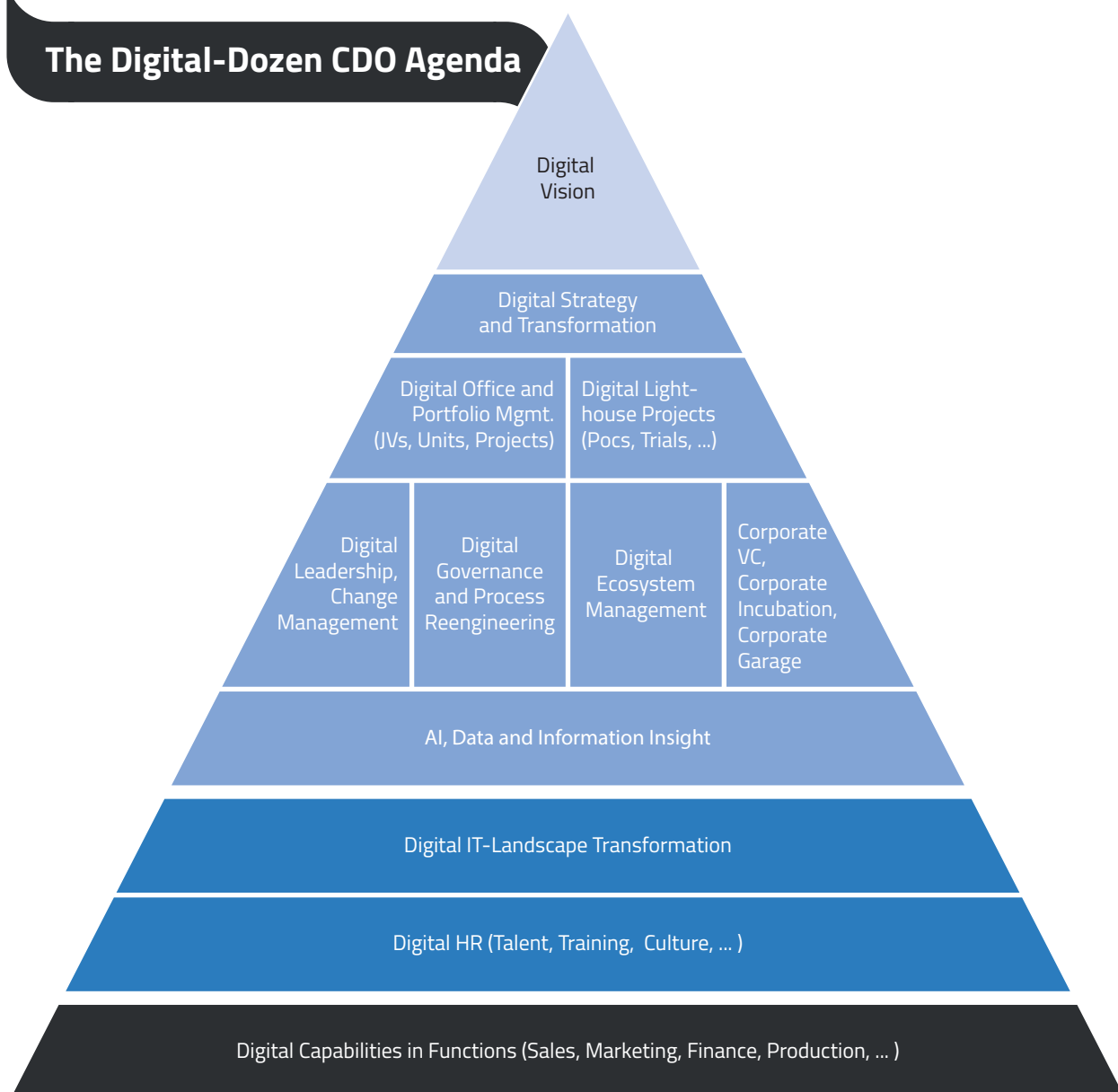


# The mobileVision CDO Agenda Survey 2018

## The Digital-Dozen CDO Agenda



## Executive Summary

The mobileVision CDO Agenda Survey 2018 reviewed participants' status along the CDO agenda pyramid. Additionally, we tested the CDOs sense of challenge as well as responsibility for each of the agenda items.

While good progress has obviously been made, the results also show that in early 2018 there remains a lot to be done on the way to a successful digital transformation!

- Digital visions and strategies are often neither disruptive nor comprehensive enough. Management is not sufficiently committed to and organizations do not fully understand their digital vision and strategy. In many cases these should be revisited and overhauled.
- Digital offices have been set up, digital initiatives are being executed and digital skills are being added. However, the value realized through these initiatives is often seen as disappointing and felt not to be significant. The value creation realized through digital initiatives and projects needs to be improved to power a successful digital transformation.
- Digital transformation is expected to significantly impact organization and processes. Execution is lagging with significant work and challenges in process digitization and organization changes as well as corresponding change management ahead.
- The CDO role is often neither fully empowered nor understood. Management needs to think through and fully endorse the position while filling the role with the right talent. Otherwise, many CDOs will fail against the high expectations.
- Successful CDOs will need to step up the digital transformation of their businesses. The CDO should demand and ensure sufficient empowerment. Inspirational leadership is required to ensure support and excitement; collaborative leadership will be needed in working with many other stakeholders across the organization.

# mobileVision CDO Agenda Survey 2018

## Wake-up Call for Digital Transformation



### Digital Vision and Strategy ... time for an overhaul

Lacking in commitment and understanding as well as in scope and ambition

48%

... of CDOs see their management as having not or only partially signed off the digital vision

56%

... of CDOs feel that the digital strategy has not been fully understood throughout their organization

42%

... of CDOs believe that their digital strategy is not or only slightly disruptive

44%

... of CDOs view digital vision and alignment as a major challenge



### Digital Office and Initiatives well on the way ... but value creation needs to be improved

Digital initiatives and lighthouse projects are being pursued but do not create significant value for the majority. Ecosystem management as well as AI and data capabilities are only evolving

73%

... of all CDOs see digital office and program management as well on the way or only as a minor challenge

Only 16%

... of organizations report that their ecosystem management is fully set-up

Only 24%

... of organizations are making systematic use of AI and data insights

52%

... of CDOs report that their digital initiatives create only some or little value



### Digital Transformation still in early stages ... real transformation is yet to come

Digitization is expected to significantly impact organization and processes. Execution is clearly lagging and mainly limited to the customer front-end

74%

... of CDOs believe that their digital transformation significantly impacts their organization

Only 34%

... of organizations have or are implementing significant organizational changes

Only 38%

... of organizations have aligned their people strategy with their digital transformation

65%

... of CDOs see change management as the major challenge ahead



### The difficult role of the CDO ... more empowerment needed

There is no standard job description for the CDO and the role is often not fully understood. Some serve in a staff function and are not empowered. The role overlaps with many functions across the organization

76%

... of CDOs are responsible for the digital strategy

69%

... of CDOs are responsible for leading a digital office

42%

... of CDOs state that other managers lead the digital IT-landscape transformation

32%

... of CDOs state that other managers lead digital change management

74%

... of CDOs report that their role is not fully understood

### Going forward ... CDOs must step up digital transformation



35%

CDOs report feeling challenged across their agenda. There is no single CDO agenda item which more than about a third (35%) of all CDOs view as well on the way!

#### The five major challenges mentioned by CDOs, in order, are

1

Change Management

2

Process Digitization and Reorganization

3

Digital Vision and Alignment

4

Digital HR & Talent Management

5

AI, Data & Information Insight



#### CDOs need to

- Step up and accelerate the digital transformation of their businesses
- Ensure and demand sufficient endorsement and empowerment
- Provide inspirational and collaborative leadership working across their organizations

# Digital Vision and Strategy: Falling dangerously short ... time for an overhaul

## Key findings at a glance

- **48%** ... of CDOs see their management as having not or only partially signed-off their digital vision
- **56%** ... of CDOs feel that the digital vision and strategy have not been fully understood throughout the organization
- **42%** ... of CDOs state that their digital strategy is not or only slightly disruptive; only **30%** feel that it is very disruptive
- Only **38%** ... of CDOs see their digital strategy as sufficiently budgeted and funded
- **58%** ... of CDOs observe that their digital strategy does not fully cover their entire organization
- **44%** ... of CDOs still view digital vision and alignment as a major challenge for the digital transformation; only **16%** feel that digital vision and alignment are resolved and well on the way

**While every digital transformation needs a powerful digital vision and strategy to start from, this remains a significant challenge. It seems that digital visions and strategies fall short both in terms of commitment across the management and understanding across the organization. Additionally, digital strategies lack scope and ambition. Given the impact of digital on all businesses, this should raise alarm bells.**

As we enter 2018 it is somewhat surprising that many CDOs still see digital vision and strategy as not sufficiently clarified on their way to a successful digital transformation.

Firstly, it is obviously not proving to be a straightforward task to get management fully committed to and aligned around a unifying digital vision. Without such an endorsement from the top, CDOs might quickly find themselves highly challenged. Secondly, there is lack of understanding and buy-in into the digital strategy across the broader organization. Additionally, many CDOs feel that their digital strategies are not ambitious and disruptive enough. That the digital strategy is often viewed as insufficiently budgeted and funded might be a direct outcome from the shortfall in management endorsement.

It seems that the shortcomings in digital vision and strategy endanger many organizations' digital transformation. Given the significant impact of digital on competitive success and fortune, this should be a major concern. In many organizations, management together with the CDO will need to revisit and overhaul their digital vision and strategy.

The objective should be to actively involve the entire management and all stakeholders. This should drive joint agreement on a digital vision and strategy that is then fully supported and endorsed. Furthermore, such a digital vision and strategy should be innovative and disruptive enough to truly seize the opportunities of going digital.

## Implications / Need for action

- Failure to pursue a successful digital vision and strategy is not an option for anyone. CDOs need to work with their management to ensure full commitment and endorsement for their digital vision and strategy. This implies revisiting the vision and strategy.
- Digital strategy overhauls should involve the entire management and all stakeholders to ensure joint commitment and endorsement. Ideally, this should then be cascaded throughout the organization.
- Digital vision and strategy need to be vigorously scrutinized for their comprehensiveness and ambition. Gaps should be identified and addressed. Lack of disruptiveness points to a deficiency to understand and respond to the impact of digital.
- A meek digital vision and strategy will not work. Without commitment and ambition a dangerous shortfall is inevitable.

# Digital Office, Initiatives and Skills:

## Seen to be well on the way ... but value creation is often disappointing and not significant

### Key findings at a glance

- **73%** ... of CDOs see digital office activities like digital program management and digital initiatives execution as well on the way or only as a minor challenge
- **81%** ... of CDOs view related activities such as corporate venture capital and incubation, garage or labs as well on the way or only as a minor challenge
- **72%** ... of organizations have identified and execute between one to ten lighthouse projects which are often given special attention and priority
- Only **16%** ... of organizations report that their ecosystem is fully set up; only **50%** of organizations have fully integrated or are providing ecosystem partner offers as complementary to their offer portfolio
- Only **24%** ... of organizations systematically apply AI and data capabilities; **42%** of organizations are realizing first use-cases in AI and data insights
- **52%** ... of organizations report that their digital initiatives create only some or little value

**Digital initiatives execution and program management is moving forward. Ecosystem development as well as capabilities development in AI and data insight are only evolving. Value creation by digital initiatives is disappointing and broadly felt not to be significant.**

Digital offices seem to be established. Digital initiatives are being implemented and program management is being realized. Many organizations have identified a handful of digital lighthouse projects that serve as case examples for digital transformation. Related activities in corporate venturing and corporate incubation/garage/lab have also been established.

Ecosystems need to be further developed. Some organizations have launched partner offers as complementary to their own. However, only a few organizations have already fully integrated partner offers into their propositions.

AI and data capabilities are emerging with many organizations reporting to have implemented first-use cases. The next step, realized only by some, will then be to move towards a more systematic and broader application of AI and data-based

insights and acquiring the required talent and systems to realize this.

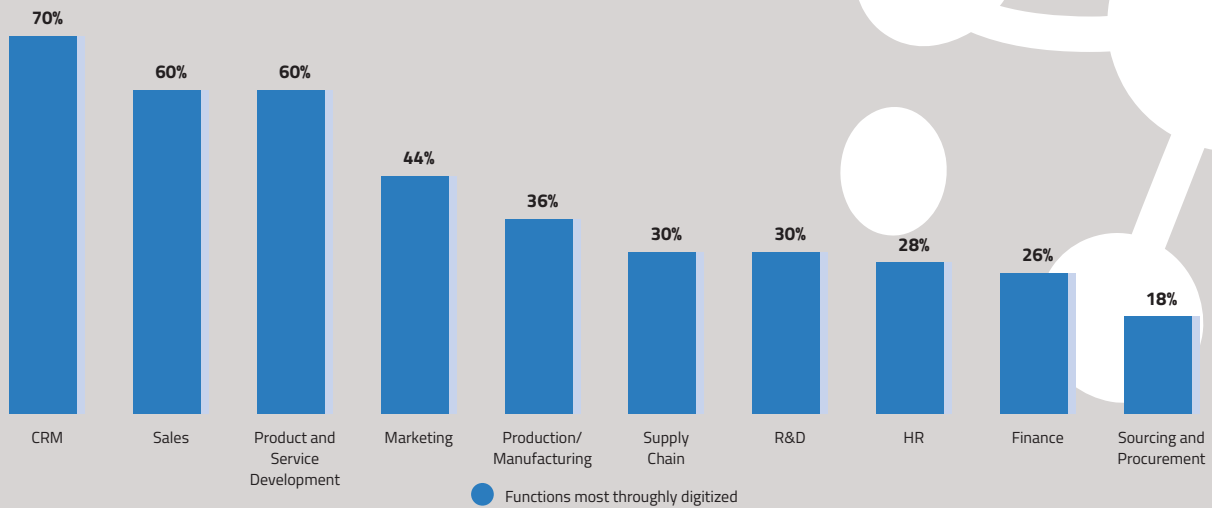
Many organizations report that the value created by digital initiatives is disappointing and not significant. Many initiatives are not finding the expected acceptance and uptake. This is worrying as the success of digital initiatives needs to encourage and power the digital transformation.

There is a delicate balance that needs to be ensured in digital portfolio management between leaving room for creativity and experimentation but also managing and tracking value creation. Conservative initiatives gating runs the risk of stifling innovation. Digital portfolio management will need to enable an innovative and experimental approach with fast and creative initiatives development, trailing and failure. This will require higher volume but lower cost initiatives creation combined with rigorous testing for value contribution. This is all the more challenging as many CDOs report that their digital strategies do not allow for any failures.

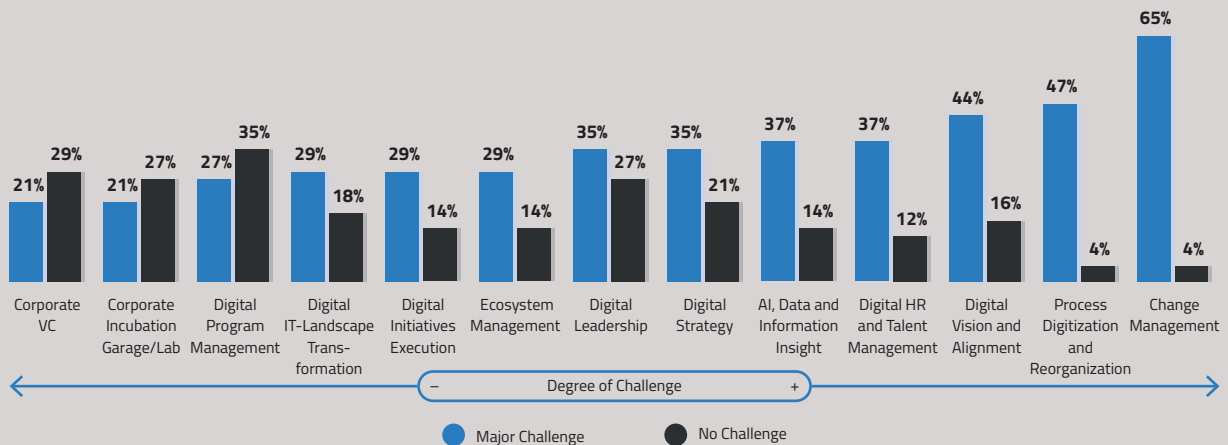
### Implications / Need for action

- Organizations need to push forward systematic ecosystem management and establish clear metrics for ecosystem management. Own digital offer portfolios need to be extended with ecosystem partner offers.
- New skills and technologies such as AI and data insight, blockchain and cybersecurity need to be further developed and implemented.
- A digital portfolio approach that balances creative and rapid initiatives generation with value creation review and management should be realized.
- Rapid and higher volume digital initiatives launch, testing and failure at lower cost should enable a culture of innovation and experimentation.
- The value of digital initiatives in terms of results such as customer impact, competitive differentiation, efficiency improvement and financial contribution needs to be rigorously assessed.

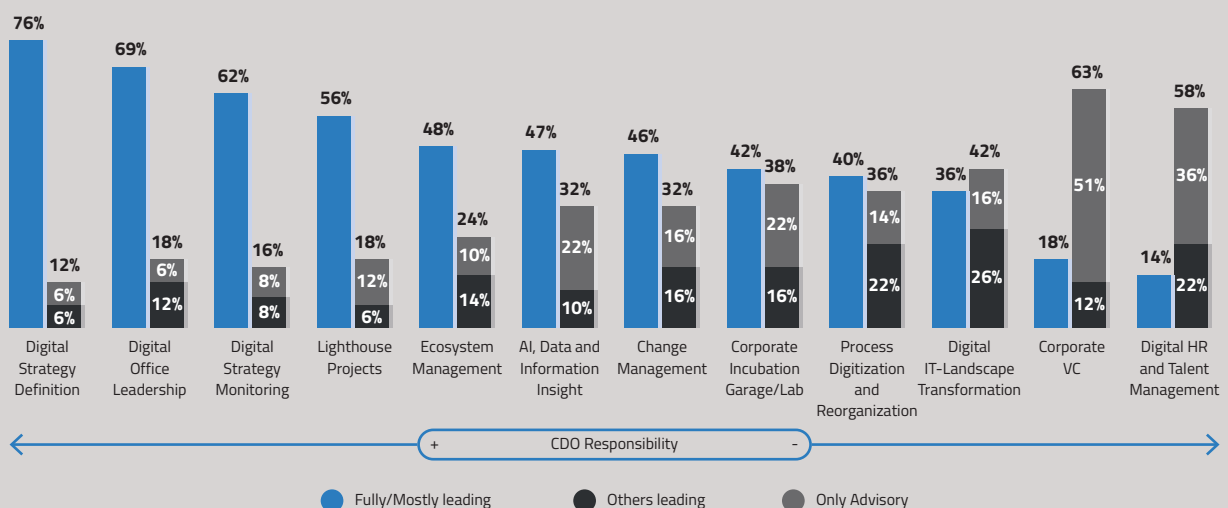
## Digitization still focused on the customer front-end



## CDOs challenged across the CDO Agenda



## CDO role differs between organizations and is often not empowered



# Digital Transformation:

## Still early days ... with real transformation yet to come

### Key findings at a glance

- **74%** ... of CDOs believe that their digital transformation will completely or noticeably impact the core of their organizations; **26%** of CDOs however believe that it will have only little or no impact on their organization
- Digitization seems to be still very focused on the customer front-end with CRM (**70%**), Sales and Product Development (**60% each**) mentioned as the most thoroughly digitized. Production (**36%**) and Supply Chain (**30%**) are only indicated by about a third of organizations regardless of the ongoing Industry 4.0 discussion
- Only **34%** ... of organizations have already implemented or are implementing significant organizational changes including new units; **66%** have made only some or minor changes
- Only **38%** ... of organizations have developed a people strategy that is comprehensively aligned with their digital transformation and fully understand what new skills and capabilities will be required
- Only **18%** ... of organizations have a comprehensive change management program to support the digital transformation; **46%** of organizations have no change management or are just realizing this will be important
- **47%** ... of CDOs see process and organizational changes as a major challenge; only **4%** see this as well under control
- **65%** ... of CDOs view change management as the primary challenge in digital transformation; only **4%** view this challenge as almost resolved and well on the way

**Digital transformation is expected to significantly impact organization and processes. Digitization is still largely focused on the customer front-end. Process digitization and organizational changes as well as corresponding change management are major challenges, lagging and not being executed.**

As expected, most corporations anticipate that their digital transformation will have a significant impact on their organization and processes. There seems to be little reason to believe that this is not a critical challenge that organizations need to address rapidly and successfully.

However, the reality in most organizations is significantly lagging expectations. Digitization is still very focused on

the customer front-end primarily in Sales, CRM and Product Development. Digitization in production and of the supply chain is still limited and corporate core functions like HR, Finance, R&D and Sourcing & Procurement show even less digitization.

Clearly the thorough digitization of processes and the organization can seem like a herculean task. Nevertheless, executing on such a comprehensive digitization cannot wait.

Additionally, many organizations still report lacking a comprehensive people strategy regarding digital transformation. Most organizations indicate that they are adding digital talent and skills selectively.

Corresponding change management is just now being understood as the major challenge for a successful digital transformation. Very few organizations have implemented comprehensive change management activities for digital. For many organizations this has been a blind spot. This will require major attention and efforts going forward.

### Implications / Need for action

- A holistic view of digitization with an organization-wide perspective needs to be pursued, moving beyond selected initiatives to a thorough digital transformation of the organization.
- The progress and lack of digitization throughout the organization and different functions should be reviewed. Gaps and priority areas for execution need to be identified.
- The people strategy needs to be reviewed to understand what digital talent will be required and how it can be developed or brought on-board. Organizational readiness for digital transformation should be assessed.
- Comprehensive change management programs need to be effectively marketed, planned and executed across the entire organization. Digital transformation will not work if the organization is not energized and company culture is not transformed.

# The CDO Role:

## A difficult position ... high expectations but (often) insufficient empowerment

### Key findings at a glance

- The CDO typically is mostly responsible for or fully leading digital strategy definition (**76%**) and monitoring (**62%**) as well as leading a digital office (**69%**)
- **56%** ... of CDOs fully lead or are mostly responsible for lighthouse project execution
- **32%** ... of CDOs state that other managers lead or that they only have an advisory role in digital change management; **46%** are fully responsible or lead the change management program
- **42%** ... of CDOs state that other managers lead or that they only have an advisory role in the digital IT landscape transformation; **36%** are fully responsible or lead the digital IT landscape transformation
- **74%** ... of CDOs report that their role is not fully understood in their organization

**This indicates that the CDO role comes in many different forms and is often not fully understood. Some CDOs act in a staff function with limited influence on key drivers of digital transformation. The role overlaps with many functions across the organization.**

Perhaps given the novelty of the CDO role, there is still no standardized job description out there. Rather the CDO's role and responsibilities seem to be defined differently by most organizations. On one hand, there seem to be some CDOs who act primarily in a staff function defining digital strategy and initiatives and running a digital office. These CDOs seem to have a limited role in digital transformation activities such as ecosystem management, digital IT-landscape transformation, process digitization or change management. On the other hand, there are also many more empowered CDOs who play a significant role in leading a broad set of activities related to digital transformation.

The CDO role overlaps with many other functions. The CDO will always need to successfully collaborate and cooperate with other functions, particularly the CIO and increasingly the CHRO, to jointly drive digital transformation forward. Additionally, the CDO will have to continue working hand in hand with the front-

end oriented products & services and customer interfaces owners.

Therefore, executive management will need to unequivocally stand behind the digital strategy and sufficiently empower their CDO to ensure success. Additionally, management will need to think through what kind of CDO they want. An effective CDO is not just a quirky innovation leader but someone who brings in the required stature and acumen to lead change with many stakeholders. The fact that so many CDOs report that their role is not fully understood in their organization suggests that many organizations still struggle with this position.

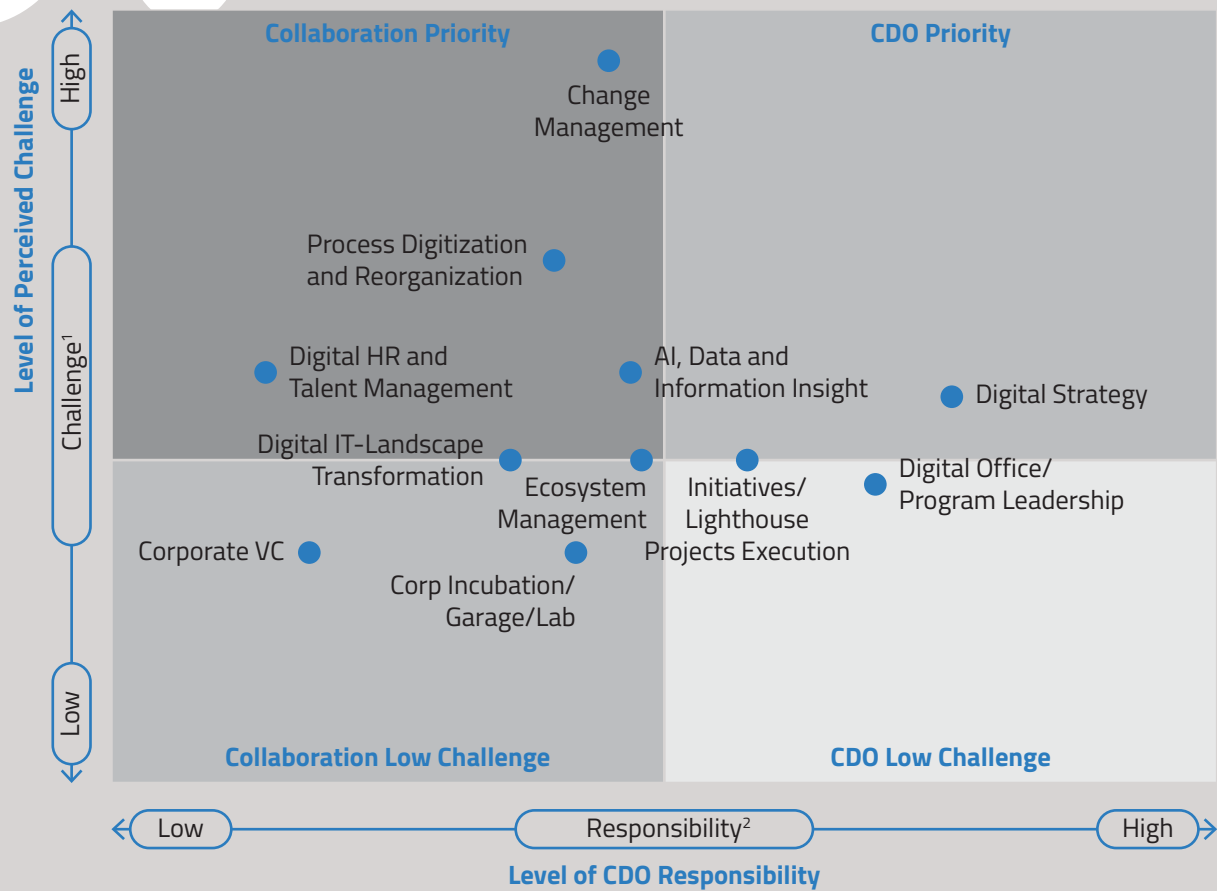
The expectations regarding the CDO position tend to run high. Organizations need to be careful not to under-empower their CDOs against these expectations and challenges. Otherwise, we are likely to see many frustrated and endangered CDOs in the future – with a high turnover of CDOs.

### Implications / Need for action

- A CDO who cannot live up to the expectations is a recipe for failure. Management should think through carefully what role the CDO will play in the organization.
- Management needs to both fully endorse and commit to the digital vision and strategy and sufficiently empower the CDO role.
- Management ought to understand what kind of personality needs to be brought into the position. A CDO should ideally be able to bring along the entire organization towards the digital transformation and should be a change leader.



## CDO Agenda matrix ... stepping up digital transformation ... collaborating across the organization



1. Percentage of CDOs reporting item as major challenge
2. Percentage of CDOs reporting as fully/mostly leading on item

# The CDO Agenda:

## Going forward ... CDOs must step up digital transformation ... requiring inspirational and collaborative leadership

### Key findings at a glance

- CDOs report feeling challenged on every item across the CDO agenda. There is no single CDO agenda item which much more than about a third of CDOs (35%) view as well on the way.
- The five key challenges mentioned by CDOs, in order, are change management (65%), process digitization and reorganization (47%), digital vision and alignment (44%), digital HR & talent management (37%) and AI, data and information insight (37%)
- Most of these challenges are only partially in the CDO's area of responsibility, particularly change management (32%), digital IT-landscape transformation (42%), process digitization & reorganization (36%) and digital HR & talent management (58%) are led by other managers
- Others like overhauling digital vision and digital strategy fall largely under the CDOs responsibility (76%) but require commitment and endorsement by the entire management
- However, the relationship between CDO and CIO might be a positive indicator; the critical area of digital IT-landscape transformation is not seen as a major challenge (only mentioned by 29% of CDOs as a major challenge)

### CDOs need to step up the digital transformation of their businesses. CDOs must look for empowerment while providing inspirational and collaborative leadership working with many stakeholder across the organization.

As they say in Star Trek (and who does not love some Star Trek wisdom), "to boldly go where no one has gone before". It might not be quite so dramatic but CDOs need to show organization-wide leadership to drive forward their agenda and the digital transformation of their businesses.

Many first steps seem to have been taken. Digital offices have been set-up, digital initiatives have been defined, high-profile digital lighthouse projects have been launched, first use cases around new skills and technologies like AI and data insight are being realized and ecosystems management is evolving.

However, to truly move forward the digital transformation of their businesses there is much yet to be done. This includes the

continued digitization of the offer portfolio and customer front-end, broadly transforming processes and organization, realizing change management to ensure digital readiness and ensuring extensive availability of digital talent. Additionally ecosystems will have to be set-up further and new technologies such as AI and data insight, blockchain and cybersecurity will have to be implemented. All this will require a much wider presence and leadership by the CDO.

As indicated above, the successful CDO will need clear empowerment and endorsement from executive management. The CDO will have to seek and demand this from management while building support across the organization. This will require inspirational leadership by the CDO based on passion around digital opportunities that the CDO wants to realize across the entire organization.

As also indicated above, even with broader empowerment, the successful CDO will have to be a change leader who can collaborate with many other functions to succeed at the digital transformation. This will require collaborative leadership by the CDO.

Either way, regardless of the (maybe surprisingly) many challenges, the go-forward agenda of the CDO strikes us as exciting and promising!

### Implications / Need for action

- CDOs must step up and accelerate the digital transformation of their businesses.
- CDOs need to ensure and demand sufficient empowerment and commitment by management for digital transformation.
- CDOs should provide inspirational leadership to ensure support and excitement for the digital strategy and transformation.
- CDOs should provide collaborative leadership in working with a large number of other stakeholders across the organization, such as the CIO, CHRO as well as the products & services and customer interface owners, to realize the digital strategy and transformation.

## Methodology

The mobileVision CDO Agenda Survey 2018 was executed as an online survey from December 2017 to February 2018. For this survey 417 CDOs were approached globally.

The questionnaire is based on mobileVision's "Digital 12 CDO Agenda" outlining and structuring the CDOs key agenda items. The majority of participating CDOs stem from Europe; the survey also includes contributions from CDOs from the United States, Middle East, Asia and Africa.

## About mobileVision

mobileVision is a top management consulting firm focused on digital consulting, solutions, venturing and talents. We specialize in advising, managing, operating and staffing digital transformation programs and innovative launches. The mobileVision Group seamlessly combines the skills and capabilities of Reply for digital solutions deployment and system integration, MobileSolve for financial transactions and talentSpringboard for people management in the context of digital transformation. The mobileVision Group has offices in Munich, London, Istanbul, San Francisco and Kansas City.

## Authors/Contacts

### **Klaus von den Hoff**

CEO/Managing Partner

[k.vondenhoff@mobilevision-group.com](mailto:k.vondenhoff@mobilevision-group.com)

### **Gregor Harter**

Partner

[g.harter@mobilevision-group.com](mailto:g.harter@mobilevision-group.com)

### **Christian Terfloth**

Partner

[c.terfloth@mobilevision-group.com](mailto:c.terfloth@mobilevision-group.com)

### **mobileVision GmbH**

Farchanter Strasse 28

D-81377 München

Germany

<http://www.mobilevision-group.com>



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