets could be in a great place to become CEOs.

Conclusion: Three key takeaways

1. **Sustainability** – KPIs are often 'soft' rather than 'hard. Sustainability in other areas of the enterprise, such as transportation, is more visible than IT. CIOs and their peers need frameworks that emphasise the importance of environmental considerations.
2. **AI** – AI offers a productivity boon, but it can be difficult to exploit generative AI due to privacy and data sovereignty concerns. You should develop processes and policies for your use cases. As soon as you're clear on IP, the sooner you'll get better results.
3. **Strategy** – Organisational change is often the key to successful digital transformation. True agility is about developing ongoing capabilities for IT and business change. Work across silos to build influence and develop solutions in unison rather than isolation.

Authors

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A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over fifty years helping corporations harness the power of new technologies such as AI, cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a Cambridge University and MIT graduate and a visiting professor at the Hebrew University in Jerusalem.

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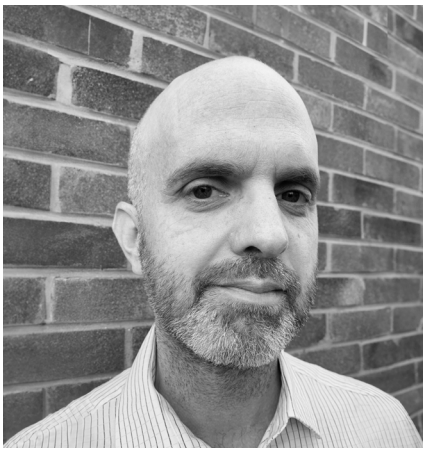

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Mark is a business writer and editor, with extensive experience of the way technology is used and adopted by CIOs. His experience has been gained through senior editorships, investigative journalism and postgraduate research. Editorial clients include the Guardian, The Times, the Sunday Times and the Economist Intelligence Unit. Mark has written content for a range of IT companies and marketing agencies. He has a PhD from the University of Sheffield, and master's and undergraduate degrees in geography from the University of Birmingham.

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