

# DIGITAL TRANSFORMATION REWRITES THE WORKPLACE

23 April 2020 | Global  
Legal Briefings

---

The fourth industrial revolution is well and truly underway, spurred on by the current COVID-19 pandemic. Technological innovation is fusing our physical, digital and biological worlds, transforming laborious analogue processes into efficient technology-enabled equivalents. Automation and artificial intelligence continue to grab headlines as workforces struggle to adapt to the “new normal”, but business leaders must take note that realising their true potential means more than just implementing these technologies. To be successful, any digital transformation must also address the wider organisational changes that are needed to embed that technology into the workplace.

Once upon a time, barrels of oil moved from A to B accompanied by painstakingly drawn-up documentation and contracts that had to be notified and dispatched by post. Technology has rewritten that story and today the industry is increasingly turning to an interconnected web of Internet of Things (IoT) sensors, blockchains and digital platforms to track the barrels’ progress to their final destination. They make the process quick, easy and transparent. The digitalisation of the oil industry does not stop here, either, with a flood of technologies like smart legal contracts set to keep this landscape evolving for years to come.

But, for all the benefits of digital transformation, it seems to bring with it a palpable sense of trepidation amongst senior executives. An increasingly automated workplace will, according to 57% of C-suite respondents to Herbert Smith Freehills’ Future of Work global survey, be the top trigger for employee activism over the next five years. The potentially significant upsides, such as greater efficacy, cost-savings, higher-value job creation – even just being able to maintain day-to-day operations in this challenging climate - risk being overshadowed if businesses fail to address these fears head on.

## FROM ANALOGUE TO DIGITAL

Digital transformation can mean many things to many people. Generally, however, it is the umbrella term that describes the process of converting information from a physical format to a digital one and then leveraging that conversion to improve business processes.

**“Technology is really just of the tip of the iceberg when it comes to successful digital transformation. Look beneath the surface and you will see that the greatest impact on success comes from the broader organisational changes that are needed to embed that technology, whether to culture, ways of working, organisational structure, or otherwise.”**

**Alex Cravero, Digital Law Lead-UK/US & EMEA, Herbert Smith Freehills**

Many organisations that are stealing a march on their competitors - and best adapting to the challenges presented by COVID-19 - have done so through change programmes that create a digital mindset and culture that centre on multi-disciplinary teams and agile ways of working. This enables cross-functional collaboration that is pivotal to adopting the “fail-fast” approach to experimentation that is needed to drive transformation.

But “technology is really just of the tip of the iceberg when it comes to successful digital transformation,” says Alex Cravero who leads Herbert Smith Freehills’ Digital Law Group in the UK (together with Charlie Morgan), US and EMEA. “Look beneath the surface and you will see that the greatest impact on success comes from the broader organisational changes that are needed to embed that technology, whether to workplace culture, ways of working, organisational structure, or otherwise. It demands that business leaders look critically at every aspect of their organisation and tackle head-on the challenging issues of workforce beliefs, mindsets and behaviours that will ultimately make or break adoption of any technology.”

Although teams may typically be used to working towards well-defined outcomes that are scoped at the outset of their projects, agile teams function in a customer-centric world that involves iteratively adapting their work-product and schedule based on continuous testing and feedback. Certainty, which gives most people a degree of comfort, is removed. Failing to recognise and address the shift in mindset and behaviours of the workforce as part of the implementation of these new ways of working serves only to risk the success of the team and, in turn, the culture on which it is based.

## **UPSKILLING EMPLOYEES**

Beyond the changing shape of teams and organisational ways of working, technology is driving wider changes to employees in terms of the type and quality of work that are being carried out now and will be in the future. The uncertainty that this brings can be daunting, sometimes resulting in an aversion to change.

That aversion is perhaps understandable given the pace with which businesses are automating operations that would typically be carried out by humans. The benefits for business leaders are clear: greater efficiency, greater accuracy, greater profit – and, in times like these, greater adaptability and operational dexterity. But what happens to the employees that this technology replaces?

While the days of mundane, rules-based business processes may be numbered, the same cannot be said for those processes that rely on human capabilities that cannot be replicated by machines – emotional intelligence, creativity, empathy. Combined with technological skills, these capabilities hold significant value with employers.

“Unlocking this value is a vital component of a successful digital transformation”, says Alex Cravero. However, while automating routine processes is providing the employers with the opportunity to engage larger proportions of their workforce in higher-value roles, the fact is people that possess both the necessary capabilities and digital skills are in short supply.

“To overcome this, business leaders must make it a priority to bring each individual along on their transformation journey”, explains Alex Cravero. “Beyond demonstrating the value of digital initiatives to their workforce, this means employers providing a clear vision of where each individual fits within the future organisation and implementing a strategy to upskill the digital and other capabilities of those individuals – and the workforce as a whole. This task, which is hard at the best of times, has been made that much harder by the added uncertainty of the COVID-19 pandemic.”

### **Established names become technology companies**

Companies operating in traditional industry sectors, like finance, oil and gas and retail, are rebadging themselves as 'technology companies'. Among them are Goldman Sachs, Exxon, GE, Citi and Walmart. Each operates in a data-rich environment and uses technology to improve existing, and drive new, businesses models with the aim of generating higher revenue growth and profitability than their peers.

For businesses, harnessing the potential of digital transformation can deliver unparalleled benefits. Being seen as 'digitally-savvy' is a competitive and commercial imperative in a world where those at the forefront of technological innovation routinely outpace stragglers in terms of revenue generation and profitability, according to [IBM](#).

"This helps organisations to stand out from their competitors by demonstrating to the market that they are successfully navigating the challenges of digital transformation and reaping the rewards", explains Alex Cravero. "Beyond mere perception, having a good command of technology can enable businesses to lower costs, increase savings and create opportunities to generate new sources of value."

Take process automation, for example. Removing the human element from repetitive processes may not only lower costs, but can also reduce the risks associated with human error. This may lead to potentially significant savings, given that human-made incidents account for four of the top five causes of loss that result in corporate insurance claims in some sectors, according to [Allianz](#). In turn, upskilling and redeploying those employees into other value-creating roles could lead to the creation of new business models that drive further revenue growth.

In any event, success in digital transformation will stand employers in good stead to navigate their organisations through a business landscape that is constantly evolving. With a technological horizon that is set to include more complex forms of artificial intelligence and smart legal contracts – contractual documents that combine both natural language clauses and computer code so that, when run on a digital platform, the performance of certain contractual obligations is automated – that agility may well be the difference between sinking and swimming in this digital age.

[More on the Future of Work](#)

## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



**ALEX CRAVERO**

DIGITAL LAW LEAD –  
UK/US & EMEA,  
LONDON

+44 20 7466 2814  
alex.cravero@hsf.com

---

## LEGAL NOTICE

The contents of this publication are for reference purposes only and may not be current as at the date of accessing this publication. They do not constitute legal advice and should not be relied upon as such. Specific legal advice about your specific circumstances should always be sought separately before taking any action based on this publication.

© Herbert Smith Freehills 2020

---

**SUBSCRIBE TO STAY UP-TO-DATE WITH LATEST THINKING, BLOGS, EVENTS, AND MORE**

Close

© HERBERT SMITH FREEHILLS LLP 2020