Prof. Salman Mufti, Smith School of Business, Canada

"DISCUSS TECHNOLOGY APPLICATION DURING THE STRATEGY MAKING PROCESS, NOT AFTERWARDS"

Prof. Salman Mufti's teaching and research specialize in the areas of managerial decision making and information technology strategy, holding a BSc from McMaster University, an MBA from Queen's University and a PhD from McGill University. He is an Associate Dean and Executive Director of Smith School of Business - Executive Education. Prior to joining Smith School of Business in 1997, he spent twelve years as a manager and consultant working with organizations in the private and public sectors. He continues to advise senior managers in corporations and the government, and is a regular speaker at corporate conferences and executive education programs.

There is a great proverb: "If you can't explain it simply, you don't understand it well enough." Would you agree that there is something similar going on nowadays with the digitalization? Even though it seems like everyone is talking about digital transformation, our perception of it differs very much.

Even though the term digitization transformation is relatively new, the concept is not. Information technology has been implemented and used in organizations for decades. But it was done in bits and pieces. The last 20 years have been about connecting those isolated parts.

Digitization refers to the next step in technology in business. It is about fully standardizing and integrating the structure and process of the organization. This will not only allow for greater efficiency but also for opportunities to innovate products and processes.

Why is there such a hype around digitalization all of a sudden?

I think that these things are happening in cycles. In general, businesses are trying to innovate, differentiate all the time; and certainly technology can facilitate in innovation and differentiation aspect. My sense is that technology has always played a role, but it has

always been hyped before it actually became productive. So think about how, when initially Enterprise Systems[1] came out in 1980-90s, there was a lot of hype about how it will make every business extremely efficient but really what it did it - it just simply standardized and integrated the processes inside the company.

Then the second wave came across with online and internet and then the hype was about how the whole world will get connected and there will be no friction in transactions among the people and businesses, but what it really did was, it allowed for companies to connect with customers and suppliers and increased transpar-

[1] https://en.wikipedia.org/wiki/Enterprise_system

ency but it didn't change business per se.

What in fact it did, it made strategy and thinking about businesses more important. The hype that we are experiencing now is from the fact that technologies are becoming even cheaper, much faster, much better, and there is a sense now that there is a whole set of complimentary technology: hardware, software, communications technology, data technology - all combined, that it will create a very efficient and very effective world out there.

My sense is that it is going to happen, technologies will spread, but there will be a lot more disappointment in the short run before they become productive. So the hype is there mainly because of the potential and the promise, but I think, eventually, the cooler heads will prevail and technology will be implemented in a much more productive matter.

Since you teach in different schools in different countries and go places, what is your understanding ot the speed of digitalization in different parts of the world?

In Canada and the US there has been an advantage of technology infrastructure for a long time, and there is also a culture of using technology in business. So the newer technologies are integrated quickly, they are absorbed a lot faster and they are used. But what I see in Europe and in Asia is a different phenomenon: that is of newer technologies being used at a much faster pace by consumers, specifically, mobile technology. In some cases the infrastructure might not be as strong as in North America, but the adoption rates are much faster. In fact, there is also a skipping of generations, whereas in Northern Amer-

ica, because of our legacy systems, they are still trying to amortize them and use them, and recoup the investments that we've made. But in Europe and especially in Asia, they don't have to worry about that legacy and that baggage. They are very quickly coming on board. My take is that the gap is going to close very quickly. Specially, as technology is becoming more and more pervasive around the world. So, it's a temporary advantage that North America has, but I would not be surprised that parts of Europe, parts of Asia, the rest of the world not only catch up, but leapfrog the usage of technology.

In your view, what industries are affected most by digitalization process?

Traditionally, information-rich industries have always taken advantage of technologies. Examples would include banks, insurance companies; also industries that are involved in communications, telecoms come to mind. They've always embraced technology, they've used it to its potential and they continue to lead the charge. But we are also seeing is that technologies coming into industries like the automotive industry, the retails industry in different forms, however, not as integrated as in telecoms and banks.

For example, in the automotive industry it's mostly robotics – that's where you are seeing technology coming in very quickly; in retail – it's a supply chain, and that makes sense. But I think in the near future we will also see a much more integrated form of technology implementation not only in retail and automotive, but education, the government – it is going to happen.

I think the trick into bringing technology into organization is

to start with a problem that a business has, instead of simply bringing in technology for the sake of it. In education, for instance, the biggest problem we have is how to provide an education to people who may not be able to come to a traditional university campus, so online education is becoming very popular. And as technologies mature in this area we will see more and more universities, schools integrate these technologies very quickly.

When it comes to managerial decision-making, what propor-tion of decisions is taken on the basis on intuition vis a vis data and analytical processes in your perspective?

Both areas - analysis and intuition - are equally important. The secret is in knowing how and when to use them for effective decision-making. Nowadays, we are awash in information. The latest business and technology trends are about big data and analytics. However, using only data-driven decision-making has two drawbacks.

First, the quality of decisions will be only as good as the available information. Second, too much information analysis can lead to decision-making paralysis. Successful decision makers always combine analysis and intuition.

Could you please share 5 tips on how can a company develop an integrated digital strategy and implement it effectively?

- Discuss technology applications during the strategy making process, not afterwards.
- Appoint someone who is both business and technology savvy to the CIO role.
- Reposition the technology function as an innovation center,

not only as a cost center

- Build a diverse portfolio of technology applications and fund them strategically.
- Always talk about technology in terms of business applications and benefits.

What's your stand on the use of BigData, personal data protection and how it all affects business practices and individuals?

This is I guess the biggest question of our times. On one hand, positive thing is that we are able to collect data and understand customer's behavior, and then come up with products and services that are solutions to those problems.

But on the other hand, we are also collecting a very private data, that can either be misused, or, perhaps, leak into wrong hands. I would say that there has to be a bit of a balance. Certainly, there is going to be less privacy.

One can understand, that instead of having full privacy and not having the benefit of the right product and services, you are able to trade some of your privacy in order to get the right products and services.

On the other hand, I think companies have to be very careful in making sure that they have got consent, and not only that, but that they guard that data very carefully. My sense is that the whole concept of privacy is going to change and I think it's going to depend on different regions. Certainly, in Europe I've noticed that people guard their privacies much more strongly than they do, say, in Asia, and that may also have to do with the culture, the history, the politics of the region as well. There are many different organisations that are struggling with data collection and data usage, but I think that goverments have to play a role to make sure there are right legislations and right regulations in place, so that there is a minimal danger of misuse of data.