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Rise and Fall of the Chief Digital Officer

In this digital age commercial success of businesses, whether they are services or product oriented or a combination of the both, is determined by how well information is used. This is not only true for use within the company but also for how well it is used and shared across the complete “supply chain”, being suppliers, employees across all functions, sales channels and clients. We believe the Chief Digital Officer (CDO), a relative new role within companies, is crucial in this.

Adapting to this new digital era requires skill sets that existing leadership does not necessarily possess. Over the last 2 years, and mostly with Fortune 1000 organizations, companies have been adding CDO positions on a regular basis. However, the current Chief Digital Officer position has become a broader role than current individuals in that particular role. Thus the role is evolving at a rapid pace. The CDO today is in close co-operation with the CEO and the rest of the board, and, therefore, responsible for a successful digital strategy. This requires a holistic approach, involving mobile, web, social and traditional platforms. As Suzanne Miglucci, CMO for ChannelAdvisor stated “the CDO needs to build a completely whole new digital ecosystem in order to be competitive in today’s market whether you’re selling a product or providing a service.” Suzanne went on to further say, “What I am marketing dictates what I digitize.”

The “original” Chief Digital Officer was often a Digital Marketing Executive, someone with a strong grasp of Social Media such as Facebook, Twitter, LinkedIn etc, who expanded traditional marketing efforts into the digital world. This was driven by the rise of mobile devices. The smart phone has become the most personal, one-to-one, communication device in existence. Traditional radio, TV and later computers and even tablets are shared amongst multiple users, often within the family. The smart phone is by far the most individual piece of electronics we carry around with the ability to communicate. Digital Marketing, with the help of Big Data analytics, was the first effort to use this unique opportunity to enhance a client’s customer experience and offer customized, well thought out products and services on an individual basis.

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However, to deliver on these promises to clients requires a strong integration between the marketing function and the technology of the company. Over 70% of CMO’s have a Chief Marketing Technologist reporting into them to support the cooperation between the traditional CMO and CIO. The struggle between the CMO and CIO has presented obstacles regarding their respective responsibilities, turf and, perhaps even more so, who has influence in the boardroom. The ability to deliver however is clearly the responsibility of the CIO, who might well become (wants to become) the new CDO. In that case the CIO/CDO will be managing a two-tier paced landscape with traditional legacy systems (often going into cloud based solutions) on the one hand and “new era” mobile based solutions on the other hand.

Where does this leave the CDO? In order for the CDO to be successful, he or she must have the authority and responsibility to execute a digital strategy. In those businesses today sticking to traditional business models face the threat of being overtaken by the competition. Integrated digital

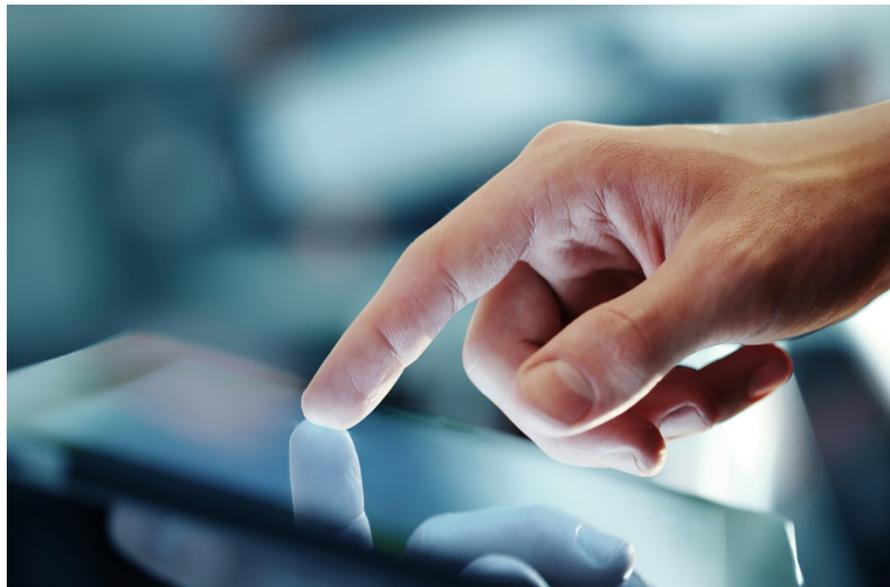
strategies where all aspects of the business (sales, marketing, sourcing, production, services, finance, HR, etc) are integrated not only allow for a more dynamic operation of the company but also can create new opportunities never presented before. The Chief Digital Officer should have as a basic responsibility the authority to enable the company to attract more customers to drive better/new products, services and values for all stakeholders.

The balancing act is different for large corporate companies compared to mid-sized international organizations. Where a CDO for a F500/1000 company needs to deal with very large, corporate established structures, his colleague at a mid-sized company is dealing with a more agile, flexible organization. On the other hand the CDO at the latter will likely have a much lower budget to work with. Making an impact however depends on a variety of different issues. Leadership styles that unite and cut across the core function of the other parts of the organization are extremely important. Being able to bring together and nurture a cross-functional team that is willing and able to think outside the box, challenge existing conventions and wants to improve for the better of the company is a vital capability for the current and future CDO. While a deep understanding of technology is of significant importance, having a strong business acumen is equally important, maybe even more important.

So what does the future hold for the CDO? Probably the future looks bleak. If executed correctly strategically the CDO will support a transition within the organization which should permeate every employee to think of it as a fully digitized, integrated and highly flexible entity. At that point the role of the CDO will become obsolete because everyone will act as a CDO, seamlessly working together insuring that the company will survive in this digital age we are experiencing. If not, the company will be left behind by its competitors.

Paul Piebinga – Managing
Director Europe Mobiquity

The CDO has the momentous task of entering uncharted territory, where business becomes digital, highly fluid and contextual. The digital version of business faces a new set of competitors, the landscape completely redefined. It is not about digitising existing processes but about disrupting the current competitive landscape with innovative digital services. The core of bank payment services are being attacked by hardware providers that have already won the battle for secure payments, wireless operators have lost the relationship with their customers who now have an intimate connection with their hardware brand. Retail needs to provide seamless integration between in-store and ecommerce digital experiences, and it's no longer just about CRM but it's about the digital brand experience itself, not now, and never will this be the domain of the CIO, it is the domain of technical inspired business creativity: the CDO domain. The job, often not in the core of the company yet, requires a shake up of all traditional functions right up to marketing to ensure survival in a real-time digital economy. Will the CDO stay? No, there will be a time where the word 'digital' added to a job title, will be seen as superfluous, CEO's will be tech savvy and officers who don't get the 'digital' will be a scarcity.



**Chief Digital Officer for
Telecommunication
companies;** by Martijn de
Jong, SVP Digital Marketing
& Channels – Reliance Jio

Digital brings a variety of potential advantages to Telco's ranging from improving the bottom line via lowering customer care -and sales acquisition costs to top line improvements by developing more personal and direct customer interactions which will benefit new business models, X/U sell and loyalty. In particular mobile Telco's are theoretically uniquely positioned for this due to the existing customer relationship, the rich set of customer data available and their key role in the mobile eco-system. However the reality is that the Telco industry has been struggling for years on the pace of innovation and the ability to stay relevant to their customers. Telecommunication companies have tried numerous ways to address this but both the impact of the large and complex IT legacy systems and the cultural aspect that determines success or failure has been often underestimated.

By creating a CDO function that will focus on developing the more agile and customer facing 'northbound digital platforms' in order to create optimized customer interactions that include hyper personalization, not only the pace of innovation can be radically improved but also a more customer-centric culture can be bred and nurtured.

Driven by the CDO a culture of more risk taking, experimenting, prototyping and rapid customer-focused development will be enabled without being hindered by the 'safety-first' approach required for the large and complex systems -and processes that form the heart of a Telco operation. This is currently a necessity for every Telco that want to stay relevant within the mobile eco-system and towards its customers.

**Chief Digital Officer is
an ad interim position
for the next 5 years;** by
Marc Huijbregts Accenture
Digital – The Netherlands

The Chief Digital Officer is seen as an important position to truly drive the digital transformation in large organizations. More than often someone with a strong digital background is being appointed in a role which has a direct – or even indirect – reporting line to the Board. We see all too often that the CDO is not positioned in the right way in the organization. Let's focus on the key questions first. What is the aim of a CDO? What will does he/she needs to achieve? If you believe 'digital' will impact your value chain, disrupt your industry, change your cost to serve and will have a huge impact on how you clients will buy your products, then the CDO is a change agent at large. This will be the biggest transformation program many companies will have to roll out in the next years. The CDO needs to have the mandate and commitment of the board members to be able to have that impact. But it's an interim role, the organizations needs to be able to embrace digital in every aspect of their business: marketing, sales, IT, operations and HR. The directors of the various disciplines have

to embrace digital and re-invent their way of working. In 2015 I would not call that innovation, I would call it the 'new normal'. At least for the leading companies out there. And let's view those front runners as role models how organizations will evolve. It is business as usual in the digital age. Only a lot faster, more agile, with different people, servicing clients in line with their expectations in 2015.

**Chief Digital Office
within Oil and
Gas/Energy Companies;**

by Christine Fisher, Global
Practice Leader Natural
Resources & Energy –
Stanton Chase International

There is little evidence of this role in the Oil and Gas industry. Only in the large Power and Energy sector such as GE on the vendor side has this role been recently added as a dual role.

Oil and gas companies rely on service providers to greatly simplify and reduce the amount of time and effort required to share industry data between oil and gas producers through the use of a centralized data clearinghouse. This is achieved by storing the right information across hundreds of operational and analytical applications and spreadsheets. The gathering of internal information in a centralized secure system has become essential for creating efficiencies and improving day to day management.

There are conferences being planned in the near future to promote this role in the energy sector so industry leaders will determine if there is a need for this role.

**Digitization in the
Financial Services**

Industry; by Michael
Schauman, Global Practice
Leader Financial Services –
Stanton Chase International

By tendency, financial service providers used to remain reluctant to pick up on digital developments. In an environment of fluctuating markets and financial instability it seems obvious that financial institutions would focus on their core business rather than considering the benefits of digital innovation. The financial services sector in particular needs to comply with regulatory demands, focus on customer protection and avoid technological risks.

During the last decade the situation shifted. In times of almost worldwide distribution of the internet and smartphones, thinking digital is not a mere competitive advantage anymore. It is a matter of survival.

Financial service providers need the agility to adapt to the quick evolution of customer needs and new technologies. They need to tackle the challenges and opportunities of the fast-paced market conditions. It seems natural to bring a new role (CDO) into being which provides a

**Chief Digital Officer in
Industrial Companies;**
by Gert Herold, Global
Practice Leader Industry –
Stanton Chase International

strategic framework that combines his sense for innovation, customer experience and the provision of technologies. It is important to assign a CDO with a profound understanding of the business strategy, the brand and the products. – Somebody who has a vision of the digital future of the organization and how to use it as foundation for sustainable growth.

For the classical B2B industrial production company, offering machinery or components, the digital age allows an entirely different approach to the market, both from the commercial side, but also in after sales, in service and technical maintenance, in procurement and R & D.

Also for medium sized “hidden champion” companies the global market becomes transparent and accessible, maintenance of machines sold to remote places of the world becomes affordable and timely manageable, after-sales and spare parts business can be managed online, purchasing platforms support cost effectiveness etc.

We can observe that the role has become more senior over the last few years also in the classical industrial environment whilst it was rather junior in the beginning. Often conservative by nature, these companies need a CDO who is senior enough to mastermind the transition to the digital world and also implement it. Technology know-how alone is not enough for this job. It will not suffice for Chief Digital Officers to only be experts in their field of activity. They must also be strong Change Managers, developers of strategies, implementers and story tellers. They have to show colleagues the way that the company will go and be an example for them. The CDO is also integrator as well as a source of inspiration, because he/she links different divisions together and motivates people to think outside of the box.

The Chief Digital Officer has the right but also the duty to look into each and every business process and to think about how to improve it. This is an interesting task, albeit not an enviable one. In the industrial sector most boards of directors still think twice about taking someone on board, who turns everything upside down, at least in Europe. Realistically one cannot close his/her eyes from this topic, as there is almost no industry on which digitalisation won't have a lasting effect.

**Chief Digital Officer for
Consumer Products and
Services;** by Nick Wylde,
Global Practice Leader CP&S
– Stanton Chase
International

In the consumer sector, and in particular services, more and more global organisations are appointing a CDO to lead and develop CRM strategies in to communicate more effectively with their customer base. The CDO will either have a strong marketing or technology bias to drive the digital agenda through a variety of platforms that are mobile, social media or web site enabled.

The role of the CDO should add significant value to additional revenue streams while, at the same time, creating benefits through innovative and enhanced customer services. Typical examples of these could be hotels and airlines where customers can book on-line, check in on-line and new technologies have been developed for hotel guests to download a room key card application to their mobile phones.

Customer service organisations are now benefitting from regular communication with their customers through social media platforms, are able to reach new target audiences and offer new products for sale. An example would be powerful global brands such as Manchester United Football Club who have a CRM database of 137 million, 58 million Facebook followers and when they launched Twitter, the club had 345,000 followers within the first 24 hours and now have over 3.5 million followers; their website is published in 7 languages and attract an average of 47 million page views per month.

Burberry launched a digital revolution as the first fashion brand stream live shows where customers are able to order an outfit from the catwalk.

Therefore the CDO has become a crucial function to drive CRM innovation with online retail sales escalating, powering global brand presence and creating customer loyalty.

**Chief Digital Officer at
Professional Services
Firms;** by Patricia Flipsen,
Global Practice Leader
Professional Services –
Stanton Chase International

Most Professional Services Firms (Consulting, Tax, Audit, Law firms) invested the last two years in expanding digital knowledge and services. For example The Boston Consulting Group established the Advanced Technology Group, Deloitte created Deloitte Digital, Hyperion Tax Provisioning, Freshfields the section cyber security etc. The firms help their clients with a.o. strategic advice how to adjust to disruptive business models, legal advice on cyber-security and offer software as a service. New concepts they primarily developed to serve their clients. New knowledge, concepts and business like they did with earlier

developments.

Question in this white paper is however if the firms themselves adjusted to the digitalization and what the role of the internal Chief Digital Officer is. Asking this to leadership of those firms it becomes silent..... The problem has to do with “ownership” of data. Of course Professional Services firms have leading edge knowledge systems and use CRM tools. And they collect and have access to a lot of data, data which a Chief Digital officer would love...but data collected at a client are from the client. Chinese Walls between projects for conflicting clients are highly respected. Data used in Law firms are highly confidential. Also data collected from software as a services can only be used for this specific client.

So there are hardly CDO's at Professional Services firms but the need for Cyber Security officers at those firms is growing.

For more information, contact:



Jan-Bart Smits

Global Practice Leader Technology
Amsterdam; The Netherlands

jb.smits@stantonchase.com

+31 655 384971



Jim McFadzean

Regional Practice Leader North America Technology
San Francisco; USA

j.mcfadzean@stantonchase.com

+1 650 224 336

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