



MAKE THE LEAP, TAKE THE LEAD | CIO 24/7 PODCAST SERIES AUDIO TRANSCRIPT

Ramnath Venkataraman [00:00:00] Leaders use technology to try, laggards made some investments to survive.

Penelope Prett [00:00:12] Hi, everyone, it's Penelope Prett, Accenture's Chief Information Officer, and I'm super excited to be here today speaking with Ramnath, who is Accenture Integrated Global Services lead. Our topic of discussion today, some exciting new Accenture research that Ramnath's teams led called "Make the Leap, Take the Lead." The research has shown by stepping up investments in cloud, AI, and other technologies, leaders in the market are growing their revenue at up to 5x the rate of laggards. I hope you're as excited as I am today to hear from Ramnath. Ramnath, thank you so much for being here.

Ramnath Venkataraman [00:00:49] Thank you, Penelope, delighted to be here as always.

Penelope Prett [00:00:52] Well, let's get right into it, starting from the top. As you commissioned this research, what are some of the key findings that you found to be either surprising, insightful, or helpful as you look to the markets around Accenture?

Ramnath Venkataraman [00:01:07] You did a great job of summarizing in a very succinct manner what the research outcomes are. If I can provide a bit of a timeline on how went about doing this research, the first iteration was done in 2019. We interviewed and did the primary research with 8,300 C-suite executives globally:

with a mix of 50 percent technology executives and 50 percent business executives, across a diverse set of industries and different sizes of organizations, spanning North America, Europe, and Asia Pacific. What did we ask these executives?

We had three fundamental components. One, how quickly are you embracing the latest and greatest technology changes coming into the marketplace? How quickly are you embracing them? Second, what's the depth of adopting these technologies? Is this just a minimum viable product, a proof of concept, or more of in-depth implementation? And third, what's the cultural absorption of all of these changes within the organization? Is there a (cultural) DNA which is changing and flipping within the organization?

Those are really the three fundamental areas which we probed and asked these questions on. In 2019, as we got responses back, we categorized people who were self-reporting themselves leaders in the top 10 percent, laggards as the bottom 25 percent and everybody else in between. We then asked, what's the correlation between these parameters and business performance? There is a very strong correlation. It showed that the people who consider themselves to be leaders were growing revenue at 2x rate of the laggards. Then when the pandemic hit us, we went into a very different world and working environment.



We wanted to do a recheck on business impact of the pandemic, was technology, a big driving factor in business results of what happened? We did an accelerated revision of that research and published results in [Make the Leap, Take the Leap](#). The name provides a bit of a clue on the research outcomes. The new research included a similar spread of organizations across the globe, different industries, and different sized companies, across 4,300 executives split equally between business and technology. And the results are what really surprised me. I was expecting a little bit of validation of the first research, but the extent of the validation was quite dramatic. Leaders were growing not at 2X but 5X, 5X, which means there's a quantum difference between how leaders were using technology to drive business growth vs what laggards were doing, the gap was dramatic.

That was the first big outcome that surprised me. The second outcome showed that the winner takes all. We did a little bit of an analysis and a new group emerged, almost 20 percent (18%), that really broke away and created almost a separate category, we call the leapfroggers, growing at 4X revenue. They were doing better than the leaders from the previous research and almost catching up with the leader's revenue growth of 5X, demonstrating that it's not winner takes all. If you are strategic and thoughtful in implementing technology and all those three parameters, then there is opportunity for you to drive quantum business growth. That's my color commentary and a summary of the research, Penelope.

Penelope Prett [00:05:05] And as you get more specific about what separates the different categories, can you talk a little bit about what leaders are doing that is so very different from laggards?

Ramnath Venkataraman [00:05:16] As I said, the investments that were really driven top-down continued to accelerate during the pandemic. The leaders doubled down on technology investments. For example, 70% of leaders continued to accelerate their investments in hybrid cloud and cloud security. Likewise, with IoT and artificial intelligence.

They doubled down and made it (changes) pervasive across the organization and tied closely to business results.

Second, it was democratization of technology. It was not something sitting within just the technology house of the organization but (investments) were pervasive and created an environment where DNA of the organization was to embrace technology, and everybody became a digital worker. These are the two big call outs which accelerated the difference between leaders and laggards. Leaders use technology to try, laggards made some investments to survive. That is the big difference.

Penelope Prett [00:06:19] I think at Accenture, Ramnath, we were fortunate to be leaders, in that our leadership had a vision for how to drive early into Cloud and A.I. It made a fundamental difference in our position, both pre and post Covid. It's allowed us to have the right foundation for now, all these new investments that we want to make, to build out our SAS backbones, to have a corporate data fabric. Right? With insights at the speed of business, but not everybody had that luxury. When you look out in the market and you see the category called Leapfroggers, how have they been able to catch up late in the game and sometimes even leap ahead of their peers?

Ramnath Venkataraman [00:07:01] Great point. First, I use Accenture as an example. Penelope, thanks to your leadership, we had the ability to not just survive but thrive during this pandemic. It has been due to the foresight and investments that Accenture made (in Cloud etc.). As a result of these investments, that we were able to overnight, completely switch to a remote environment for 500,000 people, without dropping anything from an employee experience and more importantly, from a client experience. This was critical for our success. Now, coming to a question on what did leapfroggers do that was a little bit different? What helped them?



I think about this and it's articulated in the report, too, to look in terms of 3 R's. You need to Replatform and what do I mean by Replatform? You need to move in a very structured, planned manner to the cloud, create the right agility and flexibility in your organization, not just for meeting technology goals, but for meeting business goals. The first "R is Replatform but that alone is not sufficient. The second R is reframe.

You need to have a different mindset and think about technology as a driver for growth, not for keeping the lights on. What do I mean by that? If organizations are spending hundred dollars on technology and seventy out of that hundred goes into sustaining the existing engine, you're not leveraging the power of technology to drive business growth.

You need a conscious mindset shift to really use technology, use the power of technology to make that flip. To say that over a period, my spend shift will be to 70% driving business growth and 30% sustaining and keeping the lights on of the existing business. That is the reframe imperative. The third R is reach, which is how pervasive is the adoption of technology? Like I said, it's not just within IT that you need to embrace technology, but you need to make it pervasive. The entire organization needs to become a digital worker driven, so you can leverage the power of technology and driving growth. If there is one thing that people should remember it's the 3 R's - Replatform, Reframe and Reach.

Penelope Prett [00:09:20] The research itself is so very interesting and in and of itself. Right. It's kind of shock and awe when we talk about the revenue uplift possible for leaders versus laggards (bottom 25%). Are there any other shock and awe examples or use cases that you frequently quote from the research when you're talking to CIOs and CTOs about the market?

Ramnath Venkataraman [00:09:39] I agree. I can give you examples from each one of the three R's that we spoke about - Replatform. A lot of us are familiar with Santander Bank Group. They were really hit hard by the pandemic.

They're very strong in countries like Europe and Latin America, which were severely hit by the pandemic. Santander made a conscious investment, working with Microsoft, to create a digital online channel. To shift away from an in-branch only experience to a digital experience. The outcome of that was a significant leapfrog for them. When the pandemic, they experienced significant growth in volumes. They came out really doing well from a business point of view because of the foresight and the investments made to replatform. In terms of reframing, a good example is the retailer Carful, they chose to invest in an online digital channel and shift away from brick and mortar. They also made a conscious flip and spin on what they wanted to do with the digital channel. They partnered with Google, including creating very innovative ideas through Google labs, creating customer experience to make the online channel very strong. They did a conscious flip to spin and reframe how they were thinking about their business.

Finally, regarding reach, a great example is Vodafone and their partnership with Universities. They create an ecosystem where several people within their organization could really expand the region coverage of technology. They came out really well at the end of the pandemic, leapfrogging past their competitors. We have many examples of people doing really well across the three R's.

Penelope Prett [00:11:28] So the stories are fascinating. The research is compelling. Let me now ask you at the close of the call, the question that I asked of all my guests on behalf of my fellow CIOs and CTOs do you have some practical advice steps that companies can take right now to eventually move into the leader category?

Ramnath Venkataraman [00:11:48] The advice that I have is to follow your (Accenture's) approach.



Organizations need to make a very conscious, top-down decision about how they are going to embrace technology. It needs to be not just the CIO's agenda; it needs to be a broader c-suite agenda. That is the key to the success. If there are business leaders who are doing really well, what are they doing really well on? And how do (we) as an organization compare against that? You need to do a diagnostic of where you are vs leaders and set a path to get there. Decide here's what I want to be in three years' time and charter the journey to get there, leveraging the 3 R's, replatform, reframe and reach, which are really the work of getting there. Then the how is really about making a very structured and meaningful plan, including a commercial construct and change construct in to help you navigate through that journey and get to that endpoint.

Penelope, you've got a great approach called living systems, which addresses the strategy component. Which for Accenture, means you are doing the diagnostic and saying where do I fit in as compared to leaders and what's the gap? Followed by getting closer to the business through a series of meaningful steps, like your transition to a vertical product-based organization, for example. Second, adopt practices which introduce agility, a practice where you quickly reach a point of succeeding, lighting up fast, or failing. Then move on quickly to a minimum viable product, which is the practice. The third step is in creating the technology foundation, backbone of embracing cloud as a big part of what you do. Finally, the last steps are talent transformation and making sure that it's something that the change management is sustainable.

So having a Top-Down structured approach, doing the diagnostic, making sure that you know where you are and doing the part of where you want to be, and covering that journey map is really the approach that I would take. However, it needs to be something that's pervasive and it's not sitting in specific pockets of the organization.

Penelope Prett [00:13:57] Well, Ramnath, I really appreciate your time today. It's always fun to speak with you. For the listeners out there who'd like to see more of the research, you can find it on Accenture dot com. Look for "[Make the Leap, Take the Lead](#)" report, by our very own Ramnath Venkataraman Thanks again.

Ramnath Venkataraman [00:14:13] Thank you, Penelope. It was a pleasure.

outro [00:14:15] Thank you for joining today's podcast. Be sure to subscribe to the Accenture CIO podcast series on Apple podcasts or Spotify. Find the full CIO 24/7 podcast series and additional ways to subscribe at Accenture.com/CIOpodcast.

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