

Digital IQ: Digital Conversations and the C-suite



Digital IQ is a measure of how well companies understand the value of technology and weave it into the fabric of their organizations. According to CEOs, CIOs and C-suite members in our recent Digital IQ study, strong executive leadership and collaboration are crucial to building lasting value from information technology.

Those companies with strong relationships between the CIO and other C-suite members are four times as likely as those with less collaborative teams to be top performers¹. The role of a CEO is vital as well. We believe that if CEOs want economic return from their technology investments, it is incumbent on the C-suite to integrate those investments into the business strategy. Firms with strong C-suite relationships constantly align their thinking between IT and the business. But it's not just about coming to consensus. They ensure that digital conversations are occurring across the business, and they consider all the ways that IT can drive value.

C-suite alignment is clearly an important characteristic of Strong Collaborators, and for any company striving for a high Digital IQ. Yet these companies don't just think about the connection between IT and the business, they transform those thoughts into action. Strong Collaborators think differently, act differently and often achieve stronger results than others.

What do Strong Collaborators do that makes them so different? Let me summarize in short:

- The key is the planning. Strong Collaborators are more likely to understand the costs needed to implement the strategic roadmap. This ensures that IT investments fully align with business goals. This understanding is critical to estimate profit margins accurately and

to reduce the risk of unexpected expenses.

- Their CEO is a champion of IT who is actively involved in driving IT's inclusion in the strategic and operational dialog. This is an important distinction of companies with a high Digital IQ. A CEO who truly understands that technology is a critical driver of business value is more likely to encourage digital conversations at every opportunity and to set the expectation.
- New products or services development is the greatest opportunity for business growth for them; others are more inclined to point to organic growth in their domestic markets. This means that companies with a higher Digital IQ may be more nimble and able to develop products more quickly and be far more responsive to their customers.
- They are more likely than other respondents to understand the IT challenges that can affect the business. Beyond technology-related issues like inadequacy of basic infrastructure and securing IP, this awareness spans shifts in consumer spending and behaviour, a lack of key skills needed to execute the strategy, and the ability to turn data into actionable insight.
- Companies with high Digital IQ understand which technologies will provide the greatest business benefits, leveraging the tools and platforms to optimize

processes and improve overall performance. In comparison to other players on the market, they are more likely to aggressively invest in the four key digital technologies: mobility, cloud computing, business analytics and social media.

- Their employees have everything they need on a mobile platform; Strong Collaborators are more likely to interact with customers significantly on mobile devices. These interactions are mainly to inform and educate customers about products and services, or to gather feedback on products and resolve customer issues.
- Strong Collaborators outperform all other firms in terms of how they measure innovation, particularly in terms of the number of ideas that ultimately are brought to market.
- Strong Collaborators are also more likely to be investing in emerging technologies in areas like mobile, social, cloud and data analytics.

Moreover, it's just as important to think about technology as a disruptive business force that can alter business models and create new ones. It is no wonder that these companies can deliver and innovate in a world where the rapid pace of technology is fundamentally reshaping global commerce.

What steps can companies take to raise their Digital IQ? Executives can begin by considering the fol-

lowing questions:

- How often do your firm's C-suite executives discuss how IT is supporting the overall business? Are "digital conversations" taking place regularly? Are senior decision-makers aligned with respect to the overarching business strategy?
- Is your firm's CEO actively involved in developing your company's Digital IQ? Is he or she a champion of IT?
- Beyond setting the corporate strategy, does your firm have an effective roadmap that lays out the steps to achieving the strategy—blending together strategy, operations and technology—and the associated costs of doing so? Is this roadmap effectively communicated across the enterprise?
- Are IT investments being made with overarching business goals in mind, or are these decisions happening in a silo?
- Finally, are you considering pilot programs to develop a deeper understanding of the "art of the possible" - the ways that new and emerging technologies may be leveraged for greater business benefit?

Technology is an amplifier of business performance, which means that teams that continuously master technology and business integration are likely to craft a business system with a superior, and sustainable, performance edge. This performance differential will likely make it hard for trailing competitors to catch up.



Patrik Horný
Partner, PwC

¹ Firms with high level of Digital IQ who said they are in the top quartile of margin and revenue growth and innovation, and who reported growth of 5% or more in the previous year.

