



Don't just see potential –
see it realised.



WOMEN ON BOARDS LUNCHEON – 21 NOVEMBER 2016

“Digital Literacy for Boards: how do Boards access the insights needed and what might this mean for Diversity & STEM in the mid-term?”

A discussion moderated by Catherine Walter AM with speakers Lyndsey Cattermole and Susan Oliver

By Lyndsey Cattermole:

Digital disruption is more than just using Facebook or Twitter as a marketing tool, yet that is what tends to dominate the “technology” discussion at the Board table. Facebook and Twitter are fashions, and while social media is becoming more important, fashions change and therefore Boards and their management would probably be better off hiring or employing consultants.

Another important point about digital disruption is that even organisations that religiously deploy the latest updates for their enterprise and downstream systems often find themselves in a situation where they are unable to mine and exploit the information contained therein. A lot of organisations appear not to have, or seem to have lost, a robust and flexible “back-end”. This means that it can be very frustrating when one wants to look at using their “big data” (or “big information” as Susan Oliver prefers to call it), but is unable to. People tend to forget that the basis for being able to utilise the digitisation that is now available to us all is having good back-end systems. It is so important to contemplate that issue constantly and understand that one needs to keep on top of the current or existing issues, before looking at new ones.

Counter to the governance-oriented culture that’s encouraged by ASIC, ASA and the Stock Exchange – and we do need accountants and lawyers – Boards need one or two members with greater but sensible risk appetites. Boards ought to contemplate looking beyond what is usually in the “fishing pond”.

“Paralysis by analysis” can be an inhibitor, especially for large corporations. While it is acknowledged that large enterprises often find it challenging and difficult to act in a quick and nimble manner, Boards should keep an open mind about all things digital, and embrace the power of technology.

By Susan Oliver

Understanding Facebook or other social media is useful but not sufficient in our understanding of technology. There are always the latest discoveries that threaten to be just buzz words – and possibly dangerous in the hands of the partly informed director or potentially a significant game changer for your organisation. Rather than just using the words ‘big data’ let’s learn to appreciate the power of “big information”. What about blockchain? How many people have heard of it, and how many feel that they need to go beyond the words and understand substantially what it is and what it does? And our experience will remind us that it is more than the latest technology discovery that leads to success in our organisations. While the technology is moving apace, the one thing that isn’t moving apace is the way that we are establishing the protocols, the human interventions, the systems and the processes. And that is what we on Boards are very good at, and there will be plenty of that sort of consideration in implementing block chain, ‘big information’, enterprise social media, etc.

What can Board directors do? The first thing is to understand some of the social and conceptual trends that are sitting inside digital businesses such as Uber or Airbnb. Twenty years ago at the Commission for the Future, we talked about the dematerialisation of society.



Today, it's more about "de-assetting" our organisations. For example, where organisations have previously held onto an asset (be it physical or otherwise) that was thought of as the organisation's strength, that in fact may be a liability. In order to address this question, one needs to have a good understanding of what is happening in technology. McKinsey & Company's recent article on "Marketing's Holy Grail: Digital personalization at scale" is one interesting concept. Gartner, a leading information technology research and advisory company recently identified the top 10 strategic technology trends for 2017 as:

- Artificial Intelligence (AI) and advanced Machine Learning (ML)
- Intelligent apps
- Intelligent things
- Immersive technologies, such as virtual reality (VR) and augmented reality (AR)
- Digital twin
- Blockchain and distributed ledgers
- Conversational systems
- Mesh app and service architecture (MASA)
- Digital technology platforms
- Adaptive security architecture

Every one of the above presents an opportunity and a risk. To read more about each trend, visit: <http://www.gartner.com/newsroom/id/3482617>.

Board directors don't necessarily have the means by which they can understand all of the technology terms, but they can certainly understand the concepts and the impact each could have on their business, as both an opportunity and a threat.

How can Board directors guide their organisations? One can look at business trends, although unfortunately it is historical and not always relevant by the time we see them. One can look at people trends – at customer behaviours and factors that are influencing their buying decisions. One can look at the technology trends, such as the Gartner trends discussed above, and challenge your organisations to think through what impact – negative and positive, there could be, taking one technology trend at a time.

Some ways in which Board directors can organise themselves to be better at technology:

1. One tech expert won't do the job

One of the big mistakes Boards often make is thinking that an individual expert is enough to effect change. There is a need to have one or more people on a Board who understand and can talk about technology, and have a strategic conversation.

2. Self-education

All Board members should have a go at understanding technology, and not just superficially. Bring in external tech experts to talk about emerging trends and issues. Use it as an opportunity to learn together as a team, and become more confident in talking about potential issues, risks and opportunities and the case studies, good and bad of how other organisations have fared.

3. Proactive external engagement

Talk to people. Go to universities, to the CSIRO and other technology specialists and advisory companies. Ask them what's going on, what's new, where is the cutting edge on this and in this sector? Who is using this sort of technology? How are they using it and what is its potential relating to us?

For further reading:

<http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/marketing-s-holy-grail-digital-personalization-at-scale>