

MAC TAY
...improving performance



DIGITAL
TRANSFORMATION
AND FUTURE
OF WORK

DIGITAL TRANSFORMATION AND FUTURE OF WORK



Digital transformation and future of work have been hot topics for quite some time. The current pandemic and its impact on the global economy has made it even more so. This article aims to help business leaders cut through the noise and prepare for the new business environment.

There is no doubt that technology disruption has played a key role in transforming many industries, but people and regulation also have parts to play in the disruption.

For companies to stay competitive and relevant they have to disrupt themselves, and the first step in accomplishing this is through transformation.

The business environment has changed. Traditional models are no longer effective in the new business climate. It is not enough to maintain a strong online presence, your internal configurations must be digitalized.


According to George Westerman, MIT Principal Researcher Scientist and author of *Leading Digital: Turning Technology into Digital Transformation*, Digital Transformation is a radical rethinking of how an organization uses technology, people and processes to fundamentally change business performance. It is not just about technology but a reimagining of how we do business and engage with customers. That means there is no digital business, just business.


For companies to stay competitive and relevant they have to disrupt themselves, and the first step in accomplishing this is through transformation.


The impacts of Digital Transformation can be felt across functions if done right. Some of the benefits are:

<p>1 Efficiency</p> <p>Eliminates time-consuming manual processes by using Automation to increase performance.</p>	<p>2 Productivity</p> <p>Reduces waste and maximizes output. Organizations can use less resources to achieve more.</p>	<p>3 Return on Investment</p> <p>Investments in digital transformation yield returns for the business within a payback period within a few years.</p>	<p>4 Increased Customer Satisfaction</p> <p>Enables customer to access your services and support through their preferred method of interaction omnichannel and improves customer experience which result in higher customer retention and referrals.</p>
<p>5 Increased Employee utilization</p> <p>Free up employees from low –skilled repetitive task and allows employees to engage in high-skilled, non-routine, high value tasks.</p>	<p>6 Data Analytics</p> <p>Provides the ability to collect and store huge amounts of data that allow for analytics which improves realtime decision-making.</p>	<p>7 Increased reach</p> <p>With digital channels, customers can interact when they want, the way they want. With gig workers, organizations can reach more talent than ever before.</p>	

These benefits translate into cost savings and revenue growth for your organization while also enabling your customers interact with your organization when, where and how they want.

 Digital Transformation should be centered around your customer. This means improving processes for more efficiency and better personalized customer experience. The first step is understanding the customer journey then setting the outcomes you want to achieve for your customers.

 It is important to create value for the customer at each touch point. Your Digital Transformation should be customer-centric. The Customer Experience (CX) should be designed with an outside-in approach. This means starting with the marketplace and deep diving into the customers’ needs and expectations. The customer’s perspective must be taken into consideration when developing new strategies and each automation must be to better serve their needs.

 Customer Experience brings substantial benefits that many organizations do not usually link to the bottom line. The real issue is organizations are not able to determine high-value customers at an early stage. The truth is not all customers are the same, therefore customers should be segmented based on their value. Organizations should then invest in each segment proportionate to the bottom-line value contribution.



Here are some **CX** statistics to consider:



140% increase in spending for customers who have the best past experiences compared to those who have the poorest past experiences



Customers who have positive customer experiences will likely remain customers for **5** years longer than customers with negative customer experiences



Customers tend to mention a 'good' to an 'average' experience to 9 people, but will talk about a bad experience to **16** people



33% reduction of the cost-to-serve customers by delivering great experiences

More customers are choosing to interact with companies using technology. A Customer Experience Consulting firm, Servion Global Solution predicts that 95% customer interactions will be powered by Artificial Intelligence(AI) by 2025 . With advancements in AI, it will become harder to tell whether you are talking to an AI program, and as more customers become familiar with the technology it won't really matter anyways.

While technology and business processes are important, having the right skilled workforce is essential to any digital transformation. We are entering a new business environment with many uncertainties but one thing is for sure – the work model has changed.

Some questions to consider:



How will my company's operating model change?



How does my company become more digitalised?



Who can do the work?



What work can be done by technology?



What workforce model should my company adopt?



Where can the work be done?

¹ Forbes, Customer Experience is the Future of Marketing, 2015
² The Value of Customer Experience Quantified, Harvard Business Review, 2014
³ The Value of Customer Experience Quantified, Harvard Business Review, 2014
⁴ The Value of Customer Experience Quantified, Harvard Business Review, 2014
⁵ <https://aibusiness.com/ai-will-power-95-of-customer-interactions-by-2025/>

SOME DISRUPTIVE TRENDS:

According to an Oxford University study, about **47%** of jobs today will be gone in 10 years or less (a McKinsey study puts this at **53%**). This doesn't mean all these jobs are disappearing, rather they are being changed. There will be a shift from low-skilled, low paying, routine jobs to higher-skilled, higher-paying, non-routine jobs. Agreed, some jobs will be lost but more are expected to be created. According to a McKinsey study, by 2030, nearly **10%** of labor demand will be in occupations that do not exist today. Employers don't have the talent they need and today's talents need skill upgrade for tomorrow's needs.



Longer life spans resulting in longer careers and career shifts results in need for continuous upskilling: with life expectancy increasing, people are choosing not to retire at the recommended age as they realize their pension may no longer be sufficient thereby prolonging careers spans to 50 years or more.



Diversity and generational change – today's workforce has a wide spread of workers from different generations majority of which want employee empowerment and inclusion



Automation of jobs



Growth in on-demand (gig) workers- access to more talent pool that improves productivity. More jobs are consisting of alternative work arrangements. The lines between work and life are becoming more blurred as work becomes more flexible. As younger generations enter the workforce, the number of workers in alternative work arrangements will continue to increase

Let's look at the future of how work will be delivered and enabled.

Work Delivery: a workforce that is augmented by machines and powered by new models of talent, delivering through an ecosystem of connected people and machines.

Work Enabled: utilizing digital tools that enable people to work when, where and how they want. Redefining the purpose of an office space as a location to engage, inspire and encourage collaboration

The future workforce will be driven by technology, globalization, business-model innovation and change in demographic of workforce participants.

Future jobs will require social, creative and emotional skills. Top talents will need to:



Understand regulation and risks



Anticipate change/ evolving trends



Have Industry experience



Have the ability to develop the right partnerships and design infrastructure

This means it is not just technological skills that are needed for the future but human skills as well. This includes management, decision making and customer interaction skills.

For example, in the insurance sector (which has a high probability of automation due to that fact that it has a high number of tasks that can be automated), Underwriters and Claims adjusters will have to upskill to supervise the automated process, make decision and manage the process.

SOME CHANGES TO NOTE:

The era of single-employer career is over. Mobility propels career progression (those who stay with a single employer fall behind). Climbing a multi-decade ladder at one company is now a thing of the past. 41% of employees in Financial Services Industry expect to work at their current organizations for no more than 3 years .

The era of single-employer career is over. Mobility propels career progression (those who stay with a single employer fall behind). Climbing a multi-decade ladder at one company is now a thing of the past. 41% of employees in Financial Services Industry expect to work at their current organizations for no more than 3 years .

Employees expect to learn on the job:

Millennials say that learning and development opportunities are the #1 driver of whether they have a "good job" or not. People want to gain experience across, functions, organizations and even industries. No education in the future will be able to support a sustained 50-year career. Everyone will at some point in their life have to make a number of major reinvestments in their skills. Organizations that define themselves as great places to learn have 23% higher profits than their competitors and yet most learning and development departments are falling behind. Organizations have to rapidly evolve their training and development models and infrastructure, move towards always-on, on-demand, real-time experiences to provide resources and opportunities to develop skills to thrive in a digital environment.



FACTORS CHANGING THE FUTURE OF WORK

The Work: technology is changing the way work gets done. Automation eliminates manual processes which creates capacity for higher value jobs. This presents opportunities for an Augmented Workforce.

The Workforce: the new talent choices (e.g. gig, machines, internal talent) improves productivity, reduces costs and makes it easier to select the best talent for the job

The Augmented Workforce: driven by the acceleration of technology is changing the nature of work. As the use of technology grows, organizations must reconsider how they design jobs, organize work and plan for future growth.

In the augmented workforce we know that work is moving from hierarchy, bureaucracy, and functions to teams, initiatives, and ecosystems. The workforce is made up of people in the office, gig workers and machines all working together towards a purpose.

The Workplace: now more than ever it is imperative to rethink the physical workplace. With social distancing requirements, digital channels will be needed to get people to work closely together without being in the same location. As commercial real estate has always been expensive, some companies may not have the square footage to practice social distancing in the office. The lockdowns have shown employees can work in different ways and organizations do not need to operate multiple offices/branches. More big employers are now talking about permanent work-from home positions as they have seen proof that productivity does not suffer. This also helps

with cost cutting measures in reducing office space as organizations prepare for economic slump. Companies that have invested in Digital Transformation will now see their investments pay off.

EXAMPLES INCLUDE:

1 Nationwide, which had gone to **98%** work-from-home during Covid-19, announced a permanent transition to a hybrid model, with working-from-office in four main corporate campuses and working-from-home in most other locations.

2 Barclays CEO, Jes Staley said crowded corporate offices with thousands of employees “may be a thing of the past.” He stated there will be a long-term adjustment in how we think about our location strategy ... the notion of putting **7,000** people in a building may be a thing of the past.

3 Morgan Stanley CEO, James Gorman is uncertain about what work life will look like after the pandemic but said the bank would need “much less real estate” in the future.

All these can only be made possible if you have successfully executed a Digital Transformation.

The future of work requires individuals to engage in lifelong learnings, organisations to redesign work for technology and learning and to integrate an augmented workforce.

The Coronavirus pandemic has been a catalyst to most of future of work trends. The big question is, is your organization ready for the digital age?

