# How India is conquering digital chaos

India has been quick to embrace digital technology and is one of the top three countries in the world in terms of its internet usage. Both business and the Government are keen to reap the benefits that next-generation digital technologies can bring. Yet, often, their haste to adopt a digital approach encourages organizations to overlook the need to develop a considered digital strategy. The result of this abrupt adoption can be digital chaos rather than digital transformation.

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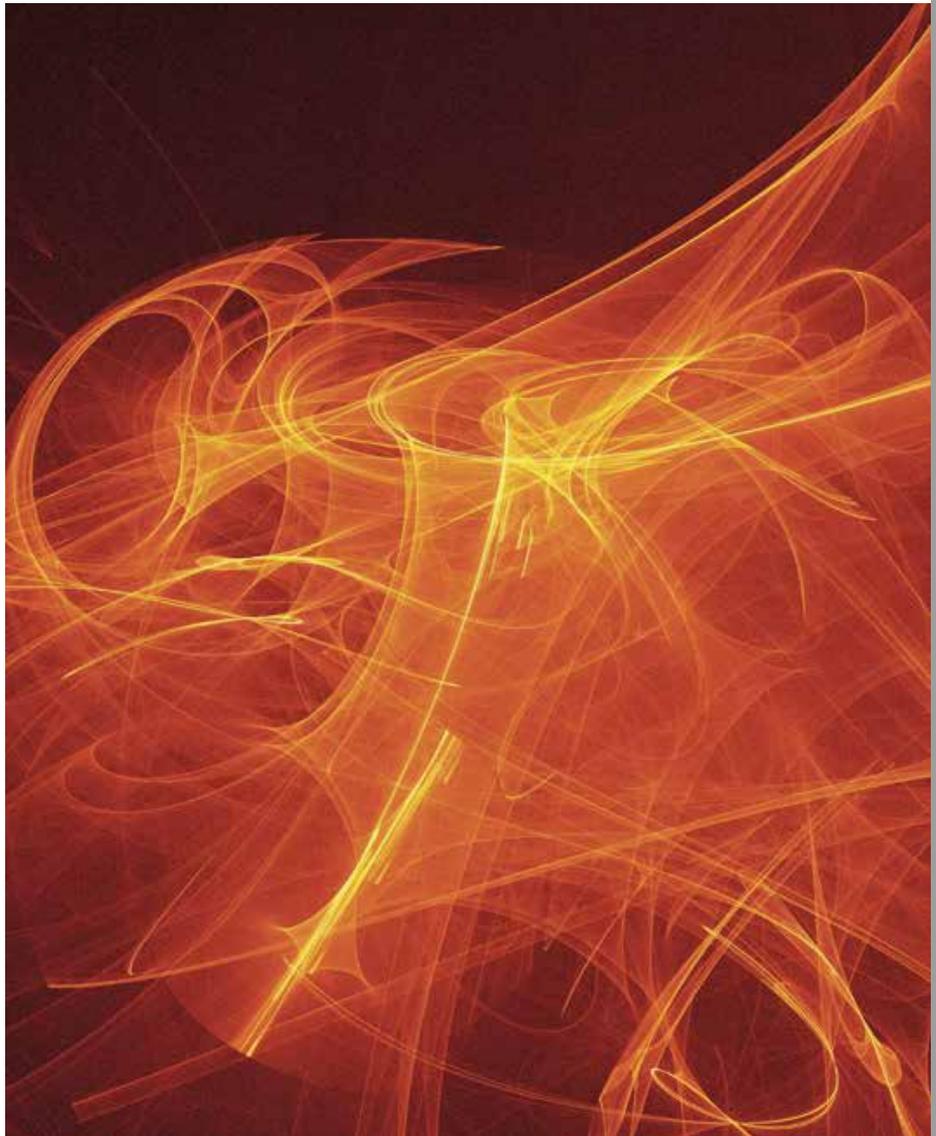
That digital has captured the imagination of business is a given. A single word with several connotations, digital has become synonymous with every sphere of life today. Enterprises want robust digital strategies and tools to be embedded in every part of their business functions. Consumers expect to be connected, informed and entertained, even as they save time, money and energy. And governments expect to be able to connect, enable and empower the people who they represent. Digital has moved from being a sideshow to the main attraction in boardrooms as leaders wrestle with the idea that either they embrace digital or become irrelevant.

Even as businesses run headfirst into transforming themselves into digital businesses to escape impending extinction, they might be rushing toward "digital chaos."

This is characterized by disjointed departmental policies, procedures and practices leading to duplication of efforts, data leakage or theft. Other symptoms include inconsistency and business loss.

Be it the e-business that charges differential prices to consumers, the corporate website that provides different facts in different places or the bank that is hit by a data theft of its customer records – each of these can be viewed as part of a greater malaise: digital chaos.
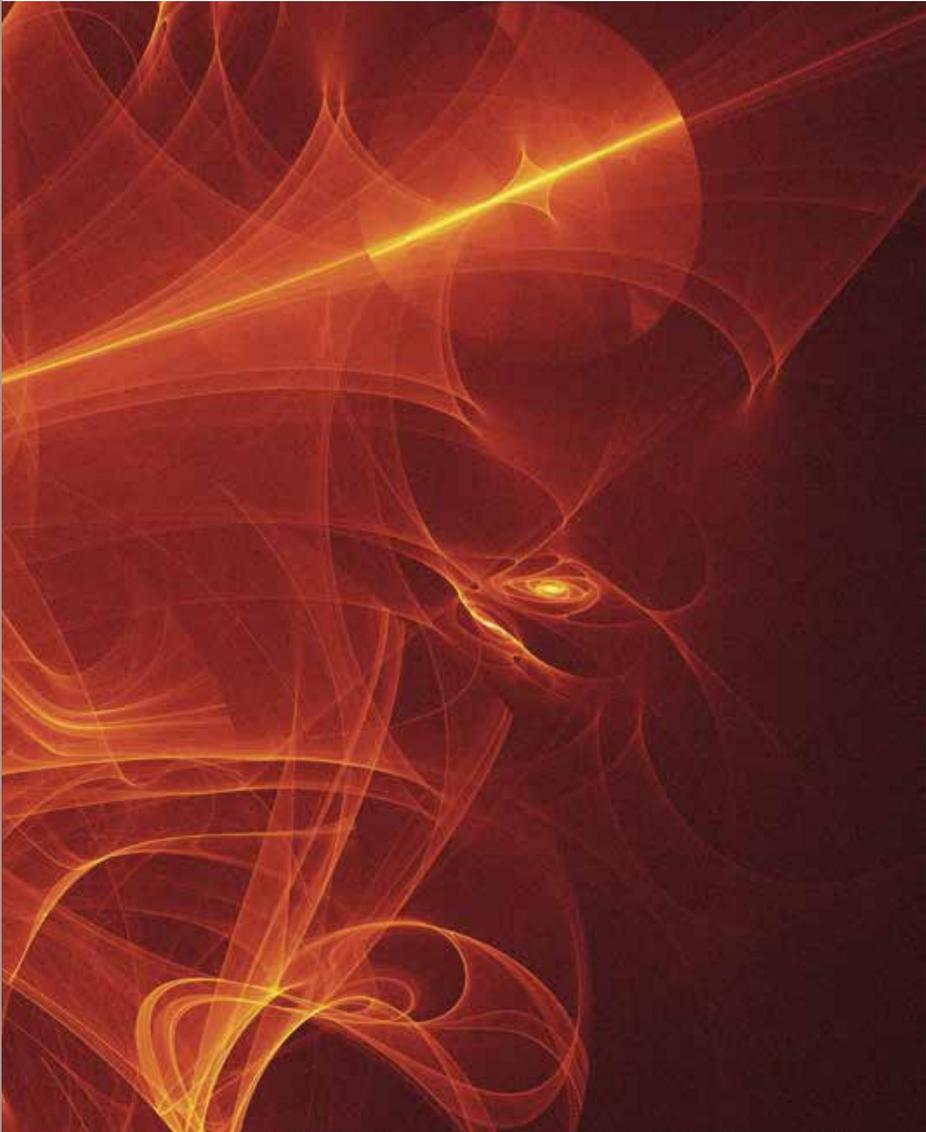
402m
internet user base in India as of December 2015

To satisfy demanding customers and yet still sustain the business, everyone is in haste to adopt digitization. And Indian enterprises are no different. India is on the edge of digital transformation: the Government, industry bodies, corporates and academic institutions are all trying to leverage the power of the internet to deliver last-mile connectivity and drive business gains.

Irrespective of the nature of the enterprise — Indian or global, private or public — there is a need to tread cautiously when adopting this disruptive technology. The power of digital needs to be governed and understood to the very core of the organization if misuse and chaos are to be avoided. Digital tools need to be aligned with the broader business goals if the essence of digital, as a concept, is to be captured completely.

India has been startled by the power of internet

India is rapidly adopting digital technology with a focus on providing internet connectivity to a larger user base. India is expected to have surpassed the US and become the second-largest country in terms of internet user base as of December 2015 (402 million, up 33% year on year).[1] The mobile internet user base has grown at a robust rate of 77% year on year to 306 million during the same period.[2] Widespread availability of low-priced smartphones has enabled users to mobilize their digital world. The average consumption of mobile data per smartphone user in India is expected to reach 2.08GB per month by 2020, compared with to a mere 430MB in 2015.[3] With such rapid growth, India is all set to adopt the next-generation digital technologies.

1. R.P. Nair, "India to have the second-largest Internet user base in the world by December 2015: Report," *Yourstory website*, http://yourstory.com/2015/11/india-internet-user-base-2015/, accessed June 2016.
2. Neeraj M., "Mobile Internet Users In India 2016: 371 Mn by June, 76% Growth In 2015," *Dazeinfo* website, http://dazeinfo.com/2016/02/08/mobile-internet-users-in-india-2016-smartphone-adoption-2015/, accessed June 2016.
3. Neeraj M., "Mobile Internet Users In India 2016: 371 Mn by June, 76% Growth In 2015," *Dazeinfo website,* http://dazeinfo.com/2016/02/08/mobile-internet-users-in-india-2016-smartphone-adoption-2015/, accessed June 2016

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76%
of internet users access
via mobile devices

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Enterprises are eager to join the rush for digital

In August 2014, the Indian Government launched the Digital India program with an estimated investment of INR1.13t over three to five years to widen digital access for India's population.[4] This opened up a plethora of opportunities for various companies to build broadband infrastructure, create identity solutions, design mobile-based payment systems and develop remote health care solutions.

To join the rush for digital, various enterprises are looking to adopt next-generation technologies as a means to open up new channels for product and service delivery, improve employee productivity, customer experience and vendor satisfaction, and bring agility into the business model.

However, many companies are so overwhelmed by the digital phenomenon that they are embracing the technology without understanding what their needs are and the best way to generate returns. They fail to understand which technologies should be deployed to suit the business's requirements best and what kind of data needs to be analyzed. As a result, they are exposing themselves to multiple risks.

Does abrupt digital adoption result in digital transformation or digital chaos?

Digitalization is necessary, but the inability of organizations to articulate clearly their digital enterprise strategy and digital governance approach is creating digital chaos. This is because, currently, there are no established best practices for how to digitalize a business, only a few scattered examples.

For instance, digital media enables a company to attract large numbers of customers by pushing communications via email and social media. However, if the right message is not communicated to the right customer at the right time, the posts will lose their relevance and become spam, leading to an unnecessary increase in the company's costs.

One India-based company provides an example of how digital chaos can impact the business. The organization put new areas of technology, such as cloud computing and enterprise mobility, at the heart of its strategy. The idea was good in theory but, in practice, it proved to be the wrong move, as the company lost focus on its core business, resulting in a fall in both revenue growth and operating profit.

4.   S. Ghosh, "Digital India: Govt to spend up to Rs1.13 trillion in three-five years," Mint website, http://www.livemint.com/ Politics/lBu1iUcwZNOYs9cXJCO7qM/Digital-India-Govt-to-spend-up-to-Rs113-trillion-in-three.html, accessed June 2016.
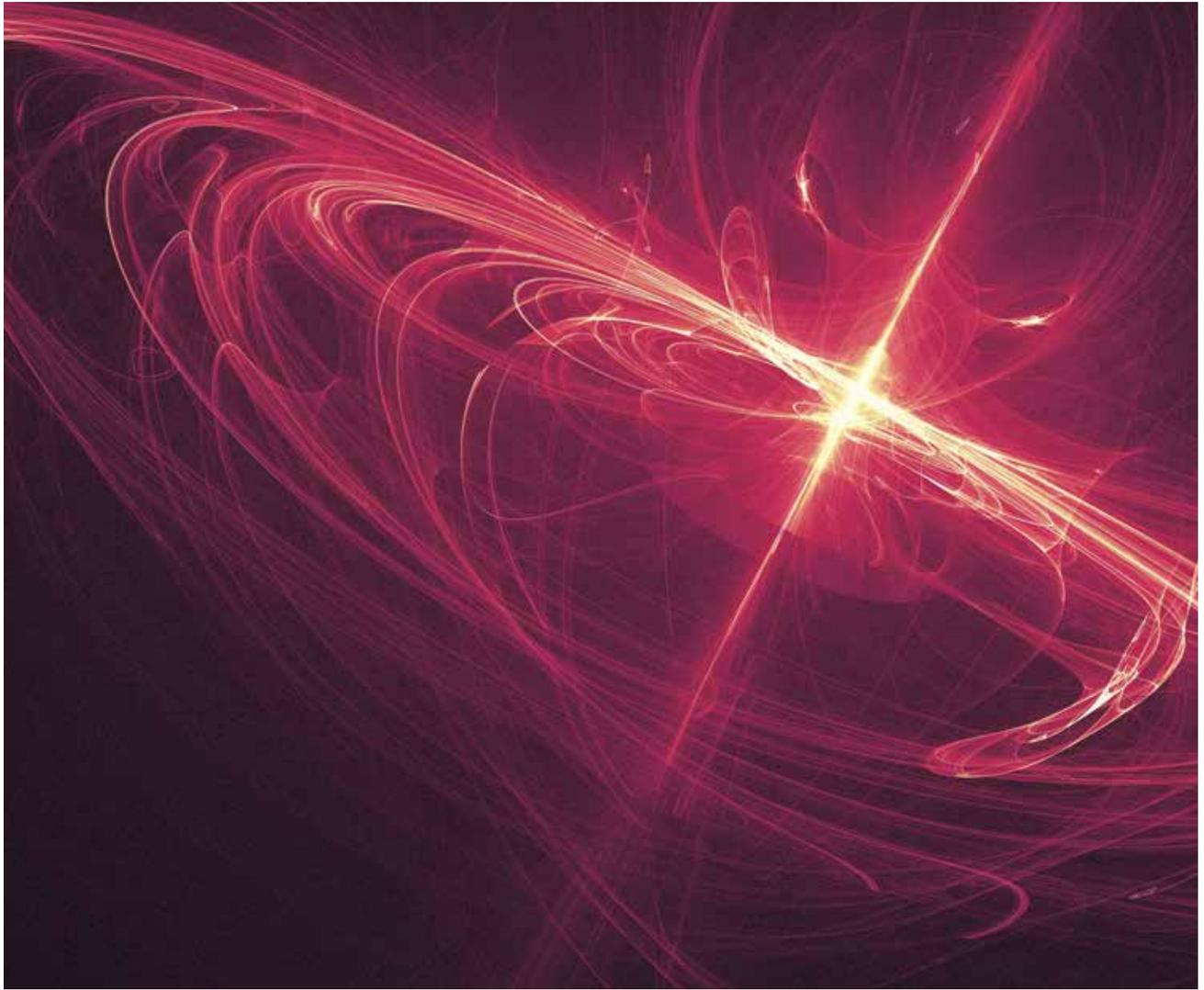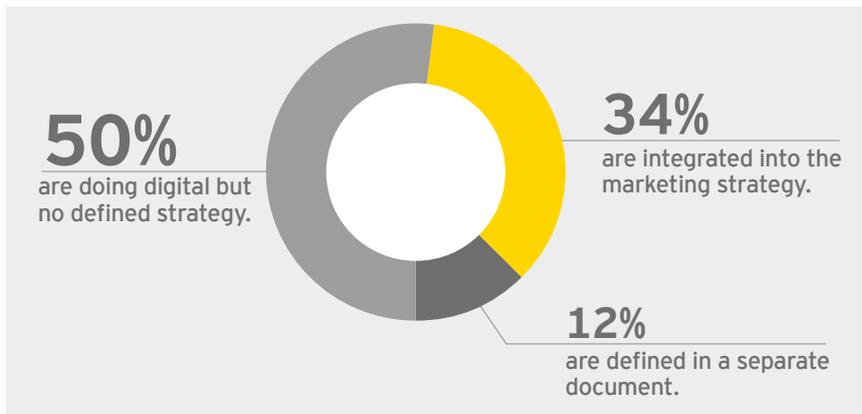
Figure 1. Does the organization have a clearly defined digital marketing strategy?

50%
are doing digital but
no defined strategy.

34%
are integrated into the
marketing strategy.

12%
are defined in a separate
document.

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384%
increase in mobile
data consumption
expected by 2020
compared with 2015

There are many reasons why companies could find themselves in such a predicament, so what can be done to help avoid this? One important aspect is to have a clearly defined road map for how the strategy will be executed. A second success factor is strong vision and support from leadership. In an economic crisis, it's easy to become too focused on saving the existing business by lowering costs rather than through discretionary spending on emerging technologies.

And yet, according to a recent report, there are many enterprises adopting digitalization without a strategy in place. Fifty percent of the marketers surveyed admit that they have active digital marketing programs, but no defined strategy.[5]

These companies need to realize that there are multilevel disadvantages to adopting digitalization without a proper strategy in place. Digital chaos can not only lead to reduced profits, it also risks enterprise goodwill and innovation capabilities.
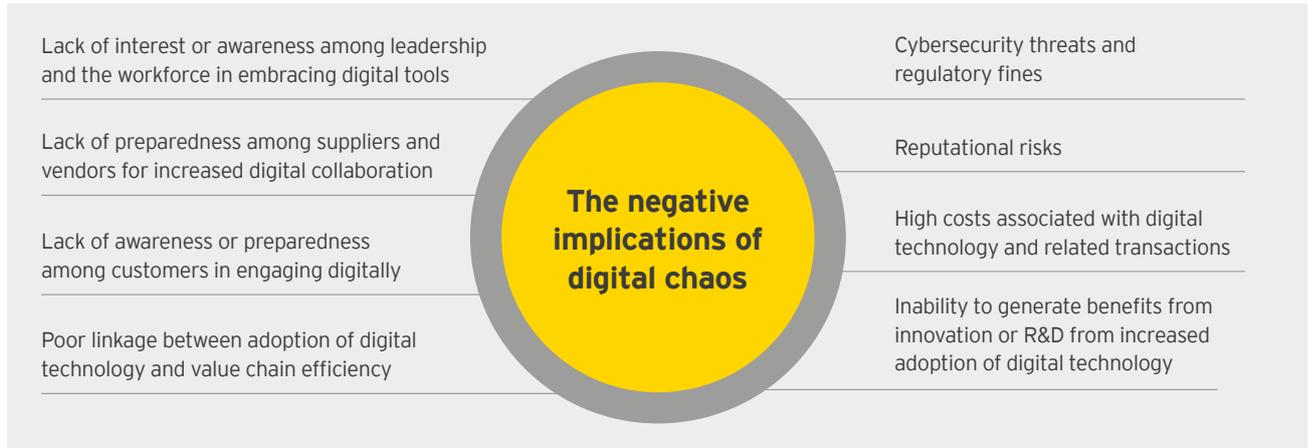
For example, one major India-based business decided to move to an app-only strategy on the basis that the bulk of its traffic came from mobile rather than desktop. However, the decision didn't take into account an analysis of where users came from. Faced with potential losses in both sales and traffic, the company soon shifted back to a strategy that included mobile websites and mobile web apps.

5.   D. Chaffey, "5 Reasons Why You Should Have a Digital Marketing Strategy," Jeffbullas website, http://www.jeffbullas.com/2015/01/29/5-reasons-why-you-should-have-a-digital-marketing-*strategy/, accessed June 2016.*

> Digital governance is vital as it helps to establish rules and processes for sharing, editing, distributing and consuming data, thereby reducing the possibility of misuse.

Figure 2. Implications of digital chaos

Lack of interest or awareness among leadership and the workforce in embracing digital tools

Lack of preparedness among suppliers and vendors for increased digital collaboration

Lack of awareness or preparedness among customers in engaging digitally

Poor linkage between adoption of digital technology and value chain efficiency

The negative implications of digital chaos

Cybersecurity threats and regulatory fines

Reputational risks

High costs associated with digital technology and related transactions

Inability to generate benefits from innovation or R&D from increased adoption of digital technology

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How can firms make sure they are benefiting from digital?

To drive the benefits from digitization, organizations should draw up a road map that puts digital thinking at the heart of the business. The objective is to define a clear digital strategy together with metrics that can measure the anticipated differential created by a digitalized versus traditional business. The expected return on investment should be calculated on implementation, as this will help the company decide on the feasibility of digital solutions (based on the nature of the business), secure money from investors and build a relevant digital strategy.

Data security is one of the key pillars of a digital strategy, as the threats of cybersecurity (e.g., identity theft, phishing, snooping and cyber terrorism) have become an increasing cause for concern with the adoption of next-generation technologies.

For example, one Indian conglomerate wanted to transform its existing IT setup so that it could automate some of its processes. While doing so, it focused primarily on implementing an information security environment to avoid any cybersecurity risks. It conducted a thorough review of the security architecture of its infrastructure components, sales management information system (SMIS) and marketing and distribution portal to assess any vulnerable areas and address any gaps in security. As a result, it could quickly identify areas in the IT environment where there was information leakage and create security frameworks to prevent

the possibility of unauthorized access to critical data.

Similarly, one global organization, which has a big focus on R&D, realized the importance of cybersecurity in its R&D ecosystem. It analyzed the potential areas for information leakage in its digital setup. It then initiated cybersecurity awareness training among its key stakeholders, and developed a comprehensive security policy and network security framework to prevent any unwanted data drainage.

Digital governance is also vital, as it helps to establish rules and processes for sharing, editing, distributing and consuming data, thereby reducing the possibility of misuse. Many companies have appointed a dedicated digital leader who is responsible for closing the security gaps, formulating a digital strategy and dealing with client concerns for digital customer services. Typically, they will also ensure the organization is aligned to leading governance standards and frameworks, and will clearly segregate individual accountability to aid efficient governance.

A comprehensive digital governance model will require investment, but the benefits are worthwhile: improved performance, reputation and competitive advantage.

An additional consideration for organizations is whether to adopt a dual-speed IT operating model. This would enable CIOs to focus on an IT ecosystem that comprises rapidly evolving digital solutions and robust enterprise IT that would sustain core business processes. This approach would help
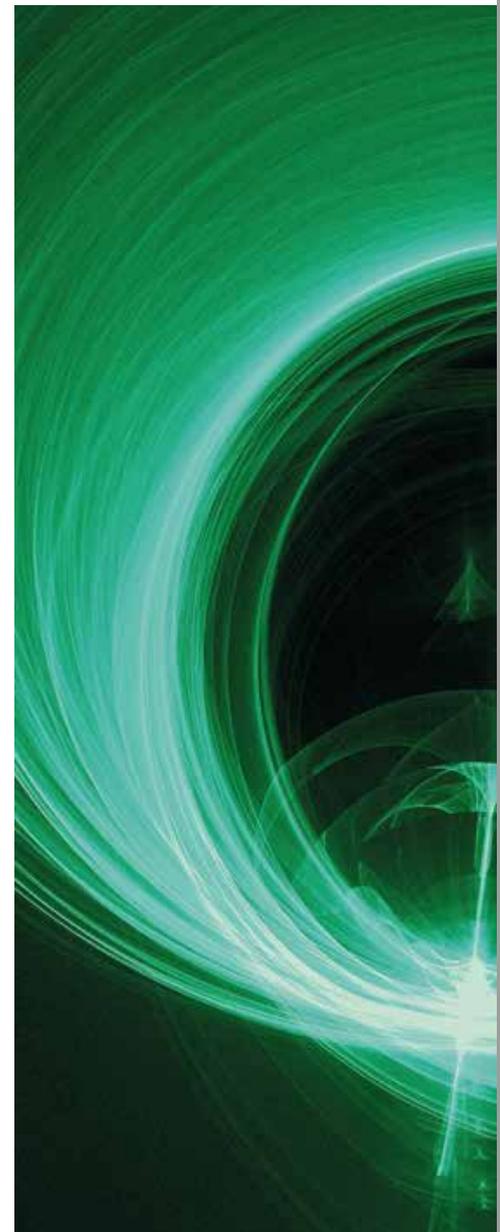
bring an element of balance between the company's current technology and emerging disruptive technologies.

It is not all in the hands of business — governments can also play an important role in the successful implementation of digital technologies. By providing regulatory support to the ecosystem with adequate laws on data privacy and data handling, and by levying heavy fines in the event of data breaches, governments can help facilitate better governance for businesses and avoid abrupt or unplanned digital adoption.
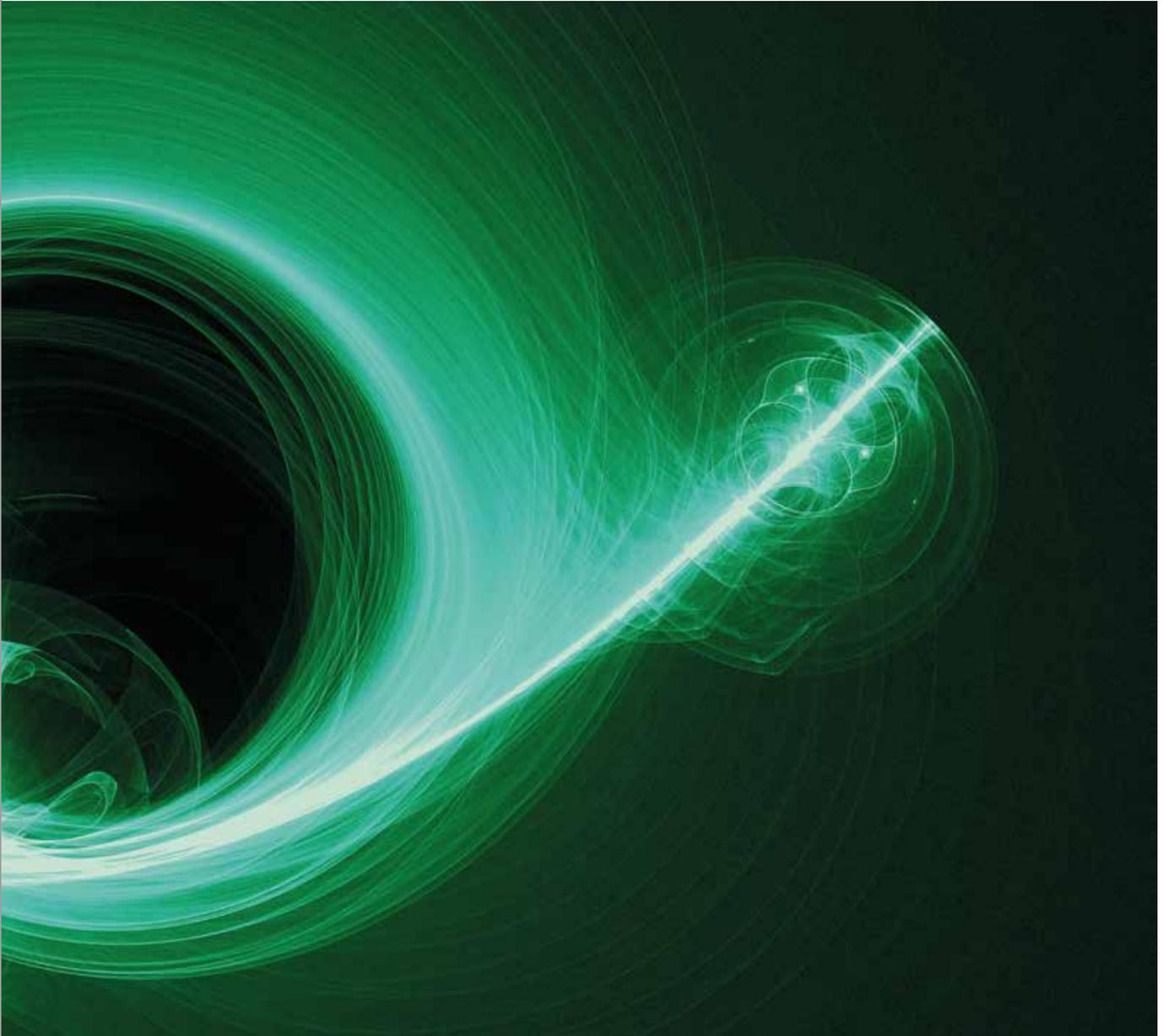
Adopt digital, but with caution

Digital is no longer a distant dream. It is here. But any haste in its adoption can lead to more harm than good. A well thought-out digital strategy, together with adequate government support, can help organizations flourish in the digital era and translate their digital investments into tangible benefits. ∎

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