

Digital Reflections – Being Real with Sustainable Strategies

1st Quarter 2021 AlfaSec Research presents a deep dive look at Digital Transformation in Financial Services. The full report is available [here](#).

Why is Digital Transformation so hard and why do Financial Services firms struggle to execute on good policies to achieve substantial bottom-line improvement on a sustainable basis?

The advent of new technologies such artificial intelligence, Internet of Things, 5G and quantum computing will reshape the financial services industry bringing new opportunities to both the organisations and their customers. There will be increased opportunities for automation and cross industry collaboration between providers within and outside the industry. To be unable to capitalise on these opportunities could prove to be devastating to a financial services organisation.

The dilemma leadership in these organisation face when making the decision on digital investments is:

- invest in an enterprise-wide digital transformation program and risk failure,

Or

- fail to invest in an enterprise-wide digital transformation program and risk annihilation.

This is a challenging scenario for both boards and management of financial services organisation. This decision is not made easier when a study found that 72% of organisations fail at digital transformation¹.

Human Resources or “staff” are the firms most valuable asset but they can also be the largest barrier to change. Change is extremely hard for large organisations as self-preservation especially in senior management roles results in delays and company strategic sabotage. Hence, it is crucial to get enterprise-wide alignment in any

¹ Michael Gale, Jul 2019 “Think Going to the Moon Was Tough 50 Years Ago, Try Digital Transforming A Corporation Because 72% of Us Are Failing At It”, Forbes Magazine, <https://www.forbes.com/sites/forbesinsights/2019/07/20/think-going-to-the-moon-was-tough-50-years-ago-try-digitally-transforming-a-corporation-because-72-of-us-are-failing-at-it/?sh=12104e336933> (accessed 19 December 2020)

digital transformation program. It is also essential to have dedicated individuals able to execute in the interests of shareholders and the Company strategy despite individual strongholds in the organisation.

Board and management of financial services organisations must be aware of the myriad of challenges that they could face when undertaking this digital endeavour. A critical fundamental challenge in undertaking digital transformation is the required shift in organisation mindset and practices. As an example, organisations will need to move away from their legacy silos and effectively collaborate both internally and externally to develop solutions in a rapid and adaptive manner.

Additionally, organisations that have reported successful digital undertakings have achieved a shift in an organisational culture that is growth oriented and willingness to experiment, learn and adapt. They have also moved away from the plan driven to agile methodologies. In our report, we examine the difference between an organisation’s heritage practices and the desired agile based practices.

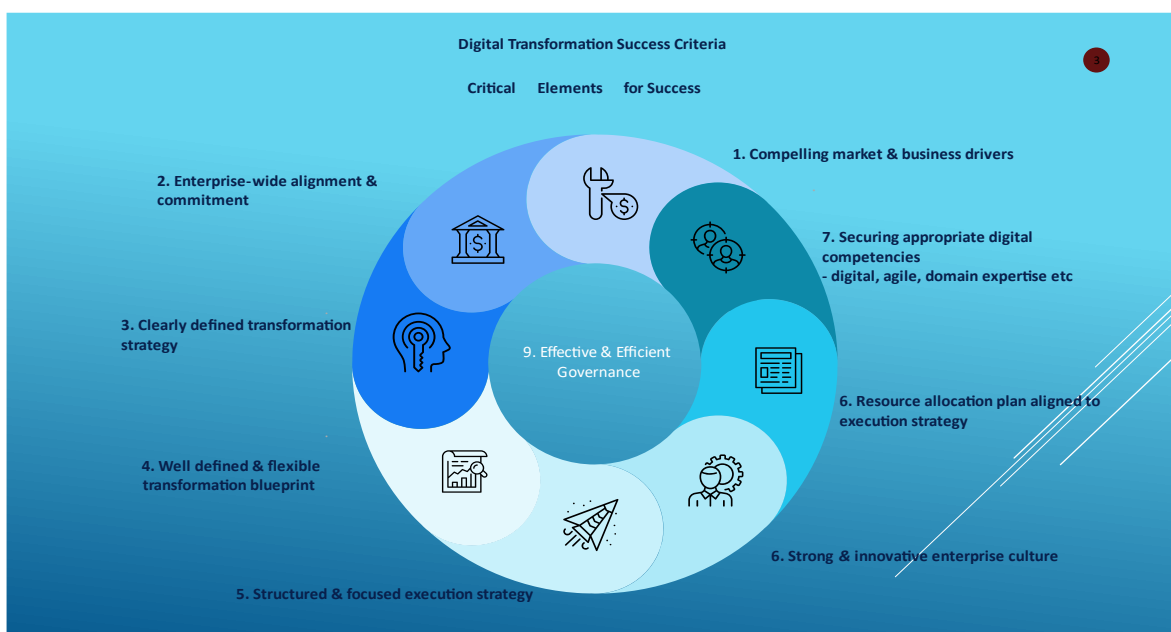


The other fundamental requirement in a successful digital transformation program is constantly aligning digital transformation strategy with the overall organisation strategy – they are 2 sides of the same coin. Also, it is critical for the entire organisation to understand its purpose and the underlying strategy, to help shape the required culture. This is a joint responsibility of both the board and management during the digital transformation journey. In our report, we discuss how this dynamic should be maintained.

Strategic initiatives fail not due to the strategy itself being poor but often due to underwhelming execution ability. Execution in many organisations fail as they are poorly planned, lack alignment and focus, laissez-faire governance practices or generally under resourced. Whilst with the use of agile methodologies will assist, it is not contrary to what some think a panacea.

There are many other considerations when undertaking this effort to reimagine the business. Based on our research and experience, we developed a framework detailing the critical criteria for any digital transformation

program. This framework is intended to assist with the establishment and evolution of digital transformation strategies within financial services organisations and in our report, we discuss this framework in greater detail.



We invite you to review our report, “Digital Reflections -Being Real with Sustainable Strategies” at our new website. To download a PDF version of this report, please click [here](#).

In our report, we discuss the following consideration that should be reflected on by financial services executives when embarking on the digital journey.

- How should the organisational culture evolve to achieve the outcomes as stated in the corporate strategy and program scope?
- How does the leadership ensure that customers interest remains central to the program objective?
- How does the organisation development approach shift from plan driven based methodologies to a hybrid approach predicated on agile development methodologies?
- How does the leadership achieve an optimal balance between digital transformation expertise and business expertise?
- How does the leadership institute a strong governance structure that is accountable, efficient, effective, performance focused and responsive?

We welcome the opportunity to discuss the challenges that you may be experiencing with your digital strategy and/or program. Please contact us at AlfaSec Advisors Pte Ltd. At marketing@alfa-sec.com or suresh@alfa-sec.com