



Digital and IT are Not the Same

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'Digital' has been one of the most popular technology industry buzzwords of the last few years. We increasingly talk about digital business, digital leadership, digital disruptions, digital divides, digital sales, digital marketing and customer service, digital product development, digital manufacturing, digital supply chain, digital finance and even digital HR. But what is Digital and what's really new about it?

Revealingly, CIOs and others in Enterprise IT often struggle the most with this question. They ask: "What's the big deal? Surely Digital is just a new, more fashionable label for IT (Information Technology) which itself was just a more fashionable label for IS (Information Systems) and before that DP (Data Processing), and before that EDP (Electronic Data Processing)! So why all the fuss?"

Is Digital just a case of old wine in new bottles? We don't think so. While linguistically, the differences between IT and Digital can seem semantic (after all, they both consist of hardware, software, networking and data), in the real world there is a crucial distinction:

The technology uses typically referred to as Digital tend to sit well outside the traditional scope of the CIO and Enterprise IT function.

'Digital' is mostly an adjective, but is increasingly also used as a noun. It includes much more than devices like PCs, smart phones, tablets and wearables. It encompasses residential systems such as smart TVs, thermostats and security systems, as well as the telematics, computing and intelligence built into wind turbines, jet engines, elevators, MRI scanners and, closer to home, the family car. Perhaps even more importantly, Digital spans all the apps, software and social media content that run on these devices and enable them to function in previously unimaginable ways. In short, Digital is the term we use to show how technology is becoming pervasive across society.

Information Technology, on the other hand, is a compound noun, primarily associated with clunky corporate PCs, fortress data centres and network firewall management, as well as internal email, ERP, CRM, financial consolidation and other business applications rooted in the past. Most Enterprise IT organizations and staff are not known for their digital marketing or embedded technology expertise, let alone re-inventing the customer experience or generating profitable new revenue streams. Increasingly, the term 'IT' can't shake off its back office past, so maybe being called 'the IT department' is no longer such a good idea.

The CDO/CIO debate

This distinction between Digital and IT is at the heart of the whole debate regarding whether firms should have a Chief Digital Officer (CDO). As one of our CIO clients succinctly put it:

"My IT leadership team and I now have an outstanding reputation for globalization, rationalization and cost reduction. Services are efficient and effective. Costs are better than the industry benchmark. And by and large, projects deliver on their promises, on time, in full. For the most part, the business agrees. But here's the crunch: while we are now known for efficiency and delivery, Enterprise IT is far from having a reputation for agility, business innovation or growth. Yet that is where all of today's Digital action is. So ... even in my case, I, as CIO, am not the obvious or even the leading candidate to drive our Group's Digital agenda in the coming years."

In this sense, the differences between Digital and IT are a proxy for the ongoing uncertainty regarding who should lead the technology-enabled transformation of the firm. As an adjective, Digital can attach itself to just about everything that the firm does. In contrast, a noun such as IT implies a particular place or thing, and thus a certain degree of isolation.

Our upcoming report *Digital Leadership in the C-Suite* (written by Richard) explores the digital leadership shortage faced by many firms, the potential need for a Chief Digital Officer, and the resulting challenges and opportunities for the CIO and Enterprise IT. The bottom line is that words matter, and the growing use of the term Digital marks a change in the industry zeitgeist that will be with us for the foreseeable future. Both traditional executives and traditional IT organizations face steep learning and behavioural curves. Businesses are going Digital, but they are not going IT.

About the Leading Edge Forum

The Leading Edge Forum (LEF) is a global research and thought-leadership community dedicated to helping large organizations identify and adopt Next Practices at the growing intersection between business and information technology. We believe that as business and IT become inseparable, virtually every aspect of work and the modern firm will need to be re-imagined, and this creates exciting new digital opportunities.

Through an annual membership programme of research, events, onsite workshops and advisory services, we support Chief Information Officers and other senior digital business leaders in areas such as strategy, organizational change, executive education, staff development and the future of the Central IT function. Members enjoy personalized access to our global network of thought leaders, clients and leading practitioners.

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