



## USER FRIENDLY

### Maximizing the impact of digital transformation (part 2)

**Host:** Hanish Patel, *User Friendly* host and digital transformation leader, Deloitte Consulting LLP

**Guests:** Phil Wisner, executive vice president and chief technology officer at Paramount Global  
Tim Smith, principal and tech strategy and business transformation leader at Deloitte Consulting LLP

**Hanish Patel:**

In the first part of our series on digital transformation, we explored how executives can successfully lead their organizations and prepare for the strategy and investments that a transformation requires. So, we'd like to expand on that today and dig into the importance of aligning technology with strategy and developing the organizational process and human capabilities necessary for digital change. In particular, we'll address which actions drive the most impact and which investments can yield the most enterprise value. And beyond ambition and bold investments, what does it take to get digital transformation right? Joining me today for part

two of our miniseries on digital transformation is Phil Wisner, executive vice president and chief technology officer at Paramount Global, and Tim Smith, principal and tech strategy and business transformation leader at Deloitte Consulting. Phil, Tim, welcome to the show.

**Phil Wisner:**

Great. Thank you. I'm glad to be here.

**Tim Smith:**

Thanks for having me.

**Hanish Patel:**

All right. So, let's start off with Tim. You co-authored the recent digital study titled

*Unleashing value from digital transformation: Paths and pitfalls*, which uncovered where digital transformation actions can increase enterprise value. And just as importantly, where it can erode it. So, what were some of the key findings from this analysis?

**Tim Smith:**

Thanks for the handoff, Hanish. A little bit of context as to how we thought about all of this; we spent a fair amount of time doing some global research regarding digital transformation proper. And what do I mean by that? It's stepping back and understanding exactly what digital transformation is, how you define it, what it means to various enterprises,

and tips and tricks to just get it done. And in our conversations with executives throughout, there's not really a debate as to whether, you know, digital transformation should be taken on. Everybody's in some, you know, stage of digitizing processes, or some [people] are radically reinventing their business by the promise of digital. And everyone knows it's a continuous motion. This is not a one-and-done acute phenomena. Mobilizing the enterprise with a digital mindset is here to stay.

So, the real question that we've encountered and part of why we released this research was, simply put, look, we get digital transformation is with us, but with it comes massive capital bets, massive effort from the enterprise. And if I mobilize all of that capital and all those folks the right way, how am I sure I'm going to see the returns? How am I sure these bets are going to pay off? And I would love to then be able to answer a leader and say, "Hey, we have an equation that if you select this type of technology or bet on this technology domain and you put in this type of effort, then you're going to see these type of returns." But unfortunately, by all the research we've looked at, you really can't nail that equation. And it's because digital transformation is so multiplex. There's so many variables involved in it.

So, what we did is we took on this research to try to answer it a different way. And we thought, what better way to really understand at scale as to what folks are doing regarding digital transformation and where the value is at? What better way then, but looking at public statements from enterprises? By seeing what they're sharing with the market and understanding what digital transformation moves are as part of those statements? And so, we stepped back and looked at about 30,000 various public statements of around 4,600 companies, around 3 million pages of text, and read it all through some natural language processing in which we said, "Look, based off statements that are being made on digital transformation, in which they're talking about technologies, in which they're talking about a digital mindset, can we see patterns? Can we see correlations between those statements made and the actions they're taking in market value?"

And to the point, the short answer is, yes, we did see significant correlation and via certain actions, we could see combinations in which those who got all those actions right—which we'll define a little bit later—if everyone did it that way, then you would see a market value creation or market cap uplift about \$1.25 trillion. And on the flip side, those who only mobilize a certain way or only got certain actions correct, you would actually see market cap erosion, if everybody did it the wrong way, of about \$1.5 trillion. So, there's a massive swing in terms of the value to be created or eroded just by what you're doing for digital transformation, and our research then spent the time trying to demystify exactly where to go.

**Hanish Patel:**

So, if I could dig into some of that, in terms of where you talked about where there's the value creation and the other side of it being the erosion, often you hear about, "OK, there's a digital transformation strategy and that's been laid forward." And then, you hear about the execution of [digital transformation]. And no doubt there's a critical link between the two and getting that right is going to be one of the key factors towards truly recognizing the value and some of the numbers that you spoke about earlier. Through the analysis and through obviously the extensive years that you've been in this field, what other actions have you seen that really are driving most impact and yielding the most enterprise value?

**Tim Smith:**

Yeah, I think it's important to define what we're looking for, or the patterns that we found and what those mean for actions, to your point. So, when we actually ran through all of the data and all the natural language scanning, we ultimately found three clusters or three actions. The first one that we were looking for and we found to be statistically significant regarding value is what we call "digital strategy." These are mentions in the 10-Ks of an enterprise's overall corporate strategy and a linkage to a digital strategy. So, for example, an enterprise that's saying, "Look, we are going to open up new channels or address new customers via the digitization of some of our workflows." Right? Making very explicit statements that you're using digital to realize some ambition as part of your corporate strategy.



The second action was what we call “tech aligned to strategy.” And what we were looking for and what we found was enterprises were saying, “Look, we are going to digitize workflows via the promise of this technology domain.” So, they were being explicit about a specific technology or an area like cloud, an area like AI, an area like ERP [enterprise resource planning] or cyber and talking about how that technology would realize their digital ambitions. Not just talking about tech for tech’s sake.

And then last but not least is what we call “digital change.” Mentions via the enterprise as to what they are doing to change the enterprise, to change the ways of working, to ultimately realize their digital ambitions. So, talking about how they’re going to acquire new digital skill sets to ultimately enable the enterprise to launch new products that, you know, are empowered by artificial intelligence, as an example.

Those are the three big actions—digital strategy, tech aligned to strategy, and digital change—that we look for and we found. And having all three of them done in concert, meaning finding enterprises that talked all the way from their corporate strategy, to their digital ambitions, to the tech they selected or bet on—

**Hanish Patel:**  
Mm-hmm.

**Tim Smith:**  
—to the digital change or the ways of working changes that they’re going to do, the enterprises that mentioned that with the most intention hit what we call the trifecta. And to loop it back, those that hit that trifecta were the ones that were the true outliers with the most value creation potential. Simply put, we found those enterprises having a distance of about 5% in terms of market cap potential, versus those who did not adopt them all.

**Hanish Patel:**  
So then, with that backdrop, Phil, I’d love to turn to you and get your perspective on which one of those really resonates with you as having the greatest impact, or frankly, based on your experience of transformations conducted at Paramount, if there’s anything different or any that you would add to that list?

**Phil Wiser:**  
Well, first of all, I would say that the easy and correct answer is all of them—

**Hanish Patel:**  
Mm-hmm.

**Phil Wiser:**  
—because I do think that the data that came out of this study, you know, certainly resonates with my experience, both positive and negative, where I’ve seen these type of efforts succeed or fail. The other dynamic beyond the clarity of goal as well as communication—I think communication’s so clear that weaves into the digital change component—obviously, you know, I believe in tech alignment, but I like the fact that—and here as Tim’s describing it, it comes after you’re setting those goals in terms of the outcome of that change. But the financial element of this, and getting financial alignment, is really important. Because, you know, particularly in a moment where your company’s not (laughs) undergoing an existential threat, the investment thesis can really get in the way of the change.

And that can either result in under-investment, where you’re talking about this type of transformation more than you’re investing. Or the other way around, which I think can be even worse for the company, where the investment model is too ambitious for either what the technology can do or what the enterprise can absorb. And this sort of links again into that digital change component. But I would definitely add the financial alignment as, you know, something that supports those three areas. And I would highlight, of all of those, I think the first about being very clear is the most important. And I’m a big fan of simplicity, in terms of ultimate goals, the decision-making, and then I think, importantly, the communications. So I really focus on distilling out key themes that you can communicate to a population of tens of thousands of people that may be impacted or you need to recruit to be a change agent on behalf of what you’re trying to accomplish. So that simplicity is really, to me, the ultimate key to success.

**Hanish Patel:**  
So then, Phil, I’d like to stay with you on that and then if I could kind of dig in a bit more to

ask how do some of these actions apply to, say, the transformations underway at Paramount to change how you produce, how you source, how you actually deliver the content itself? And why did you actually make some of these tech investments that you did, and you do, to kind of get everyone mobilized at scale?

**Phil Wiser:**  
As I described, simplifying the goals so that they’re readily communicated and you could repeat them consistently, which I think that consistency’s really important, particularly for longer-term projects that could be multiyear, and you have to have that messaging continually going out to the organization because that organization may evolve. But I think the most important element, and I believe Tim touched on this, is follow-through. Particularly for these longer projects, you need to have measurable outcomes in a shorter cadence that you can show back to the organization and also you can make decisions around where you may need to adjust the desired outcome. You may have new technologies coming or the technology that you were using changed.

So, I use a framework called objectives and key results, or OKRs. It’s a pretty well known, very basic system for setting high-level objectives that are aspirational, but then grounding them in key results that are measurable and quantifiable. And linking those together in a very consistent way, making sure that you’ve got rigor, in terms of assessing where you are on that trajectory and where you are in terms of the quantifiable outcomes, has been really key. And the other element links to what Tim had described in terms of digital change, because the tracking of those objectives and the outcomes is not done by my project management organization or even my change organization.

It’s done by ambassadors within the different functional areas that are brought into the process around OKRs and by having that out with the organization itself. Whether it’s functional, whether it’s tech aligned or not, really gets a lot of buy-in and honest conversation around where we are in our digital journey.

**Phil Wiser:**

And it's multifaceted—

**Hanish Patel:**

Mm-hmm.

**Phil Wiser:**

—as you would expect in our business. For context, we did a significant merger, at the end of 2019, where we brought together Viacom, which is a collection of cable brands like MTV, VH1, Comedy Central, and Nickelodeon, that also had Paramount Pictures, which is theatrical films, as well as then bringing that together with CBS. And we've got broadcasters around the globe that are in the portfolio as well. So, in that large of a business, we had 120 or so transformation workstreams as part of that merger. But if we weren't able to distill that down and find a common theme, that would be 120 individual bets versus a unified digital transformation.

**Hanish Patel:**

Mm-hmm.

**Phil Wiser:**

So, the overall theme was that we were going to rebuild Paramount as if we were a ground-up internet company. And we were going to use increasingly commoditized internet technologies as the foundation for everything we do. And that was important to say it's not just about streaming, which is a model for distribution. But really use those internet technologies to get to the core of what you asked. Like, everything we do in terms of content production or media supply chain, and our core IT functions, are now going to be run on internet technologies.

And really, the ultimate goal of this was to make sure that we had a very modern end-user experience. And we set a goal for ourselves, and we wanted all of our team, our employees and third-party labor, to come in to Paramount and feel like their technology experience—their end-user technology experience—was as good or better than what they experience at home. And that was really key, because in many companies you don't have that because you latch yourself to these legacy constraints and that creates ultimately lower productivity and clearly a less engaged workforce.

**Hanish Patel:**

So then, looking back, is there anything you would've done differently? Any lessons learned to share with our listeners and other executives undergoing a digital transformation?

**Phil Wiser:**

One thing I would've done is really get more organizational alignment in areas that we were executing. And I found this not only here at Paramount but also I was at Hearst Corporation prior to this, which is a collection of media and information businesses. When you've got islands within companies, that will act as drag on your overall transformation efforts. Unless you're fine with them remaining an island. But if you need to recruit across those different areas to, you know, be a part of the broader transformation, it just is more friction. And, in some cases, you just have to deal with that. If you're doing an ERP deployment, you're going to have dozens of stakeholders and hundreds of people across the company that need to lean into it. But in some other areas, I could've done more organizational alignment upfront so that we could move faster.

**Hanish Patel:**

I appreciate you sharing that. Tim, any thoughts from your perspective given the numerous transformations you've led for many a global company over the years?

**Tim Smith:**

I have about four, let's say, four points, I think, to add to it. But Phil nailed it. Maybe to bring in the context first of the research. If you execute all three of these things together, those three actions ... This is where you maximize value. To stay on the riff regarding organizational change, what was interesting in our research was what destroyed value in terms of digital transformations. And the first, for lack of a better term, value destroyer, value eroder (laughs), whatever you want to call it, was when we looked at 10-Ks and there were statements made about digital change in which the enterprise itself was very bold about how they're going to acquire new digital skills. They might be talking about how they're going to adopt agility, not only in terms of the tech they deliver, but how they generate products.

When they talked about the ways of working, but they didn't talk about how that laddered to enterprise strategy, they didn't talk about the technology they were taking on to support all of these digital moves. Actually, that destroyed value. They were worse off making those statements than not saying anything at all, at least by the correlation analysis that we have. So, one interesting point that we found was that change for change's sake is a value destroyer. So, that was a pretty big surprise for us when we looked at it. Now, I've sensed that, to your point, Hanish, in the field when I've been working, that, you know, a lot of times we all want to make sure our talent is motivated to take on the next new things, but ... we've got to understand ultimately what we're delivering.

But then on the flip side, in terms of value destruction, when we found enterprises that talked about digital strategy, when we found enterprises that talked about the technology aligned at that digital strategy but had no mention of how they're mobilizing the enterprise or the new digital skill sets they're going to take on. When they didn't talk about change, or there's absence of change, that was the absolute worst spot to be in. So, it's interesting that if you really step back on our research, it hinges so much on the presence, or lack thereof, of change. We've seen in the field, it ratifies it and we now just have the evidence at scale. Simply put, on the absence of change, you would find enterprises that would have a distance between sort of the baseline and how much value they could destroy of about 9%. So, those are two points I wanted to raise.

But then adding more, I think tactically in the field, one thing that we also encounter with digital transformations is that it's the horizon in which you've set this and the buy-in across that horizon. So, it might be a great idea to set this business case now. Everybody's aligned as to exactly what the benefits are going to be, but things change. This might be a three- to five-year initiative within a digital transformation. If those leaders move on, if the market changes, how are you sure that digital transformation will proceed? And, of course, if there's exogenous factors that don't make it worthwhile, then that's a business decision to make. However, what happens if you are doing a digital transformation in which you're

betting on one technology and that technology itself changes quite significantly over time? You move from 5G to 6G or some other aspect.

So, what we've also recommended to folks is that when everyone is buying into a digital transformation, make sure it's less about an individual logo, less about one specific solution, but more about the aggregate benefits that will be realized, so everybody understands it at a more abstracted level and they don't have to get so deep, or they don't have to anchor too much to one given tech. Why is that? Because if the tech changes and your business case falls apart, well, you made the wrong bet. And then last but not least, just the incentives and how you are clear with everybody as to what those incentives are to get things moving. It's one thing to get everybody to sign up for a short-term initiative. It's another thing to expect them to continue dedicating resources and energy for a bold, multiyear digital transformation, knowing they have other responsibilities. So, be very clear on incentives to get it right. And all of that is supported by the research on everything digital change.

**Hanish Patel:**

So, it strikes me, and I'm going to use the term alignment. And you mentioned it earlier around tech alignment to the strategy, but what you're both talking about earlier is about obviously getting a lot of other things aligned, and particularly about the actions and making sure investors, stakeholders, those who are going to actually even execute upon the strategy are all aligned and being vocal about that intent, what the strategy is and the actions that you intend to take. So, with that perspective, [I] would love to get the two of you to talk a bit more about how our C-suite executives can make sure that there is full alignment and make sure that there is true impact on the tech value, and help others bring the organization along on that change, along on that journey to make sure, again, that it's value creation and not value erosion? And maybe Phil, I'll start with you on this one.

**Phil Wisner:**

Yeah, of course. Well, it's a team sport (laughs) and then you definitely need alignment with the stakeholders. And if you look across the many transformations that we did, every one of them that I was a chair of was done

in partnership with another element of the business, whether it was, you know, our HR transformation. Obviously, the larger ones [transformations], like our advertising technology transformation was done hand in glove with our head of global sales. And it was built on something that Tim had mentioned around, you know, having that initiative not focus on a specific technology, nor focus on a specific company or product. And we actually go out of our way never to name a project (laughs) based on either of those. And always have the project name linked to the business outcome.

So, for example, with the advertising tech, our goal was to unify our digital and our linear, which basically means the advertising that shows up on broadcast, like CBS, or linear channels that are on cable. We wanted to unify all of that so that our sales organization could go to market with a unified offering. And that's what we led with was that this was a unified advertising project. The underlying technology, we did select vendors, we did have to build in some data analytics capabilities, we did move some of that processing to a cloud-based solution. But that was all secondary to the goal of delivering a more powerful offering to the markets for our sales team. And that was very successful because that head of sales did not delegate the vision. And I think that's a mistake that a lot of C-suite members make when it comes to a technology-driven project.

They're like, "Oh, I'm not technical. I'm going to delegate the partnership on this to someone else." And as soon as that happens, I find that it quickly loses momentum, because then that C-suite executive's not talking to the CFO or the CEO about why this is important to their business line or to their function. And that, you know, can ultimately, if there is financial pressure or you just need alignment to follow through on a decision, it weakens things. So, I think that is really key to have the C-suite engaged as full partners. And as a technology and operational leader, I always seek out a partner before we go after something.

**Hanish Patel:**

Mm-hmm. Tim, I would love to get your thoughts on that as well.

**Tim Smith:**

Yeah. When these digital transformations are taken on, whether you are, you know, a CEO, a CIO, whatever CXO role you have, or even a board member, you know, ultimately the question that we've got to answer is not whether digital transformation is right for you as an enterprise. I mean, it's table stakes at this stage. And we've hit that it's got to be linked to the strategy. But to me, the broader question that can give everybody more comfort is the lineage. And what I mean by that is, yes, it's one thing to understand from a champion of the digital transformation that they know the strategy and they know ultimately why certain technologies are the best one for it.

But there's an aspect to prove it. There is an aspect of saying, you know, "Tell me why you believe we're going to see this upside, and why this technology domain is the right one for us, and why you believe our organization is ready to run with it." So, as an example, there's a lot of times that digital transformations bank on a new technology that sounds great on paper, feels good when you were piloting, but then you hit the wall regarding scaling it. And why is it hard to scale? Well, it's hard to scale because it's highly dependent on data that you might've had cleansed and ready in a certain business line or a certain domain, but you can't get that data anywhere else. It can't scale because you don't have the right resources, beyond those who were involved in the pilot to take it enterprisewide. Or it can't scale because it was really predicated on enough customer buy-in for it to keep moving.

And so, just stepping back and having that real, for lack of a better term, lineage test to say, "Tell me why you believe not only you can trace this from the strategy all the way down to the technology choices you made, but also tell me why this enterprise can sustain it above and beyond pilot phase." I think that's super important, and I just don't think that conversation's happening enough. And based off who you are in the enterprise, it's not that hard to ask, right? As a board member, when you see these digital transformations come across your desk, it's an easy one to ask, why these bets were made and dive a little bit deep to have that explained to you. As a CFO focused on, you know, where the upside is at and having them explain how long the

investments have to sustain to hit it. Just those questions at that depth in the context of, again, these three factors, I think is quite beneficial to all. And that's part of the reason why we've been so pleased with the research, because we think it gives you the tips and tricks just to increase the odds.

**Hanish Patel:**

So then, to close out and, in some way, to summarize what the both of you have been talking about here, I want to get your perspectives on what can executives do to really drive through a successful digital transformation and capitalize 1) on technologies at hand, but 2) on just how organizational shifts are taking place? You talked about getting that alignment, talked about getting the strategy and the lineage all the way through. I'd love to hear from the two of you to kind of close out as a summary and impart some thoughts and perspective for our executives that are listening.

**Phil Wiser:**

Sure. At a high level, capitalizing on crises and disruption, to me, is the most powerful way to drive these types of changes. I think it's really hard to move an organization that's in steady state. And whether it's a new technology disruption, or a market disruption, or M&A, those are the moments where you can really get a 10X outcome, because you do have organizational awareness potentially. You know, therefore a desire or a fear that drives people to really want to embrace that change. And I've lived through that in the music industry when I joined Sony and was brought in to turn around the music business post-Napster (laughs).

So at that point, the CD business was declining 30% per year. And you can imagine at that point how open (laughs) the label executives were to some sort of positive change and we did, at that time, I think, in a matter of 18 months, what normally would take 10 years. And it's not as dire in the current television space, but there is clearly a big market shift around streaming. That shift in business model has been a great asset. The other thing I would look at is some of these mega trends in technology—they capture the imagination of the organization—and really jump on those as opportunities in a rational way.

And the key thing that I bring to the table within our company is being a voice of balance in terms of these new technologies and trying to always put a measured view in terms of the impact to the market, as well as the company of new technologies. And I'm inspired by some of the big pivots the companies have taken, and I think of what Bill Gates did at Microsoft to pivot them toward the internet, where he had every group do something very clearly driven with an internet model. And those are clear mega trends that, you know, we've looked at. And one thing now, obviously, is AI. You know, we wouldn't get off this podcast without talking about it in this time.

And it's very real, and it's one of those transformations in technology that's been coming for a long time. We've been looking at it, but it goes straight to our core business, which is most important. And there are a lot of things that we've seen, like blockchain and others, that could—even if they were big—doesn't really get to the core of how we operate as a company. So, that relevance to our business. And also then, the excitement, you know, at the C-suite level, the board level, and also even our shareholder level is something that I always try to capitalize on, [to] find some external factor that can supplement what I think we need to do within the company.

**Tim Smith:**

Yeah. And just to elaborate on that ... I think it was a quite powerful close as to what to consider and if I were just to reflect as to what we've learned on this digital transformation research journey. A couple things. One is, intentionality matters, right? No matter what you are embarking on regarding digital transformation, whether it's, like I talked about earlier, just reinventing your processes on the back of a new technology because you can automate that better: digitization. Or whether it's truly launching new offerings and products. At the end of the day, how specific you are as to why you're doing it, how it's going to come together and what you need the enterprise to do, it sounds rudimentary, but that is fundamentally what proves out in the research. So, whatever you can do to make sure you can show that intention and show that your words match with your actions, you're in a good spot.

The second piece, as Phil alluded to: We have one heck of a mega trend in front of us regarding AI and gen AI. And that actually straddles not only digitization, but also the ability to launch new products and offerings. It impacts the ways of working across the board. But the fundamentals of that are the same as anything else: Understand exactly what that's going to do for your enterprise, figure out what the upside truly is, and figure out how that enterprise is either going to learn how to operate large language models and the outputs therein to be that much different, or figure out the ecosystem to partner with it. But all those puzzle pieces need to be put together, else it's going to feel like an experiment, it's going to feel like a random act of digital. And especially with a mega trend like gen AI, I think the stakes are too high to allow that to happen. So, bringing it back, attacking new technologies like that, just do so with intention, and the research has your back.

**Hanish Patel:**

You know, listening to the both of you kind of round that out, there's not much I can add as we close out the episode. But [it] certainly strikes me that digital transformation is clearly a continuous effort. It extends well beyond a single kind of technology or a platform or even a skill set. And getting it right certainly means crafting a strategy that places purposeful digital bets, allocating your capital to new technology that can power these strategic initiatives, mobilizing your organization, getting them aligned and adopted to that change mindset. And, of course, explaining to the stakeholders that your digital transformations are intentional, going back to that intentionality that you spoke about, are really truly aimed at increasing the ability to realize value and build ongoing success for your organization.

It clearly is apparent to me in everything that the both of you spoke about. So, I want to say firstly, and most importantly, thank you, Phil and Tim, for joining me today and sharing your perspectives on this topic and providing some real analysis and experience around digital transformation, where you've both been involved in. So, really appreciate that. And to all our listeners, until next time, happy listening.

Explore more episodes of  
*User Friendly* at:

[userfriendly.deloitte.com](https://userfriendly.deloitte.com)

This podcast is produced by Deloitte. The views and opinions expressed by podcast speakers and guests are solely their own and do not reflect the opinions of Deloitte. This podcast provides general information only and is not intended to constitute advice or services of any kind. For additional information about Deloitte, go to [Deloitte.com/about](https://deloitte.com/about).

**About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States, and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see [www.deloitte.com/about](https://www.deloitte.com/about) to learn more about our global network of member firms.