



The Art of "Digital Transformation," from Neal Sample of Express Scripts

Published on July 31, 2018



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Neal Sample's roots are in technology -- he has a Ph.D. in computer science from Stanford University -- and he has spent most of his career applying his technological savvy to help accelerate the strategies of companies like American Express, eBay, Yahoo, and now at Express Scripts, where he is chief operating officer. We invited him to share his insights on how to drive digital transformation during a keynote conversation at our ExCo Group. annual meeting. Here are the highlights of my interview with Sample.

Q. Digital transformation is one of those phrases that gets tossed around a lot. What does it mean to you?

A. When someone says, "We have to go digital," they typically mean one of three things, and you should probably ask them which one they mean.

The first notion, and the one that's simplest and most accessible, is the idea of digital for the consumer. You take a digital experience, and it either becomes the primary experience or it's a bolt-on to an existing product. But it's consumer-facing.

The second one is often referred to as RPA, or robotic process automation. That means, I'm going to take repetitive work, often in my back office, and I'm going to put a machine or software in there to do something like transaction reconciliation. That doesn't require a human. It doesn't require a lot of thought, and I'm going to automate that. It's about taking mundane work and driving out costs associated with it.

The third type is one that people get pretty excited about, and that's the notion of decision support. It will be referred to as Big Data and machine learning and AI. People expect to put all their business data inside of this thing, and then something amazing is going to come out. They'll get more insights about their customers or they'll have a new product or they'll get market leverage or whatever.

Depending on who you talk to, they may mean one of those three things, and often not distinguish it for you. In a lot of more traditional, legacy companies, they know it's something they have to do because everybody else is doing it, but they're not exactly sure what it means. Usually they'll start with the idea that they need an app, because everybody else has an app.

Q. If you were giving a talk to 100 CEOs on digital transformation, what would your advice be?

A. The first thing is to know what you want, and that's actually sometimes the hardest thing. You need to be remarkably clear about which element of your business strategy is supported by going digital. If you do have a vision for what you want to achieve, then go ahead and achieve it. If you don't, you're better off not even starting.

It's all summarized in clarity of purpose. If you know why you're doing it and what the opportunities are, you can achieve transformative results for the company. If you don't, it can be a sort of terrible journey. You'll spend a lot of money, time and attention and then not get anything out of it at the end.

You also have to understand whether your audience is ready for it and wants the digital solution you're planning. There are still significant audiences out there that are neither ready for it nor do they want it, and forcing "digital" on them doesn't work.

Q. What can you learn from a company's org chart about their digital strategy?

A. One of the most interesting negative indicators is having somebody whose job it is to be digital. If you have a Chief Digital Officer, you're probably not going to be successful in digital. The cases where I've seen them not be successful is when digital isn't everybody's job.

And that's sort of ironic, right? These are the companies that have said it's so important to us that we're going to create a senior position for it. But those are often the ones that struggle the most. The ones that do the best are the ones that say, "This has to be part of everything we do," and therefore they don't have that special box on the org chart.

One of the things that sometimes happens with a CDO is they start innovation councils, where innovation becomes a contest or a reward. They start skunkworks and pilots for everything. In theory, it can work, but when it's run outside the mainline business, you get the mainline folks who say, "You know what? That's fantastic. I can let you go play with your toys, but I'm going to be running the real business over here."

You can end up with this schism. There's almost the digital haves and have-nots, and sometimes those digital folks get the limelight and get the attention and get a little bit of praise, but very often they don't get operationalized. The worst outcome potentially is when you took your shot and digital doesn't work. You actually end up with antibodies in the organization to that kind of innovation.

The effort has to be top-to-bottom culturally. That, to me, has been the sort of hallmark of success over and over again -- this uniform support from the top and everybody has to be rowing in the same direction.

Q. Sometimes the executives in the leadership pipeline have moved up because of their skills in running the legacy business, but they don't have the skills for where the company needs to go.

A. When executives have remarkably high tenure at a company, they didn't grow up with digital skills. So you often do need outside talent and a different type of leader. Because if digital were springing up organically in a company, then there wouldn't be the conversation about whether the leadership pipeline matches the need.

It's a little bit tautological, but the very fact that you're having that conversation says that you haven't had leadership that is either capable or has prioritized it at that level before. It often means getting that outside perspective and expertise. It might be temporary or it might be more permanent.

Q. How do you bring people along if they're still stuck in the old way of doing things, and are resistant to some of the digital initiatives?

A. One of the things that provides a foundation for the ability to get people to change is to find examples of how the type of change you want has worked successfully for someone else. Then it doesn't feel as risky, and you don't feel that transformation feels like you're betting the farm on some unproven methodology or strategy or technology.

So find something in a parallel industry. Or better yet, find a competitor that's doing it. If you want to get your CEO or your CFO motivated, find a competitor that does what you do, but better. Then they will say, "We definitely need that and where do I write the check?" So give them something that they can latch onto that's familiar enough so that they know what you're talking about. That sort of makes the sale, if you will.