



# Excelling at Digital Transformation:

Cloud Success Series -  
Identifying Key Areas for Innovation

Digital disruption is everywhere. From media and content, to manufacturing and financial services, traditional incumbents are losing market share to innovators with new value propositions and customer centric business models.

Most executives recognize the onslaught of competition and are embracing the notion of digital transformation. However, there is no consensus on what that entails. While cloud migration, marketing automation, and big data have gathered momentum in recent years, many executives are grappling with “what does digital transformation mean for my business?”

To be clear, there are tangible benefits and costs to digitization, and the level of disruption varies significantly by industry. In this brief, we offer a blueprint to help enterprises and organizations of all sizes identify three key opportunities for digital transformation.

Our key finding is that the **return on investment from operational innovation is potentially huge**. By automating repetitive tasks for personnel and aggregating data into actionable insights, management can distill data into digestible dashboards that augment decision making to better drive the business.





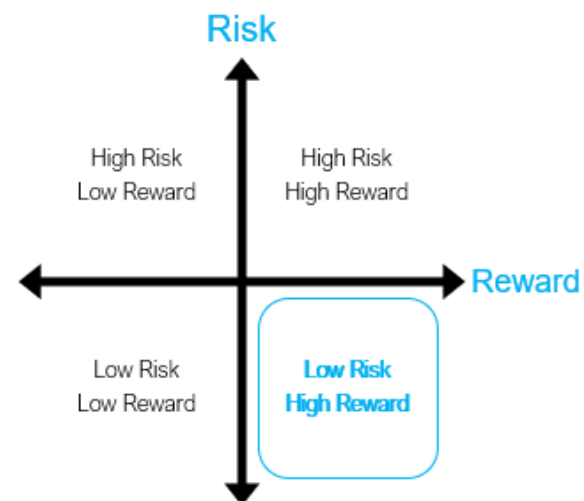
## Innovation Opportunities

Digital Technology provides equal opportunities for all organizations to innovate, but it is a double-edged sword. Companies that fail to innovate are at risk of being left behind as leaders leverage their operational and strategic advantage into stronger financial performance. To compete, decision makers must take an outcome-based approach to ensure their adoption of digital is aligned with business outcomes.

### How should a business address these digital threats?

Each of the three digital threats should be perceived as opportunities for innovation; they are two sides of the same coin. Better still, these areas have more than likely already been identified by your workforce.

All three deserve a quarterly review to understand where the challenges and opportunities for your business lie.



### Where should we start?

Begin with discussions amongst your team. From the seasoned executive to the new joiner, members of your organization have likely **used or experienced a digital technology and thought, “we could really use something like this in our workplace.”**

Harvest these ideas and begin developing your digital strategy. The next step is to evaluate the marketplace and review what opportunity poses the smallest risk but greatest reward.

## Operational Efficiencies

Unlike the products and services we use daily, the impact of digital transformation on worker productivity is less visible. All businesses can benefit from standardizing and streamlining processes. This is critical to scale revenues without having costs grow at the same (or faster rate). For market leaders, operational inefficiency can be the “trojan horse” that erodes the business from the inside. Resistance to change, slow adoption, and bureaucratic culture also leads to a less attractive place to work.

Digital transformation opens the door to significantly improve worker productivity by freeing employees from monotonous tasks and reallocating their time to solve poorly structured problems, create value for customers, or generate new business.

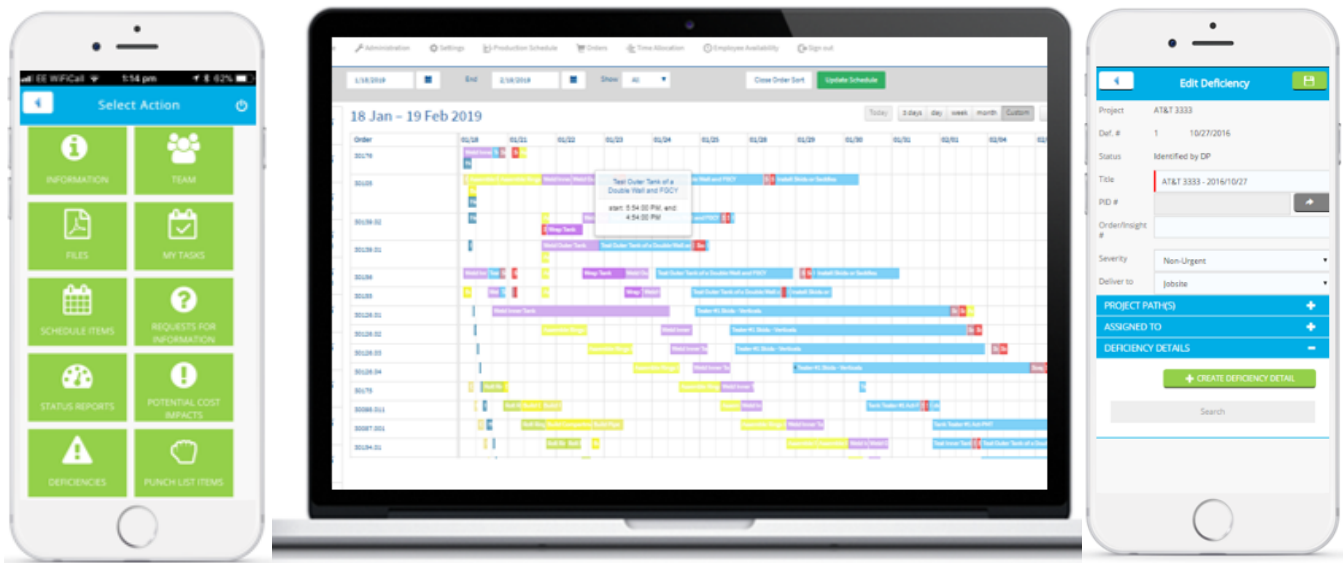
### How should we identify areas for improvement?

- 1. Evaluate & simplify legacy processes** - This seems obvious, but many businesses carry on with legacy processes simply because, “this is the way it has always been done.” Question the status quo and put the customer / customer experience first.
- 2. Adopt / Embrace Agile Processes** - Technology moves too fast to adhere to the outdated waterfall methodology of software development. Focus on key functionality; then design, build, test, deploy and iterate.
- 3. Form as-a-Service partnerships** - Cloud computing has drastically decreased the cost & risk of Information Technology implementations. Look for as-a-Service offerings where the vendor is directly incentivized to continually provide support so the client will continually renew their subscription. As-a-Service partnerships lower capital investment and align interests; a true win-win.
- 4. Balance opportunities vs. needs** - Digital technologies are great for automating repetitive, non-value adding tasks that must be done to keep the business functioning. Just as important are new product and service offerings that keep your workforce energized and your customers coming back. Strike a balance between both.

## New Products & Services

The most obvious place to look for digital transformation opportunities is within your workforce and by speaking with your customers. If customers are constantly looking for “status updates” or “past deliverables,” a central portal may be the obvious solution.

Digital transformation also empowers your business to deepen and widen relationships with your customers



## How do we identify new products and services?

1. **Get access to the information that makes a difference.** It's very difficult to build a new product or service simply by trying to dream them up. Start with your most compelling business or customer challenges. Where is your business uniquely positioned to add value? What information do you require to understand where the real problems lie? Building dashboards that collate this information enables you to baseline the business, and lets you know at a glance where to focus attention.
2. **Identify a pilot project and start soon** - You cannot participate if you are not in the game. Listen to your team and/or customers, and identify three “must-haves” for a digital project to be considered a success.
3. **Balance opportunities vs. needs** - Digital technologies are great for automating repetitive, non-value add tasks that must be done to keep the

business functioning. Just as important are new product and service offerings that keep your workforce energized and your customers coming back. Strike a balance between both.

## Business Model Innovation

There are many obvious cases of business model disruption attributed to digital innovation. The threat to established businesses is real, but sometimes overstated. Some industries are better insulated than others from digital disruption.

To insulate your business from the competition, we recommend continually watching the market and making small scale investments in promising technologies.



## What should established enterprises to do?

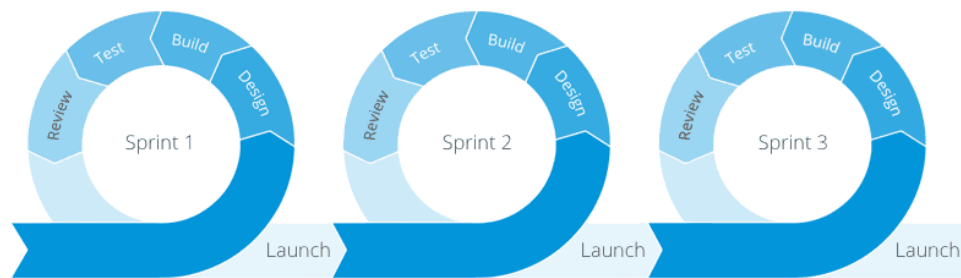
1. **Invest in real options** - In the digital world, a real-option is a small scale investment that gives an enterprise the right (but not obligation) to undertake a given business activity (i.e. green light a successful pilot project). This is most easily achieved through as-a-Service relationships where client and vendor are both incentivized to continually invest (client) and provide service (vendor) to continue the as-a-service relationship.
2. **Do not underestimate barriers to entry** - Understand the size and level of the barriers to entry be it legislation, capital investment, or established relationships.
3. **Adopt an active waiting strategy** - While it is possible for market leaders to develop industry changing innovations, the reality is market leaders

have the most to lose. Be on the lookout for new entrants who threaten your market and be prepared to invest to prevent losing market share.

## Adopting Agile

### People

The first step in adopting agile is understanding how the process works. Meetings are led by a Scrum Master or Project Manager who routinely checks in with the cross-functional members of the team. Discussion topics include what they are working on, what they completed, and what impediments (problems) they are currently facing.



Repeating Agile Process over Three Sprints

### Process

The goal of Agile is continual improvement. The generally accepted steps are Design > Build > Test > Deploy, followed by a continual iteration or repeat of the process. By continuing to focus on the most critical pieces of functionality and refining the design, the result is a successful implementation.

### Platform

There are many tools available to help teams adopt the agile methodology. It is important to recognize that Agile is a process while platform (iOS, android, etc) are tools.



## The Path Forward

The blind adoption of digital technology must be replaced with a measured approach that will allow the organization to start, structure, then scale. Success starts with a focus on measurable outcomes that will drive a meaningful return on investment for the organization.

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