5 TAKEAWAYS

FROM A
SUCCESSFUL
DIGITAL
TRANSFORMATION
APPROACH

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INTRODUCTION

In past few years, Digital Transformation (DT) is perhaps the most talked about topic in business aisles. It rightly brings the promise to revolutionize the future of business, of society, the way we live, work, interact etc.

Global technology research firm IDC says that direct spending on DT between 2018-2021 is expected to be $5.9 trillion. To navigate the digital economy, global entities are quick to incorporate new digital KPIs clearly focused on product/service innovations, capitalization of data, and aiming superior customer experience.

While the value of DT is indisputable, the bigger question that surfaces often, is whether or not these investments are delivering returns? Are digital strategies resulting into better customer experience and customer engagement?

Unfortunately, the answer is largely 'NO'. And there are facts to support the claim.

A recent survey of directors, CEOs, and other senior executives found that despite being the top concern in the year 2019, 70 percent of all DT initiatives do not reach their desired goals. Of the total $1.3 trillion spent on DT last year, approximately $900 billion went waste.

Why do only a few DT efforts succeed and most others fail? It's simply because organizations lack the right approach to transformation. While many claim their DT strategies aim to provide possibilities for efficiency gains and create customer intimacy, the practices are found flawed. To succeed, digital transformation should be guided by the broader business strategy and not point targets.

1. SOLVE A BUSINESS PROBLEM

Digital transformation isn't an easy undertaking and often confused with technology deployment. While its true that technology forms the core of DT, it isn't about technology alone. The right approach is to have a strategy that aims to solve a business problem and beyond. Due to lack of this foresight - both from business and technology – digital transformation starts to fail. The bigger mistake organizations make is to take a technology-centric view of digital transformation.

When a global manufacturing major, with large workforce, shared with us their challenge of workforce productivity and process efficiency, the first wave of the solution we delivered was a mobile app through which the workforce log in and out automatically as they walk in and out of the factory. It was probably one of the most basic applications of digital, but oriented towards solving the business problem.

If you multiply it with 10,000 employees saving on average 1-3 minutes every day, the benefits start to add up.

The app also started discovering behavioural patterns and added a critical dimension to employees' productivity measurements including the time spent inside the factory and on the shop floor.

If your DT isn't solving a business problem, then it is merely a technology experiment. It doesn't matter whether the DT initiative is small or big, it should be impacting either the topline or the bottomline or it may also be helping you drive a critical regulatory compliance. Even businesses easily sponsor DT initiatives that solve a business problem.

2. ENTERPRISE ARCHITECTURE:
THINK GLOBAL, ACT LOCAL

The second key aspect is to 'Think global, act local'. A myopic approach to problem-solving doesn't work in this modern age. Let's go back to example quoted above. While the answer to the business problem was a mobile app, the bigger factor to consider was it had to fit into the larger global architecture rather than just being piecemeal.

Too many staggered initiatives, isolated from each other, create a nightmare from a technology standpoint. Technologists and CIOs, aiming to create winning digital transformation initiatives, have to look at the broader business framework and then prepare the enterprise technology architecture that can become a reference architecture for all future initiatives. Creating an enterprise architecture gives the guardrails for the local initiatives and yet provides the flexibility and speed that is critical for driving business outcomes. It's not easy but is a cornerstone to successful digital transformation initiative.

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3. *"KNOW THE BIG PICTURE"* HAVE AN INTEGRATED APPROACH

It would be crucial for businesses to know the big picture of Digital Transformation to deliver big rewards. In order to deliver quick wins, there is often a bias towards picking several low hanging projects. This leads to a disintegrated, one-off experience with limited impact on the overall process efficiency.

Business and IT teams should work in tandem to look at the overall process for a business function and then break it down into contiguous blocks of projects - ranking them on complexity, data availability, impact etc. Now you can pick a 'low hanging fruit', keeping in mind how this project fits the larger process and ensure you pick the next project that takes inputs from the previous one and deliver higher RoI and so on.
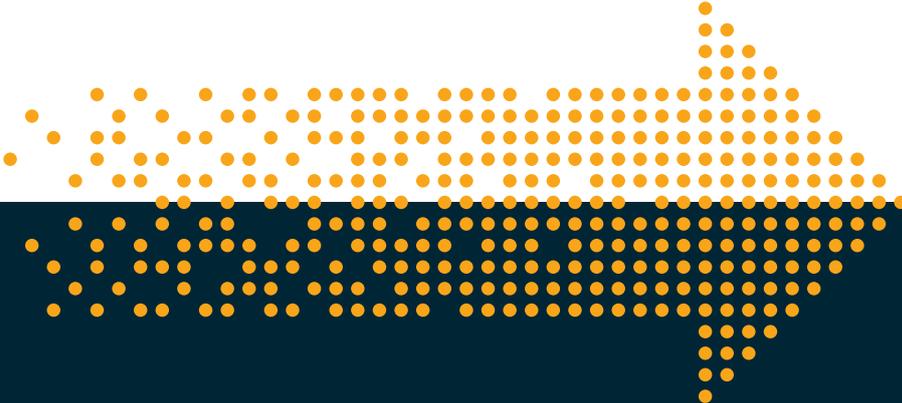
When a large Telco came to us with an objective to improve their field services operations, we adopted a similar approach and looked at the entire supply chain process to create a portfolio of solutions with an implementation roadmap that leveraged the outputs of the prior steps. The impact delivered was exponential!

4. CHANGE MANAGEMENT IS ABOUT PEOPLE AND TRUST IN DATA

Change management is crucial and should be at the center of your digital transformation strategy. If you want to be a 'Data First' organization, reducing or eliminating the 'experience bias' requires significant change management at all levels. In absence of which, it will be difficult to make data-driven decisions.

01 Seeing the bigger picture and the impact of driving the Digital Transformation. This is well suited for the top executives of the organization.

02 Extending the execution flexibility with consistent enterprise reference architecture.

03 Creating a data strategy that creates enough trust to make data based decisions.
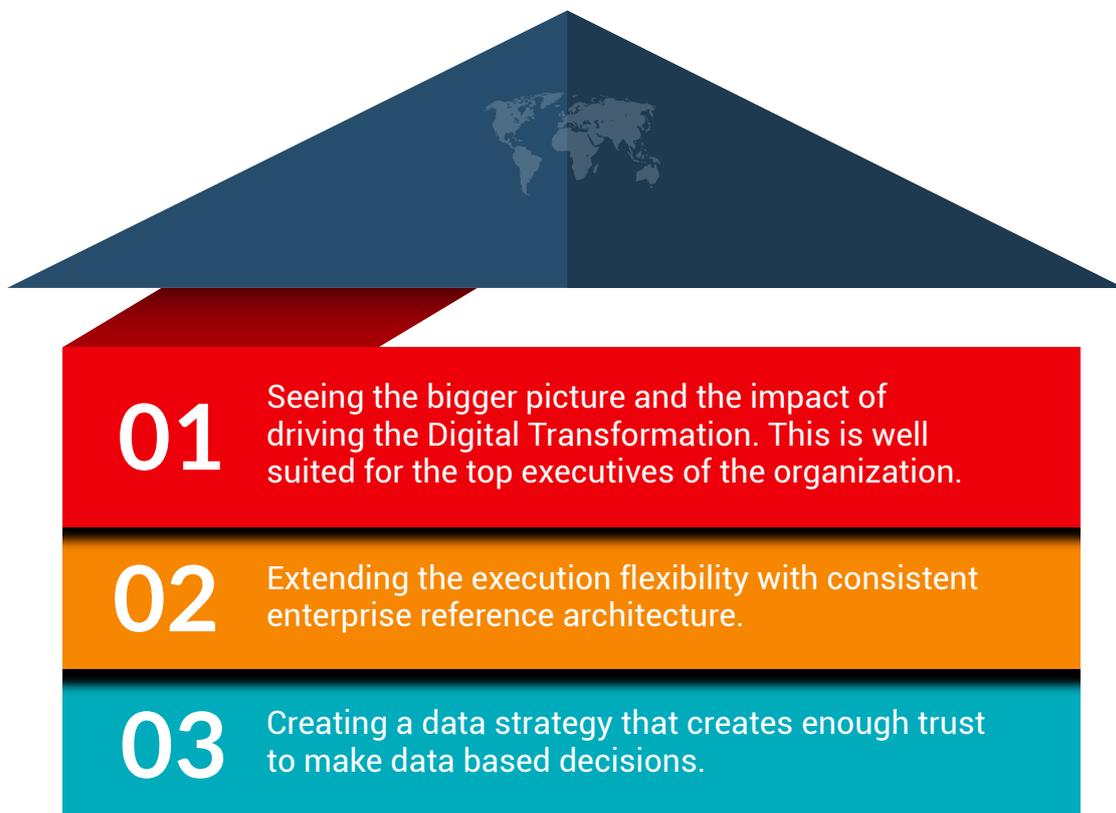
It is important for executives to understand the larger impact of DT and make it a part of their strategic vision and priority. It is equally important to create the right data foundation and enough flexibility for execution and realization of this vision and strategy. The realization team should be empowered to take the decisions (within the defined enterprise architecture) and drive results.

Lastly, while there is a clear bias towards leveraging the latest evolution of Artificial Intelligence and Deep Learning, creating a robust data governance and pipeline is the bedrock to a 'Data First' organization. It may not sound very exciting but your change management and digital transformation efforts will miserably fail unless you have confidence in your data strategy.

5. *"Journey is the Reward"* Transformation has to be Continuous

This is the final takeaway. Transformation needs to be a process of continuous realization. It is all about a continuous response to the ways that technology can change how business is conducted, customer expectations are addressed and the needs of employees are taken care.

At the end of the day, the analytical models, though created on the basis of trusted data sets, are still probabilistic models. The naysayers can still confront you on the veracity of those models. Therefore, these models have to be continuously tweaked, optimized. Rarely ever we find any digital transformation journey that is 'won and done'. Take for example supply chain optimization. It's not a one-time initiative. Almost all organizations, small or large, strive for a continuous improvement in their supply chains.

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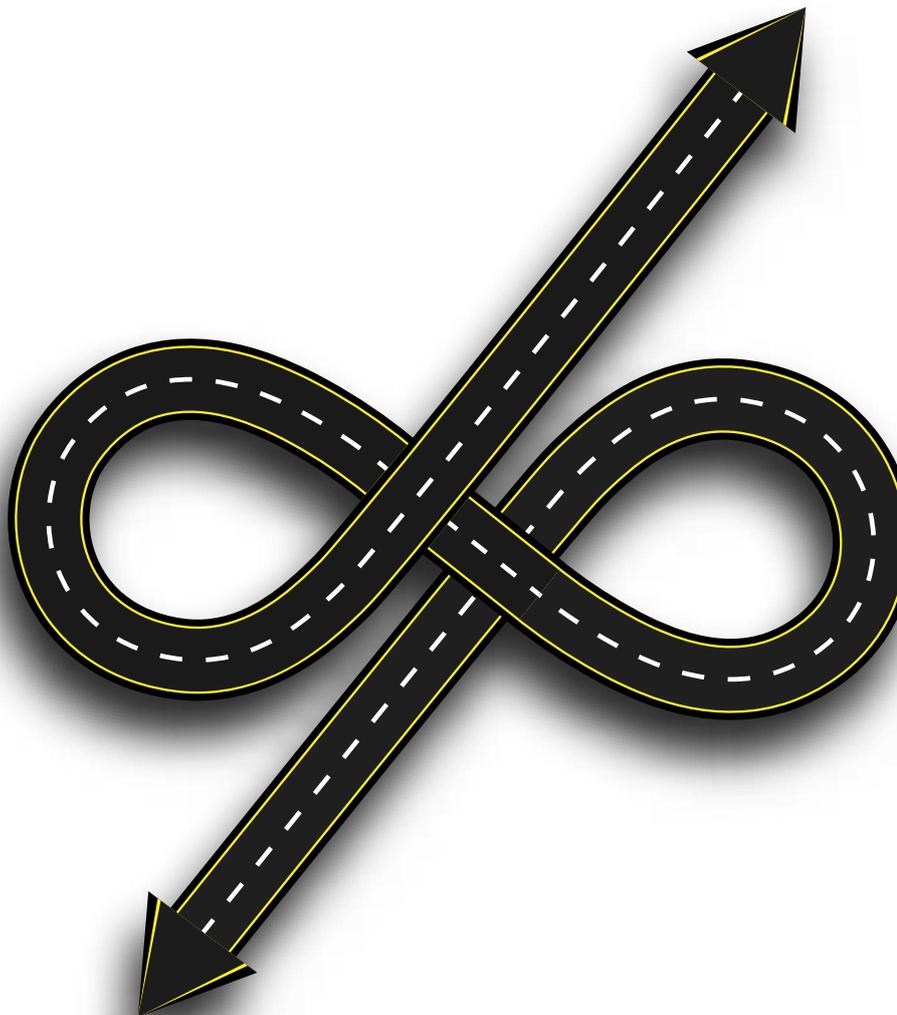
CONCLUSION

According to a recent report by Gartner 40 percent of CEOs list company's growth as their top priority. But digital technology— or the lack of it — remains a significant impediment to it. And the above-mentioned five steps can take you closer to achieving a successful digital transformation.

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