

# Digital Disruption: Adapt or Perish

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Mobile technology has revolutionised the way we interact and do business. The new connected environment has disrupted the traditional, linear approach to business, and given way to partnerships, flexible relationships, and interaction between departments as opposed to stiff inter-organisational boundaries. The 2015 Harvey Nash/KPMG CIO Survey found that digital technologies have significantly changed the way that companies create and deliver value to their customers. The report, entitled Digital Business: It's Time for CIOs to Lead or Get Out of The Way, found that over the past five years, digital disrupters had all but destroyed some businesses. Simply put, businesses that cannot adapt to the new digital environment risk losing their value proposition and customer base. This week, Standard Bank Namibia Chief Information Officer (CIO) Pieter Kruger demystifies the increasingly crucial role of the CIO in defining and managing strategy in the technological environment, therefore enabling business areas to deliver their functions.

**HP-GSB: In your view, how prepared are companies for digital disruption?**

**Pieter Kruger [PK]:** Some companies have realised that they have to reinvent themselves and are working hard to find their proposition in the new digital world. A digital strategy is important and must be formulated and executed in order to survive in this new era where everything is connected. For example, if you start a business today and you don't have an e-commerce strategy with a website and a smartphone App, the business will most probably not exist within the next five years. In my opinion, we have to rethink this in

Namibia because our focus is still very much on physical presence serving walk-in customers, and we are missing out on the opportunity to sell locally-manufactured goods and services internationally.

**HP-GSB: What are some of the main highlights of an enterprise-wide digital strategy?**

**PK:** An enterprise-wide digital strategy incorporates all areas of a business to build a digital customer experience, and in most cases it focuses on "mobile first" implying the use of smart phones. In our connected world of technology, most customers have smartphones, which are becoming the major platform of doing business. An enterprise digital strategy is not just Information Technology. Information Technology provides the rails for the new digital experiences that will be created for customers. An enterprise-wide digital strategy will also define new jobs and roles that don't exist today.

**HP-GSB: How is digital disruption affecting the banking industry?**

**PK:** The banking industry is a highly governed and regulated environment, and banks have built and defined their target operating models around that. New disruptive entrants to the market work around these obstacles and use the connected world to formulate new business strategies that in most cases stretch across country borders.

A number of start-up companies have applied, for example, crowd-sourcing techniques in the connected world to build new business models in the financial industry. Good examples of

this are peer-to-peer lending platforms that bring lenders and borrowers together on digital platforms without the participation of an actual bank.

Cross-border money transfers that were in the past dominated by banks are now being disrupted by distributed ledgers (crypto currencies) at a fraction of the cost of the traditional model. The Internet of Things (IoT) and distributed ledgers will disrupt the banking industry in the next few years by bringing new service offerings to the traditional banking model. For survival, the banking industry will have to reinvent and adjust itself to stay relevant in the digital world.

**HP-GSB: What is Standard Bank doing to avoid being disrupted by digital?**

**PK:** Standard Bank has a culture of innovation, as well as the ability to adapt to change. Standard Bank Namibia recently replaced its core banking systems with a best-in-class digital core banking system. This new digital core banking environment serves as a launch pad for our new digital offerings.

**HP-GSB: What organisation-wide action will CIOs have to take to prepare their businesses to survive the digital revolution?**

**PK:** As CIO, you are a partner of your business colleagues that must ensure that you create a technological environment that embraces the digital strategy and business opportunities



Pieter Kruger

of your organisation. Your role is to assist in the education of staff members to build a digitally proficient workforce and create an environment that allows for quick change, and most importantly: ensure innovation throughout the organisation.

**HP-GSB: Do CIO's struggle to gain management buy-in, especially where expenditure on digital is concerned?**

**PK:** Human beings are naturally very cautious about change and this is no different in the digital world. Entering the digital world is not a cheap exercise and the full management of the organisation must drive the digital strategy. Digital must be an enabler of better customer experiences; convincing and achieving buy-in from colleagues is a key factor for success.

**HP-GSB: Looking forward, what do you think the relevance of the CIO will be?**

**PK:** Technology plays a very important role in the new digital world. CIOs will have to equip themselves with extensive knowledge of the digital world to provide the right expertise and insights to assist in the formulation and execution of a digital strategy in any organisation.

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