



# Developing Digital Strategy

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## Introduction

The 2016 CIO Brief will explore four dimensions of becoming more digital. This first session looked at what a digital strategy is and the steps two organizations – Canadian Tire and the Greater Toronto Airport Authority – are taking to create one. Future sessions will include: the Internet of Things; Leveraging Business Ecosystems; and Developing Skills to Communicate with Senior Business Management.

## A Framework for Digital Strategies

Silvia Gonzalez, a Senior Manager at Deloitte Digital responsible for Analytics and Digital Convergence, offered an introductory framework for thinking about this topic. "Digital is an *era*," she said. "It's a new way of doing things and will eventually become how we do everything." Therefore, digital is not just about marketing but about changing behaviors, creating a digital life for ourselves with businesses, and social connectivity. It is changing companies, creating new approaches to customer service, new digital skills, and resulting in new digital products and outputs.

"A digital strategy is only the first step in this new approach," she said. Businesses must think about the *journey* to digital and what they want to become. Some key questions to ask on this journey include:

### Strategy

- Where will we choose to play? How will we win?
- What is my innovation ambition?

Useful tools for developing a digital strategy are: a Strategic Choice Cascade and an Innovation Ambition Matrix.

### Innovation

- What are the unconventional insights that matter?
- What new concepts can we design and test?

Tools that help support or encourage innovation are: Ten Types of Innovation and Design Thinking.

### Imagine

- What is a simple, beautiful contextual experience?

A Business Model Canvas helps in this stage.

### Build

- How do we engage early, test often, iterate, and visualize progress?
- How do we sustain and run the solution?

Lean/Agile Development assists with this stage.

A Digital Strategy has four components:

1. **A Digital Experience Design.** This will create a long-term vision and estimate of benefits, customer personas, a customer story map, app features, wireframes of key processes, and detailed user stories.
2. **A Digital Operating Model.** This component assesses the technology platform to establish the options, criteria, and path that will eventually select the technology required. It includes: assessment of the current architecture and required web services; list of integrations required; and proposed solution architecture.
3. **A Digital Platform Assessment.** This is a delivery plan to outline the timing, effort, and costs required to deliver a multiple release schedule.
4. **A Business Case and Delivery Plan.** This includes: creative concepts and designs, developer-ready requirements, prototypes for testing, deployed mobile apps, change and communication plans and support, and assistance in promoting and marketing apps.

"To build the processes behind digitalization many companies are creating Chief Digital Officers to work with the CIO," Silvia concluded.

## Developing a Digital Strategy at Canadian Tire

Linda Siksna, is Vice President, Technology Retail Delivery for Canadian Tire Corporation, accountable for IT services that enable the business functions of Canadian Tire's retail organization. She directs the delivery of rapid, advanced web technology solutions and next gen e-tail technologies to Canadian Tire in order to further enable its marketing capabilities and grow revenue. She presented Canadian Tire's current digital journey. Unfortunately, the company has prohibited us from writing anything about this presentation.

## Digital Strategy at Toronto Pearson Airport

Toronto Pearson Airport receives 41 million passengers a year, serves 60 airlines flying to 180 destinations and is the second largest airport for inbound international traffic to North America. Significant growth is expected to continue over the next 15 years. To accommodate new traffic, its CIO, Martin Boyer, is leading an enterprise-wide IT transformation. Martin joined the Greater Toronto Airports Authority (GTAA) in 2014, after holding numerous positions in insurance and Air Canada.

"The GTAA is the integrator of all airport services," Martin noted, including: airlines, customs and immigration, ground transportation, police, service contractors, retail and catering partners, and the travel and transportation industry. Over

40,000 people work there. To support the expected growth it would be easy to expand the airport's physical footprint by building. However, Martin believes that there are still many inefficiencies in the current airport that can be improved by using IT to better utilize current structures and attract more partners and customers. "This is what's at the heart of our digital strategy," he said. "We want to minimize connection times for all involved."

The GTAA's 20 year vision is based on a combination of operational excellence, customer experience, and financial sustainability. "If we can deliver on these, we can delay construction and save money," he said. Today the airport has peaks and valleys in its schedule which give staff some time to recover from a slowdown or a problem; tomorrow's airport will likely not have these so it is important to use systems to optimize flow. Martin noted the close connection between the airport's online presence and travel spikes, storms, and other disruptions. "Seventy-five percent of our web traffic is now through mobile. We need to have an up-to-date digital presence about what's happening."

The GTAA's IT Blueprint is built in layers – communication platforms, operational applications, business intelligence, and network tracking of passengers and assets. All of these investments are strategic. For example, the network layer will take advantage of the Internet of Things to track things machine-to-machine and customers through their connected devices. However, in order to do this well, it is important to have enough bandwidth and a structure of information and predictive models that can take advantage of this information. In addition, these layers must be integrated to achieve the organization's overall goals and communicate in real time with passengers. For example, passenger movements could be used to predict wait times at security and thus better manage staffing.

The organization's digital strategy uses a POST acronym, which stands for:

- **People.** Who is our target and what are their needs? These include: passengers, employees, business partners, community, the press, and government bodies.
- **Objectives.** What are we trying to accomplish? What is the business objective? A sample objective for passengers would be to provide unparalleled access, convenience and communications, especially during irregular operations. For employees, it would be to improve airport operations through timely, relevant information.
- **Strategy.** How will we achieve our objectives? This involves both monitoring emerging technologies and best of breed applications, and also deep research into particular technologies and analytics.
- **Technology/Tactics.** What platforms or services will help us fulfill our objectives? The GTAA's goal is to serve multiple platforms through its website and move to fewer platforms that can be used at multiple levels. This will involve improving its website to enable greater volumes and creating more services, such as reserving a parking space at the airport. "There are huge opportunities available," said Martin.

Ultimately the blueprint and strategy will lead to specific initiatives that can be prioritized and deployed. "We've learned

that in order to get where we want to go we need to understand what we want to achieve and that the boundary of the airport starts at home," he said.

## Discussion

One of the key takeaways from these presentations is that companies must convert customer touch points to purchases, said a member. "It's all about analytics," agreed Martin. "We need to make searches more successful and create a more positive online experience." Another member added that his company wants to make their customer experiences different and to surpass others in this area.

Removing barriers is essential to a successful digital strategy. "It's all about convenience," said a member. Another agreed. "Creating a great end-to-end customer experience is what a digital strategy is all about, but it's not easy to do. The complexity of today's organizational ecosystems makes this especially difficult."

Although online is very important, bricks and mortar are not going away. "It's about both," said a member. "There has to be a shared e-commerce model and physical touch is still important for much shopping." The best way to do this is with pilots that demonstrate the power of the combination of digital and physical. "The proof is in the sales figures," he said.

Members asked if a digital strategy is as important for B2B organizations. Martin explained that this strategy works at two levels. "It's not only about consumers," he said. "We are using sensors and IOT at the front line level as well". Employee enablement with digital is also an important component of a digital strategy. Employees must be part of this change, the members agreed.

Others asked about how security and privacy tie into digital strategy. At many companies, these issues are always front and centre and are always built in and customers must opt in to being digitally contacted. Martin added that much of the information collected by the GTAA is anonymized. "We are looking for patterns rather than individually-recognizable data." Members wondered if there is a conflict between security and privacy matters and the agility and innovation that companies are seeking. Martin explained that he looks for technical people with business skills who can communicate with the business to make the right decisions. Other members are pushing to get more business partnership. "We don't want technology for technology's sake. We want to work alongside business."

Some members pointed out that our definition of "digital" continues to expand. For example, a car is now a digital device that can be networked. With the coming Internet of Things, everything will be online and potentially hackable. It is a challenge to know how to protect them and where the boundaries lie and this complexity is increasing.

Maximizing value and balancing cost and revenue are also significant concerns. Martin explained that the GTAA has two types of revenues – from airlines and retail to customers – so it has more choice about where and how to invest. Although selling more is always the objective, there are many ways to approach this, such as improving digital content and inventory.

IT strategy, business strategy, innovation, and digital strategy are all inter-related but this relationship is not always clear and where to start is a problem for many. Members recommended starting with defining the digital customer experience. "Knowing what you want this experience to look like will then tell you what capabilities you will need," they said.



### Concept

CIO Brief 2.0 is an group of CIOs from leading edge organizations who meet to exchange best practices concerning IT management strategy. The CIO Brief 2.0 is organized by James McKeen and Heather Smith, Queen’s School of Business, in partnership with Deloitte Canada. See [www.ciobrief.ca](http://www.ciobrief.ca).

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### Membership

Membership is by invitation only. Please direct inquiries to James McKeen at [jmcke@business.queensu.ca](mailto:jmcke@business.queensu.ca).

