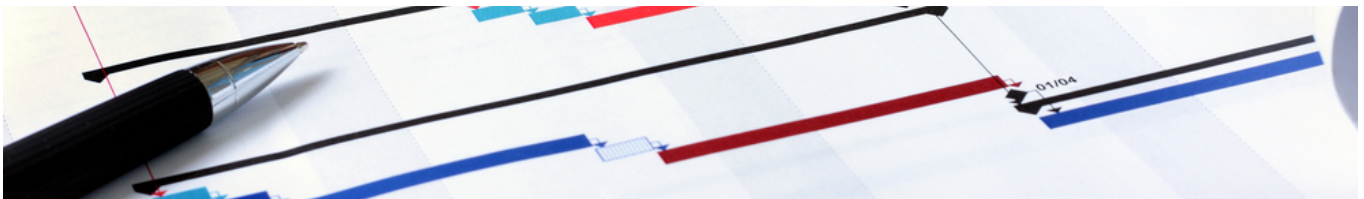


## Four reasons your digital transformation is failing (and what to do about it)

Mining and metal companies are increasingly waking up to the value of digital technology. In corporate headquarters throughout the world, it's common to hear buzzwords like 'artificial intelligence', 'virtual reality', 'big data', and the like. Many miners are attracted to the panacea of a 'digital transformation' – a strategy that envisions the incorporation of digital technology in every facet of the way a company does business. But, by most accounts, almost 90% of digital transformations fall flat. Why is that?

At PIP, we often work with clients who have launched ambitious transformations, only to be disappointed by early results. While helping them right the ship, we've observed patterns that shed light on why many are struggling. Here are our top 4 reasons why digital transformations fail:



### 1. Chasing shiny objects

Whether from the top of the corporate hierarchy, or from eager middle managers, too many digital initiatives get actioned because they are 'cool' or 'the next big thing'. Very often, little attention is given to the actual gap the technology is trying to fill, or what the value of the tool is. This is especially true when there is an ill-defined corporate strategy of 'digitizing' the company without a clear roadmap of the impacted value drivers.

### 2. Putting lipstick on a pig

As Bill Gates has said, "Automation applied to an efficient operation will magnify the efficiency... Automation applied to an inefficient operation will magnify the inefficiency." This is true across the digital landscape, where not understanding or optimizing the process before implementation can make the process less efficient and higher cost.

### 3. Not developing your people

While many software solutions may be marketed as 'plug and play', capturing value from them is not. Technology implementation is not fixed, it requires an iterative approach where trainers, users, and leaders implement and continuously improve the technology as they learn more. This requires an organization of 'digital natives' who have the capabilities and the mindset to make this happen.

### 4. Ignoring the 'transformation' part

Digital evangelists often get swept up in the innovative spirit of transformations and forget that, at their core, transformations require rigorous project management. We consistently see mining houses assume that by purchasing new digital technology, value will be delivered, leaving execution as an afterthought. Instead, traditional change management elements still apply, including building ownership, cross-functional collaboration, frontline engagement, progress tracking, and accountability for results.

For digital transformations to be successful, they must balance seemingly contradictory objectives. They must be disciplined, yet innovative. Well-structured, yet flexible.

In some ways, mining executives would do well to treat their digital portfolio the same way they treat their capital portfolio – by standardizing the approach with which projects are developed and proposed, prioritizing those opportunities with clearly developed guidelines, and rigorously managing each project by outcomes. In other ways, executives need to shed the slow and measured investment approaches of old. While failure might not be an option for a billion-dollar asset, it is for software and other digital tools. And while major construction projects can be successful with the right leadership, digital transformation requires thoughtful engagement of both leadership and end users (i.e. your workers).

Have you been implementing a digital transformation in your business? What were some of the successes? Or failures?