

# Many hats

## Conversations that matter for non-executive directors

### **What does trust look like in the digital age?**

*Trust is one of those things that never goes out of style – it's something people will always want. But at the moment trust between businesses and their customers is at an all-time low.*

*One of the main culprits is the digital age itself: technology has altered forever the way trust is built and maintained.*

*Chris Vein, former Chief Innovation Officer at the World Bank and Deputy Chief Technology Officer at the White House, now with PwC Australia, discussed how these changes are affecting markets, economies and everyday lives, and the role of Boards in building trust in the future.*

*Boards have a responsibility to understand the impact of these changes so they can help their companies build trust, innovate and thrive in the 21st century.*

*Here's a snapshot of the discussion between Chris and non-executive directors.*

### **Q. How far into the future should boards be looking?**

Rather than think about a specific time horizon, such as 3, 5 or 20 years, it's best to think about what it is you want to achieve. Jess Bezos from Amazon, for example, based his business on a vision about the way retailing could be transformed by technology. So if you believe crypto-currencies are the future for your company, you should be asking where you want to be in relation to that and then start a conversation about how you might get there and how you build trust along the way.

### **Q. What will be the impact of AI on human creativity?**

Human to human connection is the basis of trust. Human capacities and creativity, therefore, will be the defining skills for the 21st century, even more so than STEM. There will still be demand for technical expertise, of course, but what's really needed is for people to become resilient problem solvers, because we simply don't know what's coming down the track in terms of technological change.

### **Key ways in which technology is changing the world:**

*Artificial intelligence may be the last innovation that humans make: we are at a point where the internet is aware, is device agnostic and will soon take on an 'intelligence' of its own*

*The last billion dollar industry was based on 1s and 0s – the next will be based on genomic code*

*40% of the jobs we have today will change or simply won't exist in the next ten years; higher education as we know it will cease to exist in the same period*

*Brand loyalty is dead and customers are primarily interested in how something makes them feel – businesses must shift their thinking away from 'products and services' to one of 'experiences'*

*The future is fundamentally uncertain, and companies need to be designing for a loss of control.*

## ***Q. Can the ‘physical world’ (i.e. delivery and distribution systems) keep up with the digital world?***

The short answer is ‘no’. If you look at previous technological revolutions, we had time to adapt. The challenge with digital change is that the speed and velocity are so strong it’s difficult to keep up, let alone lead the pack. The question for businesses is, if you are not going to participate, you need to work out how you are going to compete. My perspective on Australian firms is that they need to be placing more bets on technology. They won’t all work, of course, but we need to stake a claim and try to pick a winner. Think about it in three steps: 1. Unbundle the value proposition 2. Work out how that can be digitally enabled 3. Ask how that is sustained in a business model.

## ***Q. How do you bring about new ways of thinking and working in a big organisation that still needs to do the core things that made it what it is?***

This is where innovation comes in to play. Innovation has been around long enough and we know how to do it, what works and what doesn’t. The trick is to figure out the approach that will work for your business and then ensure that the leadership is thinking sufficiently big enough and has the opportunity to deliver.

But when it comes to disruption and innovation, there’s a level of complacency among large Australian corporates that I don’t see in comparable countries. It worries me that boards here don’t really have a sense of the scale of the coming technological change. It’s our job as directors to hold people in our organisations accountable and we need to ask tough questions. So do your research, get the data and the facts and then stand up and demand answers.

## ***Q. Who’s thinking about the ethics of the future, such as the sort of society we really want?***

Not enough people are thinking or talking about this. Nor is there enough diversity among the people writing the code that underpins the technologies shaping our lives and our futures. We’ve got a long way to go to make sure that the diversity we want gets built into the systems we are creating. This is where business has a huge role to play – when business demand something at scale, then things tend to happen.

## ***Q: How do we get the regulators on the same page?***

Simple – ask them to work with you on the change you want. PwC recently did some work with an Australian business on a Blockchain solution. We went to the regulator early and said ‘here’s our idea, help us co-create it’. This partnering approach ignited their natural curiosity and made sure they understood the issue we were trying to solve that informed the approach in a pragmatic and sensible way.

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