



A WHITEPAPER ON

How Digital Transformation Impacts the Core Pillars of An Organization

[Executive summary](#) | [Pillars](#) | [Conclusion](#) | [About Suyati](#)



EXECUTIVE SUMMARY

This WP will discuss how exactly Digital Transformation affects the core pillars of an organization. We will see its impact on four areas:

- ◆ Culture
- ◆ Business Model
- ◆ Core Operations
- ◆ Customer Acquisition

WHITEPAPER

The importance of digital transformation is uncontested in today's business. There is no doubt in anyone's mind that it is necessary, if not crucial, to implement it effectively in order to keep up with competition. Reports predict (I) that ***"40 percent of CIOs will adopt new digital governance models to accelerate innovation and speed by 2019 recognizing the failure of existing IT governance and the need for a shared digital transformation vision."*** In this climate of change and progress, let us discuss the impact of digital transformation on an organization's Culture, Business Model, Core Operations and Customer Acquisition.

Pillar #1

CULTURE

There is much that Digital transformation can do to improve the culture of an organization. At the same time, the successful implementation of digital transformation requires a culture that is ready for change, transparency and digitization. Let's consider both.

A digital culture is marked by innovation, data-driven decision making, agility, flexibility, collaboration, transparency and customer-centricity. A well-executed digital transformation process will ensure all this and more. While this is true, a study by Capgemini showed that 62% of respondents considered culture as the top hurdle to digital transformation (II). This shows that to acquire a digital culture, it is imperative to change the existing organizational culture



A Microsoft report entitled *Creating A Culture Of Digital Transformation (III)* brings out five cultural challenges that need to be overcome in this regard:

- ❖ Collaboration not competition – By educating employees on the collaborative potential of digitization, an organization can weed out the man vs. machine complex and move toward progress.
- ❖ Embracing fear – Organizations need to acknowledge and address the fear that could set in by the notion of change and disruption.
- ❖ Demonstrating value – A culture of low-cost experimentation must be established where employees can see the value that technologies can offer and be free to build on them.
- ❖ Respecting your ecosystem – Instead of pushing in digitization, organizations must phase it in to fit the environment an organization operates in.
- ❖ Living agile – Fostering a forward-thinking and open culture that supports innovation and continuous improvement is at the core of digital transformation.

The Microsoft report further quotes Microsoft UK COO, Clare Barclay, who explains it well:

“You’ve got to get the right culture and change programme in place to unlock the true value of technology. Creating a culture in which technology blends with human potential is where the magic happens”.

CASE IN POINT: DAIMLER, MERCEDES-BENZ

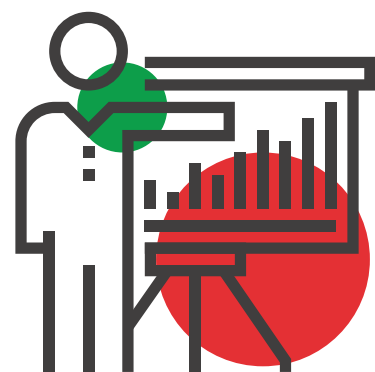
❖ *“Digitalization is creating an exciting new era of mobility”(V), said Wilko Andreas Stark, Head of Daimler Strategy & Mercedes-Benz Cars Product Strategy and Planning. “That is why the digital transformation has top priority for us. In this respect, the decisive lever is the employees’ mindset. Because employees are the ones who provide us with the most valuable impulses.”*

❖ To this end, Daimler encourages an open and flexible culture, giving employees the tools and know-how to experience and build the company’s digital future. Employee events such as the Hackathons, Open Spaces, DigitalLife Days, International DigitalLife Roadshows and Daimler CONNECT are all initiatives to further this goal.

Pillar #2 BUSINESS MODEL

Digital Transformation is progressive and disruptive. This means a complete transformation of how a business operates, development of new market offerings, and finding faster ways to keep customers happy. This calls for better business models that can keep up with the demands of digital transformation. Here are a few ways in which traditional business models will have to change:

- ❖ Outcome-based models – The impact on the customer and the business value that customers will get is what business models will focus on.
- ❖ Digitization – Business models will need to factor in an acceleration in production and delivery of products and services using digital tools.



- Expansion- Digitization will mean breaking barriers of physical locations and market segments, giving way to virtual expansion into newer and wider territories.
- Connections- Businesses will have to plan and execute connections with other businesses, sharing resources and capabilities.
- Digital Marketing – Tapping into a wider base of customers through digital platforms in new and innovative ways will become priority through these models.

CASE IN POINT: U.S. CITIZENSHIP AND IMMIGRATION SERVICE (USCIS)

The time after Mark Schwartz took on the role of CIO in 2010, saw a complete revamp of IT in USCIS (VII). Implementing Agile and DevOps changed the way things were done and gave rise to a business model that had digitization at its core. Schwartz upended the traditional model of a single contractor monopoly and brought in a business model that he called Flexible Agile Development Services (FADS). This model insisted on the contractor collaborating with other vendors. Portions of the IT systems were moved to Amazon Web Services tapping the power of the cloud. Continuous deployment of new software soon became possible in this environment of innovation and digitization. The processes at USCIS continue to progress on the foundation of this business model.

Pillar #3

CORE OPERATIONS

Digital Transformation has contributed much in improving the efficiency of operations and achieving a shorter time to market. This improvement is brought about by reducing systems that function in silos, automation of processes, data-based decision making and increasing the speed of innovation.



Continuous integration and continuous delivery (CI/CD) by DevOps (Operations and Development) is a major driver of this efficiency in IT. This collaboration of developers with IT and the enabling of automated tools has brought about a revolution in the way businesses operate. A digital culture that encourages innovation and continuous improvement has given way to faster and better operating cycles and processes. Here are a few ways in which Operations can be improved by Digital Transformation:

- Automation – As one of the most important drivers of digital transformation, automation of cumbersome processes through machine learning has contributed greatly to efficiency and shorter time to market.
- Faster Decision-making – By the use of digital tools to collect and analyze data, employees are empowered to make quick decisions and react faster to change.
- Efficient employees – Giving employees access to digital tools, intuitive interfaces, and the latest technological innovations makes them more efficient and fosters a digitally driven environment.
- Customer-centric products – Using analytics and predictive tools, products and services can be personalized and perfected to suit customer expectations.
- Streamlined Cycles – By cutting out redundant processes and automating value adding tasks, operating cycles are streamlined, which leads to better quality and shorter time to market.

CASE IN POINT: TESLA

Tesla has been a pioneer in automation and innovation (VIII) in the auto industry. Using automated processes throughout its operations, it continues to make strides in digital transformation despite skepticism from other players. An example of automation is the Schuler SMG hydraulic stamping press used by Tesla, that *“can stamp out a new car panel once every six seconds (IX), or 5,000 per day, with up to 10,000 tonnes of force out of an aluminium coil that weighs 9,071kg when it shows up at the factory.”* Another tribute to Tesla’s commitment to digital transformation is the Model S, which sends data about the car’s performance back to Tesla. This data is used to determine future updates, alerts on maintenance issues, and customer preferences, which leads to the goal of continuous improvement.

Pillar #4

CUSTOMER ACQUISITION

Customer delight is the ultimate goal of Digital Transformation. To this end, every effort aims at achieving just that. Delivering customer specific and personalized solutions and offerings is what drives customer acquisition. To that end, data-driven insights which are enabled by digital transformation makes it happen. A few ways are listed here:



- ❖ Search Data – By analyzing Search Data, insights can be drawn on the interests of the customer.
- ❖ Attribution modeling – Keeping track of the touchpoints of the customer during the conversion process makes marketing efforts more focused and on point.
- ❖ Real-time data – This data is valuable in curating personalized and thoughtful recommendations for customers as they browse, leading them into a purchase decision in real-time.

CASE IN POINT: DISNEY WORLD

Disney World's MyMagic+ was brought in to turn around the declining rate of customer satisfaction. MyMagic+ consists of a website, mobile app and wristband called the MagicBand, which gives Disney real-time insight into customer behavior. This data is used to create a better and more personalized experience for customers throughout the Disney World vacation. By unlocking consumer trends with big data, Disney can analyze past behavior and preferences of guests. These insights help the marketing team to send highly targeted offers to attract repeat customers. The digitization project provides many more benefits (X) which has catapulted Disney to its former glory and has paid for itself "10 times over" (XI) in its first year of operation alone.












CONCLUSION

These were the ways in which Digital Transformation impacts each of the core pillars of your organization. As discussed, Digital transformation is disruptive, all-pervasive, and progressive and is crucial in today's competitive business world. Suyati has put together a practical 3-step approach to implement Digital Transformation.

You can download the e-book here:

<https://suyati.com/whitepaper/3step-digital-transformation-approach-ebook/>

REFERENCE

-  infotechlead.com/cio/cio-predictions-2018-ahead-digital-transformation-idc-51850
-  capgemini.com/consulting-de/wp-content/uploads/sites/32/2017/06/digital-culture-report-2017.pdf
-  info.microsoft.com/rs/157-GQE-382/images/digital_spreads_00950_MICROSOFT_DT_Report_A4_COVER.PDF
-  info.microsoft.com/rs/157-GQE-382/images/digital_spreads_00950_MICROSOFT_DT_Report_A4_COVER.PDF
-  eblog.mercedes-benz-passion.com/2016/05/digitallife-day-2016-daimler-designs-digital-transformation/
-  daimler.com/company/strategy/digitallife/focusing-on-our-employees/
-  federalnewsradio.com/ask-the-cio/2017/08/devops-helping-two-agencies-take-on-complex-it-modernization-efforts/
-  disruptionhub.com/tesla-motors-disruption-strategy/
-  wired.co.uk/article/tesla-factory-interview
-  theleadershipnetwork.com/article/disney-digital-magic-big-data
-  theleadershipnetwork.com/article/disney-digital-magic-big-data



Suyati is a fast-growing, digital transformation solutions company that helps you rebuild your customer experience for the digital consumer. We collaborate with businesses to strategize and implement impactful digital initiatives that position our clients ahead of the competition. We are digital-first and we focus on delivering digital transformation solutions that support your various engagement strategies.

Our three-phase approach to implementing digital transformation for you ensures that you win stakeholder support, secure early wins through competitive advantage, and transform your business for future growth. And our tailor-made platform, Mekanate, helps you discover your business DNA from your passive and active data, and use it to initiate, integrate and accelerate your DT implementation.

With our niche and rich expertise in a wide range of technologies and services - CMS, CRM, e-commerce, Cloud, IoT, Data Analytics, and Product Engineering - we help companies across the globe leverage their best on web/cloud/mobile platforms.

Learn more: www.suyati.com

Get in touch: services@suyati.com

