Amrop

Leaders For What's Next

Leadership Interview

Jan Abrahamsson, Strategic Customer Engagements, Ericsson

An open ecosystem is critical to almost any industry undergoing the process of digitalisation since it is where companies and governments can shape and share technology to spur innovation and collectively make progress. An open ecosystem is also what enabled the mobile miracle – the creation of one way we could all connect.

In a world where digital transformation is increasingly a key determinant of success, your organization may not yet have a clear digital strategy and technology implementation plan in place – and sometimes the reason is that it's not fully clear what it might help the company to achieve.

Amrop's Digitization on Boards study found that high performing leaders tend to have a more a forward-looking 'growth' mindset; they are better at cultivating digitization and installing the related talent management. Whatever your status or ambitions as a board member or CEO, we believe that the observations made throughout this interview might be helpful to you!

Telecom operators and infrastructure providers depend on digitization and transformation to be a success. They see industries and value chains changing with access to new technology-based tools, and as a result need to see what is required in terms of change to build new value streams or cling on to market share. Communications investments without benefit realization serves no-one's interest. The World Economic Forum (WEF) has recognized that addressing the digital divide will require unprecedented collaboration across sectors. WEF has launched the EDISON Alliance and its 1 Billion Lives Challenge as a global movement of 45 champions that brings together digital inclusion commitments from governments, companies and other organizations.

Ericsson, a world leading infrastructure provider collaborates with world's most successful companies and executives to build board and executive-level strategic plans and playbooks fully utilizing the latest in digital technology, be it access or system-related. As a category leader, they need to develop the market, so, in this work, they bring in various world category leaders and service providers to make the most of cross-industry collaboration and help define 6G, the next collaborative and open communications platform. Our previous research in Digitization on Boards shows that High Performing Organizations are doing better because they lead better and have a more attuned culture. This interview serves as an example of how you can operationalize that, and bear expert eyewitness to those findings. "We are in the middle of a great digital transformation and now is the time for action."

The role of culture and leadership in digital transformation: An interview with Jan Abrahamsson, Vice President, Head of Strategic Customer Engagements, Ericsson

"For the first time, communications technology is breaking down barriers across industries in terms of how value is distributed."

Can I start with the general perspective: where is our world's communications development going in a broader sense? How will access technologies and distributed networks affect the future of corporations?

Change is accelerated by 5G – the access to it enables much more than we, perhaps, think. This is because it's not just 5G access technology, but also a whole range of technologies within the access that drives the change, such as the evolution of compute capability, Storage, IoT technology and Cloud technologies, as well as other converging technologies, which are transforming the marketplace significantly.

Past applications of 2G, 3G and 4G technologies have been very vertical – functioning within a value chain of an industry or an enterprise. New applications enabled by 5G access technology, combined with cloud and new compute technologies, are much more horizontal, meaning that, for the first time, communications technology is breaking down barriers across industries in terms of how value is distributed.

This is a major opportunity for many companies since the new access technology enables them to expand services and products with applications outside of their own specific industry.

The access technology we see today is applied mainly in two ways. The first is within an industry, where technology can create completely new opportunities within automation efficiency and cost reduction.

One example is construction sites, where today we see the use of drones, video technology and augmented reality, means a significant productivity shift in terms of how collaboration onsite is enabled by 5G access technology.

The second and, perhaps, more significant is when access technology is applied in collaborations across industries. Construction companies find efficiencies in working with transport and logistics companies, while suppliers

across the value chain find new use cases that go across these industries and leverage value that it hasn't been possible to address before. Access technology is driving completely new business opportunities for service sectors and may be even expected to build several new sectors.

There are new actors looking to caption these new opportunities. A good example is US infrastructure spending, where they are looking to upgrade the whole highway system across North America. As they do that, they want to apply 5G access technology and digitalize the highways to enable the automated/autonomous transport of goods and people on the highways in the years ahead. And to do that you need to have a range of companies collaborating.

You need a provider of 5G technology such as Ericsson, as well as a local operator to manage that network, and you need the core manufacturer - in this case it could be Tesla and Ford that are producing self-driving trucks, buses, and cars. You will need to work with someone who has the connected devices that will be used, in this case 3M and others, you need a cloud computing provider, in this case IBM, and you need the highway owner. Bringing these companies together, in one room, looking for win-wins, is how you find completely new solutions, win-wins and revenue streams.

The potential benefits and opportunities for services and business models for many companies are undeniable. How should an owner, a board of directors, CEO, or a traditional business think about taking advantage of these opportunities which are now within reach?

When working with leadership teams, we see a number of challenges they face in the light of this new perspective. One of the things that is crucial for them is the understanding of how their own customers are transforming and changing when they use these digital technologies.

We try to help industry leaders in several different sectors truly understand how these technologies are changing the behaviour and eventual needs of their customers. There is a widening gap in terms of how many of these companies are leveraging technology to transform their business and how capable in digital transformation they are.

The implication is that you need to start thinking about your customer in a very different way and truly understand how they will be changing when these new opportunities arise. This is the first challenge.

Once you have done that and found a new way of working, to serve these opportunities, it's important to bring the customer on that journey, and translate the experience into new requirements for yourself. This way you can really understand how to adapt and respond. This is a challenging process, no less

because you need access to customer management, but also because of the pace and breadth of change: things are moving fast and, on several fronts. So many leadership teams are already struggling to keep up with customers' needs.

The second challenge is to formulate your own digital vision, the digital strategy for how you will respond to changing customer needs and revenue streams. We help many companies do that and shaping a desirable position and a strategy for how to get there is not the most difficult part of the process. Typically, the most important thing is really the execution.

There is a third challenge too. If I, as a company, want to serve customers as they transform, how do I execute? What are the key capabilities I need to build or how can I change or transform my business to be relevant for them?

We work with many companies on pressure-testing their abilities to execute towards a desirable digital position and we see several capability gaps emerging globally, consistently across companies. One of the most frequently seen gap has to do with leadership and culture. It may seem like a fairly "soft" aspect to mention in our technology age, but it is truly emerging as the single most important challenge that CEOs and leadership teams are facing.

There are leadership teams which have been working in a certain industry for many years, and they have led the transformation that brought the company where they are now. And yet now it's about going from a vertical comfort zone to a fully horizontal, ecosystem-based worldview, and it requires a very different approach and sometimes leadership.

Do you have any personal experience with the particular challenges for leadership that you can share? What personal skills, in your opinion, are required, and what approach has been most successful so far?

I have seen how very important it is to address this challenge and to respond to it from a team's perspective. Some industry players are looking for the one digital expert in a certain area, and they then add that capability to the team without thinking through the whole context and the dynamics that kind of expertise brings to the leadership team.

Typically, this method fails because the new expert can add value for a certain period of time, but gradually it diminishes. So, as a CEO you really need to understand where your customers are going and how your digital strategy and therefore team setup needs to change to follow them. For me, it is crucial to rethink the team's dynamics, how you complement one other and to rethink the whole function of the leadership team – and that is a one big execution challenge.

As you do that, as you think through the dynamics of the team, you, of course, need leaders who can collaborate and know how you and your business can leverage that technology for your own good. The difficulty is however in finding the people in the market and building the team that can work in this ecosystem and the new space that is emerging.

What would facing this challenge mean in practical terms?

Practically, facing this challenge means that your leadership team needs people with a global outlook, a relationship capability to work with leaders from other companies and industries, and your team needs to be able to co-develop strategies and understand how to work together effectively with other companies, with the customer in mind. Sometimes it means sharing revenues and profits that previously belonged to either one of you. This is difficult.

As the importance of an ecosystem perspective becomes obvious, leaders are often quite afraid of opening up a discussion with partners, customers, and potential competitors. That's always the leadership challenge, but you cannot be driven by fear if you want to lead the transformation. You can only lead through initiative.

The key is to reach out and find the people you need, the way of working, the methodology-structured process for how you and your leadership team can continue to lead and to reach out to these other companies and drive the discussion to explore common ground. It's maturing now so the technology, market and devices are there, and the leaders are more and more permitted the space from shareholders and boards. Leaders really need to work together – yesterday's competition is today's joint value creation. It's worth having a number of people in the team that can be used as ambassadors and facilitators for collaboration, who break down the legacy barriers. People capable of that are not that common on the talent market today.

Remark from the authors: Amrop is a premier global executive search firm, serving industry leading clients from 64 offices in 51 countries for more than 40 years. Our technology and telecom practice invests in understanding client strategic context matching it with the changing and global top executive talent market every day.

In the context of this, what are the goals that boards should set for management teams to be successful?

I believe that building the ecosystem capability in the company should be the biggest priority for a board today. The way I see it, it takes a method, process, and a conscious strategy to make this happen. Difficult and challenging strategic choices will need to be made down the road, and many of them are

highly challenging due to the fact that they are made within an ecosystem environment, where there is no black or white - it's often a grey area.

To move forward you need to instil trust and courage in your leadership team – this new horizontalization is a big step into the unknown for many. They need to have this unique ability to take on your partners, lead them and work together – and that takes a very different personality, experience, and a toolbox. It's not there yet today. There are, however, tools, processes, and methodologies for a leadership team to use for how to make this happen. We see it increasingly that teams adopt those tools and move in the right direction.

So where are we heading, and what consequences will we be facing there?

That's a great question. As a leader you typically tend to overestimate the short-term and underestimate the long-term, and this has never been truer than it is today - given the speed of change of access and communications technology - how broad the change and impact is, and how deeply it penetrates our lives as individuals, in our businesses, and in our society as a whole.

If we look to 2030, we see an evolution of the marketplace and how you go about your business – there are a few things that we can see already today. We see many industries experimenting and using digital technologies, such as AR/VR, AI, Automation, applied to certain products or services they provide, like cars, mobile phones, computers or houses. Increasingly, we also see that in enterprise segments the use of automation between connected products and processes is picking up momentum.

What we see happening within the next five to ten years is that these groups of products will become increasingly connected to one another using 5G technology with a significantly lower latency, enabling many more use cases and significantly more value. Then the world will be launching 6G technology, which will arrive in around 2028, so it's rather soon. With that we will see the clustering of products that are using artificial intelligence automation at various cloud and cloud edge compute capabilities, enabling the emergence of collaborating systems, not only products, within networks.

Once the 6G arrives, these clusters will begin to be able to connect and compute collaboratively with one another in real time, so, for example, an intelligent self-driving system will be able to connect to any other intelligent system, for example the mentioned highway system in the US. The same may apply to airports, seaports, railways, or government functions and so on. We are moving towards what we call a system of systems era where the machines and the systems are taking a lot of the decisions we take today. In this era, many decisions will be automated, and data driven so we don't need to, and, very likely, don't want to be part of all those decisions.

And it is important to understand: if the system of systems is here around 2030, as a board or a CEO you need to have an idea on how it will affect your business. Nobody knows exactly what it will look like and what it will enable us to do, but a hypothesis is a good start. Some CEOs are already implementing a much more structured and proactive process towards understanding the future and translating that into implications for capabilities that they need to have to execute. Then they build a structure and toolbox that engages with customers and with partners to co-develop an understanding of the future, and the relevant strategies to capture the value in that ecosystem. Defining who will do what and then how to capture that value is an exercise you need to do together in the ecosystem, without being delayed by the boundaries of the past legacy. You need to use the knowledge to assess your capabilities to execute in that environment.

If you have implemented a way of working in a leadership team today, you are much better equipped to handle the emerging transformation of the marketplace which we see ahead, and you will be ready to capture the value of the ecosystem that should be yours. We are in the middle of a great digital transformation and now is the time for action.

About the authors

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The authors wish to thank Jan Abrahamsson for his and Ericsson's help with this article.

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