This is the first time I’ve attended a Gartner event in China. Given that I’m relatively new to the region I thought it worthwhile to attend this event as it would give me a good overview of the China ecosystem, the agenda looked interesting as it contained key elements of technology-driven change, and it would also afford me the opportunity to meet some key people involved in technology in the Asia region.

I must admit that after the two days I felt that I’d met all of the above objectives. I luckily brought a good supply of business cards with me and added greatly to my own collection during the period.

The two days were intensive and I came nowhere near achieving 10k steps each day given the amount of time sitting and listening!

The setting was well chosen. Shanghai is a beautiful and well-planned city. I had been there the previous week as part of Scott Hutzler’s quarterly offsite meetings. The one downside of Shanghai was the heat and humidity – close to 40 degrees Celsius!

The meetings were held in the Ritz Carlton hotel in the centre of Shanghai and were facilitated by Andy Rosewell Jones, a Gartner VP.

  After the opening remarks, we had a welcome from **Mr. Zhiqing Shao** who is vice-chairman of **Shanghai Municipal Commission of Economy and Information Technology.** He talked about the governments continued focus on new policies to promote growth, something he referred to as Industrialization 4.0. He also talked about the role of the CIO in the current environment and stressed the need for Strategic Thinking and Domain Knowledge. He spoke about developing Shanghai as a ‘Smart City’ and the potential to create new business models in this digital world.

This address was followed by the keynote address by Mark Raskino (Catch his book ‘Digital to the Core’) on the **CEO Perspective 2017 – How CIOs should respond**. One of the key challenges for CEOs and CIOs will be to scale digital business. He shared an anecdote about Ford motor company who have a plan to mass-manufacture autonomous vehicles at the end of 5 years but decided they needed to be more aggressive than this. The key things he stated that needed to be done to be successful are:

* Set the success criteria (50% of CIOs do not have a metric for Digital Transformation!)
* Fuel the digital transformation
* Shift the leadership mindset
* Pre-empt the nest big technology leap (because it’s coming!)

As is Gartner’s wont, they surveyed CEOs on what was important for them. Not surprisingly, Growth was at the top along with Product Innovation.

In addition, there seemed to be little concern about the political landscape and the feeling was that the biggest impact IT can make in an organization is the acquisition and retention of Talent.

Additionally, it was strongly suggested to define what Digital means to an organization, otherwise if it cannot be defined it cannot be measured:

* What is Digital?
* What kind of growth or change do we want?
* What’s the no. 1 metric we’ll use to measure success?
* Which of our current KPIs then need to change?

Interestingly, some companies have chosen to organizationally separate their new Digital Business from the legacy business, and some even differentiate revenue in the same way.

Finally, there is a movement of IT back to the core of businesses as it is key to the transformation of the business itself. This is a reverse of the trend in outsourcing of IT.

The next sessions was all about **Seizing the Digital Opportunity**. I found the picture below to be a useful representation of the components of the Digital Ecosystem and a useful guide for when we talk about ‘Digitalization’:

Top performing companies are already investing heavily in ‘Digital’. They’re also demonstrating their ability to identify a ‘hot’ idea and in investing in that idea. They also tend now to invest less in what could be considered ‘cold’ ideas such as ERP. These companies turn cost reduction into a continuous process and reallocate resources to ‘hot’ investments.

In addition, top performers innovate from the inside and are good at balancing Mode 1 and Mode 2 thinking (more on Bi-modal later!), with Mode 2 driving innovation.

The biggest recognized barrier to success is skills/talent. It’s therefore essential for companies to create and maintain relationships with universities, uncover ‘hidden’ talent, leverage business partners (everything doesn’t have to be sourced internally) and leverage vendors both large and small.

To drive innovation, some companies have actually created parts of their organization whose remit is to come up with ways Digital could drive them out of business.

One of the sessions that caught my attention was entitled: **‘What to do and not to do with Smart Machine Technology, AI and Cognitive Computing’’**. The initial message was that all technologies go through a ‘hype’ cycle and that ‘amazement’ is transitory – meaning that we often need to set realistic expectations about technology once we come out of the ‘hype’ curve.

The presenter coined a phrase which I hadn’t heard before: ‘Centaur Computing’. Basically this means that the future lies in humans and machines working together, and not machines taking over from humans! In fact, he disputed the term ‘Artificial Intelligence’ as this implied that machines ‘think’ or process in the same way as humans when this is not the case.

One other point that stuck in my mind is that the progression of AI and related technologies is not linear and smooth, but rather ‘jumpy’. There is no doubt that there is massive turbulence ahead and we’re probably on the cusp of the next platform, possibly Conversational AI.

Needless to say in this age of proliferating technology and also the drive to cloud by business everywhere, security in **cyber space** is paramount. We see this in our own firm. The need to protect ourselves and our customers is a balance and the key focus areas for security in digital business are:

* Balancing risk, resilience, usability and cost
* Having visibility into what’s happening in the ecosystem
* Controlling but only what matters

   The challenge for all firms is identifying the valuable assets such as customer data, and understanding where it resides, who should have access to it and how it moves around the system.

Cyber Security can no longer be seen as the responsibility of a specifics group; it needs to be embedded in the DevOps pipeline.

One other thought that I took away is about risk: rather than talking about ‘high’ risk and ‘low’ risk, we should be balancing ‘good’ risk and ‘bad’ risk.

The next trip on my odyssey around the Gartner Summit was to a topic on **Creating a Digital Design Capability**. This was delivered by a Digital Design expert, whose first statement was that there is a systemic problem in most IT organizations as they are, at heart, still engineering organizations! This gets in the way of developing a true design capability for a digital business. This is not the same as having a UXD capability but is much more.

One other constraint in this area is skills acquisition and retention – a common theme throughout all of the presentations.

Another position was that Digital Design should reside with the CIO – to do otherwise dissipate the importance of DD and also creates tension between the technology organization and the design organization. Finally, it’s important to rethink the role of the Business Analyst – move away from understanding process to understanding people!

Another one of the more interesting and thought-provoking presentations of the two days was by Mark Raskino on new **Digital Business Models**. Traditional business models tend to look like this:

* B to C (Amazon)
* B to B (Alibaba, AWS…)
* C to B (Kickstarter)
* C to C (Social networking, peer to peer lending)

With the onset of IoT and ‘Things’ and also AI, it’s likely that we will give ‘things’ and/or autonomous agents the power to purchase. For example, no one likes going on-line to renew car insurance – what if your car could do it for you? What if your fridge could order groceries? This would then become a marketplace and businesses will have to learn how to sell to ‘things’ and agents. See the chart below:

At this point I was reaching ‘buffer overflow’ but there were still a couple of interesting topics to cover. One was on the **Reality of Bi-Modal Implementation**. At this point I think we’ve all heard of the concept of Mode 1 and Mode 2 in terms of thinking but also in terms of running a business. Mode 1 is very much about making the best of what you have and optimizing your current operation. Mode 2 is more disruptive and creative, self-governed, and is characterized by versatility, agility, innovation and curiosity. We see this ‘tension’ between the two modes in every organization.

From the presentation it’s clear that most organizations are at the start of their journey in figuring out how these two modes co-exist:

During the presentation it was emphasized that one size does indeed not fit all and some organizations have gone after this by organizing in different ways. Some organizations have created a CDO (Chief Digital Officer) role and layered their ‘Mode 2’ operation under the CDO. Others have aligned it to the CIO. Both have pros and cons:

The important point I took away was that, initially at least, modes may operate independently and mode 2 is represented by relatively small contained projects. But to scale, an organization must have a means of integrating both mode 1 and mode 2 operations, which will also require a change of processes, technology and mindset in mode 1 operations. This can be partly achieved by rotating people through both modes. Even the KPIs that apply between the two will be different, with mode 2 KPIs focusing on qualitative goals as distinct from RoI as the focus will be more on describing the future (Personally I think that some form of RoI will be required to move something out of mode 2 to scale).

The final point on this is the kind of skills that an organization needs to be able to first of all build a mode 2 capability but also to scale it. Given our focus on building strategic skills for the future I thought the output on this topic of particular interest. Another interesting comment I latched onto during the summit was: ‘’When you discover you need a skill it’s too late!’’

Finally, for all the geeks out there, my last session was on **Microservices**. We hear a lot about this topic these days given the focus on architecting our applications for the Cloud and consuming services through APIs. I found the session to be very interesting and engaging. Fundamentally, a Microservice is an independently deployable and scalable service, running its own processes and communicating with other services through an API with a lightweight mechanism such as HTTP. These are built around a business capability and deployed in a fully automated way with a minimum of centralized management. One of the major benefits of such an architecture is the ability to deploy changes to individual services without impacting the whole system.

One comment that was made during the presentation that struck me was that ‘’an organization produces system designs that reflect its structure’’!

That brought an end to an interesting two days. I’ve been to a number of conferences and have been to some that have been a waste of time. I found this one very useful from a knowledge gathering perspective, from an ‘outside-in’ perspective and also from the perspective of making connections in the Asia ecosystem. Hopefully you found this summary interesting.