

# DIGITAL TRANSFORMATION – RISK ENABLED PERFORMANCE MANAGEMENT AND GOVERNANCE

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## Risk and Challenges – The way of life

**M**ankind is fighting out critical risks and challenges since the dawn of civilisation for survival and prosperity. Future kept on unfolding with ever changing fiercely critical and perilous encounters.

Some of those in recent decades are man-made due to insatiable greed for more. Industry 3.0. claimed success with proliferation of IT and automated systems linked to internet. The present era of Industry 4.0 is progressing with overwhelming speed of digital transformation. Mankind has self-inflicted an entirely new set of risks emanating from these two.

During about last four decades, besides nature's ferocities and degradation of environmental ecosystem, new risks and challenges are from cyber criminals. Digital assets are their targets for extracting ransoms in millions. They infiltrate through the pores of system peripherals and spread malwares using digital tools. The irony is that, they use mostly the same tools, e. g., AI, ML, RPA, etc. to spawn new malwares, which digital scientists use for 'innovating' solutions and creating deterrents for malwares. This battle is gradually taking dreadful dimensions.

Challenges that are already threatening large organisations, with traditional business models, are disruptions and

'destructions' by startups to overthrow from their perches. Some are also struggling hard to withstand challenges from digitally transformed business models of large at the virtual marketplace such as Amazon and Google, powered by SMAC, i. e., Social media, Mobility, Analytics and Cloud.

The new imperatives are, therefore, Digital transformation (DT), including Robotic Process Automation (RPA), of business models, processes for strategic planning, manufacturing / servicing operations and SCM. DT is now at top of the agenda of almost all CEOs. The traditional reactive approach for ERM must be replaced by proactive risk enabled performance management and governance (REPMG) for all contemporary and predictable risks. Administrative machineries of any governmental organisation are no exception to it.

## Approach for Digital Transformation with REPMG

DT, just to recapitulate, is nothing but need based identification, adoption and integration of one or more of the eight deep digital technologies into the core of business functions from hierarchy to tools and operations to service deliveries to stakeholders. One of the major threatening risks, while dealing with SMAC, is flawless compliance of privacy, security, safety and protection of information related to every single user and customer. Moreover,

the designed solutions must be enabled with capability to meet the regulatory requirement of 'Right to Forget'.

Cybercriminals and fraudsters have proved, by penetrating the best of computing systems in advanced countries, that users are not magically protected as technology evolves. User protection is something that occurs as a result of intention, commitment and thoughtful design. The objective of this paper, *inter alia* intensifying awareness, is to create a framework for REPMG. The process starts with defining an approach for DT.

John Worrall, CEO at application and infrastructure security specialist of ZeroNorth, was asked the question, whether the trend towards DT widens for cyber criminals the potential attack surface? He replied quoting a study from Ponemon Institute and ServiceNow<sup>1</sup>. He said that, "60 percent of organizations who suffered data breaches over the last couple of years cited the culprit as a vulnerability that wasn't remediated. With even the most unlikely organizations now developing software, it is critical that every single line of code is secured prior to production to protect the organization's assets and limit risk."

The first task in this journey for excellence is to lay the foundation of DT, six essential steps for which can be summarised in the following lines:

1. Define the why of digital transformation which should be the means to implement the newly articulated business strategies, aligned with vision, mission, and strategies for achieving the desired end goals. Thus, DT strategies should transcend beyond technology.
2. Create a dedicated DT Team with freedom for design thinking, and assurance that mistakes and failures in finding innovative solutions will not be punished. Train team members through the cultural change management process of learning, unlearning, relearning and re-skilling.
3. Collaborate with and / or acquire startups having proven capabilities, if in-house designing and solution building are found to be uneconomical and time consuming.
4. Focus on all stakeholders instead of only customers. The paradigm of relationship management should shift from CRM and CXM to stakeholders' relationships and experience management (SRXM). Customers should be one of the groups. This will also inculcate the culture of ultimate service to humanity.
5. Have an unwavering commitment for allocating resources both in terms of fund and dedicated manpower.
6. Continue to feed into computing systems, in matters of cognitive technology applications, data which are relevant, current and correct, for drawing the rightful inferences from AI and DA based outputs, and helping decision making.

Organisations can best implement REPMG by doing the right things in the right way at the right time with the right quality and speed. DT must ensure all these rights remaining within the dominions of legal and regulatory boundaries. This needs organising and running business operations, IT systems and applications of digital technologies with a proactive approach and positive mindset. All these can be guaranteed to a large extent by finding the right answers to the following questions and then do all that are needed to bring those right positives and / or turn negatives into affirmatives in the organisations' way of life in reality?

1. Are DT and Information Security Risks (ISR)

management at the top of the agenda for CEO, CFO and the Board of Directors?

2. Are DT and ISR integrated with Strategic Management Framework aligned with vision and mission?
3. Are short and long term business goals aligned with the same for DT and ISR processes, and appropriately communicated to all concerned?
4. Is there adequate financial commitment for DT and ISR commensurating with the volume of business and expanse of the organisation?
5. Is compliance of legal and regulatory provisions overlooked by business decision makers?
6. Are proper systems in place for training, communication, internal audit and change management related to DT and REPMG initiatives of any stature?
7. Do DT and IS managers have predefined KRAs and KPIs for their deliverables?
8. Is there a structured system for handholding throughout the organisational hierarchy and external stakeholders, and whether the apex executive group is responsible for this?
9. Are DT and IS management at the top of sustainability management agenda of the CEO?
10. Does the Audit Committee review and monitor implementation of and outcomes from all these initiatives at periodical intervals, and bring exceptions to the knowledge of Board of Directors?

OECD, in its recently issued guidelines for transformation of processes using digital technologies for governance and service deliveries by governmental organisations, has suggested to consider three critical factors, viz. *Efficiency, Effectiveness and Good Governance*'. The author is taking liberty to add the word 'Smart' after the words 'Good Governance'. OECD is of the view that focus on these three will ensure the following twelve essential factors for success:

- Efficiency + Effectiveness will lead to *Empowerment, Evidence, Demand Management and Personalisation.*
- Effectiveness + Good and Smart Governance will lead to *Openness, Transparency, Accountability and Autonomy.*
- Good and Smart Governance will lead to *Reliability, Participation, Focus on Citizen's Need, and Public Value.*

Last but not the least all officials across hierarchical levels of any organisation must feel the need for REPMG from within. There is also an imminent need for conducting research on ethical dimensions of digital transformation which can ultimately ensure sustainable service to humanity. MA

## Webliography

1. <https://betanews.com/2019/12/02/digital-transformation-security-qa/>

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