

USER FRIENDLY

Technology and digital transformation (part 1)

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Paul Silvergate, vice chair and US technology sector leader, Deloitte

Hanish Patel:

I'm Hanish Patel, and this is *User Friendly*, the show where we explore emerging trends in tech, media, and telecom, and how they impact business operations and the world around you. Digital transformation has been on the C-suite agenda for some time now. But factors such as the pandemic, a potential economic downturn, and global uncertainty have amplified the urgency to transform businesses to be more agile and resilient. It is now an essential part of any business strategy that will help companies meet changing business and market requirements in the digital age. As organizations have embarked on digital transformation, many executives

have found that it transcends traditional roles, reimagining how we do business completely. So how can executives successfully lead companies through a digital transformation? Given the sheer breadth and importance of this topic to every organization's strategy, we have a special three-part series to kick off season seven. Joining me today to kick off this special topic is Paul J. Walsh, SVP and head of digital technology, engineering, IT, and operations at Sony Interactive Entertainment, and Paul Silvergate, vice chair, and Deloitte's US technology sector leader. Now we have two Pauls on this episode. So for the benefit of you, our listeners, Paul Walsh and Paul Silvergate have kindly agreed to go by PJ and

Paul S., respectively. So PJ, Paul S., welcome to the show.

PJ:

Fantastic, Hanish. So first of all, I am extremely excited to be with you today. I'm really looking forward to this discussion, and I'm always, always, always happy to spend some time with Paul Silvergate as well.

Paul S:

Yeah, Hanish. Thank you so much. It's great to be here, as Paul Walsh said. We've worked together for a while here. It's always enjoyable to get to spend some time with one another and share some thoughts, challenge each

other, and talk about the topic at hand. So, thank you for having us.

Hanish:

Aw, my pleasure. And, like you say, my goal is to fire in a couple of those questions to you and just let that flow between the two of you. So, let us start off with ... when we think about digital transformation, many of our listeners are probably familiar with that term. It's been in the industry for some time now. It's used a lot. But for those of us who may not be as grounded or living and breathing it on the daily basis, can you help define digital transformation given that it is often used as such an umbrella term and been in the industry for a while and, one could argue, [it's] a little bit overused at times as well.

PJ:

Maybe I'll kick us off. And, and if I can, Hanish, just let me step back a bit. If we really think of, across industries, organizations have been facing increasing disruption as technology, agility, speed to market are being used to create a new age of ease and accessibility for customers—and both sets of customers, internal as well as external. You know, we're entering an era of increased financial inclusion, cognitive commerce, even predictive health care, just to name a few. And today's customers are increasingly expecting new levels of convenience with our brands within their workplaces. They're looking to make their lives easier.

Now, advancements in technology such as social, mobile data, cloud technologies, AI, machine learning, blockchain, and even 5G are converging to really anticipate and automatically fulfill customers' preferences, throughout all industries. We're also seeing a slew of nontraditional players injecting new ideas and technologies into the ecosystem. Innovation is happening at a faster clock speed now than ever before. Now think of all the ways you engage with brands. How do you engage with brands today that just wasn't possible a few short years ago? Like, most people rarely step foot into a bank. Instead, they're using apps to deposit checks, transfer funds, or even pay bills. Passengers completely bypassing check-in desks at the airport. Hotel guests can now get their room key sent to them on their

device on their arrival. Patients are benefiting from data-driven experiences that help improve health outcomes at lower costs.

Now, even though these advancements and many others have increased customer loyalty by letting the customers engage on their terms, there's still a lot of friction within the system, still a lot of friction within that customer experience. Think of all the ways your customers interact with you and your brand today. Now think of all the ways they could interact. That gap, if not addressed, will make your loyal customers today your former customers tomorrow. Now, I speak to many chief digital officers [CDOs] and many CIOs, IT and engineering execs on how our systems, our technologies, our processes—most of all from an industrial age-style factory floor measurement. Think of it as a linear process to be able to harness an iterative nature of productivity and that productivity being truly measured. Think of that as a collaborative process. Ultimately, our software defined systems most improve the standards of contextual, always-on capabilities that fulfill customers' experiences.

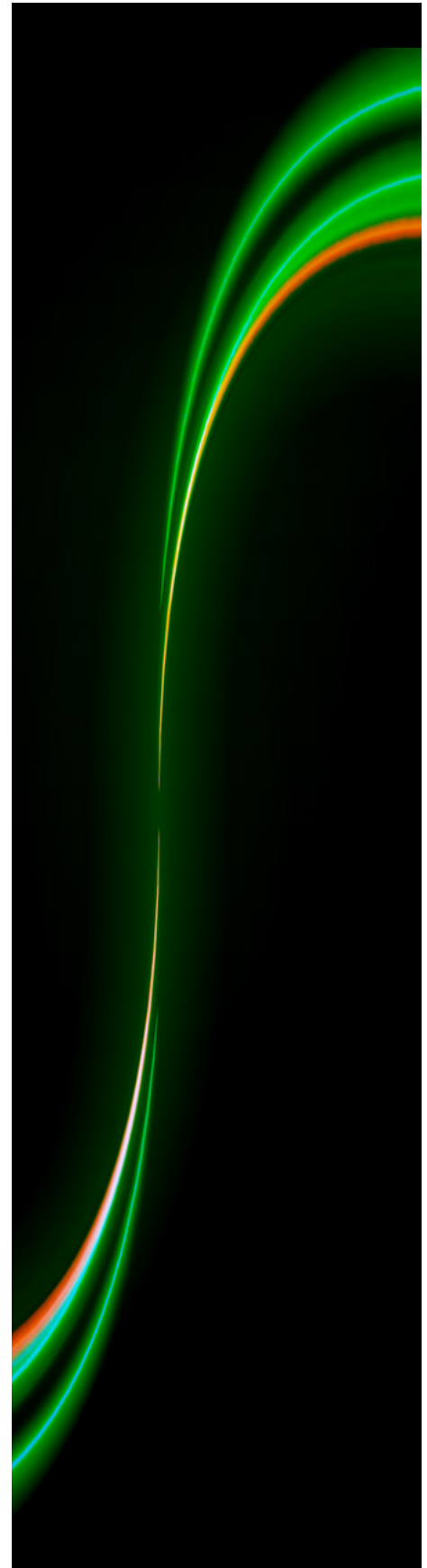
The good news is, you know, many of us are on this journey, and in fact, continuous small tweaks rather than big, monolithic change or overhaul to a customer journey are all it takes to really enable new levels of convenience. Now, digital transformation just marks a rethinking of how an organization uses technology, enables its people, and changes its processes in pursuit of new business models and new revenue streams driven by changes in the customer expectations and the customers' experiences with our products and services.

Hanish:

Perfect. Thank you for that, PJ. Paul S., love to get your perspective on it, in terms of how you see digital transformation as a whole as well.

Paul S:

Yeah, I think PJ, or Paul Walsh, really did a great job of summarizing a lot of the things that we're seeing around digital transformation. Like you mentioned, Hanish, it's an umbrella term, and it includes everything, you know, from back-office transformation, the customer side on the front end like Paul mentioned, supply



chain—you know, all of the front-end sorts of elements as well as your partner ecosystems. What we're going to hopefully get into a little bit more is, what is the transformation part of the digital transformation, and how is business really showing up differently? And that's what I'd love to kind of dig into a bit deeper.

Hanish:

Thinking about the backdrop that the both of you just painted around digital transformation as a whole, let me ask you this then: Given that digital is a journey, there are some advantages that people are going to see immediately whilst being on that journey. And then there are some longer-term advantages that can be gained through going digital and the business value that can be gained from really investing into a true digital transformation. So with that, would love to get your perspective on, what are some of the steps that other leaders can take to really successfully transform when we think about that digital transformation journey?

PJ:

So, first of all, let's think about it from a CIO or CDO perspective. I really believe that the role of the CIO is fundamentally evolving. You know, the role of the chief digital officer or the chief information officer, and thus, the IT and engineering organizations must be [a] customer-centered part of the business, creating and sustaining business value through simple, agile, and innovative technology and engineering solutions. The CIO, the CDO—they must be leading the change. They must be even the leading change agent to amplify the customer needs and really, through the use of technology, enable an execution model on a very agile way of thinking to drive out customer and business value, to deliver on that customer and business value.

And to do this, you really have, you know, three big pillars of strategy that we have to look at. One is [a] 360-degree customer measurement and value framework. A secondary is really around sustainable technology investments, and I mean that in our tools, our talent, and our systems that make security data automation, and reliability, and scale competitive advantage. The third one is really around an organization where the DNA values continuous improvement and agility into truly putting technology investments into practice,

and really direct support of the customer and the business value. An integral part of this strategy is to provide systems that create an always-on resilience. They're adaptive and are adapting to the speed of the internet, right.

Our onus is really to evolve the way we work and embrace systems that learn and create value versus a process that is manual and very expensive. So we must continuously evolve the way we're choosing technologies, how we're finding patrons, how we're prioritizing knowledge transfer, breaking down silos and barriers, and making technology, in essence, invisible. Creating that then global connection and ultimately reinventing and simplifying how we do business, how we work. It's kind of a platform-driven approach to build on the next generation of capabilities, wherever those experiences are in health care, financial, or gaming experiences. You know, by enabling this collaboration of a broad range of partners that really tap into the agility of, let's say, our startup with a scale of the enterprise, and then the ecosystem of our platform. If we can actually deliver on that, we can truly create a network of predictive experiences. Well, Paul, I'd love to hear your thoughts on it.

Paul S:

Yeah. I mean, I love the way you said that, PJ. It's interesting 'cause it's such a double-edged sword. I do think, like you said earlier, we're in kind of a golden age of technology. We're sitting here with generative AI and cloud, blockchain, 5G, machine learning, RPA, all of these things that are at our disposal right now. Then, like you had mentioned about shopping or health care, the way we engage with customer[s] and the way that customers engage with one another, engage with businesses now, is so incredibly different than it was—think of the smartphone—the smartphone's only really been around in earnest 10 or 12 years. So just 10 years ago, depending on, you know, the tenure of the folks who are listening on the phone, you actually existed before these things were so ubiquitous. Now, you can't imagine shopping the way you did 10 years ago, you can't imagine visiting the doctor the way you did 10 years ago. So in one way, there's so much amazing technology that's at our hands here, everybody who's listening to this podcast right now is at

this amazing point in time that we are here at the birth of generative AI.

So it's this golden age, yet, like you said, the platform is very complex, and nobody is starting with a fresh slate. You're basically having to transform and having to enhance on a very robust, complex, diverse platform. And so, what I think is really interesting at the moment is where we see organizations where executives are kind of working together, CIOs are really woven in with the rest of the business leaders and really kind of understanding what the need is, and then figuring out how to basically, you know, execute on that in this complex environment that they have right now without having to start from scratch. That's an added level of complexity that makes things very interesting right now.

PJ:

Yes, but it's also kind of looking for our leaders, Paul, would you say, to kind of literally be working across two planes at any one time, right? One is, you know, the strategic view: Where are we going to be in five years? Kind of how do we get there in two? And then laying that journey out, but also ensuring that they're deep diving in a tactical fashion and managing the risks of the business today. So the speed of which, as I said earlier on, innovation is happening is kind of forcing our leaders now to be, to run, across both of those planes on a pace probably they hadn't had to do in the past.

Paul S:

No doubt about that. And now, we look at the economy where there's a bit more uncertainty now than there was before, it's much more of an imperative that we're able to do this and do it efficiently and effectively; where maybe the last couple of years, where things were kind of, we were dealing with COVID and it was kind of a different sort of an economy that we were dealing with, you might've had a little more leeway in how you were able to address these things. This coming 12 months perhaps, you'll have to really be thoughtful in how you execute.

Hanish:

So, let's stick with where you guys talked about some of that innovation. You mentioned

gen AI and then talked about kind of the rapid evolution. So with that in mind, clearly leaders are going to be somewhat challenged, right, to really think about a strong digital transformation strategy, but then also driving through to a successful execution of, right? So, what makes for that effective execution, and what defines a strong digital transformation strategy? And maybe I'll start with you, Paul S., on your perspective on this one.

Paul S:

Thanks, Hanish. As I alluded to before, the communication, the connectivity across the business is really key. [I've] been involved in a lot of large technology implementations, the ones that have been successful, the ones that have been challenged. The defining moments of the ones that have had the difficulty are where it's either a business-led only and IT comes along the way, or IT-led and the business comes along the way, and it's not really led or co-led from the beginning. That sounds very obvious; however, believe it or not, you see a decent amount out there that are led imbalanced. The other thing is setting up a very robust governance of the program itself. It's kind of like, you know, planning the work and then working the plan, and then doing that from beginning to end. The organizations that have had the most success here are the ones that really treat that governance and treat that steering committee and escalate very quickly and they're very genuine about where things are challenged and where they can use support—those are the ones that make it to the end of the transformation and do it successfully.

And again, sounds like an “of course that would be the case,” but it's hard when competing things come up during the course of a longtime integration or a longtime transformation, and, you know, it's the next shiny thing, and it takes away management or leadership attention, and things get missed.

PJ:

Yeah. I think you said it nicely, which is in order for any transformation to be successful—and I've been blessed to be a part of a number of them—IT and engineering just cannot be adjunct. They need to be an integrated part of the business. And what I mean by that is, they truly need to have a seat at the table when

business strategy is being set, always working hand in hand with the business to ensure that the business can achieve its goals. I personally ensure that we are creating a very strong, tight-knit connection with the business. In fact, I just see the engineering and IT just being part of the business. It is that linkage between strategy and execution that's going to be a determining factor on what our company is able to deliver the value for and even derive the value from that business transformation.

I think there's a number of things, and you said it in there, but just let me just enumerate them. One is, execute with intent, right? It's the ability to be able to articulate a strong digital strategy where specific technologies and investments are very much aligned and set, and the organization is then mobilized around it. It is being able to, as I say to my teams, be deliberate. As you take a deliberate action to advance your technology strategy, as you make the choices on the investments on certain technologies, as you evolve the organization and ensure that we have the right change capabilities, we have to make sure and be certain that all of those factors, those three factors, are really enforced. We've got to communicate and communicate with purpose. We've got to ensure that we take stock at where we are, what we're investing in, be very thoughtful in our narrative, and communicate accordingly.

And then it is get very close to the technology and get the specifics. I look for my executives to really have a fundamental understanding of the technology that we're implementing or we're investing in. What is it? How does it work? How is it architected? And why does this matter to the delivery of our strategy? And ensure that we prepare early on being able to have all of those elements brought together. And we've got to consider an agile adoption, right? In some areas, we've got to upskill, some areas we have to build the right product teams around it. And in some, we're instilling new organizational mindsets. So there's a number of elements to go and ensure that we do deliver on a very successful digital transformation. And in doing so, you know, you've said it right, Paul—it sounds easy but can be quite difficult. But if you don't kind of lay all this out, you're just not going to derive the value.

Paul S:

One of the things I like is you mentioned about the understanding of the technology, but then also the understanding of the strategy and, you know, finding people in your organization that can really understand the technology in depth but also have the higher-level perspective of what the program is doing, what it's trying to achieve, are we tracking along that, are we achieving the goals that we want to achieve? So there was a movie I saw, and I loved a quote, it said, “The best fertilizer is the owner's own footprints in the soil.” So, you in your role as the top IT person in the company, how much do you get into the technology and the details? How do you measure between, you know, being very involved when you have so many other competing things that are pulling at your time?

PJ:

Yeah, look, I think first of all it is extremely important to get into the weeds. In fact, it's even some of my, when I think about my leadership principles, it is very important for you, for your team, but also for the business to understand that you really know the areas that you're focusing on. So, we do a lot around program reviews, ops reviews on a weekly basis to understand exactly where we are. It is OK for some of our teams to take some risks and get an understanding, but we have to be able to communicate and communicate clearly, right? If we are moving from a green state to an amber state, why? What do we need to do? Are there any other blockers? We need to drill in and make sure that we are understanding what's happening across the organization, what's our path back to green. And hence, we do derive the value that, you know, we're going after.

Hanish:

So, PJ, let's stick with that exact line if I may, right. Can you talk a bit more, like you just started on, around your role in that and how someone at the top of the tree from an IT engineering and digital perspective is really involved in teeing it up, but not just from an IT-led perspective. And you talked about it earlier, that tight integration with the business. So it's really a company-led project/transformation.

PJ:

We have to really, first of all, set a very clear strategy, and then really build the themes around that strategy. And I've kind of really built four themes around our strategy as we look to keep moving forward on our digital transformation. One is around enhancing our engagement with our customers and our partners. How do we deliver on an even more intelligent, data-driven, contextual, relevant interaction with all of our customers and players—really understanding where they are, what they're looking for, and be able to serve them at pace, at speed, with the right information at the right time? The second one is really around amplifying what I call our employee or our people experience, ensuring that we can find the right self-service capabilities we can embrace, as I said earlier on, systems that learn, create value, or prioritize knowledge transfer. And what I mean by that is, by delivering those capabilities, we can actually drive or increase productivity. And in doing so, then we're taking away the drudgery from the employee and just making it an easier experience for them. And that's really important.

The third area is all around digitization of our operations. Think of everything from supply chain, ERP systems, budget and planning, and it's all around creating, you know, kind of always-on resilience, allowing for systems to be really data driven and provide relevant input into our teams. And then the fourth area is kind of, it's really around our data, right? How do we ensure that we have the right data sources, models, and governance that are feeding the other three themes that I just mentioned. And by delivering on each of those, then we can really enhance or drive forward our strategy.

And, in fact, everything the teams are doing from a program or a project level, it really fits into one of those themes.

Hanish:

If we think about leaders, like yourselves, and experience that you've got to drive organizations forward—when we think about the next generation of effective leaders, and helping identify and maybe develop and grow more diverse leaders, different backgrounds, given just the pace of change in technology

itself, and therefore needing that wider purview, I'd love to hear from the both of you and get your perspective on what is it that our listeners as leaders can also be thinking about as they think about the next generation of leadership behind them?

PJ:

I'm going to pick on one area, Hanish, and then we can widen it out and have a discussion. One of the areas you mentioned is around diversity. And it's true. DE&I [Diversity, equity, and inclusivity] will really, you know, deliver on ... I think diverse capabilities that enhance our customer experience, our partner experience, and our employee experience. And it's really important to think about DE&I, to enable and enhance and embrace DE&I at a global perspective, a regional, and right down to a site level or a division, a function, and a role, right? And then we really need to be thinking, living, and breathing DE&I.

People really need to know and see those with similar representation can hold leadership positions in the company. Goals need to not only feel consistently attainable but *are* attainable, right? The pipeline needs to be diverse in a way that people with different worldviews and experiences are represented.

As an organization, we [Sony] are extremely thoughtful around our DE&I effort. We aim to drive inclusivity, not only on the acquisition of amazing talent, but all the way through retention. As leaders, we have to lead with purpose and kind of demonstrate a strong commitment also, for others to succeed within our leadership ranks within that DE&I and beyond, right? And we really have to embrace it.

Paul S:

Yeah. I'd say very consistent with a lot of the themes that you suggested—attracting, retaining, and developing talent—it's kind of the trifecta of those things. Casting a broader net, actually, with our hybrid work environments now, with people being able to work more readily and effectively, virtually, has really kind of helped broaden our talent base and people who can really be effective. You can be around the world, you can be around the country, you can be in multiple different places, which that was a challenge,

of course, during COVID. But then it was also a massive benefit. Particularly around IT and IT transformation, there used to be kind of a mantra that you could do a lot of things virtually, but there were certain things that you actually had to be together in the same room to accomplish, like user acceptance testing. That was factual, right up until it wasn't. You know (laughs), right up until, in Silicon Valley, where I'm from, you know, March 13, 2020, when, you know, the day we were told, you know, we had to go home and, you know, not come back for two years. It was almost like turning a light switch, where that mindset that you had to actually sometimes be together for certain things till you couldn't be together. And amazingly, particularly in this area of technology transformation, the world didn't stop; it actually continued. And we actually really recognized how technology would be such an enabler here.

And if we, you know, are able to keep rolling that forward, it's a wonderful thing, from a DEI perspective. You don't need to live in the same community, you don't need to live in the same state, you don't need to live in the same country, in order to be incredibly effective on something as a team. Now, you have to be more deliberate in making sure that people feel a part of a community. And it's not just a community where you're rubbing elbows with one another, but a virtual community. And how do you do that? How do you create that environment, where not just that people feel comfortable about bringing their authentic self to work, but actually, their differences and their backgrounds are celebrated and demanded.

PJ:

Yeah, you're absolutely right.

Hanish:

Given that this is such a big topic within itself of digital transformation, I want to get a sense of your actual philosophy around growing those effective teams. So not just from a DEI perspective, which is integral and core to that, but the overall of growing your effective teams in IT and beyond.

How do you guys see it in the current business environment that we're in today? Now coming off the back of the pandemic, where things were, the acceleration of certain technologies,

the acceleration of some disruptive technologies; what's your thinking around growing those effective teams, given all of those conditions that are impacting what was maybe not there before?

Paul S:

Yeah, I mean, we were talking about earlier, the need to have really diverse talent coming that understands all of the different elements and how they kind of work together. What I would say about even the current generation, it's the digital generation. You know, they've only really known, and communicated, and connected with one another digitally, in a world where you connect with one another digitally. And leveraging that strength and that power of these digital natives, and bringing that to bear for the company.

With regard to building talent, the programs are so complex. There's so many different elements to it. It's really actually—and I'll be interested in PJ's perspective on this—but starting with your talent and really trying to figure out where their strengths are. So, not the things that you think they do well, but the things that they do that give them energy. You know, like, what is it that makes them tick, that makes them want to come to work?

And then, trying to really, kind of, match your folks with the actual work effort at hand. And trying to do it in a way where people can work within their strengths at least daily. Now, if you can work daily, you know, however many hours a day you spend at work, and do something that actually provides energy. So, if you like to calculate, if you like to negotiate, if you like to team, if you like to teach, if you like to lead, if you like to ... What is it that gives you that energy? And then, basically, you know, kind of create your teams in pods that can focus in these areas, where they can work within their strengths daily, it winds up becoming self-energizing. And the team itself—it's almost indistinguishable between what the team is trying to accomplish and the project and program itself. You know, not to get too Zen-like here, but when you feel that blend, that's how you know you have something very sustainable. And then, whether it's this project or the next project, you know, that's how you get, kind of, that energy.

Building those teams and having those people that know that you care about their development, in addition to the achievement of the goal, winds up being amazingly powerful.

PJ:

I like what you're saying. I really think about, from a team, you know, having them geared with ambition and an innovative mindset, right? The last thing you want to do is bring in amazing talent, or be working with amazing talent, and then constrict everything that they do, right? I want the teams to, you know, have an ambition, feel a sense of ownership, have an innovative mindset.

I want to give them clear roles, clear goals, and those goals should not be restrictive in nature. But rather, kind of more of a guiding force for expectations of how we work, what we're trying to achieve. But in essence, I want them to have the accountability and ownership to go and think through it and work through that problem.

I could go down through a lot of these principles, but there's some that I think are really, really effective, and that allow us then to be really, really successful in our outcomes.

But one specifically is very much open communication. People feeling that they are able to communicate and communicate what's working well but also what's not working well. And they need to be, you know, able to raise their hand if something isn't working well and they're able to talk about it. And that has to be everywhere within the organization, and anyone has the ability to, in essence, stop the conveyor belt if they're seeing that something is not happening. And that's something that I, kind of, really want to build into the team.

Paul S:

Yeah, that's easily said and really hard done, right, Paul?

PJ:

(laughs) Yes.

Paul S:

Which is to create that safety where people are rewarded for calling something out and, you know, kind of not punished for it. But if

everyone thinks about the best person they work for, they had created that safety for you.

PJ:

This is something for me personally, as I was coming up through it, and, you know, I worked for some amazing managers. And the ones that I felt like I worked with the best created that environment, right? That allowed for anyone within their organization to be able to raise their hand and say, "Hey, there's something here we need to go and fix."

And, and it's something that I work every day trying to make sure that I implement it across my teams as well.

Hanish:

That's brilliant. I mean, when we think about digital transformation and what the both of you have highlighted around, yes, people anchoring on some of that technology, but the importance of that strategic partnership at a business level, making sure that it's being prioritized at a strategic level to be a partner with the business.

But it really boils down to, again, the people aspect, the talent aspect, and how important that is to really invest in grooming, motivating, engaging that talent. And, most importantly, providing that open communication and safe space for everyone to excel. And, with that in mind, what enables a successful digital transformation to execute upon that strategy that's laid down by leaders.

So, I want to use that opportunity to thank the both of you, PJ and Paul S., for joining me today and really contributing your experience on an incredibly interesting topic that I'm sure is top of mind for a lot of our leaders who are listening in right now and thinking about, OK, where do they take their organization next? How do they use the disruptive technologies, what's happening, the pace of evolution? And really use that as a journey to transform organizations. So, thank you, once again. Been a real pleasure to have the both of you on and get your contribution, get your insights. And to all of our listeners, until next time, happy listening.

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