How Digital Transformation Can Set The Ball Rolling For Mega Conglomerates

The utilization of technology to enhance performance of enterprises
in a radical way is what digital transformation is all about

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Introduction

Digital transformation (DT) is the use of technology to improve performance or reach of enterprises in a radical way. It entails the use of cutting edge advances in technology such as mobility, big data, analytic, social media and smart embedded devices, and also improving the use of legacy technologies to improve key processes such as business models, operational processes, and customer relationships. More and more enterprises are looking at this concept with interest owing to its potential to transform their functioning and improve competitiveness.

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Digital Transformation Adoption

- *Transformation of the organization through competent leadership*
- *Optimization of new technology*

Companies lag behind in adopting digital transformation technologies.

While digital upstarts may start with fully loaded digital technologies and upgrade proactively, several other companies, especially large companies, prefer a wait and watch approach. Their reluctance is owing to the fact that for all the advantages and possibilities that digital transformation technologies offer, it is a double-edged sword. Digital transformation technologies are sure to disrupt the enterprise and it requires sound and competent leadership to channel the disruption in a positive way. Successful digital transformation comes not by just implementing new technologies, but by transforming the organization to take advantage of the possibilities such new technologies enable. Worse, left to itself, digital transformation may create chaos and cause the breakdown of internal systems and unraveling of the organization.

Again, despite the widespread advancement of technology and its dissemination to the masses, very few businesses actually leverage the full value of new technology, even when they own the technology. A case in point is the Enterprise Resource Planning (ERP) suite. Many businesses implement ERP, CRM or other technology-enabled interventions by putting in painstaking efforts, but still realize only basic levels of value from such investments. Digital transformation allows businesses to make the incremental effort required to gain additional value and thereby optimize the use of these resources.
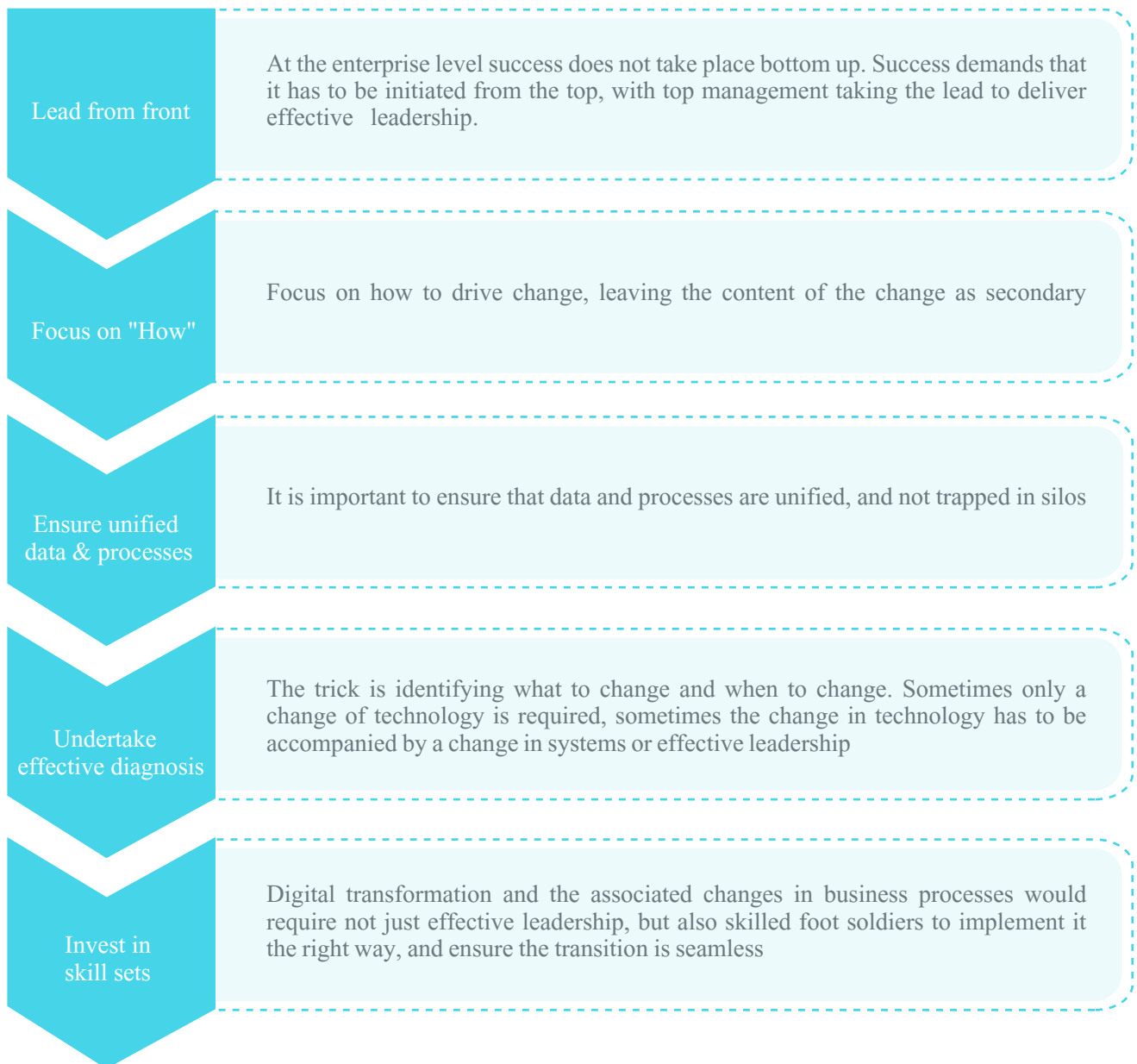
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Roadmap

1. *Systematic approach*
2. *Top management taking the lead to deliver effective leadership*

Successful implementation of digital transformation technologies requires going about the task in a systematic manner. Here are the key roadmaps in the journey towards digital transformation.

The roadmap towards attaining the stated goals by leveraging digital transformation is by no means easy, with many stumbling blocks on the way.

Lead from front

At the enterprise level success does not take place bottom up. Success demands that it has to be initiated from the top, with top management taking the lead to deliver effective leadership.

Focus on "How"

Focus on how to drive change, leaving the content of the change as secondary

Ensure unified data & processes

It is important to ensure that data and processes are unified, and not trapped in silos

Undertake effective diagnosis

The trick is identifying what to change and when to change. Sometimes only a change of technology is required, sometimes the change in technology has to be accompanied by a change in systems or effective leadership

Invest in skill sets

Digital transformation and the associated changes in business processes would require not just effective leadership, but also skilled foot soldiers to implement it the right way, and ensure the transition is seamless

Suyati
dream, dare, do

1. Lead from the Front

The masses have high expectations from digital technologies. They expect change and their online behavior resonate a high level of digital-readiness. Employees expect and are eager to collaborate with co-workers the same way they do with friends. Many employees actually go ahead and implement their personal digital practices in their work spheres without waiting for corporate policies and practices to catch up. The example of using personal WhatsApp to connect with colleagues is a common example.

However, successful digital transformation at the enterprise level does not take place bottom up. Success demands that it has to be initiated from the top, with top management taking the lead to deliver effective leadership.

Successful digital transformation requires reshaping the organization to take advantage of existing strategic assets in new ways, and this would most certainly require envisioning radically new ways of working. Moreover, digital transformation is not simply implementation of the latest cutting edge technology. It is rather a people challenge as well, often requiring transformation of key business processes.

The initiative and the pressure to kick-start digital transformation may come from stakeholders such as customers, rank and file employees and even competitors, but it requires strong top leadership to drive the change, by re-envisioning how the key processes would run, the changes in customer relationships, and other crucial aspects that digital transformation will bring out.

2. Planning: Focus on the "How" Rather than the "What"

Successful digital transformations focus on how to drive change, leaving the content of the change as secondary. For instance, if the enterprise decides to implement a new online chat tool that allow employees to remain connected always, the focus should be on how to implement the move, how to gather employees to accept this change, how to sort out issues such as invasion of personal space, how to tackle any changes in business processes this move may bring about, and more. The "what" or the actual technology – whether to use WhatsApp, Line or develop custom software is secondary.

3. Preparatory Works: Ensure Unified Data and Processes

 If there is a pre-requisite before unleashing the power of digital transformation to change enterprise, it is to ensure that data and processes are unified, and not trapped in silos. Large successful companies often operate in silos, each with their own systems, data definitions, and business processes. Generating a common view of customers or products is very difficult in such a scenario. But without this common view, it is impossible to drive advanced approaches to customer engagement or process optimization. Unified data and process is the key that unlocks the many latent possibilities of digital transformation.

4. Implementation: Undertake Effective Diagnosis

Large companies drive successful transitions not by making a wholesale replacement of the digital assets from time to time, but rather by transforming some of their existing resources and competencies to suit the changed environment. The trick is identifying what to change and when to change. Sometimes only a change of technology is required, sometimes the change in technology has to be accompanied by a change in systems or effective leadership. Thorough diagnosis to make a cost-benefit analysis of new technology, ascertain how digital technology will fit in with the company's existing process and operations, understand what assets will be useful in a digitally transformed world, and decipher when traditional assets and sources of advantage no longer provide value holds the key towards a successful digital transformation.

5. Invest in Skill-Sets

Digital transformation and the associated changes in business processes would require not just effective leadership, but also skilled foot soldiers to implement it the right way, and ensure the transition is seamless. There is also the issue of driving the right culture or the need to cultivate the right mindset for the digital transformation among the rank and file. While some companies are successful in reassigning or retraining existing employees for the new order, other companies, who lack in-house talent with compatible skills, would have to acquire skills from outside. The saving grace for companies is that it need not always be permanent employees - competent vendors and consultants would suffice in most cases.

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Crucial Applications

1. *Power-Automation*
2. *Effective use of Analytics*

Having resolved how to get digital transformation working for the company, here are some ways on how companies can leverage Digital Transformation to its benefit and set the ball rolling towards organizational excellence.

Expand Marketing Capabilities:

Tech savvy companies may leverage emerging technologies, especially those related to online and mobile space, to spruce up their marketing efforts.

Most companies have a strong online presence, with websites, social media accounts, and more. However, very often, such presence is in silos or stand-alone. One application of digital transformation is taking such online presence to the next level. Integrating different websites and social media accounts of the business on a common platform facilitates a unified and centralized marketing effort, and eliminates duplications. For instance, a large hotel chain may integrate all websites of its different hotels in a single platform, allowing property managers to dip into the common corporate digital marketing tools to create content unique for their property, without each manager having to develop their own tools independently. Bringing in social media to the same platform allow the company to pull in user comments or TripAdvisor ratings to selected pages on its websites.

Mobility is the latest wave in technology development. Most companies roll out mobile apps, but digital transformation has the potential to take mobile marketing to a whole new level. The mobile, being a personalized device, provides companies the opportunity to engage with their customer on a one-to-one or customized basis, and marketers may use emerging technologies such as RFID and location-based services to offer dynamic customized engagement in real time. For instance, a large hotel chain could issue mobile coupons for restaurants or other services, for registered mobile numbers in the vicinity. Customers may receive personalized service and information from digital displays located around the hotel properties through their smartphones. At the back end, different properties of the chain may send out their own mobile marketing messages, yet deliver messages through a unified corporate-level system, which makes tracking and analytic to a whole new level of effectiveness.

Transform Internal operations:

Emerging technologies have the potential to transform internal processes of large enterprises in a big way. The following are some possible applications to this end:

• Shared Services: For conglomerates spread across different locations, a set of shared services available to all units, but tailored by the units themselves to factor in local conditions and requirements, such as differential tax rates, automates many processes and unlocks insights hitherto trapped in locational silos.

• Improvements in value chain: Emerging technologies can speed up the value chain or even eliminate some procedures altogether. Consider the case of an apparel company that adopts digital design processes when collaborating with manufacturing partners. The emerging technology eliminates the need to ship physical prototypes back and forth, thereby reducing the product development lifecycle by 30% and making the company agile enough to change designs quickly when the need arises.

• Power-Automation: Digital transformation enables companies to go beyond simple automation. Fully automated plants may eliminate manual labor requirements and the associated inefficiencies. Centralized HR functions facilitate self-service, freeing the HR team to focus on strategic management rather than mundane tasks such as leave processing. Automating the R&D processes allow researchers to focus on innovation and creativity rather than keep on repeating efforts in a trial-and-error mode.

• Effective use of Analytics: Companies can use analytics unlocked by big data not just to formulate strategies, but also to rationalize and improve operational efficiencies. For instance, front line executives of an automobile service chain may tap into the integrated analytics to gain insights about the customer and vehicle service history in a fly, even when the customer may have serviced the vehicle at another location on previous occasions. Companies may also use such analytic insights to automate their production process, thereby providing itself more scalability and better quality. A manufacturer may link data from shop floor control systems and automated warehouses to the ERP, to sustain operational efficiencies.

• Better Collaboration: Technologies considered as novel and hi-tech in the not-too-distant past, such as emails, video conferencing and more are today basic tools of the trade, enabling employees to collaborate routinely with people whom they may have never met in person, and to stay connected with the business on a 24 x 7 basis. Digital transformation offers the potential to transform work processes by incorporating such new technologies. A case in point is a financial services firm rearranging the office layout so that nobody had an assigned desk. Employees sit next to co-workers with whom they collaborate at that instant, and the latest collaboration and networking tools allow employees to talk with anyone in the company from wherever they are sitting. In a broad sense, digital transformation replaces limited one-way vertical communication with broad communication channels that are both vertical and horizontal.

• Performance management: Businesses could leverage emerging technologies to manage the performance of their employees better. Transactional systems give executives deeper insights into products, regions, and customers, allowing them to make decisions on real data rather than on legacy data that may be obsolete, or worse, on assumptions. Managers get access to a much greater level of detail than before, allowing them to compare status across sites or reallocate product manufacturing capacity in ways not possible before.

Better Customer Support:

The aim of all businesses being to please customers, a major application of digital transformation is to enhance customer-facing operations and customer support. Emerging technologies pave way for marketers and business managers to offer:

• New services to customers, to increase engagement with them and serve them better. A financial firm, could, for instance, launch digital tools that educate customers on financial matters in general, such as the stock exchange, and tie it to the company's products. An automobile company could launch and support an online forum on automobiles where enthusiasts could interact and share information. The possibilities are endless.

• Offer an integrated experience to customers, who now look at different places across multiple touch points. For instance, retailers offering home shopping could be given the option to receive products in a store, enabling convergence of two distinct channels. Success however depends largely on ironing out glitches, such as customer service representatives in a store being able to access online order history.

• Self-service capabilities to customers using digital tools. Automated teller machines in banks are the earliest manifestation of such offerings, and with development of technology it extends to online payment of bills, online scheduling of appointments, and more. Businesses may leverage the latest technologies on offer such as SMS, mobile apps, geo-location services and more to make such self-service offerings even more simple, fast, convenient and safe.

• Better customer touch points: Digital initiatives allow companies to offer better service through better touch points. A good example is that of a bank who established a twitter account to answer client complaints pronto, saving customers the hassle of having to go to a branch physically or even search the website. What made this digital initiative unique is its promotion of an expert community consisting of several employees and other customers, heralding a new crowd sourcing model in customer support.

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Digital Transformation Adoption

Successful application of Digital Transformation technologies by leading companies

Several companies have over the years, applied Digital Transformation technologies successfully and gained immensely from it. While they have generally drawn inspiration from the road map mentioned before, at the end of the day there is no hard and fast road map, and the journey will vary according to the nature of the business, their objectives and goals with the exercise, and the nature of technology in use.

PwC-Multinational Retailer

A case in point is a multinational retailer with cafes across divergent markets taking the leap to build an impressive social presence, despite having only a limited capacity to generate and share best practices throughout the organization. The company hired PwC as the consultant

- The company's social media leadership team worked with PwC to build a strategy and implementation plan for the community
- Formulated standards and documented the key processes involved into a social media playbook.
- Developed an interactive social media training curriculum.

BNP Paribas

BNP Paribas, the international banking giant, opted for digital transformation to overcome the looming economic crisis, kept pace with regulation and technology adoption. The company applied the intervention to streamline middle and back office processes and put the focus on profitable business areas.

- The first step of the transformation focused on reach, and entailed creating a multichannel strategy incorporating the web, mobile, social media and other emerging technologies.
- The second step of the transformation integrated transactions across channels. A new digital platform leveraging firms various distribution assets into multichannel processes and tools streamlined operations.
- The next step was building a conversation with clients using an external CRM and analytic-based tools.
- The company launched multiple initiatives such as mobile apps, increased customer touch points, providing customer service on Twitter and advertising on Facebook, to delight the customers.
- Ultimately the bank also launched new mobile bank services in partnership with a telecom operator, which involved a shift from a traditional business model to a digital one, with a different cost and revenue structure.

AIRCO

Airport operator **AIRCO** faced a big operational challenge to one digital strategy for all of its airports, with a view to provide every customer in every airport with the same services.

- The firm initiated the change through platform consolidation, and partnering with foreign airports to provide more information to travelers.
- Digitization of operational processes improved communication among employees, who could then deliver better service to the end customer.
- Social media guidelines encouraged employees to be active on Facebook and Twitter.
- A newly launched collaborative community platform allowed the company to understand travelers' experiences better and adapt services based on feedback.

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Internal Resistance

All the possibilities and success stories notwithstanding, digital transformation is in essence a change management intervention, and like all change, is bound to attract resistance. The resistance is usually from the rank and force employees who are accustomed to their cosy ecosystem and would not like to see it disrupted. The onus is on the harbingers of change, in this case the promoters of the Digital Transformation intervention, with active support from the top management, to "sell the change" to the stakeholders.

Successful digital transformation requires not just getting the technical side right. It has to be accompanied by resolving the challenges that come up along the way:

- Digital Transformation often leads to change in the way of doing things. Extended training and development interventions, with continuous follow-up would help users of the system regain their former expertise, and minimize the disruption caused by learning gap.
- Many a time, resistance is due to lack of awareness of the potential benefits that the change would bring about. Active communication to the end-users of the systems and stakeholders, to convince them of the need for the change, and how such change would benefit them helps to end resistance. For instance, it may require convincing that the new tool would allow the employee to complete their task better, and thereby increase productivity. The added insight of a new analytic tool may allow the marketing executive to unlock greater insights and perform his role better, but it still requires someone to communicate this point to him and convince him.
- A "carrot and stick" approach, or a set of motivators or demotivators, would make embracing the new transformation a desirable option, and discourage sticking on to the status quo.
- Many executives remain skeptical of the benefits of emerging technologies, and there is a need to proactively counter such mood and assuage such skeptics with facts and figures.

- Cultural issues can also become a bottleneck for digital transformation. Automation brought about by Digital Transformation may bring about drastic changes in job profile and even job losses that may sap the morale of those staying back. Side-by-size digital transformation technologies invariably empower the employee, making necessity a proactive approach. The onus is on the top management to take all such issues head on and work towards motivating employees to adopt the new culture.

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Limitations

While digital transformation technologies offer a world of potential and promise, blind adoption for the sake of it may actually become counterproductive. In cases where the business model remains unsuitable for the large scale adoption of DT. investment in the same would be a waste of time and money, and worse, disrupt the smooth running ecosystem. A case in point is businesses who have built their reputation and patronage by going the extra mile to delight the customer.

If application of Digital Transformation in such an enterprise requires standardization of processes, forcing customer facing positions to comply with rigid and formal processes that offer no scope for deviation from standard procedure and require extensive confirmation from the system every time an order is processed, the business is better off not attempting the switch. There should be a clear cut idea of how the DT intervention will impact customer experience.

Even where there is a fit case for Digital Transformation, enterprises need to be wary of their intellectual capital. Many companies end up transferring their intellectual capital to third party providers entrusted with specific DT tasks, without taking any safeguard that such partners won't use it for their own benefits.

All change invariably comes with some risk, and companies need to ensure that the perceived risk of change should not outweigh the potential benefits. For instance, the enterprise needs to factor in regulatory considerations when investing in Digital Technologies.

There is also the issue of the change, even when delivering superior results being cost effective. For instance, migrating to the cloud is overall a good move, and brings many benefits, but if the enterprise operates out of a single geography and employees do not move around much, and internet connectivity remains poor, the added investment and disruption may not be worth the perceived benefits, and the desktop may be the most cost effective.

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About Suyati

Suyati provides marketing technology and integration services for companies that wish to combine the best of breed solutions and create a unified approach to customer acquisition. This unified digital marketing approach requires system integration between various CMS and CRM platforms, and a slew of ecommerce, Marketing Automation, Social Media Listening, email and social marketing, and customer service systems. Our specialized knowledge in Salesforce, open source and .Net based systems enables us to build effective custom integrated solutions for our clients.

Suyati's custom technology solutions have been deployed in companies in the US, Western Europe and Australia, and have helped many enterprises leverage the web/cloud/mobile technologies to acquire customers through integrated digital marketing. Suyati is based in Chicago with product engineering capability out of the US and India.

www.suyati.com   *services@suyati.com*

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