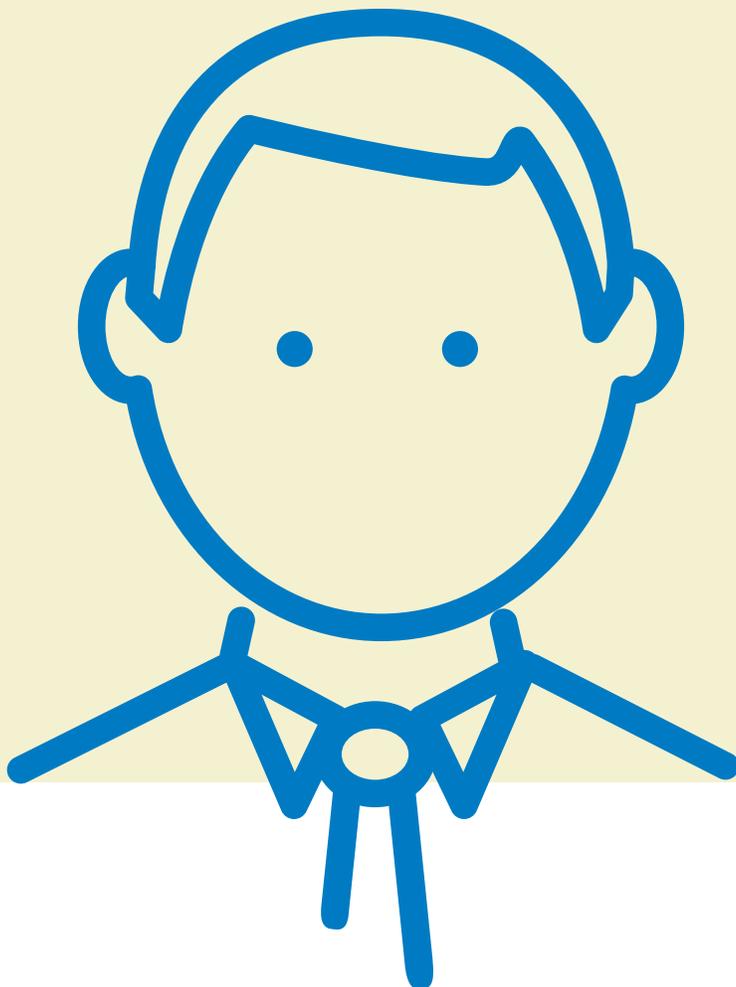




A New Frontier: The Chief Digital Officer in Health Care





GOVERNANCE THOUGHT LEADERSHIP SERIES

“Disruption,” we know, is the new buzzword that’s dominating the global marketplace. The term is often used to refer to a technology-driven business, product or practice that turns an industry on its ear. But of all the sectors in the world economy, it is health care that will undergo the most pervasive digital transformation. Thus far it has lagged in its ability to quickly implement some technological changes, the industry now finds itself in a place where the opportunities and demands are so great that it must move forward swiftly to grasp the opportunities that technology brings. Advances in technology, interoperability, shifting risks and consumer expectations are creating a perfect storm of new entrants and internal disrupters that will upend the status quo. Moving to value across the continuum of health care will require levels of sophistication in thinking and action beyond what many organizations are equipped to handle.

The question all providers and payers must ask themselves is this: How are we dealing with the opportunity of digitization? There is no organization in the health care field that is not being impacted—both at the “core” and “edges”—through rapid advances in technology and connectivity. These impacts will enable new business models to evolve and will necessitate the advancement or replacement of outdated practices.

These initiatives potentially have great ROIs, and seem plausible, but there is not an endless supply of money to fund them. So how do you decide what to do and which goes first? And how do you not end up with stranded investments? The CEO turns to the board to help establish the vision and direction of the organization, and similarly he or she should turn to a chief digital officer – a digital transformation executive — to develop a technology strategy.

No one c-suite individual may have the digital literacy to navigate today’s myriad technology challenges in health care, and so the CDO becomes the leader of the digital transformation. The CDO is essentially a transition role: helping an organization go from analog to digital. In health care, this

transition can last seven- plus years. You may wonder what this digital transformation looks like. Here are some goals the CDO could strive for:

- **Get a few quick wins,** but as in all transformations, the CDO should have both quick digital wins and also a long-term strategic agenda. A win could be a consumer app or a telehealth initiative.
- **Core activity.** Understand how digitization can change core processes. For health care, an example would be using data (internal and external) to help with diagnosis so doctors can spend more quality time with patients. How would digital enablement of your core processes accelerate your ability to respond to regulatory, reimbursement or other market shifts?
- **Edges.** There is often more customer data outside the organization than inside. How do you partner, ingest external data and create algorithms to assist in delivering value? How will new entrants threaten the edges of your value chain?
- **Interact with and engage customers** in a way that serves their needs. Web, mobile, social, augmented reality, bots, etc. How will your customers or patients engage with the organization virtually, and how do you create sustainable and sticky relationships to keep them actively engaged in their own health?
- **Craft the digital roadmap.** This is the long-term strategy and involves technology, business processes/ architecture, and generally educating and helping the senior leadership team see how the business might transform. A CDO may need a capability model to frame decisions and navigate the ever-increasing number of offerings from partners and competitors alike.



TERMS

Core - your internal processes.

Edge - data that is external to your core, is customer/patient-related and is hugely impactful. Core and edges eventually merge into a platform – which a chief digital officer should build toward.

Digitization - Big data/analytics, AI/machine learning, cloud, mobile, social, Internet of Things, natural language, bots, telehealth, etc. – in other words, all the really cool tech stuff happening in the world today.



- **Ensure that the digital roadmap supports the core purpose** and goals of the organization as articulated by the senior leadership team. It is important that the CDO work in collaboration with other members of the team, as this role may be perceived as disruptive. The nature of today’s market necessitates this be an ongoing conversation, not a yearly planning exercise.

The CDO could work in tandem with the chief information officer, manage the CIO, be the CIO, or sit outside IT. What you don’t want is for the CDO to have responsibilities redundant to those of the CIO. Fundamentally, this job requires a different kind of expertise, and requires focus and velocity beyond a normal operational cadence. What does a CDO look like? What is the best background for her or him to have? Here are some thoughts:

- Ability to lead transformation — horizontally. As seen above, the CDO must digitize the core as well as the edges. He or she must be a systems thinker.
- Ability to articulate a strategic vision.
- Technical expertise to understand and evaluate tech trends and see how/where the organization might fit. Needs to have the ability to articulate a digital roadmap and architecture.
- Communication skills, evangelism, charisma.
- All organizations are becoming tech organizations,

and the CDO must have the ability to inspire his or her peers to see the benefits of moving toward this new reality.

- A background rooted in some type of digital, consumer-oriented business. Preferable for him/her to have led a digital transformation in such an organization. Second preference is for the CDO to have come from a pure-play digital business; she/he will “get it,” but won’t have gone through the learning of a transformation.
- Patience, organizational savvy and fortitude. To understand how to manage and push through an agenda. This means collaboration with peers as well as support and buy-in from the CEO.
- Consumerism. We all experience daily the Apple user experience and the Amazon fulfillment —it’s what we have now come to expect from all our interactions. The best candidates have been key players on this best-practices digital journey—and understand where both the opportunities and the road bumps are likely to be found.

Adapting to new technology and the digital transformation of health care can seem like a daunting feat. It is an increasing area of concern for hospital boards, and making sure they have the right leadership in place to face this ongoing disruption is one way to set up their organization for success.

There is a lot to keep up with in health care. Texas Healthcare Trustees is here to help our members, trustees of hospitals and health care systems throughout Texas, with resources that will help to stay up-to-date on important information that can impact how they lead their organization. THT’s Governance Thought Leadership Series is one of many resources THT has available for health care board members. To learn more about this series and to view other tools and resources available, visit www.tht.org.



The development of this new resource could not have been accomplished without the support of Diversified Search.

This resource was authored by Tony Leng, Managing Director of Diversified Search. Headquartered in Philadelphia, Diversified Search is the largest U.S. female-owned and -founded firm in the search industry. The firm has offices in Atlanta, Boston, Chicago, Cleveland, Miami, New York, San Francisco, Southern California, and Washington, D.C.

Diversified is the parent company of life-sciences retained search firm BioQuest, and is also the exclusive U.S. partner of AltoPartners, an international alliance of 58 independent executive search firms that spans 36 countries across the Americas, Europe, the Middle East, Africa, and the Asia Pacific.

Recently, Diversified Search was named one of the top five executive

search firms in the country, the result of an exhaustive research survey conducted by Statista, Inc. to determine the firms that, in the words of Forbes, “are best equipped to win the talent war.”

It is the second year that Forbes and Statista have teamed up to determine the annual ranking of the nation’s 250 best recruiting firms specializing in positions with base salaries of at least \$100,000. Diversified Search has placed fifth in this year’s ranking. To determine the list, Statista surveyed 30,000 recruiters and 4,500 job candidates and human resource managers who worked with recruitment agencies over the last three years, asking them to nominate their top partners in search.

Interested in providing content for THT’s Governance Thought Leadership Series? Contact Heather Parsons, vice president of development at hparsons@tha.org or visit www.tht.org.